

# Delivering Value-Added Services to a Diverse Customer Base

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## Abstract

Characterizing the needs of the customer is a fundamental component of the AgSource value-added marketing model. The diversity found among dairy producers requires customized delivery of products and services to successfully fulfill the individualized needs of the farmer members. Widespread consolidation of the global dairy industry is well documented, as is the rapid uptake of new technologies on the farm. In the past 3 years, average herd size of AgSource members increased 20% with a corresponding 10% decline in herds. Currently in the USA, 51% of the cows on milk recording programs are from farms with 750 cows or more, but approximately 69% of the herds participating have less than 200 cows. These statistics are consistent with data reported by one of the major USA milk cooperatives, indicating 5% of its herds represent half of the milk supply after combining herds not on milk recording. Among all sectors of herd sizes, there are varying degrees of modernization, implementation of new technologies and internet accessibility.

Given the array of demographics and market segments, AgSource has adapted to supply in part, or collectively, milk recording field services, laboratory services for milk samples and animal health diagnostics, dairy records processing, management decision tools and herd consultant services. Customized services are developed to fit herd size, location, environment and management style. By leveraging the ability to integrate these services with a comprehensive database, there is greater opportunity to create and deliver management decision tools. Producers derive added value in not only an organization's capacity to draw important data points together, but also its employees' ability to consult and advise on subsequent changes to their business practices driving greater productivity. AgSource aptitude in this area is evidenced by a 39% three-year growth in Profit Opportunity Analyzer™ consulting sessions.

Integral to success is working with other key stakeholders simultaneously engaged with those customers in a business-to-business client relationship. By partnering to provide management decision tools and not only traditional DHI records, the dairy producer's perception of value from the milk recording organization changes, and is a catalyst for greater testing frequencies. Because of a value-added marketing model, AgSource has maintained a herd monthly testing frequency rate of 92% since January 2015 and grown business volumes including an increase of 57,653 cows enrolled on programs compared with a collective loss of 75,832 cows enrolled with other USA processing centers during the same period.

*Keywords: value-added, diversity, business-to-business*