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# **The Role of Market Advisory Services in Crop Marketing and Risk Management: A Preliminary Report of Survey Results**

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March 2001

AgMAS Project Research Report 2001-02

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## **The Role of Market Advisory Services in Crop Marketing and Risk Management: A Preliminary Report of Survey Results**

Agricultural producers continue to identify price and income risk as one of their greatest management challenges. Using a survey of midwestern grain producers, Patrick and Ullerich (1996) report that price variability is the highest rated source of risk by crop producers. Coble, Patrick, Knight and Baquet (1999) survey producers in Indiana, Mississippi, Nebraska and Texas and find that crop price variability, by a wide margin, is rated as having the most potential to affect farm income. Norvell and Lattz (1999) survey a random sample of Illinois producers and show that price and income risk management rank second (following computer education and training) among ten business categories in which producers identify needs for additional consulting services. The desire for greater assistance with price and income risk management is not limited to large farms, as the proportion of producers expressing this preference actually is highest for those operating medium-sized Illinois farms (500-999 acres).

Producers have a variety of price and income risk management tools at their disposal. These include numerous public and private sources of market information; futures and options contracts; an increasing number of yield and revenue insurance instruments and a new generation of cash indexing contracts. While producers value and use these tools, they place an even higher value on market advisory services as a source of price risk management information and advice. In a rating of seventeen risk management information sources, Patrick and Ullerich (1996) report that the rank of market advisors and computerized information services is surpassed only by farm records. Schroeder, Parcell, Kastens and Dhuyvetter (1998), find that a sample of Kansas producers rank market advisory services as the number one source of information for developing price expectations. Norvell and Lattz (1999) find that twenty-one percent of Illinois respondents currently use marketing consultants, and that such consultants tie for first (with accountants), in a list of seven, as likely to be most important to their business in the future. Among mid-sized producers, marketing consultants are ranked first as likely to be important in the future.

In September 1994, the Agricultural Market Advisory Service (AgMAS) Project was initiated, with the goal of providing objective and comprehensive evaluations of market advisory services for crop producers. Since its inception, the AgMAS project has been collecting real-time pricing recommendations each crop year for about twenty-five market advisory services. Martines-Filho, Good and Irwin (2000) report pricing performance results for corn and soybeans for the 1995 through 1999 crop years. Martines-Filho, Good and Irwin (2001) report results for wheat over the same crop years. The results of this research indicate a modest ability for advisory services to outperform the soybean market, less ability to outperform the corn market, and significant under-performance in the wheat market. In addition, there is little evidence that pricing performance is predictable from year-to-year and services that do outperform the average benchmark over time tend to exhibit more risk than the benchmark price.

AgMAS Project research to date has investigated the performance of only one, admittedly important, service provided by market advisors. In addition to providing subscribers with specific marketing recommendations, the services provide other "products" to their subscribers. These products include market-related data, such as USDA reports; market

commentary, including interpretation of market related data; price analysis and outlook; and general marketing strategy.

It is not known how subscribers make use of the various products provided by market advisory services. It is possible that some subscribers implement the specific pricing recommendations of the advisory service, paying little attention to the commentary or analysis. Others may use the pricing recommendations of the services to help make pricing decisions, but do not implement specific recommendations. Still others may formulate their own marketing strategies, but make use of the market data, commentary, and analysis provided by advisory services to implement those strategies. It is also not known how subscribers combine price risk management with production risk management.

The purpose of this report is to provide a preliminary summary of the results of a survey designed to help answer the questions about subscriber use of market advisory services. Importantly, this research is a cooperative partnership between the University of Illinois and the Data Transmission Network. The survey participants are commercial producers of major grain, oilseed and fiber crops, representing important agricultural areas of the US. The survey has three broad objectives, including 1) how US producers perceive the riskiness of various aspects of farming; 2) how US producers manage farm business risk, and 3) how US producers select and use market advisory services,

A mail survey was sent to a sample of 3,990 farmers in January 2000. The sample was drawn from those producers who were current subscribers to Data Transmission Network (DTN), a satellite information delivery service. Approximately 3,000 of those who received the survey were also current subscribers to one or more of ten selected DTN "premium services". The list of ten premium services represented the agricultural market advisory services most frequently subscribed to by DTN customers. These premium services included Ag Resource, Ag Line by Doane, Agri-Visor, Allendale, Brock and Associates, CommStock Investments, Freese-Notis, Harris-Elliott, Pro Farmer and Stewart Peterson. Approximately 1,000 survey recipients were not current subscribers to any of DTN's premium services although some subscribed to other advisory services. The survey forms for "subscribers" and "non-subscribers" are included in Appendices A and B, respectively, at the end of this report.

The survey was sent to producers in the Midwest, Great Plains and Southeast on January 21, 2000, with postcard reminders sent two weeks later, and a second mailing of the survey sent to non-respondents two weeks after that. A total of 1,399 completed surveys were returned, for a 35 percent response rate.<sup>1</sup> The response rate was almost identical for those currently subscribing to a premium service and for those not subscribing to a premium service. The response rate was not significantly different by region of the country.

Some demographic information – size of farm, age of operation, crops grown, and livestock produced – is available for each of the recipients of the survey. Based on this information, there is no significant difference between respondents and non-respondents in terms

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<sup>1</sup> Complete details on the process of designing and conducting the survey are found in Pennings, Irwin and Good (2001).

of the type of crops produced (corn, soybeans, wheat, grain sorghum, cotton, or rice). There is a significant difference between respondents and non-respondents in terms of average farm size and age of the operator. Respondents operate an average of 2,000 acres and non-respondents operate an average of 1,500 acres. The average age of respondents is 35, compared to the average of 45 for non-respondents.

The following tables summarize the responses to the survey. The responses of current subscribers to a DTN premium service are compared to non-subscribers where appropriate. Tables 1 through 4 reflect the use of some risk management tools by the respondents. Tables 5 through 12 summarize responses to questions about risk perception and business management practices. Tables 13 through 26 summarize responses relative to source of market information and, for current premium service subscribers, how they value and use market advisory services. Tables 27 and 28 reflect attitudes of those not currently subscribing to a DTN premium service about market advisory services and satellite delivery systems. Tables 29 and 31 report the probabilities of respondents using market advisory services under various circumstances. Table 30 reports perceptions of respondents about the expense of market advisory services and Table 32 reflects the percentage of respondents who currently hire someone to market any or all of their crops.

The results presented here are summary in nature and are not accompanied by any detailed analysis. That analysis is being conducted and will be reported in subsequent reports.

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**Table 1. Producers Growing Crops Under a Production Contract in 1999**

<b>Crop</b>	<b>Subscribers</b>	<b>Non-subscribers</b>
----- percent -----		
Corn	44.3	41.7
Cotton	9.3	10.6
Soybeans	44.0	41.1
Wheat	29.5	28.7

**Table 2. Forward Pricing Techniques Used for Crops Before and After Harvest in the Last Two Years**

<b>Forward Pricing Technique</b>	<b>Before Harvest</b>	<b>After Harvest</b>
----- percent -----		
Cash forward contracts		
Subscribers	74.2	49.8
Non-subscribers	67.0	46.0
Hedge using futures		
Subscribers	37.4	26.9
Non-subscribers	25.1	18.0
Buy put option		
Subscribers	30.4	21.8
Non-subscribers	23.0	16.2
Hedge-to-arrive contract		
Subscribers	18.5	10.7
Non-subscribers	10.9	6.2
Minimum price contract		
Subscribers	9.3	7.9
Non-subscribers	7.1	7.4
Basis contract		
Subscribers	29.6	25.8
Non-subscribers	29.2	22.4

**Table 3. Crop Insurance Purchased in the Last Two Years**

	<b>Subscribers</b>	<b>Non-subscribers</b>
----- percent -----		
Purchased any insurance	89.9	89.6
Type of Insurance Purchased		
Catastrophic (CAT)	46.5	50.7
Crop Revenue Coverage (CRC)	55.5	47.0
Income Protection (IP)	6.7	5.0
Revenue Assurance (RA)	6.0	5.0
Group Risk Plan (GRP) area yield insurance	8.8	15.9
Only hail insurance purchased	23.7	23.5

**Table 4. Frequency of Pricing Decisions During the Marketing Year**

Crop	One time	2-5 times	6-10 times	11 or more times	Standard Mean	Standard Deviation
----- percent -----						
Corn						
Subscribers	5.1	38.5	23.2	8.0	2.46	0.77
Non-subscribers	6.1	51.0	28.7	14.2	2.51	0.81
Cotton						
Subscribers	32.6	56.8	8.4	2.1	1.80	0.68
Non-subscribers	25.0	63.9	11.1	0.0	1.86	0.59
Soybeans						
Subscribers	6.7	61.4	25.1	6.8	2.32	0.70
Non-subscribers	8.8	54.2	28.3	8.8	2.37	0.77
Wheat						
Subscribers	18.5	63.7	13.6	4.2	2.04	0.70
Non-subscribers	25.8	54.9	13.2	6.0	1.99	0.80

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 5. Rating of Prices and Costs in Terms of Financial Risk Posed to Farm Income**

Price or Cost	Not at all risky									Very Risky	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
Corn Price											
Subscribers	1.1	0.9	3.5	3.6	9.9	10.1	23.7	21.0	26.4	7.08	1.80
Non-subscribers	3.0	1.9	3.8	5.3	10.2	10.2	20.8	15.9	28.8	6.84	2.11
Cotton Price											
Subscribers	5.4	0.0	4.5	2.7	10.7	4.5	17.0	23.2	32.1	7.04	2.22
Non-subscribers	4.5	0.0	2.3	0.0	0.0	11.4	20.5	20.5	40.9	7.55	1.93
Soybeans Price											
Subscribers	0.6	1.7	2.3	3.6	10.2	10.5	19.9	24.5	26.8	7.15	1.77
Non-subscribers	1.1	0.8	2.3	6.1	9.2	13.0	23.4	14.9	29.1	7.03	1.83
Wheat Price											
Subscribers	1.6	2.0	4.6	5.7	12.4	12.9	17.3	18.3	25.2	6.76	2.02
Non-subscribers	2.5	1.5	4.5	8.5	11.6	11.6	18.6	14.1	27.1	6.67	2.12
Input (feed, seed, fuel)											
Subscribers	0.4	2.0	6.0	8.5	16.7	15.5	20.4	16.1	14.4	6.34	1.87
Non-subscribers	2.0	2.0	4.4	7.0	20.8	11.4	18.8	13.8	19.8	6.40	2.02
Capital (interest rate)											
Subscribers	2.3	4.6	9.5	10.6	16.2	14.6	16.2	13.2	12.9	5.85	2.14
Non-subscribers	4.2	4.2	8.1	8.1	21.1	12.3	14.3	11.7	15.9	5.86	2.24

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 6. Extent to Which Producers Agree or Disagree with the Statement, " I usually play it safe" for a Particular Market**

Market	Strongly disagree									Strongly agree	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
Corn											
Subscribers	1.1	2.9	7.2	10.8	24.2	14.6	18.2	14.8	6.1	6.00	1.83
Non-subscribers	0.8	3.1	7.4	7.0	16.4	13.6	19.0	14.0	8.9	5.95	1.86
Cotton											
Subscribers	0.9	1.8	1.8	4.5	25.2	10.8	20.7	20.7	13.5	6.51	1.77
Non-subscribers	2.6	0.0	0.0	2.6	12.8	17.9	23.1	15.4	25.6	7.00	1.76
Soybeans											
Subscribers	1.3	2.4	8.1	9.9	21.9	16.3	19.4	14.6	5.6	5.81	1.83
Non-subscribers	0.8	3.1	6.2	7.4	25.3	17.1	17.5	14.0	8.6	5.96	1.82
Wheat											
Subscribers	1.3	2.4	7.3	8.2	25.3	15.0	20.6	14.6	5.4	5.86	1.79
Non-subscribers	1.5	2.6	7.7	8.7	24.0	13.3	14.8	13.8	13.8	6.02	2.01
Input (feed, seed, fuel)											
Subscribers	0.8	1.9	5.2	7.1	21.0	14.6	20.9	20.4	8.1	6.24	1.78
Non-subscribers	1.0	1.0	4.1	7.2	23.1	11.4	18.6	19.3	14.1	6.40	1.84
Capital (interest rate)											
Subscribers	1.5	2.2	4.4	6.3	21.7	13.8	19.0	20.8	10.5	6.29	1.86
Non-subscribers	2.0	3.4	4.4	5.0	21.5	8.1	20.1	19.1	16.4	6.40	2.04

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 7. Extent to Which Producers Agree or Disagree with Statements Regarding the Risk of Crop Prices and Yields**

Statement	Strongly disagree									Strongly agree		Standard Mean	Deviation
	1	2	3	4	5	6	7	8	9				
----- percent -----													
<i>Fluctuating prices expose me to risk.</i>													
Subscribers	1.7	1.8	4.1	2.4	8.7	6.5	16.0	21.4	37.5	7.30	1.99		
Non-subscribers	1.8	2.7	2.1	2.4	6.0	9.2	18.8	19.6	37.6	7.34	1.95		
<i>Fluctuating yields expose me to risk.</i>													
Subscribers	0.3	0.7	1.1	1.3	5.1	6.7	14.9	20.3	49.5	7.89	1.50		
Non-subscribers	1.2	0.3	0.9	0.9	5.4	7.4	16.4	26.2	41.4	7.76	1.54		
<i>The possibility of prices falling below my cost of production exposes me to risk.</i>													
Subscribers	0.6	1.1	1.6	1.6	4.8	4.6	10.7	19.8	55.1	7.95	1.62		
Non-subscribers	1.5	0.9	1.2	0.6	3.9	3.6	11.9	22.1	54.3	7.99	1.62		
<i>The possibility of yields falling below my breakeven yield exposes me to risk.</i>													
Subscribers	0.7	0.6	1.7	1.4	4.0	5.4	10.4	20.4	55.5	8.00	1.55		
Non-subscribers	1.5	0.3	2.1	0.6	3.0	6.6	13.1	21.8	51.0	7.91	1.62		

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 8. Frequency of Monitoring Cash or Futures Market Prices**

	Several times per day	Once a day	Once to several times per week	Once to several times per month	Never
----- percent -----					
Subscibers	76.0	18.0	5.2	0.5	0.3
Non-subscribers	70.7	21.5	6.6	0.9	0.3

**Table 9. Extent to Which Producers Agree or Disagree with Statements Regarding the Conduct of Their Business**

Statement	Strongly disagree									Strongly agree	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
<i>I think it is important to understand the wishes of the end-users of my crops.</i>											
Subscribers	0.9	1.0	1.5	2.5	10.0	8.7	24.0	21.8	29.7	7.29	1.69
Non-subscribers	0.6	1.5	2.1	3.3	9.9	9.6	23.6	20.9	28.7	7.20	1.74
<i>I think it is important to understand how my end-users evaluate my product.</i>											
Subscribers	0.5	0.9	0.9	2.5	6.6	8.4	23.7	26.9	29.7	7.47	1.53
Non-subscribers	0.3	0.6	1.8	2.1	6.0	11.1	24.3	23.1	30.8	7.43	1.54
<i>I adapt to changes in the market.</i>											
Subscribers	0.1	0.9	1.4	1.9	11.4	16.0	25.5	24.9	17.9	7.06	1.49
Non-subscribers	0.6	0.6	2.7	2.2	12.0	16.0	26.8	20.8	18.4	6.94	1.61
<i>I track the market prices of the products I produce.</i>											
Subscribers	0.2	0.9	0.9	1.1	3.3	4.4	12.3	27.9	49.1	8.03	1.37
Non-subscribers	0.6	0.6	1.8	1.2	6.0	7.2	15.1	24.7	42.8	7.73	1.58
<i>I like "playing it safe".</i>											
Subscribers	0.9	1.8	6.2	5.5	20.2	18.9	22.9	13.9	9.8	6.19	1.77
Non-subscribers	0.3	0.9	3.9	7.5	18.9	17.1	26.0	13.8	11.7	6.38	1.67
<i>With respect to the conduct of business, I dislike risk.</i>											
Subscribers	0.5	2.6	7.5	9.3	18.2	13.2	20.6	15.8	12.3	6.17	1.92
Non-subscribers	1.5	1.2	5.4	8.1	19.3	13.3	18.7	16.9	15.7	6.35	1.93
<i>With respect to the conduct of business, I prefer certainty over uncertainty.</i>											
Subscribers	0.2	0.9	2.7	4.2	13.1	12.5	21.9	24.1	20.5	6.98	1.68
Non-subscribers	0.6	0.0	3.3	3.0	11.2	8.5	24.5	24.8	24.2	7.16	1.66
<i>I am willing to take higher financial risks in order to realize higher average yields.</i>											
Subscribers	0.8	1.0	3.4	4.3	12.3	16.8	29.2	23.3	8.9	6.63	1.61
Non-subscribers	1.5	1.8	6.0	3.3	14.1	15.9	16.9	17.7	12.9	6.48	1.84
<i>I like taking big financial risks.</i>											
Subscribers	17.8	16.3	18.4	12.0	15.2	11.8	6.3	1.3	0.9	3.63	1.98
Non-subscribers	20.7	17.4	19.2	10.2	16.2	6.9	6.0	2.1	1.2	3.46	2.02
<i>I am willing to take higher financial risks when selling my crops, in order to realize higher average returns.</i>											
Subscribers	2.2	2.7	7.0	7.0	21.1	17.2	26.6	11.2	4.9	5.86	1.80
Non-subscribers	3.6	3.0	7.5	11.7	21.9	15.6	19.5	11.1	6.3	5.63	1.95
<i>I like taking risks when selling my crops.</i>											
Subscribers	13.2	16.2	18.4	11.8	18.2	11.5	7.7	1.9	1.2	3.88	1.99
Non-subscribers	17.1	15.6	17.7	13.5	16.2	10.5	5.7	2.4	1.5	3.71	2.03
<i>I accept more risk in my farm business than other farmers.</i>											
Subscribers	6.1	8.2	11.3	8.5	29.5	12.2	13.8	6.8	3.7	4.91	2.03
Non-subscribers	8.1	8.7	14.7	10.2	29.3	10.5	10.5	6.0	2.1	4.60	2.00

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 10. Perception of Market, Price, and Income Risk**

Statement	Not at all risky									Very risky	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
<i>Selling my crops.</i>											
Subscribers	2.7	3.4	5.8	5.5	18.8	21.7	22.0	11.1	8.9	5.97	1.90
Non-subscribers	1.2	3.3	6.0	6.3	22.8	14.7	25.4	11.1	9.3	6.03	1.84
<i>Crop prices.</i>											
Subscribers	0.6	0.4	2.4	2.9	12.3	15.7	23.2	21.1	21.4	7.00	1.63
Non-subscribers	0.9	0.9	2.4	1.2	12.9	11.4	27.0	22.8	20.4	7.03	1.65
<i>The fluctuations in my farm income.</i>											
Subscribers	0.3	0.9	2.6	3.1	13.8	16.1	24.5	20.4	18.3	6.88	1.63
Non-subscribers	0.3	2.1	2.4	2.7	15.0	18.9	20.4	20.4	17.7	6.77	1.71

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 11. Extent to Which Producers Agree or Disagree with Statements Regarding Fluctuation in Crop Prices and Revenue**

Statement	Strongly disagree									Strongly agree		Standard Mean Deviation	
	1	2	3	4	5	6	7	8	9				
----- percent -----													
<i>Crop prices show large fluctuations.</i>													
Subscribers	1.0	1.1	2.9	2.1	8.4	11.9	23.8	24.5	24.3	7.17	1.72		
Non-subscribers	0.9	1.8	3.6	5.1	10.2	13.2	20.4	20.1	24.6	6.92	1.88		
<i>My revenues from crops show large fluctuations.</i>													
Subscribers	0.9	1.4	6.7	6.4	14.6	15.8	22.5	17.0	14.6	6.42	1.88		
Non-subscribers	0.9	1.5	6.9	7.8	12.3	15.6	21.9	16.5	16.5	6.45	1.92		
<i>My total farm revenues show large fluctuations.</i>													
Subscribers	1.3	3.2	8.8	5.9	17.0	15.0	20.9	14.2	13.5	6.15	2.01		
Non-subscribers	0.9	3.9	7.2	9.6	14.4	18.3	18.0	11.1	16.5	6.41	2.03		

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 12. Perception of the Magnitude of Price, Yield, and Income Risk**

Statement	Very small									Very large	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
<i>When selling crops, the price risk is...</i>											
Subscribers	1.1	1.4	4.4	4.5	15.2	17.9	27.1	16.8	11.5	6.47	1.73
Non-subscribers	0.3	1.2	4.2	4.8	13.5	15.6	27.6	19.2	13.5	6.65	1.68
<i>My yield risk is...</i>											
Subscribers	0.2	1.2	4.1	5.0	14.9	15.7	26.5	16.9	15.3	6.63	1.70
Non-subscribers	0.6	2.4	3.3	6.3	18.7	16.9	23.2	16.9	11.7	6.38	1.76
<i>My income risk is...</i>											
Subscribers	0.2	0.4	2.7	3.8	13.9	17.4	26.6	20.6	14.4	6.79	1.55
Non-subscribers	0.0	0.9	2.4	2.7	13.9	21.1	26.5	17.2	15.4	6.77	1.54

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 13. Sources of Market Information**

Source	Do not rely on								Rely heavily on		
	1	2	3	4	5	6	7	8	9	Standard Mean	Standard Deviation
----- percent -----											
Extension Service / University											
Subscribers	23.0	12.9	14.4	8.6	14.5	12.2	8.1	3.3	2.9	3.81	2.30
Non-subscribers	20.3	11.2	12.4	7.0	15.5	14.8	10.4	5.9	2.1	4.16	2.36
Farm magazines / newsletters											
Subscribers	6.0	9.5	13.5	12.4	18.9	18.0	13.6	5.2	2.9	4.81	2.03
Non-subscribers	6.6	6.6	9.7	12.1	21.8	18.4	14.5	6.9	3.3	5.04	2.03
Market advisory services											
Subscribers	9.0	4.1	3.4	4.8	10.8	13.7	22.1	18.6	13.4	6.07	2.39
Non-subscribers	18.1	7.8	6.9	5.7	14.8	9.0	17.8	11.2	8.4	4.97	2.67
Satellite delivered systems (DTN)											
Subscribers	1.8	0.5	0.7	1.3	3.8	4.9	15.0	30.2	41.9	7.82	1.58
Non-subscribers	2.4	0.6	1.2	1.8	4.7	4.2	16.6	31.8	36.8	7.64	1.72
Marketing clubs											
Subscribers	66.9	9.2	4.6	4.0	4.3	3.5	3.3	2.6	1.5	2.16	2.08
Non-subscribers	67.1	10.9	5.1	3.6	4.2	1.8	4.5	1.2	1.5	2.06	1.96
USDA reports											
Subscribers	8.2	4.7	9.0	8.9	17.2	13.1	19.9	10.5	8.6	5.45	2.29
Non-subscribers	8.5	3.3	8.8	9.7	17.0	15.5	17.0	13.3	7.0	5.46	2.25
Local elevator											
Subscribers	16.1	7.9	8.2	6.3	13.5	13.8	14.5	12.1	7.5	4.98	2.59
Non-subscribers	12.0	6.6	7.2	9.9	16.8	12.0	13.2	14.4	7.8	5.21	2.46
Internet											
Subscribers	46.0	10.3	7.5	5.1	9.3	6.1	8.0	4.2	3.5	3.14	2.55
Non-subscribers	49.2	10.3	7.6	5.1	8.5	4.5	7.3	3.9	3.6	2.97	2.52
Television											
Subscribers	46.1	15.9	9.7	7.2	10.7	4.4	3.8	1.3	0.9	2.61	2.00
Non-subscribers	44.7	13.6	10.3	8.5	10.3	4.2	5.7	2.1	0.6	2.76	2.10
Radio											
Subscribers	23.9	8.2	7.4	5.8	15.8	11.3	13.3	9.6	4.9	4.45	2.63
Non-subscribers	21.3	9.9	8.4	7.2	16.8	8.4	13.8	10.8	3.3	4.43	2.56

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 14. Percentage of Producers that Have Ever Used A Specific Market Advisory Service**

Market Advisory Service	Subscribers	Non-subscribers
----- percent -----		
AgLine by Doane	37.3	30.0
Agri-Visor	18.6	14.8
Brock	39.3	32.2
Freese-Notis	24.2	11.9
Pro Farmer	71.7	58.0
Ag Resource	27.8	11.7
Allendale	31.5	13.3
CommStock Investments	13.1	4.1
Harris-Elliot	11.9	4.8
Stewart-Peterson	30.5	15.6
Another market advisory service	51.0	44.2
Do not use market advisory services at all	NA	29.2

Note: NA indicates not applicable.

**Table 15. Non-Subscribers Use of Other Market Advisory Services**

<b>Use Characteristic</b>	
Currently using a market advisory service (%)	43.5
Average length of subscription (years)	7.64

**Table 16. Producer Familiarity with Market Advisory Services**

Market Advisory Service	Not at all familiar									Very familiar	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
Ag Resource											
Subscribers	40.3	9.7	6.6	4.4	10.0	5.7	6.3	4.7	12.4	3.77	2.96
Non-subscribers	52.0	11.2	8.2	4.9	8.5	5.2	4.9	1.2	4.0	2.71	2.34
AgLine by Doane											
Subscribers	26.7	9.8	9.0	5.6	14.4	6.8	11.2	6.8	9.8	4.29	2.79
Non-subscribers	29.9	8.5	8.5	7.9	14.2	10.6	9.4	2.7	8.5	4.02	1.66
Agri-Visor											
Subscribers	42.9	10.9	8.6	7.4	10.5	4.8	6.5	3.9	4.9	3.20	2.54
Non-subscribers	50.9	8.3	6.5	3.7	11.4	6.2	6.5	0.9	5.6	2.99	2.54
Allendale											
Subscribers	31.8	9.2	8.2	7.0	10.7	7.9	7.8	6.1	11.3	4.09	2.87
Non-subscribers	47.5	8.0	6.7	5.8	12.6	4.9	4.9	4.0	5.5	3.15	2.60
Brock											
Subscribers	20.1	7.5	7.5	6.5	11.6	9.3	13.0	10.2	14.2	4.98	2.84
Non-subscribers	26.7	8.5	5.2	8.8	13.0	7.3	10.0	7.3	13.3	4.51	2.89
CommStock Investments											
Subscribers	53.1	11.2	8.5	3.9	7.3	3.5	3.6	2.3	6.7	2.77	2.53
Non-subscribers	65.5	13.0	4.3	2.5	6.5	2.2	3.1	0.3	2.5	2.07	1.96
Freese-Notis											
Subscribers	35.1	9.3	8.3	7.2	11.4	7.5	8.0	4.8	8.3	3.79	2.75
Non-subscribers	52.0	8.6	5.8	4.9	7.6	7.3	6.4	3.4	4.0	2.96	2.55
Harris-Elliot											
Subscribers	52.8	10.3	7.8	5.2	7.0	6.4	6.3	3.1	5.2	2.81	2.50
Non-subscribers	65.3	10.6	6.3	2.8	6.9	2.2	2.2	1.6	2.2	2.12	1.99
Pro Farmer											
Subscribers	9.0	3.5	4.9	3.7	9.6	7.2	13.9	15.4	32.8	6.53	2.63
Non-subscribers	14.5	4.2	5.1	7.6	9.7	10.0	15.4	11.8	21.8	5.75	2.78
Stewart-Peterson Advisory Reports											
Subscribers	39.7	9.6	6.9	3.9	9.4	6.8	8.5	6.3	9.0	3.73	2.89
Non-subscribers	54.4	10.1	7.0	2.4	8.6	4.0	4.0	4.0	5.5	2.81	2.57
Stewart-Peterson Strictly Cash											
Subscribers	48.5	10.1	7.6	4.1	9.4	5.2	5.4	4.8	4.9	3.07	2.60
Non-subscribers	61.8	9.8	7.4	1.8	6.8	3.1	4.6	1.8	2.8	2.35	2.22

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 17. Frequency With Which Current Subscribers Have Switched Market Advisory Services**

Frequency	Percentage
Several times a year	2.2
Twice a year	2.6
Once a year	5.9
Once in two years	15.4
Once in three years	15.1
Once in four years	8.4
Once in five years	12.6
Once in ten years	9.6
Until now I have never switched	28.1

**Table 18. Subscriber Use of Market Advisory Services**

Reason	Never use									Mean
	1	2	3	4	5	6	7	8	9	
----- percent -----										
<i>Keeping up with markets</i>	11.1	2.9	3.5	2.4	9.5	7.1	16.3	18.3	28.8	6.47
<i>Price information</i>	11.2	4.4	4.6	3.3	11.2	8.3	16.3	16.8	24.0	6.17
<i>Marketing information (facts)</i>	7.9	1.3	1.2	1.9	7.4	6.8	21.2	23.9	28.5	6.95
<i>Weather forecasts</i>	17.0	7.0	6.3	7.3	12.4	10.9	12.4	12.1	14.6	5.21
<i>Market analysis</i>	7.6	1.7	1.6	2.3	8.2	7.7	18.8	25.1	27.0	6.88
<i>General market strategies</i>	8.3	2.2	2.4	3.9	11.2	10.1	21.4	21.0	19.4	6.45
<i>Making specific pricing decisions</i>	9.0	2.6	4.5	5.6	14.4	13.7	21.9	15.1	13.1	5.97
<i>Government program information</i>	13.7	6.6	7.7	6.0	14.1	10.6	16.8	12.6	12.0	5.34
<i>Expert opinion</i>	11.6	4.2	4.7	4.5	14.9	12.5	18.5	15.8	13.4	5.77
<i>Forecasting prices</i>	9.8	2.9	4.3	4.4	15.0	12.6	22.4	16.2	12.5	5.95
<i>To receive a higher price than the average price</i>	8.6	1.7	3.2	2.1	10.7	11.6	21.3	22.2	18.5	6.47
<i>To beat the market</i>	15.5	4.9	6.3	5.2	16.5	12.1	17.0	12.5	10.0	5.30
<i>To reduce fluctuations in the prices I receive</i>	9.7	2.7	3.6	4.4	16.8	10.8	21.7	17.3	13.1	6.00
<i>To reduce income risk</i>	8.8	2.2	2.3	2.6	12.1	4.5	25.7	20.1	14.6	6.32
<i>To reduce price risk</i>	9.0	2.2	2.4	2.4	12.1	10.5	25.3	21.1	14.9	6.34

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 19. Impact of Market Advisory Recommendations on Subscriber Pricing Decisions**

No impact at all									Great impact	
1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----										
7.3	3.1	6.0	5.6	15.1	18.4	25.6	11.3	7.7	5.78	2.14

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 20. Subscriber Use of Pricing Recommendations Provided by Market Advisory Services**

<b>Use of Recommendation</b>	<b>Percentage</b>
As background information	56.5
To compare with other information	48.8
Follow loosely	65.6
Follow very closely	11.0

**Table 21. Subscriber Implementation of Pricing Recommendations of Marketing Advisory Services**

Pricing Recommendation	Would not implement at all									Implement exactly		Standard Deviation
	1	2	3	4	5	6	7	8	9	Mean		
----- percent -----												
<b>Pre-harvest</b>												
Cash forward contracts	4.8	3.0	5.5	4.5	16.5	17.3	28.9	12.6	7.0	5.97	1.98	
Sell futures	14.6	8.9	8.8	5.3	16.2	12.2	18.2	10.2	5.6	4.94	2.49	
Buy put options	14.6	7.7	8.2	6.0	17.8	13.7	16.9	10.4	4.8	4.94	2.43	
Buy call options	14.6	6.9	8.8	6.8	18.0	12.3	16.8	10.4	5.4	4.95	2.44	
Buy futures	18.4	9.0	10.2	6.0	17.4	10.9	14.3	9.2	4.6	4.58	2.51	
<b>Post-harvest</b>												
Sell in cash market	3.0	1.8	1.6	2.7	14.1	13.9	31.9	22.0	9.1	6.57	1.77	
Sell futures	16.0	7.6	7.8	5.5	15.7	12.1	18.7	11.4	5.1	4.96	2.52	
Buy put options	15.3	8.6	8.3	6.4	18.7	12.8	16.3	9.5	4.3	4.80	2.43	
Buy call options	14.3	7.6	7.3	5.6	17.9	13.8	17.6	11.2	4.7	5.01	2.43	
Buy futures	18.4	9.0	8.6	5.6	16.6	11.9	15.2	10.0	4.7	4.68	2.54	

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 22. Subscriber Perception of the Role of Market Advisory Services**

Role	Not at all									Certainly	
	1	2	3	4	5	6	7	8	9	Standard Mean	Deviation
----- percent -----											
<i>A tool to reduce risk?</i>	2.4	3.3	3.3	2.3	10.2	11.9	23.0	18.2	25.6	6.87	2.03
<i>A tool to receive a higher than average price?</i>	2.1	1.8	3.1	2.3	9.8	19.8	22.3	15.3	23.4	6.81	1.89

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 23. Subscriber Perception of the Marketing Style of Market Advisory Services**

<b>Market Advisory Service</b>	<b>Conservative</b>									<b>Aggressive</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>Standard Mean</b>	<b>Standard Deviation</b>
----- percent -----											
Ag Resource	3.6	2.0	7.3	7.6	17.5	17.5	18.2	16.2	10.2	6.01	2.03
AgLine by Doane	6.6	4.7	14.4	14.9	25.4	17.4	11.9	3.9	0.8	4.72	1.81
Agri-Visor	4.0	4.4	10.6	15.0	26.5	20.8	12.8	4.4	1.3	5.00	1.72
Allendale	4.1	1.8	3.8	9.7	17.6	18.8	22.3	15.5	6.5	5.97	1.91
Brock	3.4	2.8	5.2	7.8	14.2	14.0	23.2	19.8	9.4	6.17	2.02
CommStock Investments	6.2	3.1	7.2	10.8	20.1	15.5	17.0	13.9	6.2	5.57	2.11
Freese-Notis	3.7	2.2	5.6	9.7	21.7	17.6	21.7	12.7	4.9	5.76	1.88
Harris-Elliott	6.4	3.5	4.1	10.5	18.1	19.9	21.1	11.1	5.3	5.80	1.77
Pro Farmer	1.9	2.6	5.8	11.1	20.2	20.2	22.0	11.1	5.1	5.80	1.77
Stewart-Peterson Advisory Reports	4.5	3.8	4.1	11.3	26.8	17.9	18.9	10.0	2.7	5.48	1.84
Stewart-Peterson Strictly Cash	6.0	6.9	9.2	11.5	26.3	17.1	13.8	6.9	2.3	5.00	1.95

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 24. Subscriber Satisfaction with Market Advisory Services**

<b>Market Advisory Service</b>	<b>Very dis-satisfied</b>									<b>Very satisfied</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>Mean</b>	<b>Standard Deviation</b>
----- percent -----											
Ag Resource	4.3	3.8	5.4	5.4	10.2	11.3	29.0	15.6	15.1	6.32	2.16
AgLine by Doane	2.8	3.3	5.2	9.0	25.0	22.2	20.3	8.5	3.8	5.63	1.75
Agri-Visor	6.1	6.1	10.2	12.2	23.5	16.3	19.4	4.1	2.0	5.00	1.93
Allendale	5.3	3.7	5.8	10.0	18.4	14.2	21.1	15.3	6.3	5.74	2.09
Brock	4.0	3.2	5.9	8.3	14.2	16.6	20.9	17.8	9.1	6.03	2.06
CommStock Investments	7.7	2.9	2.9	3.8	12.5	7.7	19.2	25.0	18.3	6.45	2.37
Freese-Notis	4.1	7.3	8.1	13.8	17.9	17.9	15.4	11.4	4.1	5.31	2.05
Harris-Elliott	10.5	5.3	6.3	10.5	21.1	13.7	16.8	11.6	4.2	5.18	2.25
Pro Farmer	2.2	2.4	3.6	7.2	17.5	16.9	27.0	16.5	6.8	6.17	1.80
Stewart-Peterson Advisory Reports	5.6	3.1	7.5	10.6	15.0	18.8	25.6	9.4	4.4	5.58	2.01
Stewart-Peterson Strictly Cash	7.6	5.4	7.6	17.4	14.1	12.0	21.7	7.6	6.5	5.25	2.21

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 25. Subscriber Attitudes Towards Using Market Advisory Services**

<b>Statement</b>	<b>Very unpleasant</b>									<b>Very pleasant</b>	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>Mean</b>	<b>Standard Deviation</b>
How unpleasant or pleasant is using a market advisory service?	2.1	2.2	2.7	4.6	27.1	17.0	22.6	15.0	6.6	6.08	1.73
How frustrated or content does using a market advisory service make you feel?	3.0	4.7	7.1	9.0	25.8	16.0	21.4	9.5	35.0	5.52	1.86

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 26. Value Subscribers Place on Various Aspects of Market Advisory Services**

Aspect	Do not value at all								Value extremely		
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----											
Use of technical analysis	4.3	3.2	5.0	6.7	14.8	17.3	25.2	15.4	8.1	6.03	2.01
Use of fundamental analysis	3.8	2.2	2.8	5.1	13.3	15.2	28.9	19.3	9.4	6.36	1.92
Analysis based on the knowledge of one person	9.9	11.2	14.4	14.1	24.0	11.4	9.8	3.8	1.4	4.32	1.98
Analysis based on a group consensus	4.4	3.0	5.3	7.4	18.9	21.2	24.8	10.9	4.1	5.76	1.88
Recommendations use only cash	7.7	6.3	9.4	10.6	26.1	15.1	17.5	5.6	1.6	4.94	1.97
Recommendations include futures and options	4.9	2.8	5.2	5.9	15.5	16.8	17.1	16.1	5.8	5.98	1.99
Low frequency of use of futures and options	8.1	6.3	11.8	11.5	27.1	14.8	13.1	5.5	1.7	4.78	1.96
High frequency use of futures and options strategies	8.2	8.2	11.3	11.5	22.3	14.8	14.8	6.9	2.2	4.82	2.07
Presentation mainly with charts	6.5	5.7	10.7	15.1	24.3	15.2	15.0	5.7	1.5	4.89	1.91
Presentation mainly with text	4.6	4.5	8.3	13.3	26.2	18.0	16.0	6.8	2.3	5.18	1.84
Daily updates of recommendations	3.8	2.3	3.1	4.8	13.9	12.7	21.6	22.2	15.7	6.52	2.04
Specialists regarding particular crops	4.2	3.9	4.0	5.2	15.9	13.3	24.8	20.3	8.3	6.15	2.05
Market advisory service is also broker	22.7	13.1	10.7	7.9	17.4	8.4	8.7	7.0	4.2	4.04	2.48
Consistent recommendations	4.1	1.7	3.1	4.6	15.7	14.4	25.8	20.4	10.1	6.35	1.94
Recommendations focused on your farm operation circumstances	5.5	3.6	5.0	4.7	19.1	10.7	22.2	19.2	9.8	6.05	2.16
High quality information	2.7	1.0	1.7	1.7	8.5	5.8	21.1	30.2	27.2	7.29	1.83
The fact that the market advisory service tries to establish a relationship with you	7.0	6.2	4.7	4.7	20.0	10.1	19.7	16.2	11.4	5.83	2.32

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 27. Non-Subscriber Perceptions of Market Advisory Service Ability to Increase Income and to Reduce Risk**

	Not at all									Definitely	
	1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
	----- percent -----										
Increase income	10.2	10.5	15.6	7.5	16.5	15.3	14.7	5.4	4.5	4.86	2.26
Reduce risk	9.9	7.5	15.0	8.1	16.2	15.6	18.0	6.6	3.3	4.84	2.22

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 28. Non-Subscriber Satisfaction with Satellite Delivered Systems**

Very dissatisfied									Very Satisfied	
1	2	3	4	5	6	7	8	9	Mean	Standard Deviation
----- percent -----										
0.9	1.5	5.1	4.8	13.4	15.2	22.1	23.9	13.1	6.61	1.80

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 29. Probability of Producers Using a Market Advisory Service in Various Situations**

Situation	Certainly not use									Certainly use		Standard Mean Deviation	
	1	2	3	4	5	6	7	8	9				
----- percent -----													
Market advisory service matches your market philosophy													
Subscribers	3.3	1.2	2.5	3.5	17.0	14.9	28.1	18.0	11.5	6.46	1.84		
Non-subscribers	8.2	3.9	4.5	7.9	21.2	15.8	20.6	10.9	7.0	5.56	2.17		
Market advisory service does not match your philosophy													
Subscribers	23.0	19.9	18.7	11.4	16.2	7.1	2.6	1.0	0.1	3.15	1.79		
Non-subscribers	36.5	18.8	12.1	8.5	14.3	4.3	4.0	0.9	0.6	2.82	1.94		
Market advisory service matches your market philosophy but has recently shown a weak performance regarding the realized crop price													
Subscribers	12.8	14.3	18.7	19.4	22.0	8.1	3.5	0.9	0.2	3.68	1.69		
Non-subscribers	25.6	18.3	18.6	11.0	16.2	6.4	4.0	0.0	0.0	3.09	1.78		
Market advisory service matches your market philosophy and has recently shown a strong performance regarding the realized crop price													
Subscribers	2.5	0.9	1.7	2.1	11.2	15.9	28.3	24.0	13.4	6.80	1.71		
Non-subscribers	7.3	4.5	6.1	6.1	12.4	11.8	23.3	21.5	7.0	5.90	2.28		
Market advisory service does not match your market philosophy and has recently shown a weak performance regarding the realized crop price													
Subscribers	43.7	23.1	13.2	8.5	7.5	2.5	1.3	0.2	0.1	2.27	1.54		
Non-subscribers	50.5	20.4	12.2	6.1	8.8	1.2	0.9	0.0	0.0	2.10	1.44		
Market advisory service does not match your market philosophy and has recently shown a strong performance regarding the realized crop price													
Subscribers	6.9	4.1	8.0	9.5	21.6	23.3	16.6	7.8	2.3	5.24	1.95		
Non-subscribers	10.6	8.2	13.1	9.1	24.6	14.3	14.0	4.3	1.8	4.60	2.07		
Market advisory service matches your market philosophy but has recently shown a weak performance regarding risk reduction													
Subscribers	13.6	15.6	18.5	18.8	21.5	8.1	3.0	0.5	0.4	3.60	1.69		
Non-subscribers	22.6	18.0	21.1	13.5	18.0	4.3	1.8	0.6	0.0	3.09	1.67		
Market advisory service matches your market philosophy and has recently shown a strong performance regarding risk reduction													
Subscribers	2.2	1.5	1.6	4.2	15.9	16.5	25.2	21.7	11.2	6.56	1.76		
Non-subscribers	6.1	3.4	6.4	5.5	18.4	17.8	23.9	14.4	4.0	5.72	2.04		
Market advisory service does not match your market philosophy and has recently shown a weak performance regarding risk reduction													
Subscribers	39.8	24.6	14.5	8.2	9.1	2.2	1.1	0.4	0.1	2.36	1.55		
Non-subscribers	46.5	21.6	14.6	5.5	9.1	1.8	0.9	0.0	0.0	2.18	1.46		
Market advisory service does not match your market philosophy and has recently shown a strong performance regarding risk reduction													
Subscribers	6.1	4.9	9.0	9.3	24.3	19.1	16.9	7.5	3.0	5.21	1.96		
Non-subscribers	11.9	7.9	14.6	10.1	20.4	14.3	14.0	4.6	2.1	4.54	2.14		

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 30. Extent to Which Producers Disagree or Agree that Market Advisory Services are Expensive**

	Strongly disagree									Strongly agree		Standard Mean	Deviation
	1	2	3	4	5	6	7	8	9				
----- percent -----													
Subscribers	2.9	4.4	6.5	6.1	19.5	16.8	22.3	11.8	9.7	5.92	2.00		
Non-subscribers	1.5	3.0	3.3	7.2	22.1	12.8	21.5	14.3	14.3	6.27	1.91		

Note: Mean refers to the weighted average response across categories. Standard deviation refers to the standard deviation of responses across categories.

**Table 31. Probability of Producers Subscribing to Market Advisory Services with Different Crop Prices**

	<b>High crop prices</b>	<b>Normal crop prices</b>	<b>Low crop prices</b>
----- percent -----			
Subscribers	58.95	64.35	67.03
Non-subscribers	47.24	51.6	53.11

**Table 32. Percentage of Producers Who Hire Someone to Market Any or All of Their Crops**

	<b>Percent</b>
Subscribers	16.4
Non-Subscribers	11.0

**Appendix A: Survey Instrument for DTN Premium Service Subscribers**

## **THE ROLE OF MARKET ADVISORY SERVICES IN GRAIN MARKETING AND RISK MANAGEMENT**

**Department of Agricultural and Consumer Economics  
University of Illinois at Urbana-Champaign**

Please circle one response for each question unless you are asked to check or circle all that apply.

1. Did you grow any of the following crops under a production contract in 1999?

	<u>Yes</u>	<u>No</u>
a. Corn .....	1	2
b. Cotton .....	1	2
c. Soybeans .....	1	2
d. Wheat .....	1	2

2. Which forward pricing techniques have you used for your crops before and after harvest in the last 2 years?

Please circle all that apply. (For an explanation of terms, please see the glossary at the end of this questionnaire.)

	<u>Before harvest</u>	<u>After harvest</u>
a. Cash forward contracts.....	1	1
b. Hedge using futures .....	2	2
c. Buy a put option.....	3	3
d. Hedge-to-arrive contract .....	4	4
e. Minimum price contract.....	5	5
f. Basis contract.....	6	6

3a. During the past two years, have you purchased crop insurance?

Yes.....1

No.....2 →(SKIP TO Q.4)

b. What type of crop insurance have you used for your crops in the last 2 years?

	<u>Yes</u>	<u>No</u>
1) Catastrophic (CAT) coverage (50% yield coverage and 60% price coverage).....	1	2
2) Crop Revenue Coverage (CRC) .....	1	2
3) Income Protection (IP) .....	1	2
4) Revenue Assurance (RA) .....	1	2
5) Group Risk Plan (GRP) area yield insurance .....	1	2
6) Only hail insurance purchased.....	1	2

4. How many times during the marketing year do you typically price a part of the crops you produce?

<u>Crop</u>	<u>Once</u>	<u>2-5 times</u>	<u>6-10 times</u>	<u>11 or more times</u>	Check if do not produce
a. Corn	1	2	3	4	_____
b. Cotton	1	2	3	4	_____
c. Soybeans	1	2	3	4	_____
d. Wheat	1	2	3	4	_____

5. On a scale of 1 to 9, where 1 is not at all risky and 9 is very risky, how do you rate the following prices and costs in terms of financial risk they pose to your farm income?

	<u>Not at all risky</u>										<u>Very risky</u>	<u>Do not produce</u>
	1	2	3	4	5	6	7	8	9	10		
a. Corn price.....	1	2	3	4	5	6	7	8	9	10		
b. Cotton price.....	1	2	3	4	5	6	7	8	9	10		
c. Soybeans price .....	1	2	3	4	5	6	7	8	9	10		
d. Wheat price .....	1	2	3	4	5	6	7	8	9	10		
e. Input (feed, seed, fuel) ...	1	2	3	4	5	6	7	8	9	10		
f. Capital (interest rate).....	1	2	3	4	5	6	7	8	9	10		

6. On a scale of 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the statement, "I usually like playing it safe" for each of the markets listed below?

	Strongly <u>disagree</u>					Strongly <u>agree</u>				Do not <u>produce</u>
a. Corn .....	1	2	3	4	5	6	7	8	9	10
b. Cotton.....	1	2	3	4	5	6	7	8	9	10
c. Soybeans .....	1	2	3	4	5	6	7	8	9	10
d. Wheat .....	1	2	3	4	5	6	7	8	9	10
e. Input (feed, seed, fuel) .....	1	2	3	4	5	6	7	8	9	10
f. Capital (interest rate).....	1	2	3	4	5	6	7	8	9	10

7. On a scale from 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the following statements?

	Strongly <u>disagree</u>					Strongly <u>agree</u>			
a. Fluctuating prices expose me to risk .....	1	2	3	4	5	6	7	8	9
b. Fluctuating yields expose me to risk .....	1	2	3	4	5	6	7	8	9
c. The possibility of prices falling below my cost of production exposes me to risk .....	1	2	3	4	5	6	7	8	9
d. The possibility of yields falling below my breakeven yield exposes me to risk .....	1	2	3	4	5	6	7	8	9

8. How often do you follow cash or futures market prices (in newspapers, radio, satellite delivered systems, etc.)?

Several times a day.....	1
Once a day.....	2
Once to several times a week .....	3
Once to several times a month .....	4
Never .....	5

9. On a scale from 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the following statements?

	Strongly <u>disagree</u>	Strongly <u>agree</u>							
a. I think it is important to understand the wishes of the end-users of my crops ....	1	2	3	4	5	6	7	8	9
b. I think it is important to know how my end-users evaluate my product .....	1	2	3	4	5	6	7	8	9
c. I adapt to changes in the market .....	1	2	3	4	5	6	7	8	9
d. I track the market prices of the products I produce .....	1	2	3	4	5	6	7	8	9
e. I like “playing it safe” .....	1	2	3	4	5	6	7	8	9
f. With respect to the conduct of business, I dislike risk .....	1	2	3	4	5	6	7	8	9
g. With respect to the conduct of business, I prefer certainty over uncertainty.....	1	2	3	4	5	6	7	8	9
h. I am willing to take higher financial risks in order to realize higher average yields....	1	2	3	4	5	6	7	8	9
i. I like taking big financial risks .....	1	2	3	4	5	6	7	8	9
j. I am willing to take higher financial risks when selling my crops, in order to realize higher average returns .....	1	2	3	4	5	6	7	8	9
k. I like taking risks when selling crops.....	1	2	3	4	5	6	7	8	9
l. I accept more risk in my farm business than other farmers .....	1	2	3	4	5	6	7	8	9

10. On a scale from 1 to 9, where 1 is not at all risky and 9 is very risky, how risky do you consider the following?

	Not at all <u>risky</u>	Very <u>risky</u>							
a. Selling my crops.....	1	2	3	4	5	6	7	8	9
b. Crop prices .....	1	2	3	4	5	6	7	8	9
c. The fluctuations in my farm income.....	1	2	3	4	5	6	7	8	9

11. On a scale from 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the following statements?

	Strongly <u>disagree</u>									Strongly <u>agree</u>	
a. Crop prices show large fluctuations .....	1	2	3	4	5	6	7	8	9		
b. My revenues from crops show large fluctuations .....	1	2	3	4	5	6	7	8	9		
c. My total farm revenues show large fluctuations .....	1	2	3	4	5	6	7	8	9		

12. On a scale from 1 to 9, where 1 is very small and 9 is very large, how small or large do you consider the following risks?

	Very <u>small</u>									Very <u>large</u>	
a. When selling crops, the price risk is.....	1	2	3	4	5	6	7	8	9		
b. My yield risk is.....	1	2	3	4	5	6	7	8	9		
c. My income risk is .....	1	2	3	4	5	6	7	8	9		

13. How much do you rely on the following sources of market information?

	Do not <u>rely on</u>									Rely <u>heavily on</u>	
a. Extension Service/University .....	1	2	3	4	5	6	7	8	9		
b. Farm magazines/newsletters.....	1	2	3	4	5	6	7	8	9		
c. Market advisory services .....	1	2	3	4	5	6	7	8	9		
d. Satellite delivered systems (DTN)	1	2	3	4	5	6	7	8	9		
e. Marketing clubs .....	1	2	3	4	5	6	7	8	9		
f. USDA reports.....	1	2	3	4	5	6	7	8	9		
g. Local elevator .....	1	2	3	4	5	6	7	8	9		
h. Internet.....	1	2	3	4	5	6	7	8	9		
i. Television .....	1	2	3	4	5	6	7	8	9		
j. Radio .....	1	2	3	4	5	6	7	8	9		

14. Have you ever used any of the market advisory services listed below?

	<u>Yes</u>	<u>No</u>
a. AgLine by Doane.....	1	2
b. Agri-Visor.....	1	2
c. Brock.....	1	2
d. Freese-Notis.....	1	2
e. Pro Farmer.....	1	2
f. Ag Resource.....	1	2
g. Allendale.....	1	2
h. Commstock Investments.....	1	2
i. Harris-Elliott.....	1	2
j. Stewart-Peterson.....	1	2
k. Another market advisory service .....	1	2
l. Do not use market advisory services at all .....	1	2

15. How familiar are you with each of the listed market advisory services? Note that some satellite delivered systems refer to market advisory services as premium services. Please circle a number from 1 (not at all familiar) to 9 (very familiar) for each advisory service.

	<u>Not at all familiar</u>							<u>Very familiar</u>	
a. Ag Resource .....	1	2	3	4	5	6	7	8	9
b. AgLine by Doane .....	1	2	3	4	5	6	7	8	9
c. Agri-Visor .....	1	2	3	4	5	6	7	8	9
d. Allendale .....	1	2	3	4	5	6	7	8	9
e. Brock .....	1	2	3	4	5	6	7	8	9
f. Commstock Investments .....	1	2	3	4	5	6	7	8	9
g. Freese-Notis .....	1	2	3	4	5	6	7	8	9
h. Harris-Elliott.....	1	2	3	4	5	6	7	8	9
i. Pro Farmer.....	1	2	3	4	5	6	7	8	9
j. Stewart Peterson Advisory Reports....	1	2	3	4	5	6	7	8	9
k. Stewart-Peterson Strictly Cash.....	1	2	3	4	5	6	7	8	9

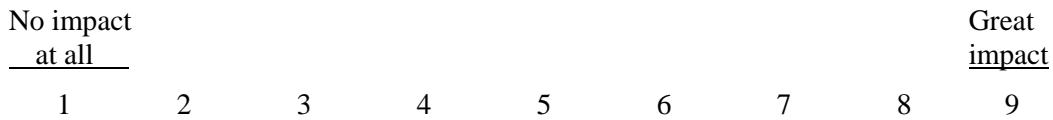
16. How often have you switched market advisory services?

Several times a year.....	1
Twice a year .....	2
Once a year.....	3
Once in two years .....	4
Once in three years .....	5
Once in four years .....	6
Once in five years.....	7
Once in 10 years.....	8
Until now I have never switched.....	9

17. To what extent do you use market advisory services for the reasons listed below? Please circle a number from 1 (never use) to 9 (use extensively).

	Never <u>use</u>								Use <u>extensively</u>	
a. Keeping up with markets .....	1	2	3	4	5	6	7	8	9	
b. Price information .....	1	2	3	4	5	6	7	8	9	
c. Marketing information (facts).....	1	2	3	4	5	6	7	8	9	
d. Weather forecasts.....	1	2	3	4	5	6	7	8	9	
e. Market analysis .....	1	2	3	4	5	6	7	8	9	
f. General market strategies.....	1	2	3	4	5	6	7	8	9	
g. Making specific pricing decisions.....	1	2	3	4	5	6	7	8	9	
h. Government program information .....	1	2	3	4	5	6	7	8	9	
i. Expert opinion.....	1	2	3	4	5	6	7	8	9	
j. Forecasting prices .....	1	2	3	4	5	6	7	8	9	
k. To receive a higher price than the average price .....	1	2	3	4	5	6	7	8	9	
l. To beat the market .....	1	2	3	4	5	6	7	8	9	
m. To reduce fluctuations in the prices I receive .....	1	2	3	4	5	6	7	8	9	
n. To reduce income risk.....	1	2	3	4	5	6	7	8	9	
o. To reduce price risk .....	1	2	3	4	5	6	7	8	9	

18. How great is the impact of market advisory recommendations on your pricing decisions? Please circle a number from 1 (no impact at all) to 9 (great impact).



19. How do you use the specific pricing recommendation that the market advisory services provide you? Please circle all that apply.

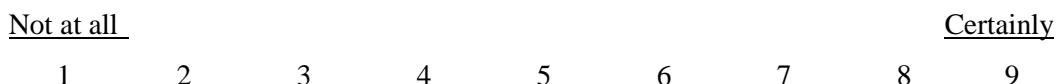
As background information.....	1
I use the information to compare with other information sources.....	2
I follow the recommendations loosely (I adapt them to my own marketing plan).....	3
I follow the recommendations very closely.....	4

20. We would like to gain insight into the ways you are using specific pricing recommendations of market advisory services. The next question is designed for this purpose.

How would you implement the following types of pricing recommendations of a market advisory service?  
(For an explanation of terms, please see the glossary at the end of this questionnaire.)

	<u>Would not implement at all</u>	<u>Implement exactly</u>
<u>Pre-harvest</u>		
a. Cash forward contracts .....	1 2 3 4 5 6 7 8 9	
b. Sell futures.....	1 2 3 4 5 6 7 8 9	
c. Buy put options.....	1 2 3 4 5 6 7 8 9	
d. Buy call options.....	1 2 3 4 5 6 7 8 9	
e. Buy futures .....	1 2 3 4 5 6 7 8 9	
<u>Post-harvest</u>		
f. Sell in cash market.....	1 2 3 4 5 6 7 8 9	
g. Sell futures.....	1 2 3 4 5 6 7 8 9	
h. Buy put options.....	1 2 3 4 5 6 7 8 9	
i. Buy call options.....	1 2 3 4 5 6 7 8 9	
j. Buy futures .....	1 2 3 4 5 6 7 8 9	

21. Is a market advisory service a tool to reduce risk?



22. Is a market advisory service a tool to receive a higher than average price?

<u>Not at all</u>	<u>Certainly</u>								
1	2	3	4	5	6	7	8	9	

23. How do you perceive the market advisory services' marketing style? Please circle a number from 1 (conservative) to 9 (aggressive) to indicate their marketing style.

	<u>Conservative</u>									<u>Aggressive</u>	<u>Don't know</u>
a. Ag Resource .....	1	2	3	4	5	6	7	8	9	10	
b. AgLine by Doane .....	1	2	3	4	5	6	7	8	9	10	
c. Agri-Visor .....	1	2	3	4	5	6	7	8	9	10	
d. Allendale .....	1	2	3	4	5	6	7	8	9	10	
e. Brock .....	1	2	3	4	5	6	7	8	9	10	
f. CommStock Investments.....	1	2	3	4	5	6	7	8	9	10	
g. Freese-Notis.....	1	2	3	4	5	6	7	8	9	10	
h. Harris-Elliott.....	1	2	3	4	5	6	7	8	9	10	
i. Pro Farmer.....	1	2	3	4	5	6	7	8	9	10	
j. Stewart-Peterson Advisory Reports.....	1	2	3	4	5	6	7	8	9	10	
k. Stewart-Peterson Strictly Cash.....	1	2	3	4	5	6	7	8	9	10	

24. On a scale from 1 (very dissatisfied) to 9 (very satisfied), how dissatisfied or satisfied are you with the following market advisory services that you purchase? If you do not subscribe, circle 10.

	<u>Very dissatisfied</u>									<u>Very satisfied</u>	<u>Don't subscribe</u>
a. Ag Resource .....	1	2	3	4	5	6	7	8	9	10	
b. AgLine by Doane .....	1	2	3	4	5	6	7	8	9	10	
c. Agri-Visor.....	1	2	3	4	5	6	7	8	9	10	
d. Allendale .....	1	2	3	4	5	6	7	8	9	10	
e. Brock .....	1	2	3	4	5	6	7	8	9	10	
f. CommStock Investments .....	1	2	3	4	5	6	7	8	9	10	
g. Freese-Notis .....	1	2	3	4	5	6	7	8	9	10	
h. Harris-Elliott.....	1	2	3	4	5	6	7	8	9	10	
i. Pro Farmer.....	1	2	3	4	5	6	7	8	9	10	
j. Stewart-Peterson Advisory Reports.....	1	2	3	4	5	6	7	8	9	10	
k. Stewart-Peterson Strictly Cash.....	1	2	3	4	5	6	7	8	9	10	

25. On a scale from 1 (very unpleasant) to 9 (very pleasant), how unpleasant or pleasant is using market advisory services?



26. On a scale from 1 (frustrated) to 9 (content), how frustrated or content does the use of the market advisory services make you feel?



27. On a scale from 1 (do not value at all) to 9 (value extremely), how much do you value the following aspects of the market advisory services?

	<u>Do not value value at all</u>									<u>Value extremely</u>	
a. Use of technical analysis.....	1	2	3	4	5	6	7	8	9		
b. Use of fundamental analysis .....	1	2	3	4	5	6	7	8	9		
c. Analysis based on the knowledge of one person .....	1	2	3	4	5	6	7	8	9		
d. Analysis based on a group consensus.....	1	2	3	4	5	6	7	8	9		
e. Recommendations use only cash .....	1	2	3	4	5	6	7	8	9		
f. Recommendations include futures and options.....	1	2	3	4	5	6	7	8	9		
g. Low frequency of use of futures and options.....	1	2	3	4	5	6	7	8	9		
h. High frequency of use of futures and options strategies.....	1	2	3	4	5	6	7	8	9		
i. Presentation mainly with charts .....	1	2	3	4	5	6	7	8	9		
j. Presentation mainly with text.....	1	2	3	4	5	6	7	8	9		
k. Daily updates of recommendations.....	1	2	3	4	5	6	7	8	9		
l. Specialist regarding particular crops....	1	2	3	4	5	6	7	8	9		
m. Market advisory service is also broker .....	1	2	3	4	5	6	7	8	9		
n. Consistent recommendations .....	1	2	3	4	5	6	7	8	9		
o. Recommendations focused on your farm operation circumstances.....	1	2	3	4	5	6	7	8	9		
p. High quality information.....	1	2	3	4	5	6	7	8	9		
q. The fact that the market advisory service tries to establish a relationship with you.....	1	2	3	4	5	6	7	8	9		

28. What is the probability (or chance) of your using a market advisory service in the situations listed below? Please circle a number from 1 (certainly not use) to 9 (certainly use).

	Certainly <u>not use</u>								Certainly <u>use</u>							
a. Market advisory service matches your market philosophy .....	1	2	3	4	5	6	7	8	9							
b. Market advisory service does not match your philosophy .....	1	2	3	4	5	6	7	8	9							
c. Market advisory service matches your market philosophy but has recently shown a <b>weak</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
d. Market advisory service matches your market philosophy and has recently shown a <b>strong</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
e. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>weak</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
f. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>strong</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
g. Market advisory service matches your market philosophy but has recently shown a <b>weak</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							
h. Market advisory service matches your market philosophy and has recently shown a <b>strong</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							
i. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>weak</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							
j. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>strong</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							

29. On a scale from 1 (strongly disagree) to 9 (strongly agree), to what extent do you disagree or agree that market advisory services are expensive?



30. Please divide 100 points between buying market advisory services and not buying them to indicate the probability of your subscribing to market advisory services with different crop prices. The higher the probability of using market advisory services, the more points you allocate. The total points allocated should equal 100.

	a.	b.	c.
<b>High crop prices</b>		<b>Normal crop prices</b>	
Corn \$3.00/bushel		Corn \$2.50/bushel	
Wheat \$4.00/bushel		Wheat \$3.25/bushel	
Soybeans \$7.50/bushel		Soybeans \$6.25/bushel	
Cotton \$.85/lb.		Cotton \$.70/lb.	
Buy market advisory services .....	_____	_____	_____
Do not buy market advisory services .....	_____	_____	_____
Total points.....	100	100	100

31. Do you hire someone to market any or all of your crops?

Yes.....1

No .....2

**THANK YOU VERY MUCH FOR YOUR COOPERATION!**

Please return your completed questionnaire in the enclosed self-addressed postage-paid envelope to:

The University of Illinois  
 Survey Research Laboratory (M/C 336)  
 Box 6905  
 Chicago, IL 60680

## GLOSSARY

**Cash forward contracts** – A contract between the farmer and buyer which establishes the price, location, and time of delivery for grain to be delivered at a later date. The contract may be made before or after harvest.

**Hedging using futures** – The practice of offsetting the price risk inherent in any cash market position by taking an equal but opposite position in the futures market.

**Buy a put option** - An option to sell a specified amount of a crop at an agreed price and time at any time until the expiration of the option. A put option is purchased to protect against a fall in price.

**Buy a call option** - An option to buy a specified amount of a crop at an agreed price and time at any time until the expiration of the option. A call option is purchased to protect against a rise in price.

**Hedge-to-arrive contract** – Hedge-to-arrive contracts specify the time of delivery and the futures price on which the farmer's price will be based. The futures price is the current price of the appropriate futures contract and is established at the time of the contract. The farmer then chooses the day before expiration of the contract on which to establish the basis portion of the price.

**Minimum price contract** – Minimum price is offered to a farmer through a cash contract. If prices go up, the option is allowed to expire and the buyer pays a higher price. If prices go down, the buyer pays the minimum price agreed in the contract.

**Basis contract** – Under a basis contract, the farmer and the buyer agree that the price paid to the farmer will be the price of a specified futures contract on the day of the farmer's choosing, minus the basis that existed at the time of the contract.

**Appendix B: Survey Instrument for DTN Premium Service Non-Subscribers**

## **THE ROLE OF MARKET ADVISORY SERVICES IN GRAIN MARKETING AND RISK MANAGEMENT**

**Department of Agricultural and Consumer Economics  
University of Illinois at Urbana-Champaign**

Please circle one response for each question unless you are asked to check or circle all that apply.

1. Did you grow any of the following crops under a production contract in 1999?

	<u>Yes</u>	<u>No</u>
a. Corn .....	1	2
b. Cotton .....	1	2
c. Soybeans .....	1	2
d. Wheat .....	1	2

2. Which forward pricing techniques have you used for your crops before and after harvest in the last 2 years?  
Please circle all that apply. (For an explanation of terms, please see the glossary at the end of this questionnaire.)

	<u>Before harvest</u>	<u>After harvest</u>
a. Cash forward contracts.....	1	1
b. Hedge using futures .....	2	2
c. Buy a put option .....	3	3
d. Hedge-to-arrive contract .....	4	4
e. Minimum price contract .....	5	5
f. Basis contract.....	6	6

3a. During the past two years, have you purchased crop insurance?

Yes.....1

No .....2 →(SKIP TO Q.4)

b. What type of crop insurance have you used for your crops in the last 2 years?

	<u>Yes</u>	<u>No</u>
1) Catastrophic (CAT) coverage (50% yield coverage and 60% price coverage).....	1	2
2) Crop Revenue Coverage (CRC) .....	1	2
3) Income Protection (IP) .....	1	2
4) Revenue Assurance (RA) .....	1	2
5) Group Risk Plan (GRP) area yield insurance .....	1	2
6) Only hail insurance purchased.....	1	2

5. How many times during the marketing year do you typically price a part of the crops you produce?

	<u>Crop</u>	<u>Once</u>	<u>2-5 times</u>	<u>6-10 times</u>	<u>11 or more times</u>	<u>Check if do not produce</u>
a.	Corn	1	2	3	4	_____
b.	Cotton	1	2	3	4	_____
c.	Soybeans	1	2	3	4	_____
d.	Wheat	1	2	3	4	_____

5. On a scale of 1 to 9, where 1 is not at all risky and 9 is very risky, how do you rate the following prices and costs in terms of financial risk they pose to your farm income?

	<u>Not at all risky</u>										<u>Very risky</u>	<u>Do not produce</u>
a.	Corn price.....	1	2	3	4	5	6	7	8	9	10	
b.	Cotton price.....	1	2	3	4	5	6	7	8	9	10	
c.	Soybeans price .....	1	2	3	4	5	6	7	8	9	10	
d.	Wheat price .....	1	2	3	4	5	6	7	8	9	10	
e.	Input (feed, seed, fuel) ...	1	2	3	4	5	6	7	8	9	10	
f.	Capital (interest rate).....	1	2	3	4	5	6	7	8	9	10	

6. On a scale of 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the statement, "I usually like playing it safe" for each of the markets listed below?

	Strongly <u>disagree</u>					Strongly <u>agree</u>				Do not <u>produce</u>
a. Corn .....	1	2	3	4	5	6	7	8	9	10
b. Cotton.....	1	2	3	4	5	6	7	8	9	10
c. Soybeans .....	1	2	3	4	5	6	7	8	9	10
d. Wheat .....	1	2	3	4	5	6	7	8	9	10
e. Input (feed, seed, fuel) .....	1	2	3	4	5	6	7	8	9	10
f. Capital (interest rate).....	1	2	3	4	5	6	7	8	9	10

7. On a scale from 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the following statements?

	Strongly <u>disagree</u>					Strongly <u>agree</u>			
a. Fluctuating prices expose me to risk .....	1	2	3	4	5	6	7	8	9
b. Fluctuating yields expose me to risk .....	1	2	3	4	5	6	7	8	9
c. The possibility of prices falling below my cost of production exposes me to risk .....	1	2	3	4	5	6	7	8	9
d. The possibility of yields falling below my breakeven yield exposes me to risk .....	1	2	3	4	5	6	7	8	9

8. How often do you follow cash or futures market prices (in newspapers, radio, satellite delivered systems, etc.)?

Several times a day.....	1
Once a day.....	2
Once to several times a week .....	3
Once to several times a month .....	4
Never .....	5

9. On a scale from 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the following statements?

	Strongly <u>disagree</u>								Strongly <u>agree</u>	
a. I think it is important to understand the wishes of the end-users of my crops ....	1	2	3	4	5	6	7	8	9	
b. I think it is important to know how my end-users evaluate my product .....	1	2	3	4	5	6	7	8	9	
c. I adapt to changes in the market .....	1	2	3	4	5	6	7	8	9	
d. I track the market prices of the products I produce .....	1	2	3	4	5	6	7	8	9	
e. I like “playing it safe” .....	1	2	3	4	5	6	7	8	9	
f. With respect to the conduct of business, I dislike risk .....	1	2	3	4	5	6	7	8	9	
g. With respect to the conduct of business, I prefer certainty over uncertainty.....	1	2	3	4	5	6	7	8	9	
h. I am willing to take higher financial risks in order to realize higher average yields....	1	2	3	4	5	6	7	8	9	
i. I like taking big financial risks .....	1	2	3	4	5	6	7	8	9	
j. I am willing to take higher financial risks when selling my crops, in order to realize higher average returns .....	1	2	3	4	5	6	7	8	9	
k. I like taking risks when selling crops.....	1	2	3	4	5	6	7	8	9	
l. I accept more risk in my farm business than other farmers .....	1	2	3	4	5	6	7	8	9	

10. On a scale from 1 to 9, where 1 is not at all risky and 9 is very risky, how risky do you consider the following?

	Not at all <u>risky</u>								Very <u>risky</u>	
a. Selling my crops.....	1	2	3	4	5	6	7	8	9	
b. Crop prices .....	1	2	3	4	5	6	7	8	9	
c. The fluctuations in my farm income.....	1	2	3	4	5	6	7	8	9	

11. On a scale from 1 to 9, where 1 is strongly disagree and 9 is strongly agree, to what extent do you agree or disagree with the following statements?

	Strongly <u>disagree</u>								Strongly <u>agree</u>	
a. Crop prices show large fluctuations .....	1	2	3	4	5	6	7	8	9	
b. My revenues from crops show large fluctuations .....	1	2	3	4	5	6	7	8	9	
c. My total farm revenues show large fluctuations .....	1	2	3	4	5	6	7	8	9	

12. On a scale from 1 to 9, where 1 is very small and 9 is very large, how small or large do you consider the following risks?

	Very <u>small</u>								Very <u>large</u>	
a. When selling crops, the price risk is.....	1	2	3	4	5	6	7	8	9	
b. My yield risk is.....	1	2	3	4	5	6	7	8	9	
c. My income risk is .....	1	2	3	4	5	6	7	8	9	

13. How much do you rely on the following sources of market information?

	Do not <u>rely on</u>								Rely <u>heavily on</u>	
a. Extension Service/University .....	1	2	3	4	5	6	7	8	9	
b. Farm magazines/newsletters.....	1	2	3	4	5	6	7	8	9	
c. Market advisory services .....	1	2	3	4	5	6	7	8	9	
d. Satellite delivered systems (DTN)	1	2	3	4	5	6	7	8	9	
e. Marketing clubs .....	1	2	3	4	5	6	7	8	9	
f. USDA reports.....	1	2	3	4	5	6	7	8	9	
g. Local elevator .....	1	2	3	4	5	6	7	8	9	
h. Internet.....	1	2	3	4	5	6	7	8	9	
i. Television .....	1	2	3	4	5	6	7	8	9	
j. Radio .....	1	2	3	4	5	6	7	8	9	

14. Have you ever used any of the market advisory services listed below?	<u>Yes</u>	<u>No</u>
a. AgLine by Doane.....	1	2
b. Agri-Visor.....	1	2
c. Brock.....	1	2
d. Freese-Notis.....	1	2
e. Pro Farmer.....	1	2
f. Ag Resource.....	1	2
g. Allendale.....	1	2
h. Commstock Investments.....	1	2
i. Harris-Elliot.....	1	2
j. Stewart-Peterson.....	1	2
k. Another market advisory service .....	1	2
l. Do not use market advisory services at all .....	1	2

15a. Are you currently using a market advisory service(s)?

Yes	1
No	2 →(SKIP TO Q.16)

15b. How long have you been using it/them?

\_\_\_\_\_ Years

16. How familiar are you with each of the listed market advisory services? Note that some satellite delivered systems refer to market advisory services as premium services. Please circle a number from 1 (not at all familiar) to 9 (very familiar) for each advisory service.

	Not at all <u>familiar</u>								Very <u>familiar</u>	
a. Ag Resource .....	1	2	3	4	5	6	7	8	9	
b. AgLine by Doane .....	1	2	3	4	5	6	7	8	9	
c. Agri-Visor .....	1	2	3	4	5	6	7	8	9	
d. Allendale .....	1	2	3	4	5	6	7	8	9	
e. Brock .....	1	2	3	4	5	6	7	8	9	
f. Commstock Investments .....	1	2	3	4	5	6	7	8	9	
g. Freese-Notis .....	1	2	3	4	5	6	7	8	9	
h. Harris-Elliott .....	1	2	3	4	5	6	7	8	9	
i. Pro Farmer .....	1	2	3	4	5	6	7	8	9	
j. Stewart Peterson Advisory Reports....	1	2	3	4	5	6	7	8	9	
k. Stewart-Peterson Strictly Cash.....	1	2	3	4	5	6	7	8	9	

17. To what extent do you think you are able to increase your income with the help of market advisory services? Please circle a number from 1 (not at all) to 9 (definitely).

<u>Not at all</u>	<u>Definitely</u>								
1	2	3	4	5	6	7	8	9	

18. To what extent do you think you are able to reduce your risk with the help of market advisory services? Please circle a number from 1 (not at all) to 9 (definitely).

<u>Not at all</u>	<u>Definitely</u>								
1	2	3	4	5	6	7	8	9	

19. On a scale from 1 (very dissatisfied) to 9 (very satisfied), how dissatisfied or satisfied are you with satellite delivered systems?

<u>Very dissatisfied</u>	<u>Very satisfied</u>								
1	2	3	4	5	6	7	8	9	

20. What is the probability (or chance) of your using a market advisory service in the situations listed below? Please circle a number from 1 (certainly not use) to 9 (certainly use).

	Certainly <u>not use</u>								Certainly <u>use</u>							
a. Market advisory service matches your market philosophy .....	1	2	3	4	5	6	7	8	9							
b. Market advisory service does not match your philosophy .....	1	2	3	4	5	6	7	8	9							
c. Market advisory service matches your market philosophy but has recently shown a <b>weak</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
d. Market advisory service matches your market philosophy and has recently shown a <b>strong</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
e. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>weak</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
f. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>strong</b> performance regarding the <b>realized crop price</b> .....	1	2	3	4	5	6	7	8	9							
g. Market advisory service matches your market philosophy but has recently shown a <b>weak</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							
h. Market advisory service matches your market philosophy and has recently shown a <b>strong</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							
i. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>weak</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							
j. Market advisory service <b>does not</b> match your market philosophy and has recently shown a <b>strong</b> performance regarding <b>risk reduction</b> .....	1	2	3	4	5	6	7	8	9							

21. On a scale from 1 (strongly disagree) to 9 (strongly agree), to what extent do you disagree or agree that market advisory services are expensive?

<u>Strongly disagree</u>								<u>Strongly agree</u>
1	2	3	4	5	6	7	8	9

22. Please divide 100 points between buying market advisory services and not buying them to indicate the probability of your subscribing to market advisory services with different crop prices. The higher the probability of using market advisory services, the more points you allocate. The total points allocated should equal 100.

	a.	b.	c.
<b>High crop prices</b>	<b>Normal crop prices</b>	<b>Low crop prices</b>	
Corn \$3.00/bushel	Corn \$2.50/bushel	Corn \$2.00/bushel	
Wheat \$4.00/bushel	Wheat \$3.25/bushel	Wheat \$2.50/bushel	
Soybeans \$7.50/bushel	Soybeans \$6.25/bushel	Soybeans \$5.00/bushel	
Cotton \$.85/lb.	Cotton \$.70/lb.	Cotton \$.55/lb.	
Buy market advisory services .....	_____	_____	_____
Do not buy market advisory services .....	_____	_____	_____
Total points.....	100	100	100

23. Do you hire someone to market any or all of your crops?

Yes.....1  
No .....2

**THANK YOU VERY MUCH FOR YOUR COOPERATION!**

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