The Elders ‘On-line’ Initiative: Agsure

James Black
Acting General Manager
Agsure, a division of Elders
Agsure... an Elders initiative
• Who is Agsure?

- Agsure is a direct retailer of farm supplies products
- Agsure sells crop chemicals, fertiliser and animal health products
- Agsure targets a different type of customer
  - Highly educated farmer who either pays for independent advice or does not need it
  - Buys the same products year in year out
  - Shops around for the best price
- Agsure is stand alone division of Elders Rural Services
- Agsure is a new way of doing business with the farmer
• Channel Strategy

Different service offering in the same market

- QANTAS
  Spirit of Australia

- Jetstar.com
  All day, every day, low fares

- Elders

- agsure

James Black
- Recognised, proven and trusted brands
- Competitive prices, not necessarily the lowest price
- Convenient shopping, open 24 / 7, 365 days a year
- Efficient freight delivery direct to farm or to nearest freight depot
Agsure targets the progressive farmer who demands convenience and competitive prices but is not willing to compromise on quality.
• Why direct retail?

• Australian farmers are increasingly buying online
  • 50% purchase farm machinery
  • 40% price compare
  • 6% purchase Animal Health

• This trend is expected to grow exponentially over the coming years

• The farm supplies market is increasingly commoditising
  • Fluctuating prices
  • Low margin
  • High volume

• Farm supplies retailers need to adapt to this changing environment
• How does Agsure sell?

• Agsure is a multi-channel retailer:
  – Online web store
  – Call centre (inbound & outbound)
  – Email
  – SMS

• Agsure marketing campaigns:
  – Seasonal campaigns
  – Weather events
  – Stock clearance

• Mobile devices e.g. i-phone
• Loyalty programmes, member deals
• Agsure Supply Chain

• Agsure has 3 x outsourced Distribution Centres:
  • Melbourne – VIC, TAS, SA, NT, Southern NSW
  • Brisbane – QLD, Northern NSW
  • Perth – WA

• Delivers both on-farm and to the nearest local freight carrier depot
  • On farm – 90 freight carriers (target 150)
  • Local depots – 100 depots (target 250)

• Delivery to local freight depots is necessary where delivery to farm is not economic or to an area that is not serviced
• Agsure Strengths

• Customer Database – 70,000+ customer records

• Freight & Logistics Network – 150+ carriers

• Technology Platform – best of breed cloud solution
• **Agsure trading update**

  • Agsure has been in the market since Oct 2012

  • Brand recognition at 25% (rural press survey in Feb)

  • Sales are growing between 60-115% month on month

  • Repeat customer index at 30% (3 out of 10 customers have now purchased from Agsure at least twice, with some up to 4 times)

  • Potential Repeat customer index at 80% (8 out of 10 customers plan to purchase from Agsure again within 6 months)