

# A Matter of Size



By Stephanie Fehr

With soybean seed increasing in value – and price – seed companies are looking at ways to ensure their customers get exactly what they pay for.

JUST LIKE SOYBEANS themselves, soybean seed packaging comes in all sorts of sizes, from the 50-pound bag to large bulk containers. This allows growers to choose the packaging that meets their seeding needs best. Some seed companies are moving to a different format altogether, taking a cue from the hybrid seed corn industry and packaging soybeans by seed count as opposed to weight.

While this idea is not new – indeed, seed companies have been thinking about this for over 20 years – one factor contributing to the resurgence in popularity of this option is price. “It’s obvious why this is a front-burner issue today rather than 20 years ago,” says Don Schafer, Senior Product Line Manager of Soybeans at Pioneer Hi-Bred. “The cost of seed has continued to climb as high-value technologies are implemented into seed products, and these input costs are scrutinized by growers.” As a result, seed companies are looking at ways to ensure growers get the best value out of their seed investment. Some have actually gone this route before but then made the switch back to selling by weight.

Selling soybean seed by seed count means growers know exactly how many seeds they are getting per bag, helping them make a purchase decision based on cropping needs as opposed to choosing a bag with the most seed.

Beck’s Hybrids in Indiana is one company that has made the move to sell soybeans by seed count. “With a 50-pound bag you don’t know at the time of ordering whether you’re getting 110,000 seeds or 180,000 because of seed size variations,” says Scott Beck, Vice-President of Beck’s Hybrids. “The farmer could be ordering 20% more or 20% less just because he doesn’t know the seed size. There’s obviously savings in transportation, storage, and time efficiency if he’s able to order the exact number of units he needs.”

Beck’s sells soybeans in units of 130,000 seeds, so no matter which variety a farmer picks he will get the same number of seeds per unit. “Seed count units make it much easier for a farmer to make a decision to plant the right variety, instead of a variety that may not have all the agronomic characteristics he needs but is less expensive because the seed size is smaller,” says Beck.

An advertisement for Applewood Seed Co. featuring a collage of colorful wildflowers. The text includes the company name, 'Specialists in Wildflowers Since 1965', 'Hundreds of Species', 'Regional, Special Use & Custom Mixtures', and 'Native Grasses'. The phrase 'wildflower seeds' is written in a large, white, cursive font across the bottom. Contact information is provided in the bottom left corner.

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In order to ensure value for the grower, Beck's also treats its soybean seed. Beck says growers tended to plant more seed than necessary to ensure they got good performance, but cost means this is no longer practical. Thus, the company offered its seed count units in a Sure Gro 130 Profit Pack of treated seed.

"When we came out with seed counts, we offered treated seed at the same price point as untreated soybeans, because the long-term data showed that you get over a bushel per acre more yield for treated beans and 10% better stands," says Beck. "Seed is too expensive to plant without treatment protection, so farmers can use Sure Gro seed, plant 10% less, and we'll sell it in a package size consistent for each variety so that you don't have to pick a variety based on the size of the seed."

There are a handful of companies selling soybeans by seed count, but others have stayed with weight and bulk for good business reasons. For instance, when particularly small seed is placed in a package, even though the proper amount of seed is in a bag, the package may only be half full causing handling problems because of irregularly sized bags and concern from some growers who wonder if they are actually getting the correct amount of seed.

Schafer says that while he's been looking at selling by seed count for Pioneer for over 20 years, the company has decided to stay with weight for now. He says selling by seed count would increase production costs because multiple package weights decrease efficiency in terms of warehousing and handling.

Pioneer has also looked at continuing to offer 50-pound bags of seed but selling them by seed count, which would create logistical problems in terms of pricing. "You'd end up having multiple prices for the same product, so if you had a large-seeded lot number it would be priced less than a small-seeded lot number of the same variety," says Schafer. "There could be dramatic differences in prices to the customer, especially if you get a large operator who is planting 1,000 acres of the same variety. He could have four or five different prices for the same variety of seed."

While Pioneer is continuing to look at this issue, and how to best

## Pros and Cons to Selling by Seed Count

### Pros

- Farmer knows exactly how much seed he is getting – won't order too much or too little seed for his needs
- Farmer can buy seed based on characteristics, not the number of seeds in the bag
- Precision planting is enhanced
- Easier to add value-added components such as inoculants

### Cons

- Production and handling costs may be higher
- Variation in seed size can cause packages to look half empty
- Transition of packaging, tracking, and finance systems are a large cost
- Demands customer, dealer, and sales force education program

serve its customers, another contributing factor to remaining at packaging by weight for now is the fact that most of its seed sales are not in the 50-pound bag format. "In 2006, over 75% of our sales in soybeans were in some other form like bulk bin systems, jumbo bags, or customer pick up," says Schafer. "We even have customers who have their own bins we fill with seed. If we wanted to package in a unit that wasn't 50-pounds, how do we deal with the jumbo bag and ProBox issue? And

from a customer perspective, they've voted with their dollars by demanding bulk packaging. They don't want to handle 50-pound bags."

Beck and Schafer both note that before going this route it is important that you have your sales staff on board and that you explain the move to your customers. "That's probably the biggest hurdle we're trying to get over, is how to implement a system and make sure the customer knows what we're doing and how it benefits them," says Schafer. **SW**

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