

# Top Trends

## What's Changing Your World?

By Robynne M. Anderson

IT'S A BIG, WIDE WORLD in the seed business and there are many external forces shaping it. The ability to adapt your internal organization to these forces is likely to mean a whole new universe. A decade ago, the introduction of herbicide tolerant traits changed the seed world – the varieties that farmers buy and the structure of the industry. Now the seed business, much more driven by those trait providers, is moving into a new phase.

Traits will still be important, but the promise of the next wave of products remains largely unfulfilled. The coming wave of development will not be just about traits – it will also be about process and marketing, demanding a whole new level of integration with the customer. Seed companies will be stretched to serve more complex, diversified markets.

### Niche Needs

'Give 'em what they want.' Farmers are looking for value opportunities. Those come when end-users have a product geared to their specific needs; for seed businesses that means breeding something processors and consumers can use to serve a unique purpose. To really achieve this goal seed companies must be in the executive offices of companies like PepsiCo, Unilever, and Procter & Gamble. It demands integration with their market research departments and also their marketing departments. That's because the job doesn't stop with developing, for instance, a wheat higher in thiamine, it means stating the case with the highest echelons of key buyers about the efficiencies, quality, and security they gain by working from seed in value chains – then selling those benefits implicitly to their customers.

### Nutrition

Feeding the world has long been the calling of agriculture – but now it's also about feeding it better. Trans-fat free oils from soybeans and canola; higher beta glucan barley; high lycopene tomatoes: these are all projects already underway. Add to that broccoli that is better at fighting cancer, bananas containing vaccines, potatoes with more beta-carotene, and higher vitamin content in fruits. It's about more than breeding too. Projects, like pure oats to avoid wheat-contamination for the benefit of those with gluten-intolerance, show that good seed and production practices such as isolation distances can help to meet nutritional demands.

## Fueled by the Environment

Oil prices skyrocketing. Greenhouse gases warming. It is the stuff of nightly news headlines. These energy issues have meaningful consequences in the seed sector and it's not just about the cost of running the seeder. Biofuels are radically reshaping the demand for grains and oilseeds. There are even predictions that the U.S. will be a net importer of corn due to increased demand for ethanol. Already Pioneer Hi-Bred and Monsanto have over 200 varieties with high fermentables offered in specialized programs for ethanol processing. For oilseed breeding, there is growing pressure to create higher oil content suitable for biodiesel.

Fueling the nation is only one part of the consequence of environmental pressures. Continued efforts to foster conservation programs through the Farm Bill and industrial reclamation mean a booming business for native plants and reclamation grasses. Skip the high maintenance lawn – it's all about the slow growing plants that need little or no care. Also, for field crops, agronomic traits that foster environmental goals like drought-resistance and salinity-tolerance will get the attention of the "greens".

## Organic Plus

In Europe, you can actually buy "organic" water. So you can only imagine how important "organic" is for actual products. Organically-certified products are growing at a rate of 15-22% per annum, compared to 5-6% for the rest of agriculture. It's not news that organic production is big. What is evolving is the organic industry itself. The small, family-run farms that have been the original backbone of the business are being pushed aside as large operations are converting 10,000 acre farms to organic production. As demand increases, organics are becoming a monster – eating suppliers and producers, demanding more all the time. In this evolving marketplace, there are increased efforts to differentiate. Where once organic standards were voluntary, then certified, now there are premiums for better-than-standard. Anticipate more demand for organic seed and more varied and complex rules on what qualifies as organic seed.

## Distribution Drifting

Already sectors like the vegetable business have seen long-term arrangements break down and breeding companies seek new distribution strategies. As niche products become more important to processors, the rest of the seed sector may quickly find itself under pressure to move distribution to the companies that can control the supplies to big processors. This may mean grain handling or other sourcing specialists working with farmers to get the product that is sought. There will also be a greater emphasis on the total inputs package to meet the quality standards, which demands a greater relationship with crop advisors and retailers.

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# A whole new **WORLD**.

## Meaningful Marketing

The days when a variety sold itself seem a thing of the past. Quality products are still essential but, more and more, marketing is as vital to a seed business as a research team is. That doesn't mean the industry is moving to "all sizzle and no substance", but it does reflect the realities of shifting demands. First of all, the product mix is more complex. It is necessary to sell not only the right germplasm, but also the right traits or trait stacks. There are a lot of features in the offering today. Plus, the customer is changing. Farms continue to increase in size and sophistication. Marketing to the varied segments has to evolve to suit the changing audiences. Engaging in the betterment of these markets is necessary in a new way. It does not stop and start with the sale of seed – it involves relationship development and also promoting programs to sell the crop grown from a variety downstream. More and more it will also involve marketing the final end-use product, in conjunction with processors, to consumers. It is all about value.

## Nanotechnology

It may be the stuff of science fiction, but so was biotechnology once. To understand the scale of nano, look at your thumb; now imagine it the size of the state of Florida. That's size in the nano world. What it means to agriculture may be new approaches to irrigation that capture water in the air or new approaches to crop protection. However, the changes may be evident even more quickly in the seed sector as nanotechnology could allow plant breeders and geneticists to actually see genetic engineering occur and increase its accuracy.



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## Heritage and Heirloom

Striped radishes; misshapen tomatoes – heirloom varieties have had an effect on the flower and veg business for the past two decades. Now that influence is affecting field crops and commercial-scale production. No longer the purview of gardening buffs and salads in high-end restaurants, heritage varieties are popping up in green grocers and even tins. Several key players in the heritage market have begun production, canning, and grocery distribution of heirloom tomatoes and beans. Increased popularity of spelt (an ancient wheat variety) and quinoa (an Aztec grain) are influencing bakeries. A Mayan potato variety has been bred for European production because it makes tasty fries. If it is old, it is likely new again. 