



FARMER OF THE FUTURE

Who are the farmers of the future and what will they require of us?

Propelled by a perfect storm of market dynamics, innovation, demographic shifts and new management philosophies, the farmers of the future will defy conventional wisdom and conventional business models. Estimates indicate that just 5% of farms will produce 75% or more of America's agricultural output by 2040. While the forces of consolidation and transformation are well known to industry leaders, the true nature of the farmers of the future was left to speculation.

Farmer of the Future Psychographic Segmentation

In 2018, Aimpoint Research began an unprecedented research journey to determine who will overcome dynamic industry conditions to prevail as the farmers of the future. After extensive secondary and qualitative research, we completed a quantitative psychographic segmentation of farmers and ranchers across the United States. The study was inclusive of all commodities and focused on farmers who are 55 years and younger. Farmers were asked to express how well 60+ psychographic and attitudinal statements related to them, including:

- Growth orientation & potential
- Business IQ
- Open-mindedness
- Innovation
- Change resistance
- Tradition
- Financial health
- Banking importance
- Collaborative advice & counsel
- Expert consultation
- Impulsive decision making
- Industry outlook
- Relationships with retailers
- Brand loyalty
- Importance of safety nets
- Importance of co-ops and associations

Farmers were statistically placed into one of five segments via cluster analysis.

- **Independent Elites** are successful, smart and financially sound. They can afford to be early adopters of technology and management practices that give them a competitive advantage. They are innovative, open to change and secure in their knowledge. This group is the least reliant on safety nets and tends to believe that government programs only help poorly run farms stay in business longer. They see significant opportunity in the current environment and believe success is within their control.
- **Enterprising Business Builders** are aggressive, growth-oriented farmers with a high business IQ. They seek advice, best practices and collaboration with anyone who can help make them better operators. They are willing to leverage outside investors and borrowed money to expand their operations. This group is confident they can make a profit in any market. While they are not reliant on safety nets, they will take advantage of them if beneficial. They are the least traditional, most adaptable and entrepreneurial growers.
- **Classic Practitioners** are still trying to grow and succeed but are struggling. They are under increasing financial pressure and tend to be more reliant on safety nets. They believe that success is not fully in their control and they lack some resources and business IQ needed to get to the next level. This group tends to be more traditional and less innovative.

- **Self-Reliant Traditionals** are no longer focused on growth, but instead just trying to maintain their current operation. This group remains resilient financially, because they have focused on saving money and staying true to their traditional ways of farming. They view borrowing money as a last resort. Self-Reliant Traditionals tend to have a lower business IQ, are more resistant to change and are the least innovative.
- **Leveraged Lifestylers** are the most at-risk compared to other segments. Leveraged Lifestylers feel they have done everything right in their farming operations, but that external factors have hindered their success and finances. They tend to be impulsive, short-term thinkers who lack the capital and the business IQ for growth. This group prefers the lifestyle of farming more than the business of farming and relies on government programs and safety nets for survival in the current environment.

Farmer of the Future Wargaming

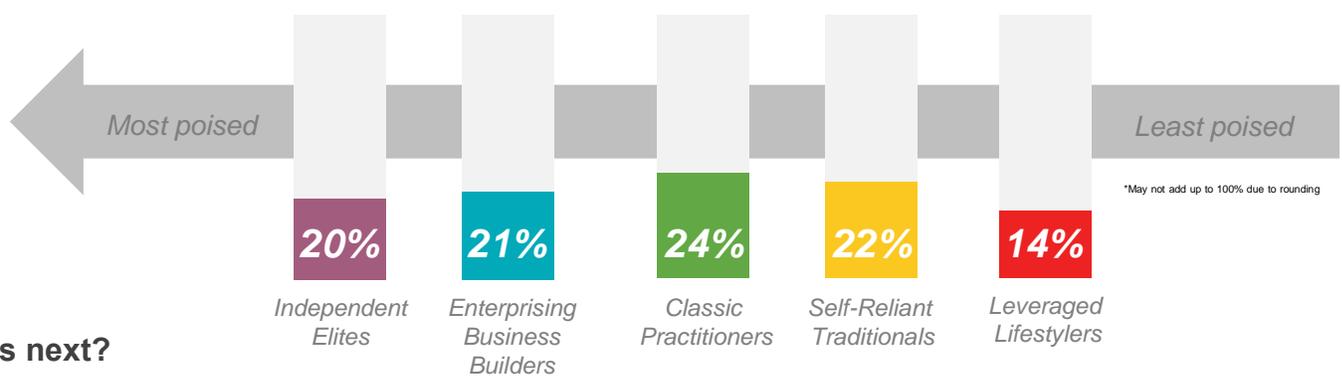
To understand which farmer segments are most likely to succeed in the future, Aimpoint Research conducted a Farmer of the Future wargaming exercise. Wargaming is a powerful process utilized by the military to predict future conditions and scenarios.

Aimpoint convened industry leaders from across the agri-food value chain and used a PESTLE analysis as a framework for predicting critical developments likely to impact the industry through 2040.



Which farmer segments will succeed?

Knowing the conditions most likely to impact agriculture in the future, we identified the farmer segments who possess the attributes required to most successfully navigate future industry dynamics. The Independent Elites and Enterprising Business Builders are the farmers who are most likely to succeed, innovate and grow, while the other segments might struggle.



What's next?

In an industry that's transforming rapidly, the traditional institutions and businesses of agriculture will need to quickly determine how they will meet the needs of the farmer of the future and maintain relevance in dynamic times.

If you are interested in the full Farmer of the Future study or learning how your organization can join our Inner Circle and be a collaborative partner in the research, contact us at info@aimpointresearch.com.

About Aimpoint Research

Aimpoint Research is a global, multi-disciplinary strategic intelligence firm offering your organization a competitive advantage by blending best practices from Military Intelligence disciplines with innovative research methodologies and superior analysis. We provide unprecedented insight into the marketplace dynamics impacting your success. Aimpoint Research has extensive experience serving clients throughout the agri-food value chain.