

From: Jay Armstrong <global@rainbowtel.net>
Sent: Wednesday, November 25, 2009 4:54 PM
To: ATR-Agricultural Workshops <agriculturalworkshops@usdoj.gov>
Subject: Deere retail structure.

To Dept. of Justice task force on Competitiveness in Agriculture:
As a farmer and long time Deere customer I would like for the DOJ to look into the monopolistic practice of how Deere is forcing the structure of their Dealer network to move toward. Most remaining dealers will not talk to you for fear of loosing their licenses to sell for Deere.

In a nutshell Deere has forced smaller but profitable dealerships into merging with other dealerships so as to eliminate competition at the dealer level. Thus there may be only one or two groups that own all the outlets. This has enabled, because of location, only one place to price equipment. To make matters worse they use what they refer to as AOR's, areas of responsibility. They designate which counties farmers, for instance, are to be the customers of a pre-chosen dealership. Dealership's all get bonuses or payback's at the end of the year for their sales. But if I as a farmer decide I want to go to the dealership outside of Deere's pre-designated dealership, they will not give the out of area dealer the bonus on those sales. So they have in essence made me deal with a dealer who I may not want to because he has an economic advantage should I want to price around.

To further show how they protect ones designated dealership is in regard to service. For instance they love to sell their \$300,000 combines and tractors to me, but if I have the technicians that have the ability to work on this equipment, they can't. The reason being that the laptop computer that has the software that is now required to work on this equipment cannot be sold to customers. In other words you are good enough to buy our equipment, but not good enough to service it. This way you will have to hire them and believe you me one gets gouged. This is a truly monopolistic practice. Not to mention the inability of independent service technicians who may want to go into business for themselves being able to work on Deere's equipment.

The long and short of what is going on is that Deere (I am told other equipment manf do the same thing) protects a market area for a dealership by using monopolistic practices and then eliminates the perks that once were given to dealerships. In other words Deere is the only who profits, as the dealerships may be able to charge more because there is little competition between them, but Deere takes it by taking away support practices or adding costs onto the dealership.

I hope your investigates these and other practices. As a seed dealer myself I think it is the last hurrah for the independent contractor.

Jay Armstrong
Farmer from KS