

The Changing Dynamics of the Chemical Market and How It Affects You

# Marketing Molecules

**Editor's note:** The chemical market is changing faster than you can say "strobilurin." A big reason for the change has to do with the emergence of post-patent pesticides and their impact on the use of branded products. In the following stories, we examine the chemical market on various fronts, including cost and increased competition. We also feature opinions from experts representing brands and post-patents. Jim Davis of Bayer Environmental Science writes about the benefits of brands, and Owen Towne of Griffin LLC writes about the value of post-patent products. We would like to hear what you have to say on this changing market. You can e-mail your opinions to [lalward@advanstar.com](mailto:lalward@advanstar.com).

**IF**

The Cost Factor: Most superintendents say they would try less-expensive generic versions of useful chemical products. But that doesn't mean they'll switch

**BY LARRY AYLWARD, EDITOR**

a salesman selling an inexpensive post-patent and generic fungicide came knocking on the maintenance facility door at Woodridge Golf & CC, certified superintendent Jim Husting would invite him in his office, give him a chair and a cup of coffee, and listen to what he has to say.

"If it was a comparative product and half the price of a branded product, I'd give it look," Husting says.

So would most superintendents, according to a recent survey by *Golfdom*. In an online poll conducted late last year, *Golfdom* asked superintendents: If a less-expensive generic version of a useful chemical product is available, how likely are you to try it? Forty-seven percent of superintendents said they were "very likely" to try it, and 21 percent said they were "somewhat likely" to try it. Only 6 percent said they "probably wouldn't" try it, and just 1 percent said they "definitely wouldn't" try it.

Economics has something to do with the positive response rate, especially during these penny-pinching times. If an owner or general manager orders a superintendent to slash X amount of dollars from the maintenance budget, the superintendent might consider trying a generic product to save money.



"If the economy and budgets get tighter, I believe most superintendents will look at post-patent alternatives," says Don Naumann, president of Sierra Pacific Turf Supply, a regional distributor in Campbell, Calif.

In its literature for Mefenoxam 2 fungicide, Sipcam Agro USA, a Roswell, Ga.-based manufacturer and supplier of

Husting won't consider it. "I'm not going to try something new just because it's new."

Bruce Rickert, certified superintendent of Medford Village CC in Medford Lakes, N.J., is in the minority, but he says he's "probably not likely" to try a generic product, no matter how much less it costs than a branded product. Rickert says that now because he once tried a post-patent product and had a bad experience with it. The generic chemical wouldn't

dissolve in a vehicle's spray tank. "It cost me 14 man-hours to get the material on the course," he says.

Generics may offer an economical alternative, but Rickert says the cost issue works both

ways. The owner of Medford Village CC expects Rickert to watch what he spends, but he

doesn't expect him to switch to an unfamiliar generic fungicide to treat anthracnose just because it costs less.

Rickert says his owner realizes there's a chance that such a product could be incompatible with other products and cause major bucks worth of turf damage. "It's just not worth it," Rickert says.

Joe DiPaola, golf market manager for Syngenta Professional Products, says product price is not the major issue among superintendents. He cites company research that reveals superintendents are less concerned about price than other factors. "They're much more concerned about a product's efficacy and performance, as well as service provided by the manufacturer," he says.

Mike Fisher, who heads Fisher & Son Co., a regional distributor in Malvern, Pa., believes economics certainly play a role in superintendents' decision-making, and for that reason they may consider using generic products. But they don't go in with eyes wide shut.

"Most superintendents are cautious about using generic products, especially if they're going to use them on their greens," says Fisher, whose business sells

about 90 percent branded products. "They want to know that the products are safe to use and will perform as well as branded products."

Sometimes that takes time, Fisher adds. Most superintendents want proof — as in university research or other trials — that a product is capable. The rap against some generic manufacturers is they don't test their products as much as branded manufacturers because they don't have the money to fund the tests.

And then there's the service factor. Conventional wisdom says branded manufacturers charge more for products but provide outstanding service, especially if superintendents experience problems with their products. That same wisdom says generic manufacturers can't compete with the brands on the service level.

Fisher agrees that superintendents are more comfortable using branded products because they know they'll usually receive excellent service. "They know that a major supplier is going to be there to guarantee its product and not disappear on them if there's a problem," he adds.

DiPaola says branded manufacturers provide outstanding service simply to protect their product investment.

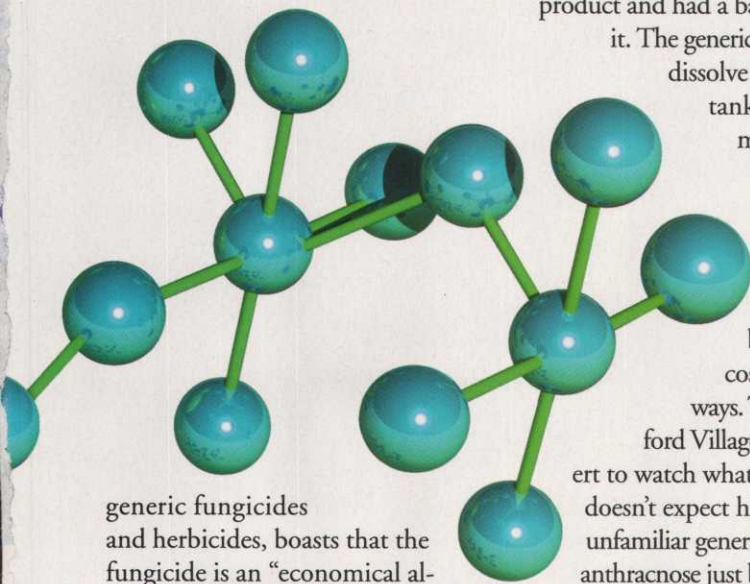
"Once a company has invested about 12 years and \$120 million to put a product in the marketplace, it certainly is going to stand behind that product," DiPaola adds. "Besides, it's the right thing to do."

When Rickert experienced his problem with a generic product, he says he didn't get the service he expected from the company to correct the problem. In the end, the company offered Rickert a free case of the product for his troubles, but it wasn't enough.

"I'm not saying the company is a bad company, but it just doesn't have the overhead or support behind it to take care of its customers when problems occur," he says. "I don't know if generic companies can handle complaints or problems as well as the bigger companies. That's my main concern."

At least one representative of a post-patent and generic chemical manufac-

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generic fungicides and herbicides, boasts that the fungicide is an "economical alternative to (Syngenta's) Subdue Maxx — with the same active ingredient." Gary Curl, president of Specialty Products Consultants in Mendham, N.J., says superintendents can be swayed by claims like this to use generic products if they cost less and perform well.

"With all things being equal, most superintendents would choose branded products," he says. "But when there's price sensitivity involved, the loyalty to branded products erodes with many if them."

But trying a generic product doesn't mean switching to it permanently, as Husting points out. While he says he's "very likely" to try a less-expensive generic product, it would only be on his terms, Husting stresses. It's a safe bet other superintendents feel the same way.

"It would have to have the same active ingredient and the same percentage of active ingredient," Husting says, explaining his reasoning behind using a generic product. "It has to be apples to apples, and it has to be cheaper on a cost basis."

If the generic product is anything less,



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turer begs to differ with the poor service label. Bob Yarborough, business manager of turf and ornamental for Sipcam Agro USA, says the rap is overblown. He says Sipcam Agro offers outstanding technical support, headed by John French, the company's technical director.

"He has as much expertise with chlorothalonil as anybody," Yarborough says. "If someone has a problem or concern with our products, formulations or molecules, French is a resource anyone can talk to."

Yarborough downplays the service issue because he says it's not that big of a deal, at least in Sipcam Agro's case.

"Quite frankly, we don't have many problems [with our products]," he says. "I get less than 10 service calls a year. Is there a need for service? Maybe there is, but if the product is as proven and known as our Echo chlorothalonil, you just don't need it." ■

## Distributors Play a Key Role in this Game

First things first about private-label products offered by national distributors, such as Cleveland-based LESCO. Not all of the company's private-label products are generic. Many are made by basic manufacturers, and LESCO has worked out agreements with them to sell their products under the LESCO name.

The strategy has been successful over the years, says James Taliak, LESCO's category director of control and combination products. LESCO tests products thoroughly through universities and internally before marketing them. LESCO must also treat the products as its own and carefully manage them, especially in terms of service.

"In essence, we've formed our own branded products," Taliak says. "Superintendents feel comfortable with what they're buying from us. They don't go to bed at night worrying about whether they put the wrong products out on their golf courses."

Whether national or regional, distributors play a large role in establishing a level of comfort for superintendents when it comes to selling branded and/or generic products. It's simple: If a superintendent trusts a distributor, he or she will listen to what the distributor has to say about certain products.

"Superintendents get the same service from us whether it's a LESCO brand or a manufacturer's brand," Taliak says. "They get the same commitment from us on a service and a customer level that they are accustomed to. And we continue to strive to make that service and contact with our customers better."

Bob Yarborough, business manager of turf and ornamental for Sipcam Agro USA, a Roswell, Ga.-based manufacturer and supplier of generic fungicides and herbicides, says the business is about relationships, and distributors play a huge role.

"We're in key markets with key distributors that have personal relationships with superintendents, and they help superintendents grow their grass better by programming the use of our products," Yarborough says. "Relationship selling is what gets the job done in the golf industry."

— Larry Aylward, Editor

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