

Where Farmers Are Likely to Spend Bridge Assistance Payments

(See below ways that dealers are maintaining cash flow)

USDA's Farmer Bridge Assistance Program payments should reach producers by late February. Surveys show most funds will stabilize cash flow—not fuel major purchases.

How Farmers Plan to Use Funds (Purdue/CME Group):

- **53%:** Pay down debt
- **25%:** Build working capital
- **12%:** Invest in machinery

Economist Wes Davis notes payments equal roughly **5%–20% of farm revenue**—helpful, but not game-changing.

“Farmers are focused on reducing liabilities and improving balance sheets,” Davis says. “Much of this money has effectively already been spent on existing obligations.”

What This Means for Dealer Sales

By late February—when bridge payments arrive—**75%–80% of seed and fertilizer decisions are already locked in** (Farm Journal).

What to Expect:

- Little change in seed or fertilizer purchases
- Possible uptick in crop protection or in-season buys
- Big-ticket machinery purchases remain a low priority

Kansas City Fed reports producers are focused on **debt reduction and working capital**, not major spending.

Short-Term Relief, Not a Spending Surge

Economists agree the program will help farmers manage short-term cash flow. However, much of the funding will act as a **pass-through**—applied directly to operating loans, interest, and input bills already due.

“These payments will help reduce interest expenses and support liquidity,” Davis says, “but we aren’t seeing evidence they will significantly increase spending on equipment, land, or major upgrades.”

Economic Support—Not Trade Aid

The bridge program is designed as **economic assistance**, not trade relief. Payments were based on **cost-of-production shortfalls** and designed for fast delivery ahead of longer-term safety net programs.

USDA has also announced **\$1 billion in assistance for specialty crop growers**, with details pending. Specialty crops account for more than **\$75 billion** in U.S. annual sales and are currently experiencing losses well above historical levels.

Bottom Line for Dealers

Bridge payments will help farmers **shore up finances and maintain current operations**—but they are **unlikely to trigger a rush of major purchases**.

Expect:

- Stabilization
- Cautious spending
- Continued focus on **value, protection, and reliability**

How Dealers Are Maintaining Cash Flow in Today's Ag Economy

Dealers everywhere are navigating tighter farm margins, cautious buying decisions, and slower equipment sales. While the ag economy works toward recovery, dealerships are shifting their strategy—not slowing down.

Below are **eight proven ways** dealers say they will maintain cash flow and stay resilient.

1. Prioritize Recurring & After-Sale Revenue

Services, protection, and maintenance become critical sources of steady income when farmers delay large purchases

High-impact actions

- Proactively market winter service, extended service contracts & maintenance plans
- **Include** coverage in the purchase price—even for used or older equipment. Adding coverage after the sale is hard, but removing items to lower the price is easy
- Position service contracts as **cost certainty** and risk management, not “extra spend”

Why it works: Farmers may pause upgrades, but can't afford downtime or unplanned expenses.

2. “Attach” Value to Every Deal (Even Smaller Ones)

Average transaction sizes may shrink—but margins don't have to. A small lift in secondary products sold across more deals meaningfully supports cash flow.

Best practices

- Attach extended coverage, inspections, or priority service to every qualifying sale
- Offer **good / better / best** protection plans to fit tighter farm budgets
- Ensure sales teams understand that the number of secondary products sold in relation to the primary product (*attachment rate*) matters

How Ag Guard can help

Ag Guard gives dealers the tools to turn every sale into a margin-building opportunity:

- **Flexible** Protection Plans: Good/Better/Best tiers fit any budget
- **Customizable** Coverage: Tailor plans to customer needs
- **Training** and resources to boost secondary product sales
- **Value** Messaging: Position Ag Guard as peace of mind for customers

3. Push Service Through the Slow Season

In the current market, service departments outperform sales.

Dealer opportunities

- Encourage preseason inspections and winter maintenance
- Promote “preventive service now, avoid emergency repair later”
- Offer priority scheduling to contract holders

How Ag Guard can help

Ag Guard supports dealers in turning slow-season service into a profit driver:

- **Extended Coverage = More Shop Traffic:** Customers with coverage are motivated to use your service department for repairs and maintenance.
- Use our **Ag Guard Advantage** Program to create winter maintenance bundles that fit customer needs and budgets.
- Ag Guard helps you keep service bays full, strengthen customer relationships, and generate steady revenue when equipment sales are slow.

Learn More → [Link: Ag Guard Advantage Customer Flyer](#)

4. Help Customers Budget Instead of Buy

Farmers are increasingly choosing predictability over expansion.

Ways to align with that mindset

- Offer fixed-cost maintenance and repair plans
- Reduce the risk of delayed purchases with extended warranty protection
- Position service contracts as part of the farm’s operating budget—not a capital decision

When customers can plan costs, dealers close more deals without discounting.

5. Double Down on Existing Customers

In slow economies, retention outperforms acquisition.

Low-cost, high-return actions

- Re-engage customers whose service contracts have expired
- Identify machines not currently covered—your customer is likely uneasy about risk
- Use CRM data to target customers most exposed to failure risk

It’s far easier—and cheaper—to extend value with current customers than chase new ones.

How Ag Guard can help

Offering Ag Guard—or the manufacturer’s extended warranty—positions you as a trusted partner focused on the customer’s best interests. Many customers worry about the risk of keeping

equipment longer. By providing a way to reduce that risk and maintain trade-in value, you build confidence and strengthen loyalty—making you the go-to choice when they're ready to buy again.

6. Go Small

- Skid steers, compact tractors, lawnmowers, and UTVs require regular service, bringing customers into the dealership
- Small deals create opportunities to build relationships that can grow over time
- Constructors are busy, and light construction equipment continues to sell well

How Ag Guard can help

The Ag Guard Select Program offers competitive pricing for skid steers and equipment under 80 HP, and it's available for commercial units. With a simple price list, it's easy to include coverage in every quote.

Pro Tip: Start by offering **1 year or 100 hours**, then ask if the customer wants more. Options include **1–5 years and 100, 300, or 500 hours per year**.

Learn More → [Link: Ag Guard Select Customer Flyer](#)

7. Align Messaging with Today's Farm Reality

Farmers aren't responding to "growth" messaging right now. They want stability. Dealers who match the moment build trust.

Messaging that resonates today

- "Protect what you already own"
- "Avoid unplanned expenses"
- "Stabilize costs during uncertain markets"

This framing aligns naturally with extended service contracts and preventive maintenance.

Bottom Line for Dealers

Until farm margins improve, dealerships must:

- Focus on **recurring revenue**
- Improve the number of **secondary products** sold
- Leverage **service and protection programs**
- Preserve **working capital and talent**

Dealers that treat this period as a **strategic shift—not a pause** will be best positioned when equipment demand rebounds.

About Ag Guard

Ag Guard partners with equipment dealerships nationwide to deliver comprehensive protection programs that strengthen customer loyalty, stabilize dealership revenue, and enhance service profitability. Our mission is to empower dealers with tools that reduce customer risk, improve uptime, and support a predictable, service-driven business model. If you have questions about expanding service contract offerings or improving customer loyalty across your dealership, your **Ag Guard team is ready to help**.

***Disclaimer:** The Ag Guard Market Outlook is provided for informational purposes only. While Ag Guard strives to ensure accuracy, the insights and analysis contained herein do not constitute financial, legal, or business advice. Market conditions vary by region, and dealerships should assess their individual circumstances and consult appropriate advisors before implementing strategies or making operational decisions.*

References

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