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COOPERATIVE MARKETING

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COOPERATIVE MARKETING

"In marketing farm products, cooperatively or otherwise, certain things must be done. Most of these necessary steps are included in the following:

- (1) The commodity must be assembled or concentrated.
- (2) It must be graded or standardized.
- (3) Part of the crop must be warehoused or processed.
- (4) The market operation must be financed.
- (5) Transportation must be provided.
- (6) Expert salesmanship must be brought into play.
- (7) The commodity must be distributed to consumers.

"The above mentioned steps coming between the growing and the consuming of a crop are at present largely conducted by the so-called middlemen. By looking over the list it is seen that the "middleman" includes the railroads, bankers, jobbers, retailers, warehousemen, and in the case of some commodities the manufacturers, in addition to speculators. Of course, almost any one of those mentioned might also sometimes speculate in the commodity.

"Cooperative marketing by the growers, if it accomplishes its object, will effect saving in those steps between the growing and consuming of a commodity where loss or unnecessary waste now occurs. In other words, a cooperative marketing association of growers will do those things necessary to marketing which are not now being done efficiently and will leave alone those things which are being done properly". #

The Joint Commission of Agricultural Inquiry in its report on "Marketing and Distribution" shows that the American people, during the past 150 years, have greatly changed their habits and manner of living. People now demand, not only food,

ⁱⁱ "Cooperative Marketing of Farm Products", by W. D. Watkins.

clothing and shelter, but also comfort, conveniences and service. To make possible this higher standard of living requires the services of many people between the producer and the consumer. In fact the 1920 census shows that out of 41,614,248 people engaged in gainful occupations, 29,570,867 are engaged in manufacturing, transportation, distribution and allied activities. We have now reached a point where it costs more to distribute and serve than it costs to produce.

The Commission goes on to say that, "The products of agriculture usually come into the local market in relatively small lots of ungraded, unstandardized raw material for which the producer assumes no responsibility. The American farmer has been chiefly occupied with the problems of production, involving all the uncontrollable forces of nature and the combatting of crop diseases and insect pests. He is concerned with individual production rather than with service, marketing and distribution. Until such time as the agricultural producer considers production in its relation to consumer demand and satisfaction, he is unlikely to materially improve his condition."

The Commission believes that the farmers may improve their situation in two important ways:

1. By standardization of production so as to permit more economic selection, grading and preparation of farm products in the producer's local markets. Cooperative associations may often assume responsibility for the kind, character, and grade of products offered for sale, thus reducing the cost of marketing and passing the saving on to the producer.

2. By studying the market processes thru which their products reach the ultimate consumers and by adapting their production and their products to the satisfaction of consumer demands.

This means less speculative handling and a steadier flow of commodity from producer to consumer.

Farmers' Bulletin No. 1144 on "Cooperative Marketing" by Mr. O. E. Jesness, is one of the best bulletins ever published by the Department of Agriculture. Every club member is urged to read it and in so doing to look for the answers to the following questions. These questions may be discussed at club meetings. Pages refer to Farmers' Bulletin No. 1144.

1. What is meant by standardization of products? Page 3.
2. When should a cooperative marketing organization be formed? pages 6 and 7.
3. Upon what things does success in cooperative marketing depend? pages 8 and 9.
4. Contrast the general business corporation with the cooperative organization. Page 11.
5. Why are membership contracts desirable? Pages 12 and 13.
6. What is meant by "pooling" sales? Page 14.
7. What are the steps in forming a cooperative marketing association? Pages 17 to 20.
8. What are some qualifications of a manager of a cooperative marketing association? Page 26.
9. Duties of members? Pages 26 and 27.

It is suggested that a report be made on any local cooperative associations that already exist in the community. Different members of the club could report on different organizations; such as Livestock Shipping Associations, Cooperative Creamery, Farmers' Elevator or Lumber Yard. Reports could also be made on such state-wide cooperative marketing associations

as the "S. Dak. Sheep and Wool Growers Association", The "S. Dak. Potato Growers' Exchange" and the "Western S. Dak. Alfalfa Seed Growers' Association". Material for these last three reports could be secured from the secretaries of the organizations, addressed at Pierre, Watertown and Rapid City, respectively.

A suggested outline for report on cooperative associations:

1. Name of association.
2. When organized.
3. Number of stockholders.
4. Do non-farmers hold stock?
5. Does each member have one vote regardless of the number of shares he holds?
6. Is there a contract with the producer?
7. Is pooling practiced?
8. Is a patronage dividend made?
9. Volume of business?
10. Value to the community or state?