

# Marketing<sup>1</sup>

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Marketing encompasses all of the activities of getting products and services to the user. It is defined as the performance of all business activities involved in the flow of goods and services from the point of initial agricultural production until they are in the hands of the ultimate consumer. Thus, the marketing process is one of a series of actions and events that take place in some sequence. Marketing consists of creating product utilities in the time, place and form dimensions. This means providing the consumer with the product in the desired form, at the desired location, and at the desired time. These dimensions are summarized in the Table 1.

In addition to buying and selling at the farm, wholesale and retail levels, agricultural marketing involves inputs, banking, insurance, transportation, manufacturing, labor and government.

## OUTLOOK

Information on the economic and market outlook for agricultural commodities and production inputs is a continuing need for Florida producers and agricultural businesses. Production and marketing decisions based upon incomplete or inaccurate information are costly to individual producers and to the food and fiber industry as a whole. Development and dissemination of outlook information is a major activity of marketing extension economists.

Extension educational programs include information, publications and other materials designed to improve understanding, and provide the base for informed decisions. Outlook information is provided through the Florida Food and Resource Economics newsletter (issued six times each year with

the November-December issue devoted entirely to outlook).

Outlook information becomes extremely important in periods of volatile prices. Major shifts in supply-demand relationships impact complex management and marketing decisions. Price forecasts are a key input. The fundamentals of a commodity system are relied upon in estimating price responses.

Price movement can be categorized as (1) secular, (2) cyclical, (3) seasonal, and (4) short term. A secular price change occurs over a number of years. It is an overall trend (up or down) in the price of a commodity over a number of years.

A cyclical price pattern occurs if prices fluctuate in a regular pattern through a period of time. In the case of hogs and cattle, these cycles will last several years. The basic reason for cycles is the biological nature of the commodity (the time from when an expansion or curtailment in the size of an operation is decided, until the time when the resulting production is ready to be marketed).

Seasonal price fluctuations are more or less regular patterns of price movements that occur within a year. Because of the dependence of agricultural production upon climate, there are definite periods of high and low production for different commodities. In the corn belt, corn is typically planted in the spring and is harvested in October and November. Demand for corn is relatively constant throughout the year, but it is supply that is shifting. Since prices and quantities

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**Table 1.** Utilities Which Affect Price and Cost.

Utilities that Create Demand	Prices that Reflect Demand to Producers	Costs of Getting Goods From Producer to Consumer
Time	Price movements over long, medium, and short periods of time.	Costs of production at different times, and costs of storage from one time to another.
Place	Price differentials between different places.	Costs of production in different places, transportation from one place to another.
Form	Price differentials between different grades or forms.	Costs of production of different grades or forms, costs of processing the product into different grades or forms.

are expected to go in opposite directions, it is not uncommon for prices to be lowest when the quantity available for sale is the greatest, at peak harvest. It is annual crops that most often exhibit a seasonal tendency, but other commodities--livestock and citrus--also have a seasonal pattern. Short-term fluctuations in commodity prices come from influences acting through demand, supply and general economic conditions. This is summarized below for a grain crop:

1. Acting Through Demand
  - a. Domestic consumption
  - b. Exports
  - c. Derived demand for final products
  - d. Government
  - e. Demand relatives such as the prices of substitutable commodities or substitutes resulting from innovation
2. Acting Through Supply
  - a. Production
  - b. Stocks
  - c. Weather
  - d. Government programs
  - e. Supply relatives such as the production of substitutable commodities or innovation-induced increases in production
3. Acting Through Economic Conditions
  - a. Business conditions as reflected in industrial production, unemployment and the general price level
  - b. Credit conditions

Short-run price changes are caused mainly by changes in supply since demand for a product usually

changes slowly. However, shocks to the marketing system can occur such as the impact of the chemical scare (Alar) on apple demand.

Development of outlook materials typically consists of two parts, situation report and outlook report. A situation report reviews the current status of a commodity system. Factors that will likely appear in a situation report are reviewed in Table 2.

An outlook report draws upon projected changes in the supply and demand levels to determine forecasts for prices.

### COOPERATIVES

Objectives of this Extension program are to provide educational assistance to producers, consumers, allied businesses and governmental agencies in understanding, determining the feasibility, developing, implementing and operating cooperatives so this unique business system may benefit cooperative members and others from synergism of its collective action programs. An agricultural cooperative is a business owned and controlled by farmers. It is usually incorporated and is organized for the purpose of rendering specific services to its members on a cost-of-doing business basis. The activities of cooperatives are widely varied as are their size, area served and membership.

**Table 2.** Elements of Situation Reports

<b>CITRUS</b>	<b>HOGS</b>	<b>LIVESTOCK</b>
Crop Size	Hog Numbers:	Cattle Numbers:
Harvest Rate	1. Inventory	1. Inventory
Yield	2. Hogs on Feed by	2. On Feed
Pack	Weight Class	3. Placements
World Supply & Demand	Marketings	Marketings
Imports	Slaughter Rates	Slaughter Rates
Movements	Cold Storage Stocks	Consumption
Inventory	Profit Picture	Beef Imports
Weather	Hog/Corn Ratio	Profit Picture
Economic Conditions		Weather
Price of Competing Drinks		
<b>CORN</b>		<b>SOYBEAN COMPLEX</b>
Prospective Plantings		Prospective Plantings
Crop Size		Crop Size
Stocks		Stocks
Domestic use:		Crush
1. Livestock Numbers		SBM Feeding Rates
2. Feeding Rates		Oil Use
Exports		Exports
Weather		Weather

Farmers cooperate because they have learned by experience that they often can accomplish more by working together than by working alone. They do not always receive higher returns for their products by marketing cooperatively. They do not always buy farm supplies more cheaply through purchasing cooperatives. Many farmers are, however, convinced that cooperative membership will increase their net farm income in the long run.

The objectives of agricultural cooperatives today are essentially the same as when originally established. In fact, the need for strength in the market place is even greater today. The trend toward fewer and larger buyers of food commodities has accelerated, putting the individual farmer in an even poorer bargaining position than he was in the past.

Agricultural cooperatives are termed centralized or federated, depending on their membership structure. There is little difference in the operations of the two. The difference is in who holds the membership contract with the farmer. In a centralized cooperative the members are individual farmers. In a federated cooperative the members are

local cooperatives which in turn have members who are individual farmers.

**Centralized:** The control of the centralized cooperative is in the hands of the members. There is one board of directors elected by the members. Usually the directors are elected by districts. The manager supervises all of the cooperative's operations and hires all personnel. The cooperative may operate numerous branches, but the branches are directly responsible to the central management.

**Federated:** The members of a federated cooperative are local cooperatives which have individual farmers as their members. The locals are governed by their own boards of directors, have their own managers and operate their own facilities. Each local chooses one or more representatives to serve on the board of directors of the federation. The services of a federated marketing cooperative, for example, include marketing the output of its locals, establishing grade standards, brands and trademarks, advertising its products, maintaining sales or purchase contracts and conducting research.

Both forms of organization are democratic. Both can function with equal efficiency. Cooperatives may be marketing, bargaining, purchasing or service oriented.

### TYPES OF COOPERATIVES

**Marketing:** The term marketing refers to all of the many functions or services that must be performed in getting a product from the producer to the consumer. The more important of these jobs are assembling, grading, standardizing, packing, transporting, storing, financing, processing, distributing, merchandising, advertising and selling. Marketing cooperatives may perform just one marketing service, or several.

**Bargaining:** Bargaining power is a general term referring to the ability to influence the outcome of the price-making terms of trade more favorable to themselves. Because of their relatively small size and large numbers, growers form bargaining cooperatives to centralize and increase their marketing strength. Through their cooperatives they negotiate as a group, rather than as individual growers. Cooperative bargaining is one method of giving farmers a voice in establishing the price for their products.

**Purchasing:** Farm supply or purchasing cooperatives attempt to reduce the farmers' cost of production inputs. Otherwise, the farmer sells his products at wholesale prices and buys his input supplies at retail. Purchasing cooperatives make use of volume discounts and special purchase opportunities for which individual farmers could not qualify. The reduced costs are passed on to the farmers either as lower prices, or at the end of the year in refunds, or both. Refunds are based on the volume of business each farmer did with the cooperative. Purchasing cooperatives also arrange for the purchase of supplies manufactured inputs to their standards and quality specifications.

**Service:** The term "service cooperative" refers to a wide variety of cooperatives other than those engaged in marketing, bargaining or purchasing. Such cooperatives may or may not be incorporated. They are organized to fulfill an economic need. They provide a service their

members want at less cost or that could not otherwise be obtained. Service cooperatives engage in such activities as artificial breeding, farm credit, generation and marketing of electricity, mutual irrigation, and providing market information.

### COMMODITY INFORMATION

Market intelligence is important in deciding how to market to the best advantage, production that is virtually complete (cannot alter the product) and what adjustments should be made in the production level for future marketing.

The sources that provide information about Florida commodities include the Florida Department of Agriculture and Consumer Services, the Federal-State Market News Services in Winter Park, Florida Agricultural Statistics Service in Orlando, various crop and situation reports published by the USDA, and reports issued by the commodity organizations. A current list of available reports can be obtained by contacting these agencies or the Food and Resource Economics Department.

### SOURCES OF MARKETING INFORMATION

Information on a variety of marketing issues across a wide range of Florida commodities is available through extension marketing economists in the Food and Resource Economics Department. In addition to direct contact with extension marketing specialists, information is available in the form of newsletters, extension notes, staff papers and economic information reports as well as the more traditional extension fact sheets, circulars and bulletins. Other sources of marketing and economic information for selected commodities are detailed below. Also, electronic market information can be obtained by calling (904) 392-6270.

#### Citrus

#### Daily Information

The Wall Street Journal  
Journal of Commerce, New York  
Other Major Newspapers  
Frost Warning Service, Lakeland, FL  
Citrus Associates of the New York Cotton Exchange,  
"Daily Market Report"

## Weekly Information

Citrus Associates of the New York Cotton exchange  
"FCOJ Exchange Report"  
Florida Agricultural Statistics Service, "Fla. Weather  
& Crop News"  
Florida Citrus Processors Association, "FCOJ  
Statistics", "Orange Utilization, Prices & Yield"  
Price Cards from Major Processors  
Citrus Administrative Committee, "Statistical Bulletin"  
Fla. Citrus Mutual, "Mutual's Weekly Citrus  
Summary", "Triangle"  
Fla. Dept. of Citrus-Market Research Dept., "Weekly  
Citrus Statistical Report", "Frozen Concentrate &  
Chilled Orange Juice, Nat'l. Consumer Purchases"  
Fla. Dept. of Agricultural Consumer Services. "Fla.  
Citrus Maturity Tests"  
Agricultural Marketing Service Federal-State Market  
News "Citrus Mkt. Report"  
Various Brokerage Offices, Weekly Citrus Letters or  
Commentaries

## Monthly Information

USDA-Crop Report  
Fla. Dept. of Citrus, Market Research Dept. "Citrus  
Digest"  
USDA-Commodity Futures Trading Commission,  
"Commitments of Traders in Commodity  
Futures", "Monthly Commodity Futures Statistics"  
"Citrus and Vegetable Magazine"  
"The Citrus Industry Magazine"  
"Florida Grower and Rancher Magazine"  
University of Florida, Food and Resource Economics"

## Annual Information

Commodity Research Bureau, "Commodity Year  
Book"  
Florida Citrus Mutual, "Annual Statistical Report"  
Florida Dept. of Agriculture and Consumer Services,  
"Fla. Agricultural Statistics Citrus Summary"  
Florida Citrus Processors Association, "Yearly  
Statistical Summary"  
USDA-Commodity Futures Trading Commission,  
"Annual Survey of Commodity Futures Statistics"  
Citrus Administrative Committee, "Statistical Record"

## Miscellaneous Information

Florida Dept. of Citrus, "Economic Research Report"  
Florida Agricultural Statistics Service, "Free Census"  
State of Florida, "Citrus Laws"

## Dairy

### Daily Information

Agricultural Marketing Service, Office of  
Administrator of Federal Market Orders  
Dairy Farmers Incorporated  
Florida Dept. of Agriculture and Consumer Services

### Weekly Information

National Milk Producers Federation, "News for Dairy  
Coops"

### Monthly (or several time per year) Information

Dairy Farms Incorporated, "Southeastern Dairy  
Review"  
Florida Agricultural Statistics Service, "Florida Dairy:  
Milk Production", "Florida Agriculture Prices"  
USDA-Crop Reporting Board, "Agriculture Prices"  
USDA-Economic Reporting Service, "Dairy Situ-  
ation", "Agricultural Outlook", "Feed Situation"  
USDA-Farmers  
Florida Dept. of Agricultural and Consumer Services,  
"Market Bulletin"  
University of Florida, "Florida Food and Resource  
Economics"  
Florida Dairy Products Assoc. Newsletter

### Annual Information

Florida Agricultural Statistics Service, "Dairy  
Statistics"

### Miscellaneous Information

Product Credit Associations  
Federal Land Bank Associations

## **Poultry**

### **Daily Information**

Agricultural Marketing service Federal-State Market News, "Eggs and Poultry Report", Tape recorded Market Reports (813) 272-2592  
Poultry Processors or Egg Packers  
Local Newspapers

### **Weekly Information**

Florida Agricultural Statistics Service, "Florida Poultry: Broiler Report"  
Commodity Brokerage Houses, "Market Commentaries"

### **Monthly (or several times per year) Information**

Agricultural Marketing Service Federal-State market News, "Egg and Poultry Report: Hatchery and Production"  
Florida Agricultural Statistics Service, "Florida Poultry: Layers, Eggs, Hatchery Production", "Florida Agricultural Production"  
USDA-Crop Reporting Board, "Eggs, Chicken and Turkeys"  
USDA-Economic Research Service, "Poultry and Egg Situation", Agricultural Outlook"  
Gold Kist, "Gold Kist News"  
Florida Poultry Federation, "Newsletter"  
University of Florida, "Food and Resource Economics"

### **Annual Information**

Florida Agricultural Statistics Service, "Poultry Summary"  
USDA-Crop Reporting Board, "Chickens, Eggs and Broilers"  
Annual Reports of Poultry Contractors

### **Miscellaneous Information**

Production Credit Associations  
Federal Land Bank Associations

## **Vegetables**

### **Daily Information**

Agricultural marketing Service - USDA Federal-State Market News, Daily Market Reports Originating in N. Palm Beach: "Leafy & Tender Vegetable Report", "Tomato and Winter Potato Report", "Watermelon Report"; Miami: "Subtropical Fruit and Vegetable Report"; Hastings: "Potato Report"; Sanford: "Vegetable Report"; Nogales, Mexico: "Fruit & Vegetable Report"  
Florida Sweet Corn Exchange "Official Price Bulletin"  
Agricultural marketing Service "Daily Fresh Fruit & Vegetable Wholesale Market Report"; Tape Recorded Market Reports - Miami: (305) 666-7106; Ft. Myers: (813) 322-2114; Plant City (813) 754-6822

### **Weekly Information**

Florida Agricultural Statistics Service - "Vegetables Highlights", "Celery Report", Tomato Report", "Florida Weather and crop News", "Dade County Pole Beans"  
Agricultural Marketing Service Federal-State Market News "Unloads of Fresh Fruits and Vegetable Weekly Summary Shipments", Fla. Fresh Fruit and Veg. Shipments", "National Shipping Point Trends"  
Florida Tomato Committee - "Weekly Reports: Shipments and Prices"

### **Monthly (or several times per year) Information**

Florida Agricultural Statistics Service - "Monthly Celery Report" "Florida Agricultural Prices, "Acreage and Indicated Production", "Potato Report", "Cabbage Report", Eggplant and Peppers Report"  
USDA-Economic Reporting Service "Vegetable Situation"  
USDA-Crop Reporting Board "Cold Storage Report", "Crop Production", "Potato Stocks"  
Citrus and Vegetable Magazine  
Florida Grower and Rancher Magazine

### **Annual Information**

Florida Agricultural Statistics Service "Florida Vegetable Annual Summary", "Vegetable Summary", "Watermelon: Intentions to Plant"

USDA "Agricultural Statistics"  
 Florida Tomato Committee "Annual Report"  
 Agricultural Marketing Service Federal-State Market  
 News "Marketing Florida-Georgia Watermelons",  
 "Marketing Southeastern Potatoes", "Marketing  
 Florida Vegetables", "Tomatoes", "Fresh Fruit and  
 Vegetable Shipments", "Fresh Fruit and Vegetable  
 Unloads", "Summary of Wholesale Prices"

### **Livestock -- Cattle, Hogs**

#### **Daily Information**

Local Newspapers  
 Other Major Newspapers  
 Local Auction Report of Sales  
 Tape Recorded Market News Reports - Florida:  
 (305) 846-6328; Southeast: Thomasville, GA (912)  
 226-9511 Macon, GA (912) 743-1903 Montgomery,  
 AL (205) 263-4114; Midwest: Peoria, IL (309) 676-  
 8811 Omaha, NE (402) 731-4481 or (402) 731-5355

#### **Weekly Information**

Florida Dept. of Agricultural and Consumer Services  
 "Florida Weekly Livestock Summary"  
 Agricultural Marketing Service Federal-State Market  
 News "Livestock Meat" "Wool Market News"  
 Florida Agricultural Statistics Service "Florida  
 Weather and Crop News"  
 Federal-State Market News "Alabama Weekly  
 Livestock Market Review", "Georgia Weekly  
 Livestock Market Review"

#### **Monthly/Quarterly Information**

Florida Agricultural Statistics Service "Florida  
 Livestock Review", "Florida Livestock", "Florida  
 Agricultural Prices"  
 USDA-Crop Reporting Board "Cattle on Feed",  
 "Hogs and Pigs", "Livestock Slaughter", "Cold  
 Storage"  
 USDA-Economic Research Service "Livestock and  
 Meat Situation", "Agricultural Outlook"  
 University of Florida "Florida Food and Resource  
 Economics"  
 Florida Grower and Rancher Magazine

#### **Annual Information**

Florida Agricultural Statistics Service "Livestock  
 Summary"  
 USDA-Crop Reporting Board "Cattle: Number  
 Value and Classes, Major States, July 1" "Meat  
 Animals"

### **Nursery, Foliage, Flowers**

#### **Daily (or more than once per week) Information**

Agricultural marketing service Federal-State Market  
 News:  
 a. Shipping Point Reports-Florida "Ornamental  
 Crops: Foliage" "Ornamental Crops: Cut  
 Flowers"  
 b. Wholesale Markets Reports From: Boston,  
 Chicago, Milwaukee, Dallas, Minneapolis,  
 San Francisco

#### **Weekly Information**

Agricultural Marketing Service Federal-State Market  
 News "Ornamental Market Trends"

#### **Monthly (or more than once per month) Information**

The Packer "Flower-Grower Supplement"  
 University of Florida "Florida Food and Resource  
 Economics"

#### **Annual Information**

Agricultural Marketing Service Federal-State Market  
 News "Marketing Florida Ornamental Crops"  
 a. Fresh Foliage Plants  
 b. Fresh Flowers and Ferns  
 USDA-Crop Reporting Board "Flowers and Foliage  
 Plants"  
 Florida Agricultural Statistics Service "Florida Crops:  
 Flowers and Foliage Plant Report"

#### **Miscellaneous Information**

Florida Agricultural Statistics Service "Florida Turf-  
 grass Survey"  
 University of Florida "Food and Resource  
 Economics", "Economic Reports", "Economic  
 Information Reports"

## USDA "Census of Agriculture"

### Grains

#### Daily Information

Local Newspapers

Other Major Newspapers

Agricultural Marketing Service Federal-State Market  
News: Tape Recorded Market Reports -  
Springfield, IL (217) 782-2055

#### Weekly Information

Florida Agricultural Statistics Service "Florida Field  
Crops"

USDA-Crop Reporting Board "Prospective Planting",  
"Crop Production", "Grain Stocks"

USDA-Economic Research Service "Fats and Oils",  
"Feed Situation", "Wheat Situation", "Supply-  
Demand Estimates", "Fertilizer Situation", "World  
Agricultural Situation", "Agricultural Outlook"

University of Florida "Florida Food and Resource  
Economics"

#### Annual Information

USDA-Crop Reporting Board "Crop Production  
Annual Summary", "Field Crops", "Soybean  
Stocks"

### Sugar

#### Daily Information

Newspaper

Florida Sugar Cane League

Sugar Mills

Commodity Brokerage houses

#### Weekly Information

Commodity Brokerage houses weekly market  
commentary

#### Monthly (or several times per month)

USDA-Sugar and Sweetener Report", "World  
Agricultural Situation", "Agricultural Outlook"

Crop Reporting Board-USDA "Prospective Plantings",  
"Crop Production"

Florida Sugar Cane League, "Florida Sugar News"

Florida Field Report

University of Florida "Food and Resource Economics"

### Florida Agricultural Statistics Service "Field Crops"

USDA-Crop Reporting Board "Crop Production:  
Annual Summary"

#### Miscellaneous Information

Production Credit Association

Federal Land Bank for Cooperatives

Columbia Bank for Cooperatives

Reports for Foreign Agricultural Service-USDA  
"Foreign Agricultural Circular Sugar"

### Tobacco

#### Daily Information

Agricultural Marketing Service Federal-State Market  
News, "Tobacco Market News"

Daily Newspapers

#### Weekly Information

Agricultural Marketing Service Federal-State Market  
News, "Weekly Tobacco Market News"

Florida Department of Agriculture and Consumer  
Services, "Weekly Report of Producers of Leaf  
Tobacco by Markets"

#### Monthly Information

Agricultural Market Service, "Stocks Report"

Economic Research Service, "Tobacco Situation",  
"Agricultural Outlook"

Crop Reporting Board "Crop Production",  
"Agricultural Prices"

Florida Agricultural Statistics Service, "Florida Field  
Crops"

Fine-Cured Tobacco Cooperative Stabilization  
Corporation, "Newsletter"



### **Annual Information**

Agricultural Market Service, "Annual Report of Tobacco Statistics", "Annual Market Review"  
Tobacco Associates "Annual Report"

### **Miscellaneous Information**

Foreign Agricultural Service, "Tobacco Circulars",  
"Foreign Tobacco"

### **Sub-tropical Fruits**

### **Daily Information**

Agricultural Marketing Service Federal-State Market  
News "Sub-Tropical Fruits and Vegetables"  
Tape Recorded Market Reports, Miami: (305) 666-  
7106

### **Weekly Information**

Agricultural Marketing Service Federal-State Market  
News, "Weekly Avocado and Lime" (California)  
Florida Lime and Avocado Committee, "Florida Lime  
Shipments, Summary, and Comparisons", "Trends  
in Florida Shipments by Year and Month" and  
"Florida Avocado Shipments, Summary and  
Comparisons", "Trends in Florida Shipments by  
Year and Month"

### **Monthly (or several times per year) Information**

Florida Agricultural Statistics Service "Agricultural  
Prices", "Florida Specialty Crops: Lime Forecast,  
Avocado Forecast"

### **Annual Information**

Florida Agricultural statistics Service "Florida Citrus",  
"Annual Production and Value", "Lemon  
Production", "Citrus Summary", Florida Specialty  
Crops: Avocados"  
Florida Lime and Avocados Committee "Annual  
Report"  
Agricultural Marketing Service Federal-State Market  
News, "Marketing Florida Sub-Tropical Fruits and  
Vegetables"

### **Miscellaneous Information**

Florida Agricultural Statistics Service, "Tree Census"