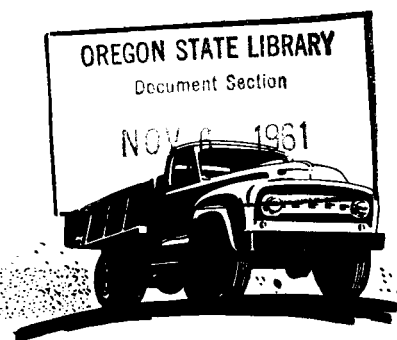




PRODUCER



DOCUMENT
COLLECTION
OREGON
COLLECTION

4-H MARKETING PROJECT

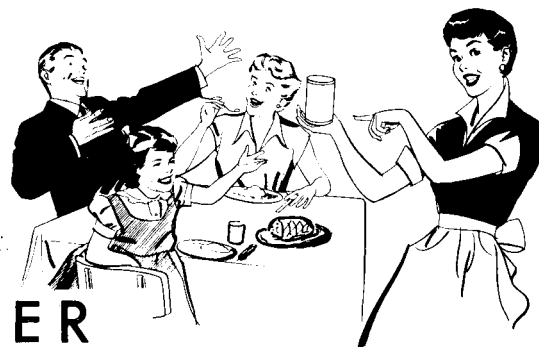
A STORY OF

Processing
Distributing
Transporting
Inspecting
Grading
Packaging
Pricing
Advertising
Financing

FARM & FOREST
PRODUCE



CONSUMER



Cooperative Extension Service

Oregon State University

Corvallis

Cooperative Extension work in Agriculture and Home Economics, F. E. Price, director, Oregon State University, the United States Department of Agriculture, and the State Department of Education cooperating. Printed and distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914.



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4-H MARKETING PROJECT

INTRODUCTION

1. What is Marketing

Marketing includes everything that happens to a crop, animal or animal product from the time it leaves the farm or forest until the final product reaches the user.

2. This Project Will Help You:

a. Understand the importance of efficient marketing--better prices to producers and higher quality products at lower prices to consumers.

b. Understand the organization and operation of marketing agencies, both cooperative and non-cooperative.

c. Recognize the value of free movement of goods between regions and nations.

d. Know the job opportunities in the marketing of farm and forest products.

e. Know the training opportunities available for careers in marketing.

f. Understand the economic resources of your own county--can family living be improved? Is there opportunity for more people to make good livings in your county?

3. Who May Enroll

This project is designed for boys and girls in the eighth and ninth grades. In schools where the seventh and eighth grades are combined, seventh graders may enroll with the eighth graders.

4. Organization

A Marketing Club should be organized the same as any other 4-H club. It should have an adult leader, elected officers, and should hold regular meetings.

This project can be handled as a class in school with a teacher serving as club leader.

It is best to start at the beginning of the school year. It is possible to complete this project in one semester if you start early, meet regularly, and work hard. Each chapter will provide discus-

sion material for a meeting.

5. Materials

Each member will be provided with this 4-H Marketing Project Book and in most cases a supplement concerning the marketing of farm and forest produce from your own county. All materials are available from your local county extension office.

6. Project Requirements

a. You will study the various chapters of this project book and participate in class discussions and other activities as determined by your club and your leader.

b. You will take part in some outside activities such as a tour or a visit to a processing plant in your community.

c. You will write a 500-word essay covering the production, harvesting, processing, distribution, and selling of some commodity produced in your county.

d. Completion of the project includes the study of all chapters, writing the essay, participating in a tour or other activity and submitting a project completion card to your 4-H Club leader.

7. Suggested Topics for Your Essay

You may select any item relating to agriculture or forestry that is produced in your county. You do not have to include everything made from it. For example, you might take the manufacture of hardboard from Douglas Fir waste, or the marketing and processing of wool for men's suits, the production and marketing of broilers, the packaging of premium pears for Christmas gifts, or the production of green beans for canning. It is better to take a rather limited field and do a more thorough job than just to scratch the surface of a broader area.

CHAPTER I

MARKETING: WHAT IT IS AND WHY IT IS IMPORTANT

A. Marketing

Marketing includes many activities. These activities may be listed in many different ways. Some of the things that you will study in this project are:

Producing	Transporting
Processing	Inspecting
Distributing	Grading
a. Wholesaling	Storing
b. Brokering	Packaging
c. Retailing	Pricing
Consuming	Advertising
	Financing

As you can see, there is a great deal involved in marketing. Those who produce things to sell are engaged in marketing, too. Most of you who have another 4-H project are engaged in some type of marketing. You girls who have a baking, canning or sewing project are engaged in the consumer's side of marketing. The consumer is very important. If it were not for consumers, the producers would not be able to sell their products.

A practical definition for you boys and girls is: Marketing is the moving of a product from the producer to the consumer and bringing the money back to the producer.

B. Specializing

Specializing means the doing of a particular thing. As you know, it is easier to raise only a few kinds of crops. It requires less machinery. It also gives the farmer an opportunity to learn more about those few crops without having to spend so much time in learning about all kinds of crops.

Specializing is very, very important in agriculture today. It means cheaper food for the people who buy. It means higher income for the farmer producing the crops.

What would your home life be like if you had to make all of your own clothes and raise all of your own food? Could you grind the flour that you need to bake the bread? Could you scour, card, and weave the wool to make your own clothes? It's much easier to go to the store and buy flour and cloth, isn't it? Not many years ago many things were made right on the farm. Today there are many people involved in the making of a dress, a woolen shirt or a loaf of bread. These people are specialists too. They are members of the marketing chain. Marketing requires many specialists.

C. Specialized Areas

There are specialized areas because of climate, moisture, and soil conditions. For example, the Central Oregon area and other range areas of Oregon are areas of livestock specialization. The Columbia River Basin counties specialize in wheat production.

Some of these specialized areas become nationally famous. Tillamook County is noted for Tillamook Cheese. Hood River is noted for its apples. The Willamette Valley is noted for its Blue Lake beans.

Our neighbor to the south, California, is noted for its citrus fruits. Other examples are Kansas, noted for wheat; the south is noted for cotton; Georgia is noted for peaches; Detroit is noted for cars; Pennsylvania is noted for coal; and the Pacific Northwest, noted for fir trees. Most of you could name other areas that are noted for a particular thing.

Factories that make machines are even more specialized than agriculture. Each person has his own special job. The man who spends his life making set screws for a Ford engine may never own a Ford car himself.

You can now see how very, very important

marketing is. Without marketing there would be no opportunity for specializing. By being able to specialize there is a chance for each person to do the thing that he likes best. It allows the mechanic to specialize in working on a car, even a particular make of car.

D. The Importance of Marketing

1. To our standard of living.

One reason why we have a higher standard of living in the United States than in most other countries is our efficient agriculture.

Our country developed at a time when man was beginning to develop machines to make his work easier. There were only a few people in this country at the beginning but much land for farming was available. At first, nearly all our people had to raise their own food and fiber. As new machines were invented, our farmers could each farm more and more land. Gradually, as machines, fertilizers, and improved crops came along, each farmer could grow more than he needed for himself and his family. This allowed some people to quit farming and to work at making machines, automobiles, radios, television sets, and the many things that we like to own and use. These are the things that make our standard of living so high.

Our transportation system is an important part of marketing. Without good transportation, farm products could not be moved to the consumer. Being able to move farm products long distances in a short time allows farmers to produce farm products where they can be grown best. For instance, Oregon produces better fruit and seeds than most of the other parts of the country. At the same time, most of the people who want to use these products live many thousands of miles across the country. Marketing as we know it today, began with the development of our railroads, our highways and trucks and steamships.

Today, only 12 per cent of our

people are producing farm products. They produce what they need for themselves and enough for the other 88 per cent who are producing non-farm products.

Moving food from the farm to the people not farming, and moving money back to the farmer so he can buy machines, automobiles, etc., is made possible by marketing. Without our marketing system, all of us would have to produce our own farm products. No one would be available to make all of the things that we like to own and use such as automobiles and television sets. This is why we say marketing is important to our standard of living.

2. To Consumers.

Marketing is important to consumers because they can eat better than they could without marketing. Here is why we can say they eat better:

- a. Nearly all foods are available the year around. Storage, one of the functions of marketing, helps make this possible.
- b. Our food today is cleaner and more nutritious because of our marketing system. Processing, one of the functions of marketing, is skillfully done by specialists.
- c. We have a greater variety of food today because of our marketing system. Our marketing system brings us foods from all over the world giving us more interesting and nutritious meals.
- d. It takes less work today to earn the money to buy food because of an efficient agriculture and marketing system. Here are some examples for a 10-year period.

	<u>Minutes Worked</u>	
	<u>1949</u>	<u>1958</u>
Pound of round steak	36.0	29.0
Quart of milk	10.0	7.3
Loaf of bread	7.0	5.5
10 pounds of potatoes	27.3	17.5
One dozen eggs	30.0	13.3
Pound of bacon	34.0	22.0

3. To Communities.

The processing of food for use by consumers after it leaves the farmer brings many dollars to the community where it is processed. It gives employment to many people.

Below is a list of a few Oregon farm products. You can see how many dollars are added to the product by processing in the area where they were produced. This is additional money for our Oregon people.

	Farmers Received (millions \$)	Added by Processing (millions \$)
Pears	12	8
Peas	7	14
Beans	10	19
Strawberries	11	10
Dairy	46	37
Poultry	15	5

Perhaps some of you know several people who make their living by working in such a processing plant in your community.

4. To Oregon.

Oregon is a long way from where most of the people live who want to buy and use the farm products we grow. Still, we can produce some farm products better than the areas where most of the people live. Oregon is famous for its pears, snap beans, strawberries, nuts, and hay, pasture, and turf seeds.

Just look at how much more we produce of some farm products than we can use in Oregon. We have only one per cent of the United States' population in Oregon, but we produce a large part of the following farm crops.

	% of U. S. Output Produced in Oregon (1957)
Snap beans for processing	24
Green Peas for processing	13
Peppermint	31
Strawberries for processing	32
Filberts	97
Sweet cherries	19
Pears	20
Seeds	20

Look at how much of the following products must leave Oregon to find a home!

	Per Cent
Strawberries	97
Sweet cherries	95
Pears	95
Seeds	95
Lumber	94
Filberts	90
Malting barley	95
Wheat	80

See how important marketing is to Oregon? All of us in Oregon, whether we are farmers or not, are better off because of our marketing system.

QUESTIONS AND ACTIVITIES

1. What are some of the specialized types of farming in your county?
2. Which of these return the most income to the county?
3. Think of what your county would be like if it were not for marketing.

CHAPTER II

HISTORY OF MARKETING

Many years ago each person looked for his own food, shelter, and clothing. There were no stores. There were no places to sell goods. Later on, people discovered that some were better at catching fish than others. Still others were better at making clothes from the skins of animals, and still others were best at raising crops. They discovered that by trading goods all of them were much better supplied. This was the very earliest form of marketing. They did not buy and sell for money, but they traded goods and services among themselves.

As time went on people found that it would be handy to have some standard form of exchange. They could use this to buy just the amount they wanted from each person without having to trade for every item. Of course, as you have already guessed, that standard form of exchange is what we now call money. This was developed many years before Columbus discovered America.

All club members know about our American Indians and how they lived when the white man first came to this country. Each family produced almost everything it needed for its own use. The men hunted game and fished. The women dressed skins at home and made them into clothes and moccasins. They also gathered nuts, berries, and seeds for food.

But even the Indians had the beginnings of a marketing system. Tobacco could not be grown everywhere; Flint for making tools and weapons **was** not found in many places. Some fur-bearing animals were found only in certain regions, yet these were things all Indians wanted. In order to get them they used a **system of barter**. This means that they traded things they could spare for things they wanted. Beaver skins were traded for flint and arrowheads, tobacco traded for dried fish and dried buffalo meat.

In the very early days, American colonists also used a form of barter. They used money to some extent. Many of the

colonists raised all of their own food and made their own clothing. However, some of them specialized such as the village blacksmith. For these tasks they were paid with food or clothing.

In the south, cotton and tobacco were the main crops. The agriculture was very specialized. They traded with the northern colonies and foreign countries for the necessities of life. Trade was their way of doing business. Very little money was used.

As United States civilization moved westward, the same kind of economy existed as there was in the northeastern part of the United States. As each of the new areas was developed it was necessary to build one's own home, make one's clothing, and raise one's own food. It was not until transportation was developed that trade could take place. As you can see, without transportation it would not be possible for people to specialize.

Every day new things in marketing are taking place. Some companies have a large group of people who specialize in trying to improve marketing. We have come a long way since the day of doing everything for ourselves, haven't we?

Marketing has developed to the point that there is a specialist to do each job. Maybe one day you will be one of those specialists.

QUESTIONS AND ACTIVITIES

1. List three things that have changed in marketing in the last ten years.
2. What things does your family use for food which you do not produce at home?
3. Did your grandparents produce any of those things?
4. Think of all the things you and your family have that you would not have if we were living like people did before we had transportation, specialization, and marketing.

CHAPTER III

THE PRODUCER

Before any agricultural commodity can be consumed it has to be produced. The producers are the farmers of the country. We have big farmers who farm many, many acres, and we have small farmers who only farm a few acres, and, of course, we have those that are in between. However, just because a man has only a small acreage does not mean that he produces only a small amount. For example, a vegetable grower may have 10 acres and still have as much income from his land as a large cattle rancher who has several thousand acres.

You might ask the question "How does a farmer know what to produce?" As you know, an Oregon farmer can not produce oranges and grapefruit, but he can produce many kinds of crops and livestock. Anyone who is just starting to farm has to find out several things. Among them are:

1. What crops will his soil grow?
2. What kind of agriculture is suited for his climate?
3. Where and for how much can he market the things that he might grow?

After he has determined these things then he still has to make a choice between the various kinds of products that he could grow. For example, to plant an apple orchard would mean that he would need to wait several years before he could expect any income. If he wanted to plant trees for lumber, he would need to wait even longer before he could expect any returns. On the other hand, if he wanted to grow beans, he could expect an income in less than a year.

He may decide that he wants to grow more than one thing in order to have a more balanced income. The risk of farming is less when there is more than one

kind of commodity grown.

How does a producer know what the markets will be in the future? There are several ways of trying to determine this. One way is to visit with his neighbors who are growing that crop or livestock. His county agent can help him a great deal in suggesting things that might continue to have a good market.

It is really the consumer that tells the farmer what to grow. Now, of course, the consumer does not come out to the farm and say what she wants, but she tells the farmer what to grow by her purchases in the grocery stores. The people that buy lumber for building houses and other buildings, those that buy clothes, and people that buy other forms of agricultural products all tell the farmer what they want with their dollars. When consumers stop buying, the price drops and the producer is forced to change to something else.

Sometimes consumers change their buying habits. During good times consumers eat more meat, eggs, fresh fruits and vegetables, and drink more milk. In poorer times more potatoes and grain products are eaten. During your life time we have had good times. Your fathers and mothers can tell you about the poorer times that we had during the 1930's.

Some of the producers sell directly to the buyers. Some farmers sell seed and hay to other farmers. Some have roadside stands where they market fruits and vegetables. Even eggs and milk are sold directly to consumers. This is not the way that most agricultural products are sold. Most agricultural products have to be processed before they are consumed. As you know, logs have to be cut before they can be used to build houses. The more steps a product has to go through before it is finally used the less the share of the price the producer receives.

Consumers are particular. They have been demanding more and more services every year. All of these services cost money, but they are willing to pay for it. Very seldom do you see live poultry being sold in the market. Most of it is dressed and even cut up before it is sold. Most farmers and producers do not want to perform these services. Specialists do this job and that is one of the functions of marketing.

What marketing service does the producer perform? The producer performs the function of getting the produce ready for market. He plants or raises it, tends it, and takes it off the farm.

In many cases it is very difficult for the producer to quit growing one thing and start growing something else. You see, he has large investment tied up in specialized equipment to produce a certain product. He, also, has the know-how on producing certain

crops and livestock. It would be very expensive for him to shift from one product to another every year.

The producer is the first step in the marketing chain. The producer chooses the way in which he wants to market his product. He may sell directly to consumers, he may take his produce to a public market, he may sell direct to some dealer in another city or state, or he may ship through his own organization. This organization might be a group of farmers who ship together. They might even process their own products. Intelligent producers study the market and then try to sell where they will get the most money.

QUESTIONS AND ACTIVITIES

1. Find out from a producer in your community how he decides to whom to sell.
2. Make a list of the things which you and your family produce for sale.

CHAPTER IV

THE PROCESSOR

As you learned in the last chapter, almost every agricultural product has to be processed before it is sold to those who are going to use it. Processors, then, perform a very important service. They put the product in the form in which you, as a consumer, want it.

There are several different kinds of processors.

1. Local processors who get the product ready for market to sell directly to a store or a consumer. Examples are:
 - a. Local slaughterers of beef.
 - b. The sawmills that sell directly to the builder.
 - c. Seed cleaning plants that clean the seed, sack it and sell to farmers.
2. Processors who package under their own brand name. You can name several examples of this.
3. Processors who pack on order for different companies. The products are processed and put into packages and then labeled for several companies.
4. Processors who perform only part of the processing function. Examples are flour mills that process the wheat into flour and then sell to other processors who make the flour into bread.

Some agricultural products are processed in more than one way. Wheat may be processed into flour, breakfast food cereal or livestock feed.

Grass seed crops are usually packaged and sold for seed purposes. You might ask what these seed crops are used for? They are used for lawn grasses, pastures, hay, and to grow more seed.

Hay is usually used on the farm for the livestock or sold to other farmers. Some of the hay is chopped up and put into feed which is sold by the sack. Even newer methods have been developed for processing hay. These are pellets and wafers.

Vegetables are canned, frozen or packaged for the fresh market.

Cherries are processed and sold as canned fruit or as frozen fruit. Some of the sweet cherries are put into brine for use as maraschino cherries. These are sold by the barrel or by the can. Some cherries are packaged and sold as fresh fruit.

Many of the nuts are sold in the shell. Still others are processed and sold without the shell. These are packaged and distributed throughout the United States. In Portland, the shells of the nuts are taken off by an electronic nut cracker. This is a very interesting process and saves many hours of labor. Some of the nuts are put into cans and still others are packaged in cellophane bags.

Logs are processed in many different ways. They are cut up and used for lumber, they are ground for pulp and used for paper or they are peeled for use in plywood.

Poultry is processed for use as fresh meat, frozen meat or put into cans and sold as canned meat. Most of the canned poultry meat is ready to eat without any further cooking. Housewives who do not have much time, like this kind of processing. It makes their work a great deal easier.

Did you know that eggs are sometimes sold in a powder form? Yes, that is one of the ways that eggs are processed. Most of you are familiar only with the eggs that come in a box at the store. These

are ready to break and fry, cook or scramble. Another way of processing the egg is to separate the yolk and the white. The whites are then sold to bakers and others in the pastry trade.

All of you drink milk. Most of it is pasteurized and homogenized. There are many other uses that are made of milk. It is processed into cheese. The cream in the milk is separated, and the milk is processed into a powdered form. The cream can be churned into butter.

Animals are slaughtered and sold as fresh meat or processed and put into cans or frozen. Did any of you ever eat any beef bacon? That is still another way that beef is processed. Lard is rendered from the fat of hogs. And yet most of us think of pork as bacon and ham and maybe fresh pork chops. Sausages and lunch meat are also ways of utilizing meat.

Wool has to go through many processes before it is finally ready to wear. The wool is also processed for use in rugs.

Yes, there are many ways in which the agricultural products are processed. All of these processes are demanded by the consumers. The consumer is demanding more and more services and more standardization and better quality. The processor has to satisfy these demands of the consumer. In so doing the processing service becomes more and more complicated.

Processing employs more people than producing does. Many millions of dollars are invested in processing equipment.

In later chapters you will learn more about processing.

QUESTIONS AND ACTIVITIES

1. Visit a processing plant.
2. Write two pages about your visit.
3. List six ways that milk is processed.
4. List two ways that a product from your farm or a friend's farm is processed.

CHAPTER V

THE DISTRIBUTORS

The distributing process takes place when the agricultural products are ready to move to those who will use them. It is the job of the distributors to move the products to the places where they are most needed. Wholesalers, jobbers, and brokers make it possible for every retailer to have a steady supply of the goods when it is needed. An alert distributor will see to it that he has products that the consumers want at all times. As you know, most of the agricultural products have certain times when they are harvested. This means storing a part of the production and distributing it throughout the year.

Distributors fall into four classes:

- A. The Wholesaler. Wholesalers buy agricultural products after they have been processed. They take possession of the product and may even store it for a time. It is their job to see that they have a plentiful supply of all the kinds of products they sell at all times. They make it easier for the retailers to have a constant flow of agricultural products. These wholesalers may sell directly to the retailers. They may sell to jobbers, through brokers, and sometimes to large chain stores. Wholesalers take advantage of low prices when there is a large supply of agricultural products coming to the market. For example, during the processing season of beans, wholesalers will buy large quantities so that they will have an ample supply the whole year around. Sometimes wholesale firms regrade and pack products and sell them under their own brands.
- B. The Jobber. The jobber is very specialized. He studies the needs of all the retailers to which he can sell. He buys processed agricultural products in large amounts, and then resells them in smaller amounts to suit the needs of his retailer customers. He, too, depends upon a large volume and a very low charge per item.
- C. The Broker. A broker's job is different from that of the wholesaler and jobber. The broker does not buy and sell the goods. He merely acts as an agent. He brings buyers and sellers together. He may act between shippers and wholesalers, between wholesalers and manufacturers, or between wholesalers and jobbers. He charges for his services on a commission basis. The charges per unit are small because he deals in very large quantities. He is even more specialized than the jobber. If you were to visit a broker's office, you would find that he does almost all of his business with the telephone. Sometimes the telephone is ringing constantly. So you see another important link is added in the chain. That is the link of communication. Without it the broker would be unable to operate. It would take much too long to do his business by mail. The broker has a very important job in seeing that all of his customers are supplied with the amounts, quality, and the kind of agricultural products that they want. He may receive a call from a grocery store that wants lettuce, eggs, watermelons, canned soup, and frozen lobsters. He would have to call several states to locate all of these items. Yes, his is a very busy life.
- D. The Retailer. The retailer's business is to keep products available for his customers, the consumers. He handles many different kinds of commodities, often as many as 6000 items. Many more than any of the other three distributing agencies. He must rely upon the others to keep him supplied. For example, he tries to keep fresh strawberries for as much of the year

as possible. Oregon does not produce strawberries the year around. Of course, it would be too expensive to try to keep fresh strawberries in the store every day of the year. But by buying the strawberries from California where they come earlier than they do in Oregon, he can keep them in the store more days than if he just bought from local growers.

In the grocery stores you will find products from every corner of the world. Some of the large chain stores buy directly from

every corner of the globe. Then they perform all of the marketing functions.

A lumber retailer is in a very similar position to the grocer. He has to have on hand many different kinds of lumber and hardware. He must rely upon jobbers and wholesalers for this supply. Many of the hardwoods are not available from Oregon forests. These come from forests in other areas of the country; some even from other parts of the world. These are all supplied to the retailer through wholesalers, jobbers, and brokers.

QUESTIONS AND ACTIVITIES

1. In your opinion, which of the four distributors listed is the most important?
2. List three retailers of forest products in your county.

List three retailers of wool products in your county.

List three retailers of food products in your county.

CHAPTER VI

THE CONSUMERS PLACE IN MARKETING

by

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The Consumer's Place in Marketing

The consumer is the "king-pin" or "queen-bee" for the final marketing of all food products, including those raised in our state. The consumer has the final control of the food situation. It's the dollars spent for specific foods that are the votes which show the popularity of these foods. The foods we will have in the future are determined by what consumers choose today.

Foods grown right here are often eaten here, but there are many foods at the grocery store that have come from production areas a long way off. Visit your food market and make a list of:

1. Ten items on the market not grown in the state.
2. Ten food items that are processed in the state.
3. Ten food items that are not processed in the state.
4. Ten food items that are new to you.
5. Take a specific food and look for the number of forms in which it is marketed. Compare cost per serving of the various forms and consider their convenience. Has the time required for preparation been cut down considerably?

There are a great number of items in our food markets today, and predictions are there will be a great many more. In 1925, there were a little over 800 items in the grocery store. Now there are some-

where around 6000 in large super markets. Shelf space in food markets is costly and unless items move — unless they are selected by consumers — retailers can not afford to keep them on the shelves. Choices of food shoppers and consumers are important.

Examine some of the choices consumers have been making when buying food:

1. When the consumer or food shopper asked for leaner pork cuts, the farmer or producer responded by providing a meat-type hog instead of the lard-type hog.
2. Consumers requested meatier poultry and fryers year around. Producers are now raising birds to satisfy this demand.
3. Turkeys are now on the market year around. They wouldn't be if food shoppers wouldn't buy them.
4. Consumers' demands for more and better quality fresh fruits and vegetables have brought about new and improved varieties.
5. Not many years ago the meat we bought was cut to order. Today we have a wide choice of pieces of the same cut. It is packaged in meal-sized packages.
6. A very obvious consumer choice has been the big increase in the use of convenience foods. For instance, we used to only have fresh and canned fish — now we have frozen fish and fish sticks — breaded, frozen and ready to heat and serve. Another example is frozen dinners, more and more

prepared dinners of other nationalities like Mexican, Chinese, etc. Sales of convenience and frozen foods have zoomed to an all-time high.

These are examples of consumer choices of foods. We, as consumers, have the final vote as to what foods we want to buy. We cast that vote when we spend our dollars for the foods we prefer. Because we have voted for quality, convenience, year-around availability, attractive packaging of foods and modern, well-lighted, well-equipped grocery stores, we might guess that all of this is costing us more money than we spent years ago. This is a wrong guess. Price tags on food show higher figures than before. But, the actual cost is lower....lower because we work fewer hours to buy more and better food than we purchased in the "old days".

This lower cost or less work time required to purchase food is the result of improvements and savings made in production, distribution, and handling of food. We, as consumers, can help to get more and better foods and an even higher standard of living. To do this, we must carry out our responsibilities as food shoppers and consumers. We should learn to:

1. Recognize grades and quality.
Buy quality for the use intended.
2. Compare value versus cost.

3. Be aware of seasonal foods.
4. Check containers and their contents as noted by the accompanying labels.
5. Know the value and necessity of a balanced diet and know how to select foods to meet this diet.
6. Recognize the value of new processes which bring us foods in a new form.

Part of being a good consumer means knowing about foods to buy and ways in which they are handled from farm to market. These processes are fascinating and interesting. Have a good time finding out more about foods and about how they are marketed.

Food buying is an important part of every family's budget. On the average, 25 per cent of the money families have to spend is spent on food. That represents a lot of money. Food will continue to be important.

Remember, it's the consumers -- those who buy and eat food -- who cast votes for the items purchased today that determine the kinds of products on our markets tomorrow.

CHAPTER VII

HOW WHEAT IS MARKETINGED

by

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Oregon State College

Not so long ago when most people lived on farms, a good part of the wheat they raised was used by the farmer himself or by the people in the nearby towns. There were a number of flour mills close by. These small flour mills made flour out of the farmer's wheat. The farmer hauled what flour he needed for the next year back home with him in the same wagon that he used to haul the wheat to the mill. If the farmer had more flour than he needed he would sell it to the miller who would then sell it to people in the community who had no wheat of their own.

Today wheat marketing is not so easy. Most people do not raise wheat for their own use. There are fewer farmers today and more people living in towns. There they are busy making cars, refrigerators, television sets, and other things. These people depend upon the farmer to grow wheat for them. To get the wheat from the farm to the plants where it is made into flour or breakfast cereals and from there to the bakers and on to the grocery store shelves is called marketing of wheat and wheat products.

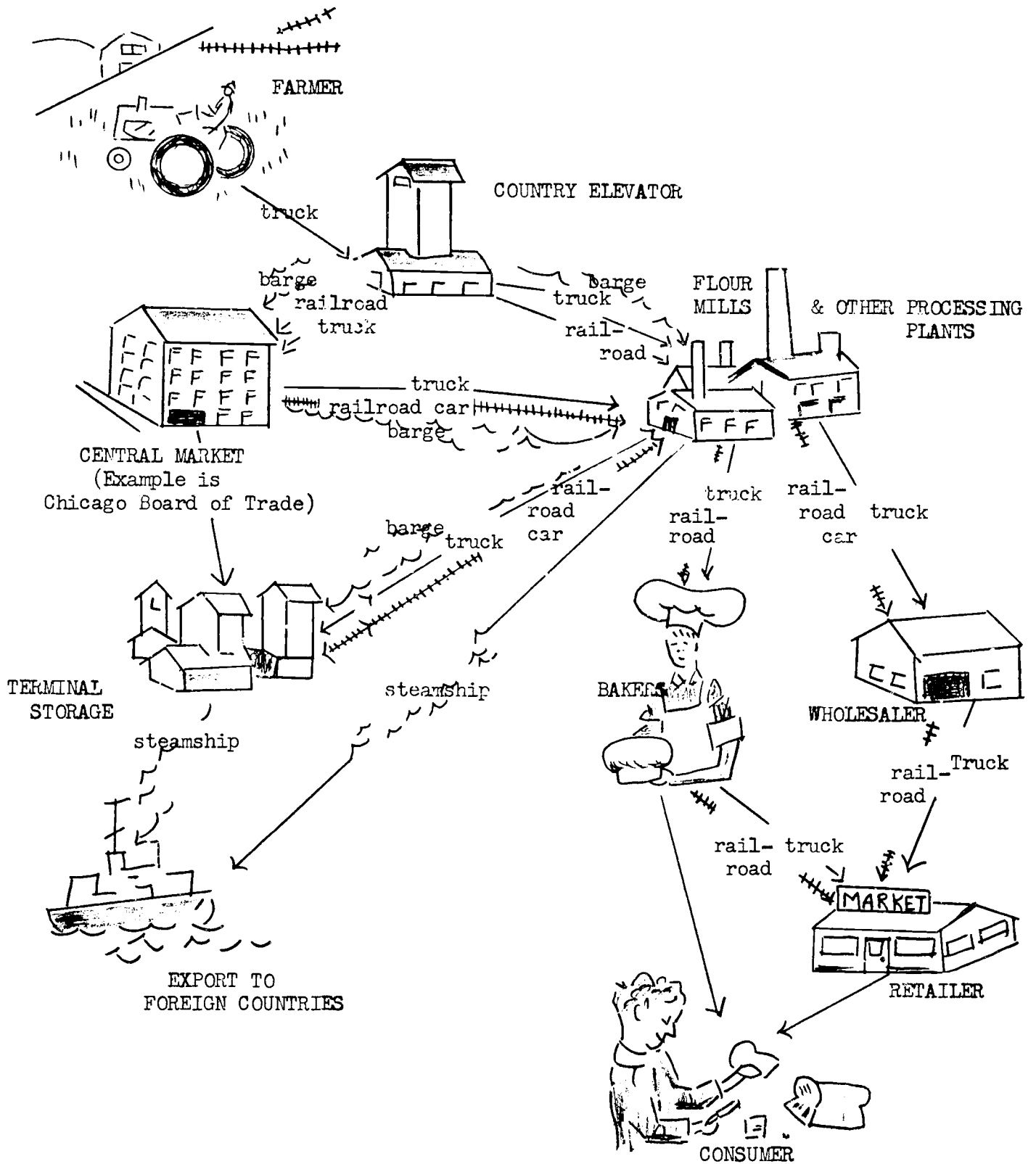
Wheat marketing begins from the time the wheat leaves the farm. It may leave the farm direct from the harvesting machine or combine, or it may be held for a time in storage on the farm. The first step in marketing wheat is the country elevator. These are located along railroads or rivers. The wheat is hauled there in the farmer's truck. These country elevators are the first "buyers" of the farmer's wheat. They buy from the farmers in a certain rather small area. The size of these elevators ranges from 15 thousand to 50 thousand bushels. These country elevator operators perform several important services,

such as:

1. Weighing the wheat so that the elevator operator will know how many bushels he has to pay the farmer for.
2. Grading the wheat to see how good it is. How good it is depends on how plump the kernels are, the amount of dirt and other grains in it, and how much moisture it contains. The better the wheat is, the more the farmer is paid.
3. Cleaning and drying the wheat to take out dirt and other grains and to dry it enough so it will not spoil in storage.
4. Storing the wheat until it can be moved into the next marketing step.
5. Keeping the farmer posted on prices and other market information.

Country elevator operators have several places where they can sell the wheat they buy from the farmer. They will sell it where they can get the best price for it. Here is what they can do with it:

1. Sell it locally to small processors who make food, livestock feed, or other products out of it.
2. Ship it by rail or boat direct to a large processor who will make it into food, livestock feed, or other products.



3. Ship it to a central market.

The central market or terminal market is located in some large city near the main wheat farming areas. Here the buyers and sellers of wheat from all over the nation get together. The sellers are the country elevator operators who hire people to sell the wheat for them. These people are called brokers. The buyers of wheat are the processors, the terminal operators, and the exporters. The buyers also have brokers hired to buy for them.

The people who operate the terminal market place do not buy or sell any wheat; they only get the buyers and seller together. They also do some other things to help the buyers and sellers. Many of the things they do are the same as at the country elevator. They weigh and grade the grain so the buyers can get the kind of grain they want.

The buyers of grain at the terminal market are:

1. Processors — The people who process the wheat into flour or other products want wheat that will do the best job for them.

Flour to be used for bread is made from a mixture of hard wheat. Mainly

these wheats are not grown in Oregon.

Processors who make cake flours want soft wheats like the kind grown in Oregon.

The flour made by the processors moves on to bakers who make bread, cakes, doughnuts, or sweet rolls. These are then sold direct to consumer at the bakery or delivered by trucks to the consumer's homes. Some large bakeries do not sell direct to consumers but sell to retail stores or to wholesalers who in turn sell to retailers.

Wheat cereals are made by large processors who sell to wholesale grocers. The wholesaler then sells to the retail store where consumers finally can buy the cereal.

2. Terminal Elevators — The terminal elevator operators are the people who keep the wheat moving to processors and others between harvests. They are big reservoirs. These elevators hold millions of bushels instead of a few thousand bushels like the country elevators.
3. Exporters — These people buy wheat from the terminal or central market to sell to other countries.

QUESTIONS AND ACTIVITIES

1. Trace the steps that wheat goes through before you have it on your table to eat as bread.
2. Visit the Commission of Public Docks at Portland, Oregon, and see how our wheat is handled on its way to foreign countries. Maybe you can get on a ship that is loading wheat.

CHAPTER VIII

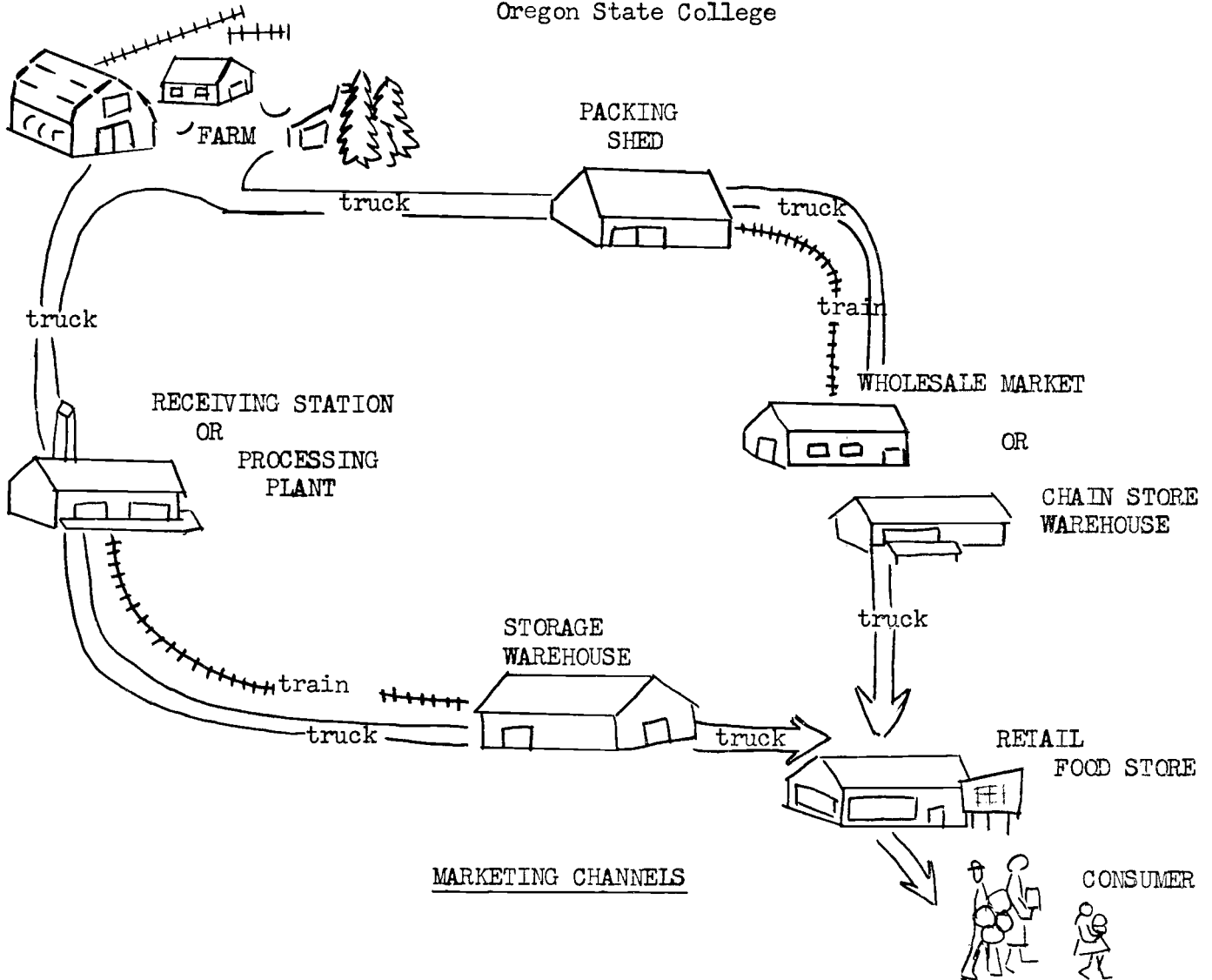
HOW FRUITS AND VEGETABLES ARE MARKETED

by

Roland H. Groder

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MARKETING CHANNELS

Marketing Channels

The above chart shows how fruits and vegetables move from producer to consumer.

Fruits and vegetables that are not processed are commonly referred to as truck crops or produce. Produce is harvested and assembled on the farm. It is taken to a packing shed or processing plant by truck.

Some fruits and vegetables are grown specifically for canning or freezing while others are marketed in their fresh form. The fresh market produce is prepared for market in a packing shed. Some packing sheds are located right on the farm. Others may be located in the center of a major producing area or near a terminal market.

Apples, pears, nuts, cabbage, and

cauliflower, along with other fruits and vegetables are often sold in fresh form. These produce items are taken from the packing shed to a wholesale market or chain store warehouse where they may be repacked into consumer-size packages. Have you noticed apples, carrots, and other items that you buy from the store are packed in small plastic-like bags? Many families do not want to buy big boxes of apples or large bags of carrots. Therefore, this relatively new selling technique is growing in importance and soon nearly all of the fruits and vegetables you buy at the retail store will be pre-packaged.

There are many states that produce more fruits and vegetables for the fresh market than Oregon. Oregon is near the top of the list of states, however, that produce fruit and vegetable crops for processing.

There are about one hundred processing plants in Oregon. Some of them can, others freeze, and still others do both. These plants are usually located near the areas where the crops are grown. There are many plants in the Willamette Valley.

Most of the fruits and vegetables are grown by farmers who have a contract with a processing plant. Do you know why? If a farmer did not know where he was going to sell his fruits and vegetables, he would not be willing to put several hundred dollars per acre into raising them. These fruits and vegetables cannot be stored like wheat. They must be harvested when they are ripe. If they aren't, they would spoil in the field or orchards. Of course, a contract is also an advantage to processors. They will know how much produce will be coming to their plant for processing.

Do you like frozen strawberries? If we did not have processing plants, you would not be able to enjoy strawberries in January. Of course, people have been canning fruits and vegetables for many years. But, your friends in big cities

would find it hard to can all of the things they enjoy eating. The main reason for processing plants is to store crops for future use. Because of the processing all of us have a bigger variety of foods to eat the year around.

Railroad cars or trucks are used to move processed fruits and vegetables to a storage warehouse. Here the finished produce is held for future use. Many times the processed fruits and vegetables are taken directly to a grocery store. This store might be in your own home town or it may be many miles away.

Marketing fresh fruits and vegetables is much different than marketing to processors. Let's follow sweet corn to market.

After the corn is harvested, it is sorted and put into a burlap bag, a wooden crate or a basket. Each container usually holds about five dozen ears. Trucks haul the corn to a cooler where it is cooled. From the cooler it is loaded into trucks or railroad cars. While it is being hauled to the terminal market, it is covered with ice. After it reaches the terminal market it is husked, trimmed, and put into small packages. Some of this packaging is done by wholesalers, but a lot of it is done at the retail store. Some corn is also sold by the ear or dozen and is not packaged.

Sometimes a group of growers go together and perform all of these services. Usually it is good practice for the farmer to specialize in growing the corn and let other specialists grade, sort, package, transport, and sell the corn.

Portland is a good market for sweet corn grown by Oregon farmers. But did you know the growers in California, Arizona, Washington and Texas, have been sending sweet corn to Portland for many years? These growers have been doing a better job of grading and packaging

their corn. They also have more corn for the market. Those states have a longer growing season than does Oregon. So, they are able to get corn into the market earlier and stay longer. This is important to the wholesaler and retailer.

As the population on the West Coast

grows, many Oregon farmers may have a chance to supply more of the fresh fruits and vegetables used at West Coast markets.

Another way the fruits and vegetables are marketed is at roadside stands. Most of you see these as you drive along Oregon highways.

QUESTIONS AND ACTIVITIES

1. List ten fruits and vegetables that you buy canned.
2. Can these be bought frozen too?
3. Can they be bought fresh in your grocery store?
4. Take two vegetable crops and trace them through the marketing chain to the consumer showing how each is transported.

CHAPTER IX

HOW DOUGLAS FIR IS MARKETING

by

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Most Douglas fir trees are sold while standing. Not so long ago these trees were sold by the acre but now most of these trees are measured and sold by the board feet. A board foot is 12 inches square and one inch thick. Before logging starts the seller and buyer agree to how much the trees are worth. Since the buyer usually does all the woods work himself without the aid of the seller he receives two-thirds of the selling price of the logs at the mill. A smart seller makes out a written logging contract before selling his timber.

When the logger comes into the woods he locates and clears off several landings. A landing is a place where the logs are loaded on the trucks for shipment to the mill. With the landings located, the logger cuts the trees down and then cuts the trees into logs which may be 10 feet to 32 feet long. Sometimes the logger leaves the trees in one piece and sells them as telephone or power poles. Other times he may cut the trees into short 8-foot logs and sell them to the mill for pulp or 2 x 4 material.

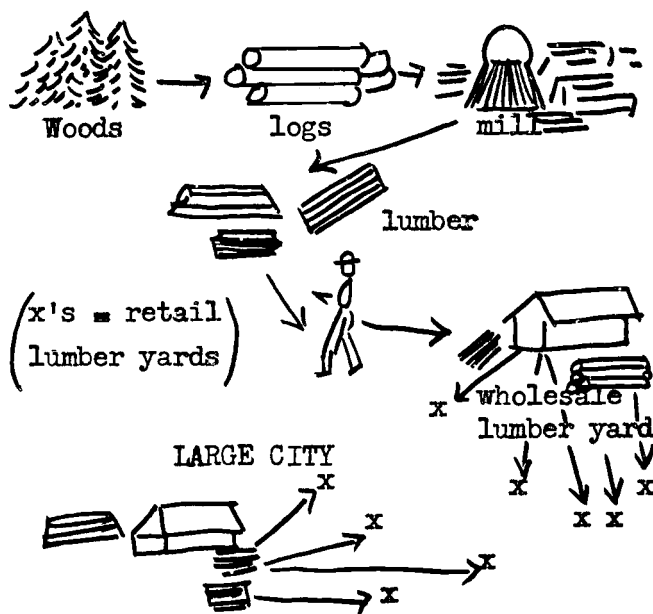
Now that the trees are cut into logs they will be yarded or pulled to the landing where they are loaded on trucks. These trucks take the logs to the mills. Remember, the four wood operations are falling, bucking, yarding, and loading. This is part of the marketing chain.

At the mill the logs are dumped into a pond. From the pond the logs are guided to a saw. This saw is known as the "header". Here the logs are sawed into rough lumber. The rough lumber moves by way of conveyors to smaller saws where more saw-

ing must be done to arrive at the desired dimensions. Now that the lumber is the right size, it has to be made smooth. "planer" will do this job. After proper seasoning the lumber is ready for use. Storage facilities must be available to hold this lumber until it is ready to move on.

At this point a lumber buyer enters the picture. He buys the lumber from the mills and sells it to large lumber yards in cities and towns throughout the United States. These large yards are wholesale yards. These wholesale people in turn sell the lumber to retailers. The retailer uses only small amounts of lumber. For a large city, there may be only three or five wholesale yards but there may be 25 to 30 retailers who sell the lumber to the people who use it. It is to this retailer that the home builder comes.

A picture of the path of Douglas fir lumber for houses is shown below.



QUESTIONS AND ACTIVITIES

1. Visit a lumber mill.
 - A. List the kinds of lumber they sell.
 - B. Where does the lumber go?

CHAPTER X

HOW TURKEYS AND EGGS ARE MARKETED

by

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Oregon State College

A. Turkeys

Most turkey producers in Oregon raise large numbers of turkeys. There are two ways that producers can sell their large flocks. They can sell to a turkey processor, or they may have their turkeys custom dressed or sell them to retailers and consumers themselves. There are practically no turkeys being sold on a live-weight basis in Oregon at the present time. In either case, the turkey processor picks up the turkeys at the farm. They are hauled to his plant and usually processed the same day that they are picked up.

Processing of turkeys consists of killing them, taking off the feathers, singeing them, washing, and evisceration. To eviscerate a turkey means simply to take out the insides and cut off the head and legs.

After being processed, the turkeys are cooled for a certain number of hours, graded and placed in skin tight plastic bags and weighed. The grading is generally done according to U. S. Department of Agriculture grades. If the grower decides to sell to the processor, he is paid for a certain number of pounds of grade A oven-ready toms and hens, a certain number of pounds of grade B oven-ready toms and hens, and so forth. The processor then takes the turkeys to a cold storage plant and has them frozen.

If the grower wants to do his own selling, he pays the processor a certain amount per bird for processing the turkeys and putting them in plastic bags. He also takes them to a cold storage plant and has them frozen, although he may sell part of them unfrozen at the

time of processing. He keeps ownership of the turkeys until he sells them. In the case of frozen turkeys, he also has a storage cost to pay.

Processors in Oregon sell a large portion of the turkeys they buy directly to retailers. The remainder are sold to wholesalers who in turn sell to retailers. In this area, there are very few handlers between the producer and the consumer.

Oregon produces more turkeys than it consumes, so many of the turkeys are shipped out of Oregon to other markets. A few years ago many Oregon turkeys were shipped to the East Coast. Now more of the Oregon turkey crop is consumed in the Pacific Northwest. Buyers outside of Oregon must be found if all of the Oregon turkeys are to be sold.

Since the birds are frozen, they can be kept a longer time and shipped greater distances without running into difficulty. If the processor or the grower cannot find a ready market for turkeys during the holiday period, it is customary to hold them in cold storage for sale throughout the year. Turkey is becoming a year-around meat. Large quantities of turkey are now consumed during the spring and summer months. This was not the case just a few years ago.

In the future, we may expect to see turkey marketed in smaller quantities in retail stores. The trend is toward smaller consumer-sized packages of turkey. In the future we may be able to buy packages of turkey legs, wings, turkey steaks, or other turkey parts in retail stores just as we now buy boxes of frozen peas or cans of orange juice.

B. Eggs

Most of the eggs produced in Oregon are consumed in this state. In fact, Oregon hens lay just about enough eggs to meet our needs each year. When local supplies cannot meet the requirements of Oregon consumers, it is necessary to import eggs from other states. Sometimes when local supplies are large, we export eggs to other states.

There are very few handlers between the producer and the consumer in Oregon. This is not true in the Mid-West where there are as many as five handlers between the producer and the consumer. In Oregon there are generally two or three handlers.

Eggs produced in Oregon are picked up at the farm or delivered to egg wholesalers. These wholesalers size and grade the eggs and place them in egg cartons, which are then delivered to retail stores. A large percentage of the eggs in Oregon are marketed in this fashion. Sometimes there is an interchange of eggs between dealers, and in this case there will be three handlers between the producer and the consumer. Since there are so few handlers in this marketing process, the consumer is able to buy much fresher eggs.

At the time an egg is laid, it is usually of Grade AA quality. In order to maintain this quality, it is necessary to move the egg very rapidly through the marketing channels and to observe certain practices. Producers gather their eggs several times each day—at least three and possibly four times. They are placed in a cool room immediately where they are rapidly cooled down to 50-55° F., with a relative humidity from 70-85%. They are marketed at least once and in many cases twice each week.

After the eggs are picked up by wholesalers or delivered to them, they are held in refrigerated egg rooms. They are taken from the refrigerated

egg rooms and sized and graded and placed in the familiar egg cartons that you see in retail stores. These egg cartons are placed in cases and are either returned to a refrigerated egg room or hauled directly to retail stores, where they are again placed under refrigeration. By observing all of these practices, the eggs purchased by consumers are very likely to be highly satisfactory.

During August, September, and October our poultry flocks in Oregon do not lay enough eggs to meet our needs. During the late winter and early spring months, February and March, we often have more eggs produced in Oregon than we can consume. Some of these eggs are placed in specially built storage rooms that maintain constant temperature and humidity. In order for these eggs to hold their quality, they are dipped in oil to close the pores in the shell and keep the egg from losing moisture. The eggs are brought out of storage during the period when local supplies are small, sized, graded, placed in cartons and taken to retail stores.

Selling eggs through wholesalers, as described above, is known as an indirect method of marketing.

Another method of marketing eggs is for the producer to sell directly to retail stores or to consumers. This is known as direct marketing. A large percentage of the eggs produced in Oregon are sold directly by the producer to retailers or consumers. The producer takes the place of the wholesaler—in assembling the eggs, in sizing them, grading them, cartoning them, and delivering them to the retailer or to consumers. By doing these things, he is able to receive a higher price per dozen for his eggs, but his costs are higher, too.

QUESTIONS AND ACTIVITIES

1. List ten ways in which eggs can be used.
2. Do you know where the eggs you eat come from? If so, trace the steps the egg went through before reaching the table.

CHAPTER XI

HOW DAIRY PRODUCTS ARE MARKETING

by

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Dairy Marketing Specialist

Oregon State College

A. Milk

Oregon produces over a billion pounds of milk each year. This much milk would fill tank cars in 280 freight trains with 50 cars each. This train would reach from Portland to Pendleton.

Nearly all of the cows on dairy farms are milked by machines. The milk is cooled very soon after it comes from the cow. It is necessary to cool the milk to keep it fresh. Most modern dairy farms now have pipe line milkers and milking parlors. Where these are used the milk comes directly from the cow into bulk milk tanks without ever being touched or exposed to the air. On the farms where bulk tanks are used, the milk is collected every other day. When bulk tanks are not used, milk is usually collected every day.

When the milk is hauled in cans, it is weighed and tested for butterfat at the creamery. When milk is collected from farm tanks, it cannot be weighed at each farm, but the weight of the milk is found by measuring the depth of the milk in the tank by use of a calibrated, stainless steel rod. The measuring of the milk and the recording of the weight is done by the truck driver who picks up the milk. He records this in a book with three duplicate pages. One of these pages stays with the farmer, one goes to the organization selling the milk for the farmers, and the other one goes to the plant that is buying the milk.

After the milk has been weighed, it is then thoroughly mixed, and a sample is taken to find its butterfat content. Portions of this sample are taken from various areas of the tank. Each tank is

equipped with a thermometer that shows the temperature of the milk. The temperature of each tank is recorded on the weighing slips.

The truck driver is now ready to transfer the milk into the truck from the tank. These trucks usually haul from ten to twenty thousand pounds of milk each. A milk pump is located on the side of the truck in an air and dust proof box. A short hose is then placed through an opening in the milk house wall and connected to the tank. It takes only a few minutes for the milk to be pumped into the truck. When the milk tank is empty, and the hose is disconnected, the operator of the truck rinses out the milk tank with cold water before leaving. This prevents the milk on the inside of the tanks from drying, and makes it much easier for the dairymen to clean it.

When the truck is filled it is taken to market. When it arrives at the distributing plant, it is pumped into a large storage tank. From this point on, the creamery operator decides what he is going to do with the milk. Most of it will be put up in glass bottles or paper cartons. These cartons will be either 1 or 2 quart sizes. Some of the milk will be separated. The skim milk will be used in making cottage cheese, and the cream will be sold. Most of the milk is pasteurized. In addition to pasteurization, much of the milk is homogenized. You might ask, what does it mean when they homogenize milk? This means that the milk is forced through a machine a very high pressure and this breaks up the fat globules into very small size. After this process, the fat particles are so small that they do not rise to the top. Do you remember seeing milk where the

cream rises to the top?

After the milk and cream are bottled, they go into a large cooler room. They stay in this room until ready to be delivered by the retail or wholesale truck drivers. The retail drivers are those that deliver milk to the homes. The wholesale drivers are those that deliver milk to stores and restaurants. Most milk distributors employ house to house or store to store salesmen. Many years ago this was a job that was performed by the milk truck driver.

Nearly all milk deliveries are made to the homes every other day. In some markets milk is being delivered only three times a week. Most milk delivered to homes is in glass bottles. A milk delivery truck may also carry butter, cheese, cottage cheese, sour cream and sometimes ice cream. In hot weather loads of dairy products are kept cold by using chipped ice. Most customers have standard orders that the driver will leave at each delivery.

Trucks delivering to stores and restaurants are much larger than those that deliver from house to house. This truck will make less stops in a day. But, they will leave much more milk at each stop. Milk delivered to restaurants is usually in can containers. There are two types of these containers. One type is used in the kitchen where the milk is used in the preparation of food. The other is known as the dispenser can. These cans are placed in a refrigerator box, and it is from these cans that the waitress will draw a glass of milk when you order one. This has become a very popular and sanitary way of selling milk.

Most of the milk that is delivered to food stores is delivered in paper cartons. Most of these milk and cream cartons have a date stamp on them. It is not the date that they are delivered, but it is the date when they should be taken out of the store. If these cartons are still in the store on the date that is stamped on them, they are removed and returned to the milk

plant.

Nearly all of the companies that deliver milk to stores have their drivers put the milk in the refrigerators. It is the duty of the driver to arrange the milk in such a way that the milk will be sold in the order in which it is dated. Also, it is the duty of the driver to leave the refrigerator case in a neat and orderly manner. Usually the cheese, cottage cheese and butter counters in these stores are serviced by special trucks. It is unnecessary then for the milk truck drivers to carry these products on their loads.

B. Butter

The word "butter" appears in the scriptures as far back as the Book of Genesis, 18th chapter, verse 8, "And he (Abraham about 2150 B. C.) took butter, and milk, and a calf which he had dressed and set it before them." Many stories have been told about how the first butter was made. It was the belief that a bag made from the skin of a goat or sheep would be filled with cream and that churning would take place by swining this bag from the limb of a tree. From those earliest days down to this, agitation is the principle of making butter. Have your parents made butter in your home?

In 1620, when the Pilgrims made their voyage to the shores of New England, they carried with them on the Mayflower several tubs of butter. Through its long history, butter has been a home-made product and hand power has been the main method of manufacture.

The first commercial creamery in the United States was built in Orange County, New York in 1848. By 1870 the creamery business had reached Illinois and from there spread very quickly through the middle west. In 1850, this country produced over 313,000,000 pounds of butter. Most of this was made on the farms. In 1957, 1,421,740,000 pounds of butter were made in the United States. More than 85 percent of this was produced by

creameries. Do you think that is a lot of butter? Well, in 1933, there were 2,375,000,000 pounds of butter made. One of the first things that was used to wrap butter was a moist thin white linen wrapper. It was a problem to find a package that would keep the sweetness and freshness of butter. Later on cheese cloth was used in the place of linen. This was later followed by paper and then later on by a vegetable parchment. After all of these changes, butter made its first appearance in a carton with a wrapper inside about 1900.

The quality of butter depends upon the quality of the cream from which it is made. It, also, depends upon how it is processed. Cream used for butter comes from many different farms. This is known as farm-separated cream. This cream comes from milk that has been run through a mechanical separator. When the cream is taken out of the milk, there is a lot of skim milk left. This skim milk is used on the farm in feeding livestock and poultry. In Oregon, there is now very little farm-separated cream. Most of the butter in Oregon is made from cream that has been separated from the whole milk in the plant to which it has been shipped. The skim milk is usually made into milk powder or cottage cheese.

Butter was one of the first pre-packaged foods. The proper packaging of butter is very important. It is necessary that the quality of the butter be carefully guarded. This is very important because it may be a long time before it will be purchased in the store by the consumer.

The flavor of butter can change a great deal if it is not properly cared for. In packaging butter it is important that no light be allowed. You see, light is one of the main causes of butter losing its flavor.

When the butter making process is over in the milk plant, it is placed in large boxes or cartons known as cubes.

These cubes are placed in cold storage and held until the butter is sold and ready to be shipped to some other market or to be cut into smaller sizes, packaged, and used for sale on the local market. Modern butter plants today have mechanical machines that cut, wrap, and package these large cubes of butter into the sizes that are needed. This is done in one continuous operation. Most of the butter made in Oregon is of high quality.

In each state there are usually large numbers of plants that make butter. Many of these plants do not have a proper storage room for holding butter. In those cases, they will ship butter to a central plant for storage. It will be held in these storage plants until it is shipped to some consumer's market.

Each churning of butter in every plant is dated and labeled. This way they are able to keep track of the place where the butter came from. When the cubes of butter are taken out of storage and are ready to be moved out for sale, they are scored by a federal grader and are labeled the official grade which he feels the butter deserves.

Most of the butter manufactured in the United States is consumed by us. This butter is usually purchased by the consumers at their local food stores. Sometimes it will be delivered to their homes along with other groceries or even by the milk truck driver when he makes his regular delivery of milk.

During recent years, not all of the butter has been purchased by the consumers. In this case, it has been purchased by the government and stored by them until it can be sold. Much of this butter that is purchased by the government has been used in our National School Lunch Program, and, of course, more and more is being used by our Army, Navy, and Marines.

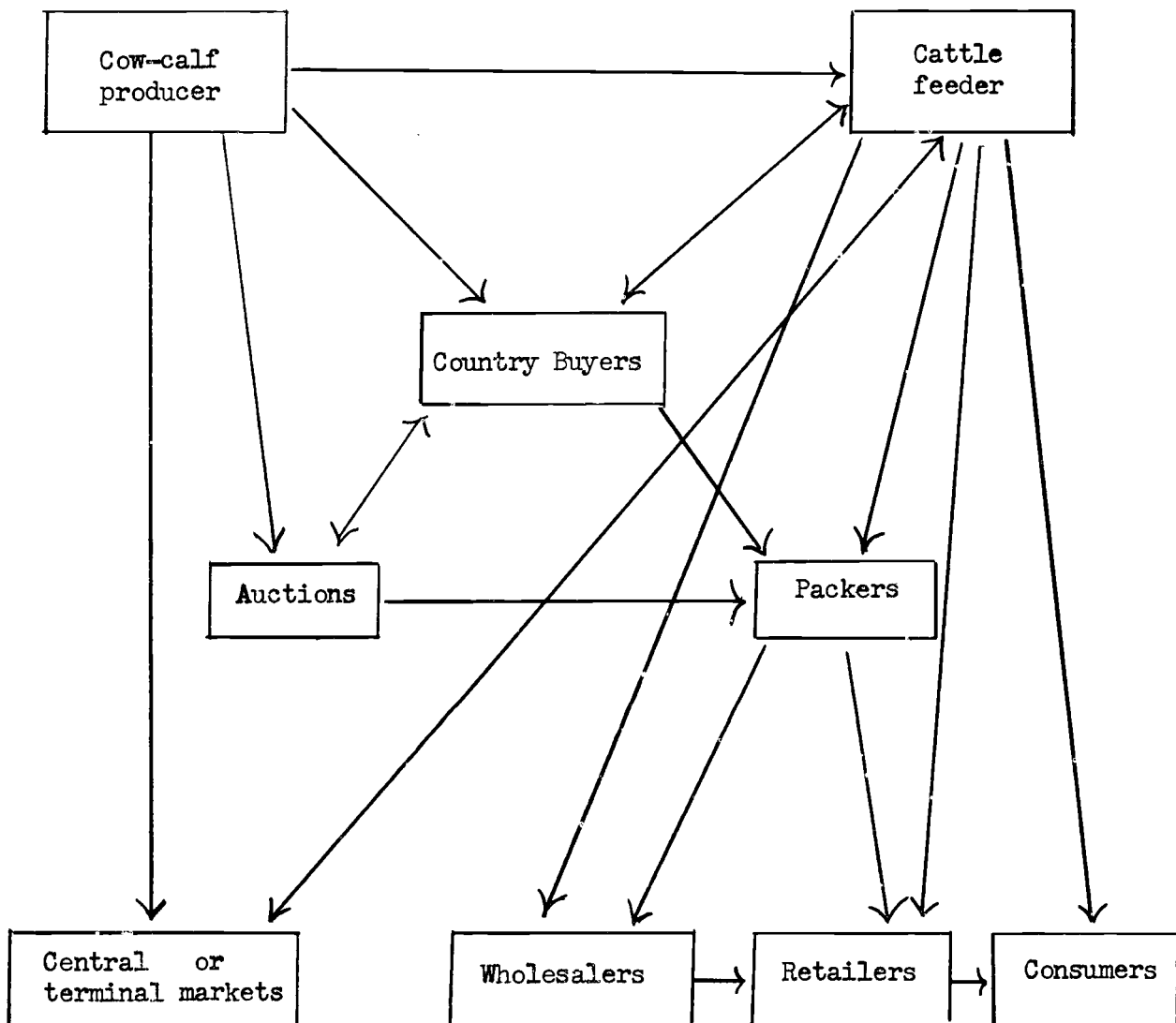
ACTIVITIES

1. Visit a milk plant.

CHAPTER XII

HOW BEEF IS MARKETING by W. Y. Fowler Livestock Marketing Specialist Oregon State College

Marketing of beef animals begins long before they reach the packer. Most animals are raised on a different farm from that where they are fattened or finished for market. Here are the Marketing Channels for Cattle:



A. Buying and selling.

As indicated on the previous page, there are several places through which cattle may be bought and sold:

1. Some twenty auction markets in Oregon provide an opportunity to choose from a large number of high-grade animals. Auctions are generally held one or two days a week. They operate about as follows: producers bring animals to the market; the animals are driven into the ring; buyers have a minute or two to look at the animals; bidding starts; finally a maximum price is arrived at. That is the selling price. The selling weight is taken as the animals leave the ring. The auction firm charges a small fee for selling. This fee is called a "commission". It is based upon the total dollars received for the consignment, and includes "yardage". Yardage is the animal's "hotel bill".

2. There is one terminal, public, or central market in Oregon. It is located at North Portland. It differs from auctions in three ways: (1) It is open five days a week for selling livestock, but livestock can be received any day of the week, 365 days a year. (2) Sales usually are handled by commission firms and are made at "private treaty". That means that only one bidder is looking at the animals at a time. Others are waiting their turn. (3) The stockyard company is a "hotel" for livestock. It leases space to firms that do the livestock selling. It is a separate organization from the firms which sell the cattle.

Deductions are made for yardage, feed handling, the sale, weighing and insurance. Voluntary deductions are made for meat merchandising. The balance of the money is returned to the seller.

3. Many producers prefer to sell their cattle at home or "in the country" as this method is often called. In addition

to price received per pound, other factors must be considered when sale is made in this manner. Weighing conditions vary. It must be clearly understood where the animals are before weighing or how long they must be off feed and water before weighing.

Some producers "contract" ahead of delivery date. This may be done to fix a price. If this method is used, it is wise to get a down-payment of at least 15% of the value of the animals at the time the contract is made.

B. Processing.

There are a few large meat packing plants in Oregon. These are located mostly in the Portland area. Elsewhere there are many smaller plants. Some kill only certain kinds of livestock. Others kill only on certain days of the week because of small volume.

Most of the larger plants kill animals under federal meat inspection. That is, federal veterinarians are on the job to see that only healthy animals are used to provide the meat we eat. Others kill under state or municipal inspection programs. The inspection requirements of each level of government are about the same.

On a 1,000 pound beef animal, live weight, there is less "eating meat" than meets the eye. To a meat packer, a 1,000 pound steer looks like this....

550 pounds carcass beef
62 pounds hide
85 pounds other by-products
303 pounds valueless material

Packers usually count on moving that meat within a few days after slaughter.

1. Some packers sell meat through a wholesale department at the plant.

Often wholesalers and/or retailers look at and buy the meat they want at the packers. Others sell to wholesalers who prepare wholesale cuts of meat for hotels or retailers.

2. Packer salesmen often use a car route to take orders for meat from retailers.

3. Most packers and wholesalers use a truck route to deliver meat.

C. Grading.

Grading of cattle and beef is done to establish a measure of conformation, finish and quality, and to establish a basis for setting prices on live animals and carcasses.

The following are feeder and slaughter grades:

<u>USDA Feeder Grade</u>		<u>USDA Slaughter Grade</u>
fancy	- corresponds to -	prime
choice	" "	choice
good	" "	good
medium	(standard)	commercial
common	- corresponds to -	utility

Prices are usually quoted by grade in reports issued by the Federal Market news Service at North Portland and by the Extension Service at auctions in Madras, Ontario, and Klamath Falls. Grade names also play an important role in reporting country sales of cattle in Oregon. The Extension Service is doing some of this in cooperation with the State Department of Agriculture.

Knowledge of grades is especially important if animals are being bought or sold sight unseen.

After the animal has been slaughtered and inspected, the carcass also may be graded. Sometimes this grade is a USDA grade.

USDA meat grading is on a voluntary basis and is paid for by the packers. Many packers often grade their own beef and have different names for different grades. Some retailers do, too. This helps to promote their own "brand" of beef.

D. Handling Livestock.

Many millions of dollars worth of meat are lost each year because of poor handling of livestock. Bruises may cause large parts of a carcass to be condemned. Many animals are killed or crippled because of poor handling practices.

If someone asks you how to prevent these losses you can tell him. "Easy does it".

Some "Do's" are:

1. Condition cattle for several days before shipping. Animals not in proper condition or overfilled may get sick "on the road".

2. Plan the shipping program thoroughly.

3. Go along, if possible.

4. Sort steers and heifers, if practical.

5. Provide adequate shelter and bedding.

E. Reasons Why the Cost of Marketing Cattle is Relatively High.

1. Producers and consumers are far apart.

2. Beef is a perishable product. This increases transportation and storage costs.

3. Beef production varies seasonally.

distribution of marketing costs is:

4. The consumer demands a finished product. And, someone else has to do most of the work. The large amount of labor required means that much of the spread between what the consumer pays and what the producer gets goes to labor.

Selling	8.9%
Processing	30.4%
Wholesaling	11.8%
Retailing	48.9%

A recent study indicated that the

SUGGESTED ACTIVITIES

Plan a Livestock Marketing Tour to North Portland.

I. Stop at stockyards office (W. E. Williams, President)

- A. Learn functions of market
- B. Size of market
- C. Administration - regulations

II. Portland Livestock Exchange (Prosser Clark, Secretary)

- A. Learn Function of
- B. Commission firms
- C. How trading is handled

III. In the Stockyards

- A. Watch sorting and trading
- B. Have buyer discuss price
- C. Watch weighing

IV. Tour a packing plant

- A. Watch all operations
- B. Visit with meat merchandisers

V. See Exchange Building

- A. Market News Service (Theo Swenson)
- B. Brand Inspection office
- C. Other facilities

VI. Retail Market

- A. Breaking of carcass
- B. Display
- C. Costs

VII. Try one at home (If trip to Portland isn't feasible)

- A. Auction - provides variety
- B. Local packer
- C. Local meat retailer

CHAPTER XIII

ASSEMBLING AND GRADING

A. Assembling the products

What is assembly? This is the bringing together of the same product from many farms. It also is the bringing together of many products for distribution by the same means. For example, a wholesaler has several products assembled in his warehouse and he distributes these with his truck or by rail to retailers.

The first place of assembly, of course, is on the farm. Here the grain is harvested, the fruit is picked, or the potatoes are dug. They are assembled by putting them into containers. These containers may be sacks, baskets, or a truck. They may be assembled still further on the farm by taking them into a shed or storage place until a larger amount is accumulated.

From the farm the products go to many different places. The average amount of products that come from a farm is usually small. However, some farmers are producing enough to ship in carload loads themselves. In most cases it takes several farms to make up carloads for shipment. You can see that farm products must be hauled from hundreds of farms and assembled at depots from which they can be shipped by water, rail, truck, or air to places where they are needed.

Let's pause for a moment and take a look at something besides farming. Manufacturers get away from the big assembly problem by locating their factories at convenient shipping points. This is necessary in order that they may receive their raw materials and ship their finished products more easily. Most of the factories produce on a very large scale. Many factories produce iron and steel goods at the rate of hundreds of cars daily. The same thing is true of flour from Minneapolis;

meats from Chicago; boots and shoes from Massachusetts; clothings from New York City; and oil from Oklahoma. All of these are manufactured in large quantities, and the railroads, trucks, airlines, and ships are kept busy transporting the goods.

Much of the assembly of farm products is done by local buyers, dealers, merchants, or farm organizations. As you learned in previous chapters, farmers formerly sold direct to grocery stores or maybe even to consumers. This has changed a lot because consumers want more convenience in the product.

Farm products are assembled and taken to a processing plant. After they are processed they are taken to still other points where they are assembled for distribution.

The final assembly comes when various products come into the store. There many thousands of items are assembled and are sold to consumers. You may not think that this is assembly, but it really is. It is the bringing together of many different kinds of items. This way the consumers have a large choice of products to choose from.

B. Inspection

Many items are inspected before they ever reach the consumer. Some items are inspected before they are even processed. Manufacturers usually have inspectors examine every part of an article before it is permitted to leave the factory. In the case of farm products, buyers usually inspect the things before they buy them and usually pay prices according to the quality. After they are processed, or while they are being processed, they are again inspected. The State Department of

Agriculture in Oregon spends a lot of time and has many men working on inspection.

You can see how important inspection is. Consumers want clean food. We are fairly certain that food is clean and healthful if it is inspected. Of course, food that isn't inspected is not necessarily bad. Inspection is just a protection to the consumer. The State Department of Agriculture issues certificates for those things that are inspected.

C. Grading.

It has become more and more important for manufacturers, processors and others who are selling to have uniform grades. That way a consumer knows that if she buys a particular brand of product, that it is just about the same from day to day. This is called quality control. It is very important in our highly competitive marketing system.

It is very hard for us to have high uniformity of farm products as they are produced. Wheat from the same field may vary from spot to spot in quality. Apples grown on the same tree and picked at the same time will vary in size and color. Livestock fed the same feed and raised at the same time will vary in grade.

One of the ways that farmers increase their income is to sell by grade. That is, if they have potatoes to sell, they can grade them themselves. They would then sell all of their potatoes by grade. They usually get more for their entire crop that way than if they would just throw all of their potatoes together and let someone else do the grading.

Our forest products are also graded. That is the way that many people sell standing trees and logs.

It is quite important to grade the products near the place where they are produced. It costs too much to ship unwanted products.

Many of the processing plants pack more than one grade. For example, pears may be packed into several different grades. They are packed in the same factory, they come from the same orchard, but there are some differences in their quality. Some people prefer to buy cheaper quality products. Highest price products are not always the best buy.

D. Standardization.

A great deal of progress has been made in the standardization of farm products. Standard grades of wheat, corn, oats, cotton and wool are recognized nationally. Many organizations put out a thoroughly standardized article. We think immediately of Hood River apples, Tillamook cheese and many others. When a product is standardized, the people have a great deal more faith in the commodity.

Your father and mother have undoubtedly said, "When you go to the store pick up this brand and size of product". They were sure that they would get the same product that they were used to. It does not necessarily mean that it is the best. It only means that it is the same whether you buy it this week or next week, this year or next year. Standardization is one of the most important things in food marketing today.

QUESTION AND ACTIVITIES

1. State how you would assemble, prepare for grading, at least three products of your community.
2. List grades of at least three commodities of your community.
3. List two commodities that are standardized.
4. List two commodities that are not standardized.

CHAPTER XIV

PACKAGING, STORING, FINANCING

A. Packaging.

Have you noticed any changes in the kinds of packages that you can buy in the grocery stores? Packaging has changed a great deal during the past few years.

The main reasons for the changes are:

1. To maintain quality.
2. Convenience to the consumer.
3. Sales appeal.

These additional packaging costs are paid by the consumer. New ways of packaging are studied by grocery stores, by processors, and by our state colleges and universities. Some of the newer ways are packaging in plastic bags, carry-home paper cartons, and many other convenient forms. When you have been to the grocery store, you have noticed that there are pictures on the outside of the packages. These pictures try to show what is in the package or to provide sales appeal by promoting some other attraction.

Packaging for the consumer is quite different from packaging for the restaurant or hotel trade. In consumer packaging, every effort is made to make the package pleasing to look at and convenient to use. When commodities are sold on a large scale, the sales appeal of the package is not so important. However, it is important to package to prevent bruising or other damage and to keep the product clean.

Packaging may be done at several points along the line. Things may be packaged on the farm, at the processing plant, or not until they reach the wholesaler or, in some instances, even at the retail store. An example of packaging in the retail store is that of meat.

Much of the prepackaged meat is cut and wrapped in the store in which it is sold.

B. Storing.

Why do we store? Who stores? These are just some of the questions which might be raised when we talk about storing.

Do you remember the story of the squirrel that stored acorns, or the bee that stored honey? They store so that they will have food during the winter. We store so that we can enjoy certain foods throughout the year. We even try to spread out our production over a period of years. We all know the old story of Joseph in Egypt, who stored the surplus grain during the seven years of plenty in order that the people might not starve during the years of poor crops which were to follow. Even plants store. A plant stores food in its seed so that a new plant can grow.

We have perishable and non-perishable products. We talked about those in an earlier chapter. Grain, wool, and cotton may be stored without any further processing. They are examples of non-perishable products. Perishable products are those such as milk, eggs, fresh meats, strawberries, etc. If they are not processed, they will not keep. Some of the ways of processing them so that they can be stored are: dehydrating (this takes the water out of the products and transfers them into a very dry powdered form), freezing, canning, drying, and smoking. A new method of preservation is irradiation. This method may

become very important in future years.

Grain, cotton and wool are stored in warehouses. Manufacturers keep them there until they are ready to process them for further use. Of course, while they are being stored, they have to be protected from the rain, the insects and rats. Most frozen foods do not keep well for longer than a year. Perhaps many of your parents have lockers in town. Perhaps some of you have food freezers at home.

Processed foods are also stored. For example, we can pears, peaches, vegetables, etc. These cans are then stored in a warehouse until they are needed at the retail store.

Refrigerated warehouses keep some things fresh for a long time. Apples, for example, are available every day of the year. This has been made possible by refrigeration. If it were not for cold storage, our poultrymen would be unable to sell eggs at any price when many eggs were being produced. Without modern methods of drying, preserving, and canning, large numbers of our fruit and vegetable growers would have to go out of business.

Lumber and logs are stored, too. Have you seen large piles of logs waiting to be cut? During good weather, logs are brought in as fast as possible. They are stored and used throughout the year. This permits a sawmill to operate the year around - even when the weather does not permit logging.

There is a great advantage in being able to preserve and store food products. It permits us to have abundant food the year around. It permits distributors to maintain an even flow of produce throughout the year. If we did not have storage facilities during time of production, there would be lots of food on the market. During times when it was not

being produced, we would not be able to buy it.

C. Financing.

During time of storage and time of distribution somebody has to finance those products that have been sold by the farmer. Many of the corporations and businesses today are able to finance their own operations. But we must remember that all of the work of producing and marketing goods is very expensive. Storage, buildings, labor, equipment, and distributing costs all are heavy burdens on someone. Many people must be paid and a great deal of expense must be met before the consumer buys the goods.

Those who need money to operate have a choice of borrowing from the bank or some other lending agency. It would be impossible to carry on very much of the marketing process unless we had some place where money would be borrowed. The bank is the place where the combined savings of all of the people are made available to those who want to borrow.

D. Risk Bearing.

No business can be absolutely safe. When a farmer sows a crop he assumes the risk of crop failure. When the merchant buys his stock of goods, he runs the risk of falling prices, and of not being able to sell his stock. In contracting for crops, and for the sale of the processed products, the processor is risking loss from price changes. Then we have the risks of loss and damage by fire, storms, and floods. You have all heard of great forest fires. This is a risk all timber owners take.

There are several ways that risk is guarded against. One is that a margin to cover risk is added into the price every time the product changes hands.

Another is by insuring. Of course processors and distributors cannot buy insurance against price changes, but insurance against fire, flood, etc., can be purchased.

E. Insurance.

Certain kinds of risk, which are difficult or impossible to foresee and avoid, cause a great deal of distress and hardship to those who suffer loss. The general desire to be protected against such losses has given rise to insurance. Insurance provides a means of bearing such losses cooperatively. That is, all those who take out insurance of any kind, are will to pay certain amounts regularly in order to guard against large losses which may occur. Fire or hail may never visit you personally, but you have your risk taken care of by your policy, and your premiums help to pay the losses of others who would be ruined were it not for insurance.

Insurance, like banking, must be made as nearly safe as possible. Whatever the kind of risk covered, the premiums charged must be large enough to meet operating expenses and all losses as they occur. As statistics are accumulated on all sorts of losses, the average number that occur is becoming more accurately known year by year.

This makes it possible for insurance companies to cover more kinds of losses, thus increasing the safety of business, and reducing suffering and hardship in general.

F. Speculation.

The fact that some are more skillful than others in avoiding the losses due to risk bearing has given rise to speculation. Speculation means either buying or holding products in the expectation of selling later at a higher price, or selling in the expectation of being able to buy at a lower price in the future.

Most of those engaged in the production and marketing of goods may occasionally do some speculating in the products they handle. But in addition, there has grown up in our large central markets a class of professional speculators who operate in exchanges or boards of trade. The exchanges deal principally in grains and cotton. The speculators study everything which is likely to affect the market, and if in their judgment the price of wheat will rise, they buy wheat for future delivery. If they believe the price will be lower, they sell in the expectation of being able to buy at a lower figure when the time comes to deliver the wheat.

QUESTIONS AND ACTIVITIES

1. What methods are used by your family for the preservation and storage of food?
2. What methods are used to preserve and store grain, hay and forest products in your community?
3. Make a list of foods you like best canned; frozen; fresh; dried.
4. What procedure would you use to finance a 4-H Club project?
5. Give three reasons why lending agencies have to charge interest.
6. Name all of the kinds of insurance that you can think of.

CHAPTER XV

PRICING AND ADVERTISING

A. Pricing.

Prices and pricing are very important to farmers, processors, distributors and consumers. Prices are the basis for making decisions. Each commodity and grade of that commodity has a price. This price may be changed several times a day or it may remain the same for several weeks at a time.

Prices are published in many newspapers; radios carry a market news program; and several other agencies print prices. These prices are important to producers and distributors. The price of a product may be quite different in one section of the country than another.

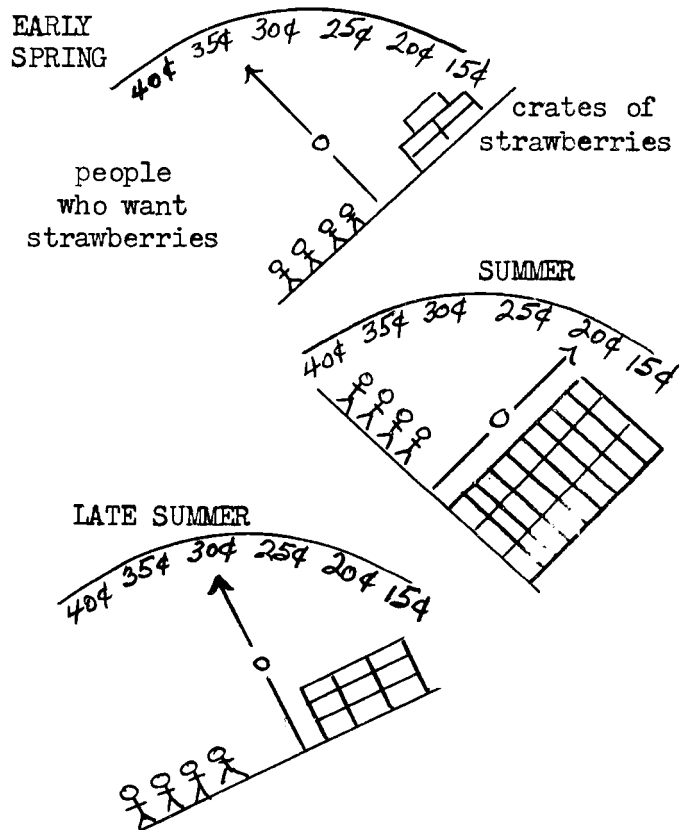
Wholesale prices for eggs are published every market day by the Federal-State Market News Service and are available free to anyone who has any use for them. Wholesale prices on eggs are based on certain grades and sizes. Large eggs are worth more than smaller ones, and eggs of extra quality are worth more than standard grade quality. When we talk about prices, we must remember that certain prices refer to certain grades. We discussed grades and standardization in another lesson.

Retailers buy from wholesalers at a wholesale price and sell at a retail price. There are many expenses involved between the producer and the retailer. That is the reason that there is a difference between the farm price and the consumer price. If the farmer wants to get retail prices, he must do the grading, the packaging, the processing, the transporting and other functions. It costs money to perform these functions. Therefore, the price paid by the consumer is higher than that received by the farmer.

B. How Are Prices Determined?

Prices for most agricultural products are set by supply and demand. What does

that mean? Supply is the amount of a product available. Demand is the buying of consumers. Let's use the example of fresh strawberries. Early in the spring a few berries are beginning to come on the market from California. Many people want the berries, but there are not enough to go around. The price is high because there is a lot of competition among buyers. Later in the summer many berries come to market. The same number of people still want them. Now there are enough berries for everybody and there is not very much competition among buyers. But sellers of berries know that they must be sold or processed or they will spoil. They compete with each other to sell and the price goes down. Look at our scale to see how this works.



The study of prices is very complex. It is not easy to say what things determine price. It is impossible to predict exactly what the price will be.

C. Advertising.

Producers are often a long way from some of the consumers of their products. It is important, then, for these producers to acquaint consumers with their product. The specialists who will do this are the advertising people.

A great many of our wants for things are charging all of the time. The advertiser depends upon this.

Consumers learn by reading advertisements. Of course advertising is an added cost of marketing, but it is a necessary cost. Can you imagine living in an area where there was no advertising? You would not know what was available or what the prices were without going to the stores and asking. The housewife can do some of her shopping by reading the newspapers. Many people use mail-order catalogs to buy many of their needs.

D. Advertising of Agricultural Products

We may divide agricultural products into two main classes. In the first class we have wheat, which finds its market through the flouring mills; beef cattle and hogs, which are marketed through slaughtering and packing plants; cotton and wool, which undergo several transformations before reaching the consumer. Then, we have the other great division of products which are sold directly to consumers in the condition in which they come from the farm. In this class we have eggs and poultry, fresh milk, and most fruits and vegetables. Many products, to be sure, are found sometimes in one of these classes and sometimes in the other.

Most of the advertising for the first

of these classes is done after they have been through the factory and changed into the form in which they are offered to the consumer. Little would be gained by advertising wheat, hogs, cotton or wool in the form in which they come from the farm. Manufacturers advertise special brands of flour, bread, bacon and clothing.

The practice of advertising the second class of products has grown enormously in recent years. Reputations have been built up for a great variety of products. We think immediately of Nulaid eggs, Sunkist oranges, Hood River apples, etc.

In addition to the advertising of such special brands on a large scale, we have special advertising of purebred livestock, special varieties of seeds, and a great deal of miscellaneous advertising which simply informs the public of articles which are for sale. Progressive farmers frequently have their own bulletin boards and make use of their local papers, as well as other agricultural periodicals of state and national circulation for purposes of advertising. They are finding out, just as the merchant and manufacturer have done, that carefully planned advertising pays.

E. Ways of Advertising.

Advertising in newspapers and magazines is called periodical advertising. Bill-board advertising is an example of outdoor advertising. Radio and television are the most expensive ways of advertising. Of course there are many other ways. Can you name some?

F. Cost of Advertising.

In 1915 only 39 million dollars were spent for advertising. Today the cost of advertising runs into several billions of dollars.

QUESTIONS AND ACTIVITIES

1. What marketing factors influence you when you buy?
2. What are the things that appeal to you in advertising?
3. Look through your newspapers and magazines at school.
 - a. List twenty items that are advertised.
 - b. List ten items that are advertised in at least three places.
 - c. List ten items and their price as given in the newspaper.

CHAPTER XVI

TRANSPORTING

We learned in Chapters I and II that we would have a much lower standard of living if it were not for transportation. Transportation moves goods from place to place. It allows various sections of the country to specialize in growing different food products.

Products are hauled to town in a truck owned by the farmer, buyer, or a hired trucker. From this market the goods may be shipped either by truck or rail to a larger market. Most of the shipments to major terminal markets are by rail. Products that are exported are carried by ships.

Trucks are becoming much more important than they have been in transporting goods from place to place. Airplanes, too, are becoming much more important. Of course, air transportation is still very expensive and is only used for products that have to be moved very quickly such as flowers, perishable foods, etc. A new method of transportation is "piggy-back". "Piggy-back" transporting is this: A truck picks up a product from a warehouse or a processing plant and drives to a railroad loading station. The trailer is then loaded on a rail car but not the truck. The trailer of the truck is taken by rail several hundred miles down the line. Here it is taken off the railroad car, hooked on to another truck and taken to its point of destination. You can see why it is called "piggy-back".

A. History of Transportation.

The earliest means of transporting persons and goods was on the backs of men and women. Then came various kinds of vehicles carried or drawn along paths or paddled over water by men and women.

Animals later came to relieve the human slave; then the harnessing of wind by means of sails; then the steamship and steam locomotives; next electricity with its trolley systems; and finally the gas and diesel engine used to power ships, locomotives, truck and airplanes. Atomic energy will be the next step in increasing the efficiency and speed of transportation.

To illustrate the modern means of transportation, let us follow a carload of Oregon beans from the producer to the consumer. The fresh beans are hauled from the bean yard in Marion County to the processing plant at Salem by trucks. When processed and packed, the beans are loaded on a railroad car at the Southern Pacific depot, and the car becomes a part of a freight train going to Portland. From there it is sent to New York City by railway across the continent or by steamship by way of the Panama Canal. At New York City it is taken by truck over paved streets to the wholesalers' warehouse, and by the same means is distributed to the grocers. Finally the beans find their way to the kitchens of the New York consumers. Like everything else in modern industry, means of transportation have become highly specialized.

B. Water.

Before the coming of railroads, water transportation was the best means of moving products. Of course, it is still by far the most important way of transporting goods from one country to another. It is still very important in the United States on rivers like our own Columbia. It is usually cheaper to ship by water, but the rivers and lakes do not go to all of the places where goods are needed.

C. Trucks.

Trucks are important for perishable products. Almost all of the live poultry and fresh eggs are hauled by trucks. A large share of the fruits and vegetables also are hauled by truck.

Farmers depend upon buyers of their product or commercial truckers to haul more than half of their products from the farm to the first market. They use their own or their neighbors' trucks to transport the rest. You might ask why the farmer doesn't do more of his own trucking. The reason is that a truck is a large investment and many farmers would not save enough by hauling in their own trucks to pay for it.

D. Railroads.

There are specially made railway cars for grain, coal, livestock, oil and timber. Expensive refrigeration cars have been made for the transportation of perishable products, such as fruits and vegetables and fresh meats. Special fast trains are run for the handling of fruits and meats and for supplying our large cities with milk. There are also specialized cars to meet the varied demands of the traveling public.

Railroad travel has improved a great deal since its beginning. Especially fast trains make a trip from Portland to Chicago in less than 40 hours. Only a few years ago it took from 60 to 72 hours. Railroads reach almost every area of the country.

E. Airplanes.

Air transportation has made great strides during the last decade. Now in a matter of 5 hours someone in Portland can fly to Chicago. Transcontinental flights make very fast time. Sales personnel of various companies that sell

agricultural products use air transportation as a quick and convenient means of meeting new buyers. For most agricultural products air transportation is still too expensive.

F. Use and Important of Transportation

Unless freight cars and trucks are properly loaded much damage can be done to the agricultural produce. When a shipper has to decide what kind of transportation he is going to use, it usually depends upon the speed with which the product has to arrive at its destination. Of course, products, such as lumber, that will not deteriorate in a very short time do not need the speed which perishable products do.

Transportation is very, very important to Oregon. Hood River, for example, could not specialize in apples were it not for the railway systems and steamships that carry apples to all parts of the United States and to several foreign countries. Transportation facilities make it possible for the farmers around Eugene to specialize in fruits and vegetables. Transporting also helps Tillamook County to market its Cheese throughout the entire United States. There are some places in Oregon where no railroad lines come into the community. This is true of Canyon City and John Day. To get products to market from these places and to get fresh fruits and vegetables and produce into those areas, trucking must be used.

It is our transportation system which makes it possible for each of these specialized districts to obtain the large quantities of all kinds of products from the rest of the world. Did you know that over half of the people in the United States live in cities? Cities are entirely dependent upon transportation. The cities that grew larger and larger usually were transportation centers. Chicago, Kansas City and

Denver would not have grown as large were it not for the network of transportation of which they are centers. Chicago, Portland, New York and New Orleans are centers for water transportation.

People of the cities are dependent upon transportation for all of their food, clothing, and shelter. They are also very dependent upon transportation to get the raw materials into the factories where they are working.

G. The Cost of Transportation.

The cost of transportation depends upon a number of things. Generally speaking, the cost of hauling a ton overland is higher than by water. The cost of hauling by truck has decreased with increased improvement of the roads.

There are differences in the cost of transporting different products because of the care needed in handling, etc. These costs are shown by the rates charged for hauling different commodities. For example, the rate on Northwest apples to New York is \$2.80 per hundred pounds in carloads. The distance hauled makes a great deal of difference in the cost of transportation. New York City,

for example, consumes large quantities of apples shipped from all of the principal producing sections. The average transportation charge per bushel box on Northwestern apples to New York City is \$1.23 cents. For New York producing sections, because of their nearness to the city, the average per bushel is 25 cents a box by truck. That means that the Northwestern producer paid five times as much as the Eastern grower to get his apples to New York City. Oregon growers must have high quality apples in order to sell them in New York City.

QUESTIONS AND ACTIVITIES

1. Look at a map.
 - a. Can you find a town where a road does not go?
 - b. Can you find a town where a railroad does not go?
 - c. Find ten cities that are near water transportation.
2. Name all the kinds of specialized trucks that you can think of.
3. List all of the ways that two of the products in your community would be transported.
4. Notice the barges on the Columbia River. These barges haul wheat down the river and gasoline and other commodities up the river.

CHAPTER XVII

COSTS OF MARKETING

In the first sixteen chapters you have studied a lot about different ways and kinds of marketing. You have learned that there are many things necessary to get the food from the producer to the consumer. Of course there are many others which we have not talked about. Each one of these plays a very important part in the marketing chain. We must remember that a chain is only as strong as its weakest link. In many food items if just one of the agencies were unable to function, we might have to do without that food until the chain was repaired.

1. The local buyer and shipper.

One of the people whom we did not talk very much about was the local buyer. Some of our farm products are sold by farmers to these local buyers. These local buyers usually do a lot of the marketing service. They may inspect, grade, and standardize products. They provide storage for the products while they are getting the products together in large enough quantities to ship different grades in carlots. They furnish the farmer with a cash market for his crops. They know market conditions so they ship to dealers in central markets. Sometimes these local buyers handle only one or two commodities; but usually they handle several.

2. The commission merchant.

A commission merchant is very much like the broker that we studied about in Chapter V. The commission merchant is closer to the farm than the broker is. Farmers often ship products to the commission merchant. He does not

buy the products, but he takes them and finds buyers for them. He charges a commission for his service. This fee is either on a percentage of the price for which the goods were sold, or a flat charge for each unit received and sold. Goods sold through commission merchants are said to be "consigned on commission". Large quantities of farm products are sent directly from the farm to be sold on commission. Many cash buyers also ship to commission firms in other cities.

In Oregon much of our livestock is shipped to central yards where it is sold by commission firms.

3. Middlemen may perform many functions.

Not every middleman is a specialist. Some of the middlemen do several things in the marketing chain. For example, local buyers and wholesalers assemble commodities into larger quantities and at the same time they may inspect, grade and standardize the product. Grading and standardization may be performed anywhere along the line. Creamery companies may perform all of the functions of assembling, transporting, manufacturing, grading, standardizing, jobbing, and even to a limited extent retailing their butter, ice cream and other dairy products. Local buyers, shippers and retailers all perform important storage functions. Many of them are also engaged in advertising and all of them are salesmen.

These costs of marketing are included in the price that you pay for products. Do you remember in other lessons where we said that the consumers were wanting more and more convenience in the foods, they wanted more grading

of foods, and many other things? As you can see these things cost money. People that handle agricultural products are specialists. The more specialists that you have handling the products, the more the products cost.

Processing is usually the most costly service for things like bakery goods, prepared cereals, canned fruits and vegetables and other highly processed products. For other farm products such as fresh meat, poultry, and eggs the processing charges are quite a bit lower. For those commodities retailing is the most expensive operation. For some fresh fruits and vegetables that require long hauls and that need special care, such as refrigerated cars, transportation may be as costly as any other marketing service.

Many people try to compare the price of a sirloin steak that they buy with a price the farmers receive for their beef cattle. This is not a good comparison. First of all, we must remember that the beef animal does not contain 100 per cent sirloin steak. Sirloin steak is only a small part of the animal. There are many other cuts of the animal which are cheaper than the sirloin steak. There may be cuts that are less per pound than the farmer received per pound for the animal. An average price per pound of the dressed animal may be compared with the live price of the animal. This can be done if you remember that the animal had to be transported to market, slaughtered and then stored in the cooling room. After these processes, the animal had to be cut up. The animal contains a lot of bone. Most of the bones cannot

be sold. Of course they do go into animal feeds or are used in other ways.

You have probably heard friends or neighbors talk about the large amount that middlemen get. Whenever farm prices drop, marketing margins costs are a touchy subject. Middlemen are criticized by producers. Much of this is misunderstanding. Sometimes there may be cause for them to criticize. But usually a wide difference between the consumer's price and the farmer's price means that many services are demanded by the consumer. We must not forget, either, what we learned in Chapter XIV. There we learned that someone has to take some risks. Someone has to finance the processing and distributing. All of these things cost money.

Table I on the next page shows you how much the retail cost is on different food products, what the farm value is and what the marketing cost is.

Do you notice that for such things as bread that the marketing cost was much higher than the farm value of the wheat that went into the bread? This is because of the large amount of processing that needs to be done. Now take a look at eggs. Eggs do not require very much processing before they get to the consumer. Here you find that the farmer keeps 68 per cent of the price received for the eggs.

QUESTIONS AND ACTIVITIES

1. List two agricultural products and two forest products. What services do the middlemen perform in handling each of these?
2. Who pays for the services of the middlemen?
3. Name five people that you know that are middlemen.

TABLE 1. Farm Food Products: Retail Cost, Farm Value, Distribution Costs and Farmers' Share, January-March 1958 1/

Product		Retail Cost	Farm Value	Mktg. Cost	Farmers' Share
<u>Product</u>	<u>Unit</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>
Beef	lb.	78.2	50.0	28.2	64
Pork	lb.	63.1	36.1	27.0	57
Fluid Milk	qt.	24.9	11.0	13.9	44
Butter	lb.	74.8	51.8	23.0	69
Cheese	lb.	58.2	29.0	29.2	50
Chickens (fryers)	lb.	48.5	28.2	20.3	58
Eggs	doz.	59.0	39.9	19.1	68
Bread		19.1	3.2	15.9	17
Flour	lb.	11.0	4.0	7.0	36
Oranges	doz.	65.2	23.8	41.4	37.0

1/ Marketing & Transportation Situation, July, 1958.

CHAPTER XVIII

TYPES OF BUSINESS ORGANIZATIONS

Everyone of the marketing agencies in the marketing chain is a type of business organization. Business organizations might be divided into four groups: (1) individual owners, (2) partnerships, (3) corporations, (4) cooperative corporations. Each one of these four types of businesses has advantages and limitations. All four types of the businesses are in the marketing chain.

1. Individual owners.

Any person who has enough money of his own may invest it in any one of the different kinds of marketing agencies that we have been studying. He may manage the business himself if he may hire someone to manage it for him. Many of our country buyers and shippers operate as individual businessmen. Our small grocery stores, road-side stand operators and many others also are individuals in business. The best examples of an individual in business is a 4-H Club member who owns a calf or has a garden project. Another example is of his father who owns and operates the family farm. The individual businessman makes his own decisions. He takes all of the risks. If he loses money in the business, he must pay all of the bills even though he loses everything else that he owns. Another example of an individual businessman is the logger. A logger may own a logging truck and haul for hire. Or, he may own his own chain saw and hire and contract the cutting of timber. There are many individually owned sawmills, too.

2. The partnership.

Sometimes two or more people put their money together in order to finance a business. When they join together in this way, they are said to be partners

in the business. A father-son farming operation is an example of this. The partners own the business together. They share the management and agree among themselves how the business shall be run.

Partnerships have an advantage by having more than one person around who is responsible for the business.

If there are any losses because of a business failure, both of the partners are individually responsible to pay any bills that they, as a partnership, owe.

This might mean that they would both lose everything else that they had.

3. The corporation.

There are very few people who individually have thousands of dollars to put into a business. Even most partnerships would not be able to have that much money. Many people together, though, could raise a large amount of money. The state corporation commissioner issues a charter to a group of people who desire to organize a corporation. They conduct a business as is stated in their charter. The corporation has only the power to do those things that are stated in the charter. For example, the charter may say that the group will buy and sell agricultural products, but if it does not say that they can buy and sell steel or oil for manufacturing purposes, then they are not permitted to do so.

Members of corporations buy shares in their organization. Each one may buy as many shares as he wants. Each share has one vote.

We can see that a corporation might have a great many different stockholders. It would be impossible for them all to participate in the managing of business.

Therefore, a board of directors is elected by the stockholders. This board of directors hires the manager and outlines for him the way in which the business is to be run. A big advantage to a corporation is that each stockholder can lose no more than the amount he has invested if the corporation should have business losses.

Profits are distributed back to the stockholders depending upon the amount of stocks that each holds. This is called a dividend. Examples of a corporation are your bank, many processing plants, chain stores, etc.

4. The cooperative corporation.

A cooperative corporation is organized by a group of people who want to pool their resources and work together. They will have savings that come about by working together. These savings go back to the people that belong to the organization in accordance with the amount of business that they did with the organization. It is a means of getting a higher price for the products that they market and buying things that they need at a lower price. Individually, none of these people could buy large amounts of gas, oil, or fence posts. Together they can buy large carloads and save money.

Agricultural producers generally are not large enough individually to put up a large processing plant or a canning plant. Together they can pool their resources and process their products.

The operations of the cooperative corporation is made by directors. The directors are elected and these directors hire a manager who follows the policy of the board of directors.

A cooperative member has one vote regardless of how much money he has invested or how much produce he puts through the organization. This is not true of the general corporations. In general corporations the stockholders vote in accordance

with the amount of stock that they own in the corporation. They may not do any business at all with the corporation. Your father may own stocks in the New York Central Railroad. But the New York Central Railroad does not operate in Oregon.

You can now see one of the differences between a corporation and a cooperative corporation.

Cooperative Corporations are especially important to farmers. They enable individual operators to pool their resources, and at the same time keep a large share of their personal freedom. They very often help the family-size farm to buy and sell more favorably. Many times these family-size farms can get services that they did not have before.

It is not only farmers who have cooperative associations, though. There are cooperative associations that own telephone systems, irrigation districts, insurance, merchandising, credit, banking, and many kinds of manufacturing and marketing establishments. In 1950, United States Department of Agriculture found 10,035 different cooperative associations in this country with a membership of over 7,000,000. Our Pacific Cooperative Wool Growers, for example, handled 8,000,000 pounds of wool in one year. This was from producers in Oregon, Washington, California, Idaho, and Nevada.

QUESTIONS AND ACTIVITIES

1. Name three of each of the types of businesses.
2. When would you prefer:
 - a. partnership?
 - b. corporation?
 - c. individual business?
 - d. cooperative corporation?

CHAPTER XIX

GOVERNMENT AND MARKETING

Many of you realize that the government exerts influence on our agricultural economy. Not everyone realizes that the government has a lot more to do with agriculture than controlling production through acreage controls and supporting prices of certain commodities.

What are some of the other things that the government does to help agriculture? We need to consider both the state government and the national government.

First, let's take up the state government. Most state governments regulate inspections of slaughtering houses and other types of food processing plants. This is to safeguard the health of consumers.

In addition to this, many of the commodities that are marketed in the state are graded. An example of state grading and inspection is the grading and inspection of seeds that are sold for planting purposes. If someone didn't test the seeds and determine their germination and purity test the planter would not be certain of having a high-quality seed. The State Certification Board does this type of regulatory work and this assures buyers that they are getting a certain quality product.

Usually minimum standards are established for quite a few of the farm products. The state dairy inspector is responsible to see that the milk that is produced for sale is clean and has a good quality for human consumption. These are just a few of the things done by your state government.

Now let's look at some of the things that the national government does for us. The Interstate Commerce Commission regulates transportation charges. The Inter-

state Commerce Commission sees that the rates are uniform. They also see that no illegal types of transporting are done. One state has no jurisdiction in another state so it is necessary to have a federal group that takes care of those situations.

The Pure Foods and Drug Act was set up to assure people that they are getting pure foods and drugs when they purchase them. This also protects farmers and producers because as long as the consumer considers the product a good one, they will continue to buy it. If there were no regulations and something happened so that one of the farmer's products became contaminated and people died or were ill from it, they would quit buying it. The government also watches for false advertising.

Probably the thing that we have heard most about is the assistance that the government has given to maintaining a price for some farm commodities. At the present time, the government is supporting the price of a number of farm products.

Still another way that government helps in marketing is through the United States Department of Agriculture research and extension work. Your 4-H Club agent is a member of this organization.

Our State Colleges assist farmers, processors, distributors, and consumers.

Government agencies issue outlook materials to help farmers make decisions. This outlook material is used by everyone in the marketing chain.

Yes, there are many ways that the government and marketing agencies work together.

The relationship between the farmer and the state and the federal government is a very complex one. Many things are done to help farmers and consumers.

Many of these things go unnoticed but are taken care of day after day.

REVIEW

Now, review your marketing project with your teacher. You will find that marketing is a complex process but a very necessary one for people that produce commodities for sale. Have you enjoyed studying about marketing?

QUESTIONS AND ACTIVITIES

1. Do you think the government should regulate production? Price?
2. List ways that the state and federal governments aid you as a producer and consumer.
3. See if your parents can name some of the ways government, both state and federal, influence and control marketing.

CHAPTER XX

JOBS IN AGRICULTURE ON AND OFF THE FARM

I. Can You Be A Farmer?

Perhaps many of you would like to farm as your parents or friends are doing. Some of you will be able to farm after you have finished your education. Others will not be able to farm because:

- A. Farms need to be large today to be successful.
- B. It takes thousands of dollars for land, machinery and other expenses. You may not be able to raise the money you would need.
- C. Fewer farms will be needed.
- D. Even if your parents own a farm, it may have to be divided up among brothers and sisters. This would make each piece too small for a good farm.
- E. Even if you have no brothers or sisters, your parents' farm may be too small to make a good farm in the future.

If you are one of the few who can and will farm, you and your parents should be thinking about what training you will want after high school. Remember, farming today requires more knowledge about many more things than ever before.

II. If You Are Interested In Agriculture But Cannot Farm.

You have been studying the past few weeks about how agricultural products are marketed.

As our marketing system grew, people moved from farms and began working at

supplying farmers with the goods and services they needed and in marketing or distributing farm products to consumers.

Farmers became fewer in number but depended more on others to do some of the things for them that they used to do for themselves.

Today, there are only 12 million people actually farming but 28 million or more than twice as many working in agriculture off-the-farm. The on-farm and off-farm people engaged in agriculture number 40 percent of our total population.

If you want to work with agriculture but cannot actually farm for some reason, how would you like to work with the 28% supplying farmers with goods & services and marketing farmers' products?

Many of these off-the-farm jobs in agriculture offer some of the same advantages as farming. You could be working with rural people and in many cases would be outdoors doing many interesting things.

Some of the jobs you might not realize had anything to do with agriculture such as working for a railroad and living in some large city. There are many such jobs that make it possible to move farm products to markets where consumers can buy them. You are as important as the farmer in making food available to all people. The only difference is that you do not work and live on a farm.

Too, people frequently forget that there are many off-farm people who help farmers produce. There are many agricultural scientists developing

new varieties of crops, discovering new sprays for insects and weeds, as well as doing a number of other things which make agriculture more efficient and more productive.

Like training to be a good successful farmer, you must train carefully for these off-the-farm agricultural jobs. You would need to train in many different ways for the many different jobs.

It is important that you begin thinking about what you would like to do early in life so you can plan your training. Ask your teacher about how and where you would get the training for some of the jobs in marketing that you have studied in this course.

Remember that agriculture is much more than just begin a farmer!