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FACT SHEET

L-751

MARKETING AND BARGAINING COOPERATIVES.....
.....How Do They Differ?

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Slightly over a fourth of the business by U. S. farmers and ranchers is done through cooperatives. Farmer cooperatives are classified either as marketing, purchasing or service. Marketing cooperatives are of two types: (1) those handling the product, and (2) those not handling the product. This last type is commonly called bargaining cooperatives.

The purpose of this fact sheet is to show the differences between a marketing cooperative (handling products) and a bargaining cooperative (not handling products).

Business element or function	Marketing coop	Bargaining coop
Handle product	Yes	No
Primary function	Assembling Processing Storing Distributing Selling	Negotiate the sale of members product
Nature of market	Cash market	Contract market
Market price	Indeterminate	Determinate
Potential for expanding services to members	Many	Few
Own plant and equipment	Yes	No
Assignment (transfer of title)	Mostly no	Yes
Primary objective	Reduce cost to obtain more of market spread	Increase price and/or improve terms of sale
Organizational arrangement	Localized	Centralized
Need for volume	Desirable	Essential
Scale of operation	Related to firm	Related to industry
Need for economic skills	Desirable	Essential
Involvement of members	Desirable	Essential
Influence over producer action	Relatively small	Substantial
Market control	Do not have	Required
Capability to exercise power in the market	Weak (usually)	Strong

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Business element or function	Marketing coop	Bargaining coop
Capital requirements	Large	Small
Sources of operating	Member equity	Check-off
Capital	Retained earnings and borrowed funds	
Benefits	Accrue to coop—then alloted to patrons	Go directly to patron
Emphasis in communications	Accomplishments and pride of ownership	Plans, strategy and enforcement
Emphasis in public relations	Employee, farmer, and community	Farmer and buyer

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