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## EC1313 Marketing Technology

J. W. Goble

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MARKETING TERMINOLOGY

J. W. Goble

An understanding of marketing terminology is necessary to correctly interpret market reports. Many terms are used which are peculiar to marketing and may have a different meaning when used in market reporting than in common usage.

The following information has been taken from a report "The Market News Service on Dairy and Poultry Products", published by the United States Department of Agriculture, Production and Marketing Administration. The terms and definitions given in this discussion are taken directly from the report.

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1. Market: This term has several meanings, depending upon how it is used.
  - a. Buying and selling, or either of the two, that is, marketing.
  - b. The region or locality in which a commodity is sold.
  - c. Opportunity for buying or selling, or the price at which a commodity is offered.
  - d. Phase of commercial activity, such as firmness or weakness.
  
2. Tone of Market: Refers to trade sentiment regarding relationships between supply, demand, and prevailing prices. Undertone refers to anticipated changes, which are at divergence with the over-all prevailing tone.
  
3. Terms used in describing tone of the Market:
  - a. Very firm: Supply short of current or anticipated demand, and held closely at prevailing prices or premiums, with price advances quite generally in prospect.
  - b. Firm: Demand not fully satisfied at prevailing price. Sellers are confident due to existing or prospective increase in demand, or relatively lighter supplies. Prices may be unchanged or higher.

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- c. Steady to firm: Demand equal to or slightly in excess of available supplies, but no appreciable changes in prices. Apparent sentiment on part of some sellers is that the trend would be upward if price changes were to occur.
- d. Steady: Supply and demand well balanced with no appreciable changes in trend of current or prospective prices.
- e. About steady: Supply and demand fairly well balanced. Prices generally unchanged, but receivers are free sellers and any change would be slightly lower.
- f. Quiet: Implies inactivity of trading.
- g. Barely steady: Supply moderately in excess of demand and decreasing confidence on the part of sellers, but no appreciable selling at lower levels.
- h. Unsettled: Implies divided feeling regarding the tone and price trend.
- i. Irregular: Trading spotty and no definite differences of opinion regarding tone and price trend.
- j. Weak: Supplies definitely in excess of demand and a general lack of confidence. Trend of prices is downward and often a feeling that further declines may occur. If no changes have occurred in already low prices, buyers are taking only immediate needs with no immediate prospects of improved demand.

Terms used in describing supply and demand conditions.

- a. Market supply: as used in Market reports, includes current arrivals, plus dealers' floor stocks, plus cold storage warehouse stocks. Combinations of these for one given period, as compared with another, show relative changes in the supply situation. Since the above combination does not represent total market stocks, that is stocks of all jobbers and retailers, reference to changes in the market supply is expressed in such terms as, relatively heavier or lighter, larger or smaller, increased or decreased etc., rather than in statistical terms, such as pounds or cases.
- b. Demand: as used in market reports, means the desire to possess coupled with a willingness and ability to

buy at a certain price. The term demand is not used when sellers are unwilling to accept the prices buyers are offering, and very little business is transacted. Different degrees of demand may be expressed as follows:

- a. No demand: No interest or trading at any price.
  - b. Light demand: Some trading but volume relatively small.
  - c. Fair demand: Volume of trading below average amount.
  - d. Improved demand: Implies gain in demand over previous period. May be used with other phases, such as "demand light but improving".
  - e. Good demand: Implies confidence of buyers in price as reflected by active buying.
  - f. Heavy demand: Implies rapid absorption of available supplies at prevailing prices.
5. Price: Terminology relative to prices indicates the types of transactions to which prices apply, that is f.o.b., wholesale, jobbing, or retail price.
- a. Price changes: are indicated by the terms: higher, lower, or unchanged. The extent of a change may be indicated as, "prices 1¢ higher", "prices 1-2¢ lower", or "prices mostly unchanged". Where several grades or classes of a commodity are concerned and price changes are not uniform, expressions such as "prices unchanged to 2¢ lower", "prices 1¢ lower to 2¢ higher", may be used.
  - b. Price ranges: if wide, should be followed by the most prevalent price within the range, if it is possible to ascertain this such as "30-35¢, mostly 34¢".
  - c. Nominal prices: are opinions of values when there is no actual trading of a particular commodity or specific grade or class of a commodity. Ordinarily, published prices are based upon actual transactions, but because of the practical uses made of current price information by shippers and receivers, nominal prices may be published for brief periods when there are definite expressed opinions of buyers and sellers that there have been no changes in current values from those prevailing previously.

## Market Receipts

The term "Market Receipts" as used in dairy and poultry market reports refers to quantities delivered to or unloaded at designated markets. Published market receipts apply to terminal city markets or to primary markets in the country, and include arrivals by rail, boat, truck, or parcel post. Primarily, market receipts are indications of supplies arriving currently, although used in connection with other data, such as changes in stocks, they furnish a basis for calculating local trade out-puts. When the data made available include the origin of receipts, such information serves the important purpose of indicating not only the sources of supply for a given market, but also shifts in sources of supply which occur from time to time.

## Stocks

Changes in total supplies of dairy and poultry products occur due to variations in production, consumption, and imports and exports. Changes in local supplies at terminal markets are due also to variations in local market receipts, out-of-market shipments, and local consumption. Some measure of changes in local supplies and of the nature of trade movements is available through data compiled showing movements into and out-of-storage dealers' current trading stocks, and (at Chicago) cars on team tracks. In the case of either total or local supplies, information relating to stocks, including those in cold storage and those on trading floors, is of major importance.