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Egg and poultry marketing practices in West Virginia

Martin A. Abrahamsen

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Marketing Practices

in West Virginia

Bulletin 323

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M. A. Abrahamsen

Agricultural Experiment Station West Virginia University

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SUMMARY

Small poultry flocks are common in West Virginia. As a consequence little attention has been given to problems of flock management and to establishment of improved marketing methods for eggs and poultry.

The importance of eggs and poultry in West Virginia agriculture has not been fully appreciated. During pre-war years eggs and poultry accounted for nearly one-fifth of the state's cash farm income. By 1943 about one-third of this income was accounted for by these products. It was greater than the income from each of such important classes of products as livestock (cattle, calves, sheep, lambs, hogs, pigs, and horses), dairy products, and all crops.

Poultry and eggs are of relatively greater importance as a source of cash income on small farms than on large ones. They accounted for 33 percent of sales on farms reporting less than \$250 of products sold, traded, or used on the farm and for 7 percent of sales when such items amounted to over \$4,000 per farm.

About one-half of the farmers in West Virginia reported the sale of eggs. In the area studied the percentage distribution of egg sales according to the size of laying flocks was as follows: 25-49 hens--33 percent; 50-99 hens--39 percent; 100-249 hens--24 percent; and 250 hens and over--4 percent. The percentage of laying hens in these size groups was, respectively, 22, 26, 34, and 18 percent.

Forty-six percent of all eggs sold went to market during the period of February through May, March being the month of highest sales. During recent years egg prices in West Virginia have averaged higher than United States prices during fall and winter months and lower during spring and summer months. In general instability in marketing practices has characterized the sale of poultry.

Principal market outlets for eggs were: (1) cash stores, restaurants, and hotels; (2) local country stores; and (3) sales direct to consumers. Of lesser importance were sales to hatcheries, hucksters, cooperative associations, and central market agencies. In the order of importance, purchasers of poultry were: (1) hucksters; (2) consumers; and (3) cash stores, hotels, and restaurants.

Farmers reported that the principal disadvantages of selling through prevailing market outlets centered about such items as lower prices, difficulty of maintaining adequate transportation arrangements, excessive demands on time, lack of buyer competition, and inadequate local handling facilities. Advantages in prevailing outlets usually could be traced to matters of convenience and price. Possibilities for improvement in marketing practices included development of special outlets, installation of better facilities for the local handling of eggs, encouragement of cooperative endeavor, and adoption of better production practices.

Study of the operating practices of agencies purchasing eggs and poultry from farmers indicated that, except for a few specialized establishments, eggs and poultry comprised but a small part of their total business. Furthermore, the various types of purchasing agencies reported wide differences in their sources of eggs and poultry and in the proportion of these products sold to various agencies.

Dealers in eggs and poultry reported that uncertainty of supply and poor quality were among the more important problems they had to consider. Their advantages in handling eggs included encouragement of trade in other products and a growing tendency to establish outlets with known volume and quality. These agencies expressed the belief that buying on a basis of grade, improvement in quality, and increased production would do much to improve their market relations in the egg and poultry business.

EGG AND POULTRY MARKETING PRACTICES IN

WEST VIRGINIA /*

by M. A. Abrahamsen

Little definite information as to egg and poultry marketing practices has been assembled for West Virginia. The traditionally small farm flock is taken more or less for granted. On many farms it is commonly accepted that the farmer's wife or the younger members of the family attend the poultry in order to obtain groceries or to secure limited amounts of pin money. Too often, like Topsy, the chickens "just growed," and little attention had been given to problems of flock management or to the establishment of improved marketing practices for eggs and poultry.

Especially during wartime, such problems as have been associated with obtaining an adequate supply of feed and with the marketing of large quantities of eggs have served to focus increased attention on operations of poultry producers. It should be emphasized, however, that many of the problems associated with egg and poultry production and marketing in West Virginia have existed for some time. The war has served only to give increased emphasis to these problems.

The impacts of war have influenced many egg and poultry market outlets. Some have changed operating methods and have expanded business activities in response to demands for lend-lease and military purposes. Furthermore, transportation problems (rail and truck) have made their influence felt with respect to the movement of such items as feed, eggs, and poultry. Finally, problems caused by increased egg production and by difficulties of working out effective governmental programs for handling such production under West Virginia

/* Acknowledgment is expressed to Mr. L. J. Graham, manager of the Southern States Marketing Cooperative, Inc., for furnishing information and for making suggestions relating to egg-buying activities of that association; to Mr. John Scanlan, Principal Agricultural Economist, Cooperative Research and Service Division, Farm Credit Administration, for reading the study in preliminary form and for offering suggestions; and to Professors H. M. Hyre and T. B. Clark, Department of Animal Husbandry, and Professor F. D. Cornell, Jr., Department of Agricultural Economics, West Virginia Agricultural Experiment Station, for many helpful suggestions.

conditions have had an important influence on the marketing of eggs and poultry in the state.

PURPOSE AND METHOD OF STUDY

The purpose of this study was to obtain first-hand information with respect to the marketing methods followed by West Virginia farmers in disposing of their eggs and poultry.^{/1} Attention also was given to the buying and selling methods followed by the various kinds of agencies handling eggs and poultry.

Specifically, consideration was given to such factors as:

1. Determination of the relative importance of the egg and poultry enterprise in West Virginia agriculture.
2. Determination of the seasonal pattern for the sale of eggs and poultry.
3. General marketing practices followed by farmers with respect to grading, frequency of delivery, and care of eggs.
4. Determination of the relative importance of various marketing agencies used in the sale of eggs and poultry.
5. Evaluation of changes in marketing practices, consideration of advantages and disadvantages of sales through available outlets, and determination of the views of farmers concerning possibilities for improvement in the operation of the various agencies serving them.
6. Determination of the source of supply of eggs and poultry for various types of marketing agencies operating in the territories studied.

^{/1} At the time that field work for this study was undertaken, a study of the broiler industry in the state was under consideration. Consequently no effort was made to give detailed consideration to the marketing of broilers. Since the marketing of turkeys also presents special problems, this phase of poultry marketing is given no special attention.

7. Buying and selling practices followed by these marketing agencies.
8. Evaluation of possibilities suggested for the improvement in egg and poultry marketing practices in the state.

The counties of Berkeley, Monongalia, Upshur, and Wood were selected for study because in many respects they appeared to be quite representative of the farm poultry enterprise of the state as a whole. (See Fig. 1 for location of these counties.) Data for these counties indicate that they compare rather closely to state averages with regard to such factors as (1) percentage of farm income derived from eggs and chickens, (2) number of laying hens per farm, and (3) egg production per farm. In addition these four counties represent varying types of agricultural operations. Berkeley County gives representation to the rather intensive agricultural operations of the eastern part of the state. Monongalia County is representative of large areas in the state where industrial and mining activities have made their influence felt in shaping agricultural development. To a considerable degree such industrial development has served to determine the nature and extent of poultry production in a number of places within the state. Upshur County is quite typical of many of the more rural sections, and Wood County represents the more highly developed commercial egg production of the state.

Farmers having 25 laying hens or more on January 1, 1944, were listed according to communities within the counties selected for study.² This information served as basis for determining representative areas to study within counties. Depending upon conditions prevailing within the counties selected for study, the general practice was to select three to five communities in each county. Every fifth farmer in the selected communities was interviewed. The information obtained served as the basis for this study. A total of 203 farmers furnished records relating to egg and poultry marketing practices. It is believed that these records give a reasonably accurate indication of when and how farmers sell their eggs and poultry and that they also serve to indicate the more important marketing problems confronting egg producers in West Virginia.

² This information was made available through the courtesy of the W. Va. office, Agricultural Adjustment Administration.

Complete information was not available to indicate the nature of business operations for the various agencies handling eggs and poultry. All hucksters, cooperative associations, hatcheries, and large independent buyers who handled eggs and poultry in the territory selected for study were interviewed. In all, 118 agencies were interviewed. (See p. 34 for the numbers according to kinds of purchasing agencies.) Perhaps half of the stores in the territory, selected so as to indicate various types of stores and various groups of consumers, were interviewed. It was considered beyond the scope of this study to interview consumers--either those buying from various retail agencies or direct from farmers. A sufficient number of market agencies, however, were interviewed to obtain information as to operating practices of such agencies in handling eggs and poultry and to get a cross section of suggestions pertaining to prevailing marketing problems and to possible ways of improving marketing methods.

THE IMPORTANCE OF EGGS AND POULTRY IN WEST VIRGINIA AGRICULTURE

The importance of eggs and poultry as a source of cash farm income in West Virginia has not been fully appreciated. For the 5-year period 1935-1939 these items accounted for between one-sixth and one-fifth of the state's total cash farm income. Expressed as yearly averages, this represented a sum of slightly over seven million dollars as compared with nearly 41 million dollars, which was the total cash farm income from all sources during this period (Table 1).

In response to wartime demands, egg and poultry production in West Virginia increased considerably. As a result, significant changes had occurred in the state by 1943 as to the relative importance of poultry and poultry products when compared with other items. By then, cash farm income had about doubled as compared with 1935-1939. During the same period, income from eggs and poultry increased more than threefold, or to about 24 million dollars. This represented a cash farm income slightly greater than the combined income from cattle, calves, hogs, pigs, sheep, and lambs and exceeding the income from such important items as dairy products or crops (Table 1).

While the average yearly income from egg sales increased over $2\frac{1}{2}$ times and that from chickens nearly 3 times, the most significant change in the poultry industry was a substantial

Table 1--Relative Importance of Eggs and Poultry as Compared With Other Sources of Cash Farm Income in West Virginia, Yearly Average 1935-1939 and 1943 /1

Source of income	Yearly average 1935-1939			1943 /2		
	Cash	Percentage of total income from sources	Percentage of total income from poultry	Cash	Percentage of total income from sources	Percentage of total income from poultry
	\$1,000	percent	percent	\$1,000	percent	percent
Eggs and poultry						
Eggs	4,910	12	68	12,447	15	52
Chickens	1,376	3	19	3,884	5	16
Commercial broilers	281	1	4	6,339	8	27
Turkeys and other poultry /3	641	2	9	1,154	1	5
Total eggs and poultry	7,208	18	100	23,824	29	100
Dairy products	9,304	23	--	15,681	19	--
Livestock /4	12,377	30	--	23,535	29	--
Other livestock or livestock products /5	775	2	--	1,254	2	--
Crops	11,103	27	--	16,763	21	--
Total	40,767	100	--	81,057	100	--

/1 Compiled from data furnished by the West Virginia Crop and Livestock Reporting Service. Government payments are not included.

/2 Preliminary.

/3 Includes ducks, geese, and guineas.

/4 Includes, cattle and calves; hogs and pigs; sheep and lambs.

/5 Includes wool, horses, mules, honey.

increase in the broiler business. This is evidenced by the fact that for the period 1935-1939, broilers accounted for but 4 percent of all cash farm income from eggs and poultry as compared with 27 percent in 1943. Over the same period, the relative importance of eggs declined from 68 percent to 52 percent of all income from eggs and poultry (Table 1).

Some indication of the relative importance of the poultry industry in various sections of the state may be noted by examination of data presented in Figure 1, which shows the proportion of total value of farm products sold, traded, or used in the household that was accounted for by poultry and poultry products in 1939. Concentration of the broiler enterprise in Hardy, Grant, and Pendleton Counties helps to explain the relatively high percentages of such income in those counties. To a lesser degree, turkey production in Hardy; Berkeley, Pendleton, Hampshire, Grant, and Monroe Counties has influenced income there. In no other counties is poultry other than chickens of significant importance; consequently practically all income reported in the other counties is for eggs or chickens.

Five counties in the western part of the state (Wood, Jackson, Wirt, Roane, and Putnam) are located in the most highly developed commercial egg production area. They also

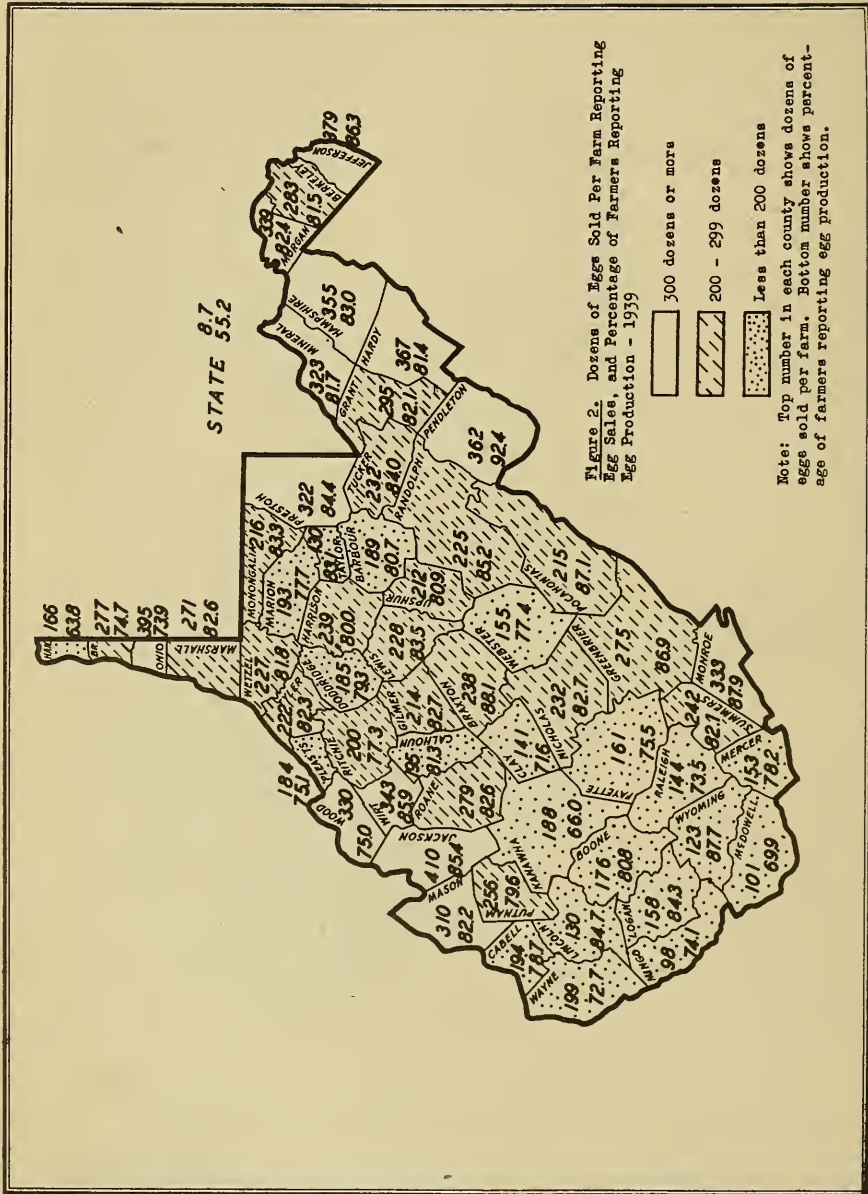
reported a significantly higher than average income from poultry and poultry products. In contrast, the proportion of total income from poultry and poultry products was considerably lower than the average for the state in seven southern counties (Lincoln, Logan, Mingo, Raleigh, Wyoming, McDowell, and Mercer) and in four central counties (Gilmer, Taylor, Randolph, and Pocahontas). These same general relationships tend to prevail with respect to the percentages of farmers reporting income from the sale of poultry and poultry products. (See Fig. 1.)

That egg production is not particularly extensive in any one part of the state is indicated by Figure 2, which shows the average number of dozens of eggs sold yearly per farm according to counties. While an average of less than 100 dozens of eggs sold per farm was reported for Mingo County, it was one of a group of 13 southern counties having yearly sales of less than 200 dozens per year per farm. Seven counties in the northern part of the state also came in this classification. In contrast four western counties (Mason, Jackson, Wirt, and Wood), one northern county (Ohio), seven eastern counties (Preston, Mineral, Pendleton, Hardy, Hampshire, Morgan, and Jefferson), and one southeastern county (Monroe) reported over 300 dozens of eggs sold yearly per farm. Between 65 and 90 percent of the farmers in all counties reported egg production. (See Fig. 2.) The proportion reporting egg sales, however, is known to be considerably lower.

These observations with respect to the importance of poultry in West Virginia indicate that: (1) the significance of the poultry enterprise has not been fully appreciated; (2) the large expansion, brought about in no small degree as a result of the war, suggests that more attention will need to be given to problems of marketing (particularly grading, transportation, storage, and selling); and (3) farmers should give increased attention to evaluating the performance of the various market outlets available to them before deciding which one is in position to render the best service and offer the best price.

Characteristics of the Egg-and-Poultry Enterprise

In spite of the relative importance of the egg and poultry enterprise to West Virginia farmers, it has been indicated that on many farms this operation was conducted on a small scale, often being a sideline to other farm operations and of little commercial significance.



Relationship of Size of Business and Type of Farm to Income from Poultry and Poultry Products: Data presented in Table 2 show that but 36 percent of the farmers having an income of less than \$250 from products sold, traded, or used at home reported the sale of poultry and poultry products. The proportion reporting such sales increased with the size of farm income until the \$4,000-and-over income-group classification was reached. The decline in the proportion of farmers in this classification reporting sales of poultry and poultry products was due largely to a highly specialized type of operation and to the resulting tendency for many of them to produce but enough eggs and poultry for home use. It also may be noted that, while the total sales of poultry and poultry products increased with the size of farm business, the percentage of total income coming from such products decreased as farms became larger. These items accounted for 33 percent of all sales on farms with the smallest incomes and for but 7 percent of all sales on farms in the largest income group. (Table 2). These data suggest that the sale of poultry

Table 2--Relation of Size of Farms to Percentage of Farms Reporting Sales of Poultry and Poultry Products, Average Sales per Farm Reporting, and Proportion that such Sales are of Total Farm Sales, West Virginia, 1939 /1

Size classification (Value of products sold, traded, or used on farms)	Farms		Average cash sales per farm for:		Percentage of
	Total	Percentage of total sell- ing poultry and poultry products	All farm products	Poultry and poultry products	total sales accounted for by poultry and poultry products
dollars	number	percent	dollars	dollars	percent
Under 250	33,305	36	23	8	33
250 - 599	41,244	60	110	28	26
600 - 1,499	17,429	82	507	99	20
1,500 - 3,999	4,038	82	1,860	240	13
4,000 and over	1,043	67	8,390	597	7
Average	---	56	313	49	16

/1 Compiled from the 16th Census of Agriculture, West Virginia, Third Series, p. 36.

and poultry products was of relatively greater importance on the small farms than on the large ones, even though the proportion of the former reporting such sales was considerably smaller. It still was true, however, that three-fourths of the farmers--those selling, trading, or using at home products valued at less than \$600 per year--accounted for only 30 percent of the sales of poultry and poultry products while the remaining one-fourth accounted for 70 percent of such sales.

Data presented in Table 3 give a comparison of the poultry farms with other farm types. It may be noted that the proportionate income from poultry and poultry products, as would be expected, was highest on the poultry farms and that the self-sufficing farms were next in line. In contrast, poultry and poultry products were less important on farms

Table 3--Relation of Type of Farm to Percentage of Farmers Reporting Sales of Poultry and Poultry Products, Average Sales Per Farm Reporting, and Proportion That Such Sales Are of Total Farm Sales, West Virginia, 1939 /1

Type of farm	Farms		Average sales per farm for:		Percentage of total sales
	Total	Percentage of total selling poultry and poultry products	All farm products	Poultry and poultry products	by poultry and poultry products
	number	percent	dollars	dollars	percent
Livestock	7,659	77	1,207	74	6
Dairy products	2,486	69	2,144	88	4
Poultry	2,263	100	949	732	77
Field crops	2,882	59	690	44	6
Fruits and vegetables	982	38	3,007	41	1
Self-sufficing	80,099	53	102	26	26

/1 Compiled from the 16th Census of Agriculture, West Virginia, Third Series, p. 24.

specializing in the production of livestock, crops, dairy products, or fruits and vegetables. For instance, only 38 percent of the fruit and vegetable farms reported poultry sales and then not to exceed 1 percent of total farm receipts. Somewhat the same situation prevailed on dairy, livestock, and crop farms. This suggests that the many details involved in the efficient operation of these farms seemed to be of such a nature that available management was in no position to undertake an additional enterprise requiring equally detailed attention.

Distribution of Farms and Laying Hens According to Size of Flock: Data obtained for the four counties selected for detailed study give additional information as to the characteristics of the poultry enterprise on West Virginia farms. /3 Approximately one-half of the farmers in these counties had

/3 As used in this and subsequent parts of the study that refer to investigations in Berkeley, Monongalia, Upshur, and Wood Counties, the term "poultry" applies only to cull chickens, roosters, and young chickens produced incidentally to the production of eggs for sale.

25 laying hens or more and sold some eggs during the period July 1, 1943 to June 30, 1944. Of this proportion nearly three-fourths had between 25 and 100 hens, and, but one farmer out of 25 had 250 hens or more (Table 4).

The distribution of the number of laying hens among different-sized flock classifications varied considerably as compared with the number of farmers in these groups. About one-half of all laying hens were owned by slightly more than one-fourth of the farmers--those having 100 laying hens or more. Those who had 250 or more hens in laying flocks accounted for 18 percent of all hens reported (Table 4). These data further indicate that, except for a limited number of farms where commercial poultry production was of some significance, poultry production was carried on primarily as a supplementary farm enterprise.

Table 4--Distribution of Number of Farms and Number of Laying Hens on Farms January 1, 1944, as Reported For 3352 Farms in Berkeley, Monongalia, Upshur, and Wood Counties, West Virginia, Classified According to Size of Laying Flock

Size of flock	Farms		Laying hens Jan. 1, 1944	
	Total ^{/1}	Percentage of total	Total	Percentage of total
number of laying hens	number	percent	number	percent
250 and over	128	4	55,580	18
100 - 249	809	24	107,443	34
50 - 99	1,317	39	83,202	26
25 - 49 (selling eggs)	1,098	33	70,904	22
Total	3,352	100	317,129	100

^{/1} In addition there were 3,426 other farms in the counties that reported no egg sales. Of this number 1340 had no chickens, 1014 had less than 25 laying hens and were presumed to sell very few eggs, and 199 had between 25 and 49 laying hens but sold no eggs. There were also 873 "unclassified" farms (largely rented or abandoned farms or rural residences that reported no chickens). These farms accounted for 51 percent of the known farms in the county and reported 19,985 laying hens, or about 6 percent of those in the area.

Seasonal Distribution of Sales: Data presented in Table 5 show that differences of considerable significance prevailed with respect to the seasonal distribution of sales for farms classified as to size of laying flock. It may be noted that nearly one-half (46 percent) of total yearly sales for all farms took place during the four-month period February through May, and that sales were lowest during the four-month period, July through October, when less than half as many eggs reached markets (22 percent) as during the period

of high production. Further, sales from farms having less than 250 laying hens were relatively fewer in months of

Table 5--Seasonal Distribution of Egg Sales July 1943 to June 1944 in Berkeley, Monongalia, Upshur, and Wood Counties, West Virginia, as Reported for 146 Farms, Classified According to Number of Laying Hens on Farms January 1, 1944

Month	Size of flock ^{/1} (number of laying hens Jan. 1, 1944)				
	Average all farms	25 - 49	50 - 99	100 - 249	250 and over
	Percentage of total egg production				
	percent	percent	percent	percent	percent
July	6.4	5.3	6.7	6.3	6.7
Aug.	5.4	4.8	5.4	5.4	5.7
Sept.	4.6	3.7	5.6	4.8	3.5
Oct.	5.4	4.8	6.1	5.3	4.9
Nov.	6.6	7.1	6.4	5.8	8.3
Dec.	8.1	8.2	7.4	7.5	9.7
Jan.	8.5	9.0	7.7	8.2	9.8
Feb.	10.4	11.0	9.3	10.4	11.1
Mar.	12.4	12.6	12.1	13.0	11.4
Apr.	12.3	13.4	12.6	12.9	10.6
May	10.9	11.3	11.4	11.2	9.8
June	9.0	8.8	9.3	9.2	8.5

^{/1} The number of farms according to size of flock was, respectively, 45, 44, 36, and 21 for the 25-49, 50-99, 100-249, and 250-and-over size classifications.

high prices and greater during the months of low prices. This is more fully substantiated by the following summary of egg production for selected periods:

Period	Size of flock (Number of laying hens Jan. 1, 1944)			
	25 - 49	50 - 99	100 - 249	250 and over
	Percentage of total egg production			
	percent	percent	percent	percent
High price (Oct., Nov., Dec.)	20.1	19.9	18.6	22.9
Low price (Apr., May, June)	33.5	33.3	33.3	28.9

It is significant that only the larger commercial producers, those with 250 or more laying hens, reported any tendency to increase the proportion of total production during months of high prices. Such factors as poor management, late-hatched chicks, normally high production during spring months, and a high proportion of eggs used at home during months of low production, all help to account for the relatively higher production of small flocks during months of low prices. The large operators seemed to be the only ones

who made a conscious effort to produce eggs during the period of high prices.

Egg Prices: Information pertaining to average egg prices in West Virginia is presented in Table 6. It may be noted that during the 1943-1944 season average egg prices for the state declined from a high of 49.9 cents per dozen in November and December to a low of 25.3 cents in April, a drop of 49 percent. While this was a significant decline,

Table 6--Average Monthly Prices for Eggs in West Virginia and the United States, July 1943 to June 1944, and Average Monthly Price Differentials Between West Virginia and United States Egg Prices for Selected Periods

Month	: Average price per dozen ¹ : Average price differentials			:(West Virginia over United States)	
	: (July, 1943-June, 1944)			July, 1935 -	July, 1941 -
	:West Virginia:	United States:	June, 1940	June, 1944	
	cents	cents	cents	cents	cents
	per doz.	per doz.	per doz.	per doz.	per doz.
July	34.8	37.9	36.3	+ 0.7	- 0.9
Aug.	38.0	40.4	38.8	+ 0.8	- 0.7
Sept.	41.8	45.5	41.6	+ 0.8	0.0
Oct.	46.8	46.8	45.2	+ 2.0	+ 1.4
Nov.	49.9	49.5	47.1	+ 2.0	+ 2.7
Dec.	49.9	47.1	44.9	+ 4.8	+ 4.2
Jan.	37.0	38.2	34.6	+ 4.2	+ 1.9
Feb.	33.0	34.1	31.9	+ 2.1	+ 0.6
Mar.	29.3	31.0	30.1	+ 0.6	- 0.9
Apr.	25.3	28.7	27.1	+ 0.1	- 2.0
May	25.8	28.0	27.2	- 0.1	- 1.7
June	26.7	30.4	28.1	+ 0.6	- 1.6

¹ West Virginia prices were obtained from records of the West Virginia Crop and Livestock Reporting Service, "sample" prices were based on reports from 25 producers in the area studied who furnished exact prices, and United States prices were based on records obtained from Crops and Markets.

it was no greater than for the period July 1935 to June 1939. During this time yearly declines from high to low months also averaged 49 percent. This compares with average yearly seasonal variation of 41 percent from high to low months during the period July 1941 to June 1944. The rising market price of eggs during the war and the price-support program of the Federal Government help to explain the smaller decline during the latter period.

Egg prices reported by the producers who furnished exact prices correspond closely to those of the state as a whole. In general these prices were slightly higher than state prices and they showed less tendency to advance as high or to decline as low as did the state prices. This situation may be explained in part by such factors as a greater than average proportion of sales to hatcheries and

consumers--outlets that give stability to the egg-price structure.

A comparison of egg prices in West Virginia and in the United States shows that, especially during recent years, West Virginia prices tended to be lower than United States prices in the summer and higher in the winter (Table 6). While West Virginia prices averaged higher than United States prices during the period 1935-1939 in all months but May, state prices were higher only from October through February inclusive during the 1941-1944 period. For the former period West Virginia prices averaged 1.46 cents per dozen higher than United States prices, while for the latter period these prices averaged only 0.04 cents higher per dozen. The increasing tendency in many other parts of the country to buy eggs according to grade has served to give additional impetus to quality production and may help to account for the decline in the differential between West Virginia egg prices and national prices.

It is difficult to ascertain the various factors that have contributed to greater seasonal variation in West Virginia egg prices than in the price structure of eggs for the nation. It seems reasonable, however, that an important consideration is the fact that during recent years much of West Virginia is a surplus egg producing area in the summer and a deficit producing area in the winter. Since there are practically no storage facilities for eggs, this means that summer prices tend to be the wholesale price less transportation and handling costs to central markets, while winter prices are the wholesale price plus transportation and handling costs from central markets. In addition, West Virginia eggs are of considerably better quality during the winter than in summer. Since country and local stores buy eggs almost entirely on the basis of current receipts or "averages," they have to make up for a certain proportion of poor eggs in the summer. This also may be an important item in explaining the fact that West Virginia prices tend to average below United States prices during the summer season.

That production and prices have an important bearing on seasonal income from eggs is indicated by data showing the seasonal distribution of eggs and income from eggs. For large and small flocks, and for all flocks, egg production and returns according to various periods of the year were distributed as follows:

Period (July '43 - June '44)	Percentage of yearly total for:					
	All flocks		Small flocks (25 - 49 hens)		Large flocks (250 hens or more)	
	Eggs percent	Returns percent	Eggs percent	Returns percent	Eggs percent	Returns percent
July - Sept.	16.4	16.5	13.8	13.5	15.9	17.2
Oct. - Dec.	20.1	24.4	20.1	23.8	22.9	27.8
Jan. - Mar.	31.3	32.8	32.6	34.6	32.3	31.5
Apr. - June	32.2	26.3	33.5	28.1	28.9	23.5

These data indicate that there is a definite tendency for the larger commercial operators to take advantage of the higher prices prevailing in late summer, fall, and winter. From July through December they obtained 45 percent of their yearly income from eggs, while operators with small flocks obtained but 37.3 percent. This compares with 41 percent of yearly returns for all flocks. In contrast, operators with small flocks reported 62.7 percent of their yearly returns during the spring and early summer months, while the large operators obtained but 55 percent of their income during the same period. In all instances the proportion of total eggs sold from July through December was less than the proportion of total returns obtained during this period.

MARKETING PRACTICES

No well-defined marketing practices exist for the distribution of eggs in West Virginia. As a general rule eggs go to town when farmers do. This is usually once a week, but when roads are bad and weather is adverse, or when the farmer or members of his family are too busy to go to town, eggs are likely to stay on the farm for a period of two weeks or so. Except for those farmers specializing in egg production, the size of the poultry enterprise does not justify an extra trip to town in order to market a few dozen eggs.

Grading Practices

Only a small proportion of the eggs marketed by farmers were sold on a graded basis. This was due in part to the large proportion of eggs sold direct to consumers, local stores, city stores, restaurants, and similar outlets--all agencies that have little in the way of facilities, available market outlets, or trained helpers that justify pur-

chasing eggs according to grade. It is perhaps true that, because of the deterioration of a large proportion of the eggs received at agencies, many farmers find it to their advantage not to sell according to grade. 4 This should not be interpreted as an argument against grading. It is rather an indication that it is necessary to produce higher-quality eggs if full advantage is to be gained from selling on a grade basis.

Some eggs, however, were sold by grade. For instance, practically all eggs handled on a cooperative basis in West Virginia were sold through service agencies and service stores of Southern States Cooperative, Inc. (See Fig. 3 for grade and price schedule prevailing as of July 7, 1944.) Likewise, eggs shipped to central-market wholesalers were usually sold on a grade basis. A portion of the eggs sold to hucksters were often sorted according to size, color, and quality. Hatcheries have established their own standards with respect to the eggs received for hatching purposes.

To Co-Op Receivers

On July 7, and until revised prices are published, the following prices per dozen will be paid producers for eggs received at Washington and Baltimore: (f.o.b. prices)

<u>Rating</u>	<u>Large</u>	<u>Medium</u>
A-1	40	33
A	38	31
AB	32	29
B	29	25
C	25	23
D Canded Basis Only		
Crax	20	
Trades	24	
Pullets	19	

Volume Credit and Grading
Credit additional.

Pay for direct purchases:

(Cur. Rec.) 56 lbs. & up 26¢

SOUTHERN STATES MARKETING COOP.

WV

7/6/44

FIGURE 3

In addition, a certain amount of informal egg grading takes place. Some outlets discount pullet eggs as much as 10 cents per dozen during winter months; others accept them by paying as much for 3 dozens of pullet eggs as for 2 dozens of regular eggs. Then, too, many farmers report that they sort out small, cracked, and misshapen eggs for home use.

4 A study by the Maryland Agricultural Experiment Station, Does It Pay To Grade Eggs? Bulletin 418, reports, "It is profitable for producers of high quality eggs to sell them on a grade basis, whereas, it is questionable if producers of low quality eggs can sell them profitably on such a basis."

Market Agencies

1. City Stores, Restaurants, and Hotels: In the territory studied, these agencies were the most important of all available outlets for farm eggs. They accounted for one-third to two-fifths of all eggs sold. Frequently these outlets have special arrangements with a limited number of producers, or in some instances but one producer, to supply them with the eggs needed. The common practice is to deal for cash; a few reported granting special inducements such as higher prices when producers take merchandise "in trade" in order to obtain the trade of farmers. While not extensively engaged in shipping eggs to central markets, these outlets at times make such shipments during periods of peak production. These agencies also are interested in purchasing chickens for their retail trade and often enter into definite agreements with farmers to furnish them poultry at regular intervals.

2. Local Stores: The second most important outlet for farm eggs was the local or country store. In contrast with city stores, these establishments handled eggs very largely as an "accommodation" to farmers and not extensively for sale direct to consumer patrons. In the territory studied they handled slightly over one-fifth of all eggs sold. To a large extent, payment for eggs was taken in trade, and to encourage this practice a premium of 2 cents or so per dozen was paid to farmers dealing in this manner. As a general rule, prices were somewhat lower than at city stores. A much smaller proportion of this group purchased poultry than was the case for city stores. The seasonal character of such sales, lack of adequate facilities and marketing arrangements for effectively handling live poultry, and negligible local demand were some of the more important factors that accounted for this situation. These stores, however, often served as a clearing house in reporting to hucksters those producers who had poultry to sell.

3. Individual Consumers: Individual consumers constitute an important outlet for farm eggs in West Virginia. In the area studied nearly one-fifth of the eggs were sold direct to consumers. Eggs were either delivered at the consumers' doorstep or picked up at the farm. Since there are large rural non-farm populations in the state and since many of the egg producers having small flocks live near cities or industrial communities, the prevalence of this kind of trade is understandable. Direct sales of poultry to consumers were

also important. Consumers pay somewhat more for eggs and poultry than farmers are able to get when selling through stores. Sales direct to consumers also were characterized by greater stability in price structure. As a general rule from two to four changes a year were all that producers made when selling eggs in this manner.

4. Hucksters: While not handling a large share of eggs direct from farmers, hucksters are an important agency in the distribution of West Virginia eggs. In many instances local stores act as receiving points for hucksters, who often allow them from 1 to 2 cents per dozen to collect eggs for them. To the extent that hucksters deal with farmers, it is often to obtain quality eggs from producers who are in position to supply such needs for that part of the huckster trade that demands fresh eggs. Consequently their usual practice is to pay somewhat higher prices than do country stores for such eggs.

5. Cooperatives: The proportion of eggs handled through cooperative associations in West Virginia is small. For the past decade, from three to six small local associations have been operating in the state. Often such factors as a limited supply of eggs, variable quality, and difficulties of obtaining capable management have meant that problems of maintaining an efficient local association and of finding and supplying a satisfactory market have had an important bearing on the success experienced by these associations. More recently Southern States Cooperative, Inc., through its affiliate, Southern States Marketing Cooperative, Inc., has entered the egg-marketing field. ⁵ As of July 1944, 11 service stores, 3 member associations, and 20 service agencies were receiving eggs in West Virginia. In addition the association has established wholesale receiving points at Richmond, Roanoke, Baltimore, and Washington, D. C. Eggs are received on a producer-graded basis or on a rating basis from: (1) service stores and service agencies; (2) egg-grading stations (cooperative and private), and (3) direct from producers.

While cooperatives handled only about 2 percent of the eggs in the state in 1944, they accounted for about 4 per-

⁵ For more detailed information concerning the operations of this agency see John H. Lister and Alexander Swantz, "Purchasing Farm Supplies Through Southern States Cooperative, Inc.," Cooperative Research and Service Division, Farm Credit Administration, Circular No. C - 128, pp. 71-74, 1943.

cent of the sales in the area studied. The volume of Southern States business in 1943-44 however, was 133 percent greater than in 1942-43. Wartime operations of this association have been handicapped by inadequate transportation and handling facilities. It seems reasonable to believe that, as conditions permit the use of insulated and refrigerated trucks, the installation of proper handling facilities at local receiving points, and the inauguration of an effective field-service program among producers, future possibilities for cooperative egg and poultry marketing will be much improved.

6. Other Outlets: Hatcheries and central markets are among the more important of the other outlets for eggs. Some of those producers that operate on a large scale have found that special outlets in distant cities (Pittsburgh, Charleston, Huntington, etc.) have enabled them to realize greater returns for quality production. Likewise, other producers have arrangements to supply hatcheries with eggs. The usual practice has been for hatcheries to pay either a flat premium price for such eggs or to pay around 10 cents per dozen above the prevailing market price.

Certain aspects of the producer hatchery relationships need further consideration. Some of these concerns report that, in order to improve hatchability of eggs, they require supplier producers to use feeds from their hatcheries. To the extent that this increases hatchability, farmers may benefit. However, to the extent that this practice is used to give hatcheries a "handle" on the feed business, there is danger that the farmer may be exploited. A better arrangement would be to pay producers on the basis of the hatchability of the eggs produced, without restriction as to source of feed. This practice has proved successful in many sections of the country. *

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Distribution of Sales

Eggs: Data presented in Table 7 indicate that about three-fourths of the eggs sold from the West Virginia farms studied were sold either direct to consumers or to city stores, restaurants, hotels, and local stores. Hucksters, cooperatives, and other agencies had not become particularly important as direct outlets for farm eggs.

Table 7--Methods of Selling Eggs as Reported by 132 Farmers in Four Selected Counties of West Virginia, Classified According to Size of Laying Flocks, 1944

Buying agency	All farmers	Size of flock (laying hens)			
		25 - 49	50 - 99	100 - 249	250 and over
		(Percentage of total sales)			
		percent	percent	percent	percent
Cash stores, restaurants, etc.	35.6	25.4	33.2	39.3	23.9
Local stores	21.8	24.7	27.0	17.3	18.5
Ultimate consumers	19.7	36.8	22.9	15.7	4.6
Hucksters	6.1	1.8	6.4	7.6	19.9
Cooperatives	4.5	8.4	0.7	5.1	4.4
Other ^{/1}	12.3	2.9	9.8	15.1	^{/2} 28.7
Total	100.0	100.0	100.0	100.0	100.0

^{/1} Includes hatcheries, central markets, and miscellaneous outlets.

^{/2} Includes 15.9% to central markets.

When consideration was given to outlets used according to size of flocks, it may be noted that considerable differences prevailed. As flocks increased in size, there was a tendency for a smaller proportion of eggs to be sold direct to consumers. This also applied to sales to local stores. While sales to city stores were reasonably well maintained for all classes of farm operators, there was a pronounced tendency for the larger operators to sell more eggs to hucksters and central markets.

The relationship of prices received for eggs to the kind of sales agency used is shown by the following price data:

Buying agency	Average prices for:		Price differentials (cents per dozen above or below average)	
	July 1, 1943-:July 15, June 30, '44:	1944	July 1, 1943-:July 15, June 30, 1944:	1944
	cents per dozen	cents per dozen	cents per dozen	cents per dozen
Ultimate consumers	39.6	33.2	+3.4	+2.0
Cash stores, restaurants, etc.	34.6	30.6	-1.6	-0.6
Local stores	34.0	29.4	-2.2	-1.8
Hucksters	36.3	28.4	+0.1	-2.8
Cooperatives	36.4	32.0	+0.2	+0.8
Hatcheries	42.5	37.3	+6.3	+6.1
Average	36.2	31.2	--	--

These data indicate that, depending upon the outlets used, considerable differences prevailed with respect to prices received from various buying agencies. For instance, sales to hatcheries and individual consumers were 6.3 cents and 3.4 cents per dozen, respectively, above the state average for the period July 1, 1943, to June 30, 1944. During the same period, sales to cash stores and to local stores were 1.6 cents and 2.2 cents per dozen, respectively, less than average state prices. Much the same relationship prevailed when a comparison was made with prices reported as of July 15, 1944. These findings indicate that, depending upon market conditions prevailing and upon the quality of eggs that farmers were in position to produce, it was decidedly to the advantage of producers to give careful consideration to the advantages offered by the various buying agencies serving them.

Poultry: Data presented in Table 8 show the extent to which various outlets for poultry were used by farmers with flocks of various sizes. It may be noted that sales to hucksters, ultimate consumers, and cash stores accounted for over three-fourths of all poultry sold and that the proportion going to each was about equal. Owners of flocks with 250 birds or more sold a greater portion of their poultry

Table 8--Methods of Selling Chickens as Reported by Farmers in Four Selected Counties of West Virginia, Classified According to Size of Laying Flocks, 1944

Buying agency	Size of flock (laying hens)				
	All farmers	25 - 49	50 - 99	100 - 249	250 and over
	Percentage of total sales				
	percent	percent	percent	percent	percent
Hucksters	27.3	10.2	26.0	15.5	41.8
Ultimate consumers	26.6	39.8	24.8	35.7	8.8
Cash stores, restaurants, etc.	25.9	29.9	24.7	28.6	13.9
Local stores	6.6	13.9	11.8	4.1	5.0
Other	13.6	6.2	12.7	16.1	<u>1</u> 30.5

1 Includes 22.5 percent shipped to central markets.

to hucksters and less than average to individuals, cash stores, and local stores. Hucksters were inclined to sell the greater proportion of their poultry to central markets. Among the other size classifications no significant differences prevailed with respect to sales to cash stores. Local stores

received a larger proportion of the poultry sold by producers having less than 100 laying hens than were sold by producers having over 100 laying hens.

Producer Opinions Relating to the
Marketing of Eggs and Poultry

As a general rule, producers had given little thought to problems of marketing eggs and poultry. Likewise, few changes had taken place in selling methods, and nearby outlets for these products had been accepted as a matter of course. In addition, little attention had been given to problems of improving the quality of production, and this served to restrict many producers in their efforts to obtain more satisfactory outlets for their eggs and poultry.

Changes in Marketing Practices: In the territory studied, but 40 producers of eggs and 13 producers of poultry indicated any marked changes in marketing practices for these products since 1940. The total number of farmers and the percentage of all farmers reporting changes in marketing practices since 1940, according to size classifications, were as follows:

Size classification (number of laying hens)	Farmers reporting for:			
	Eggs		Poultry	
	Change number	:Percentage: of total : <u>in class</u> percent	Change number	:Percentage of total : <u>in class</u> percent
25 - 49	6	10	2	4
50 - 99	13	19	5	8
100 - 249	11	26	2	4
250 and over	<u>10</u>	<u>40</u>	<u>4</u>	<u>20</u>
Total	40	21	13	7

These data indicate that producers having large flocks were more inclined to seek new outlets than were those with smaller flocks. No well-defined trends, however, seemed to exist. In places where cooperative associations had established agencies after 1941, some farmers were disposed to "give them a try." Likewise, as private establishments commenced business operations and bought eggs or poultry, some farmers shifted to these agencies. As similar agencies ceased business operations, producers who had sold eggs and

poultry to them sought new outlets. A few producers were inclined to seek special markets such as hatcheries, ultimate consumers, and stores or restaurants. This tendency, however, was virtually offset by other producers who, having tried such agencies, were inclined to restrict sales to the nearest buying establishment. This practice was furthered in some instances by shortages of labor or by limited transportation facilities--factors which made it difficult to maintain arrangements to supply market agencies requiring extra service.

With respect to poultry, such changes as were noted in marketing practices consisted primarily of shifting from or to the sale of dressed poultry to local buyers. A few, dissatisfied with these agencies, sought special markets such as stores or restaurants; in a few instances the practice was followed of shipping to central markets.

Disadvantages of Prevailing Market Outlets: Producers were asked to indicate disadvantages of prevailing markets for eggs and poultry. That producers had given little thought to evaluating the performance of these markets was indicated by the fact that of the producers interviewed as to their opinions concerning egg and poultry markets, 131 and 173, respectively, had no suggestions to offer. Reported disadvantages of established markets were as follows:

Disadvantages	<u>Farmers reporting for:</u>	
	<u>Eggs</u> number	<u>Poultry</u> number
Lower prices	23	8
Transportation difficulties	7	6
Excess time involved	4	6
Little or no competition	8	1
Inadequate handling facilities	7	1
Other	9	5

A considerable number of the producers objected to the prices received at local or city stores but continued to use these outlets. Many farmers noted that others received higher prices when selling through special outlets, and the idea prevailed that they too were entitled to such prices. Transportation difficulties and the matter of extra time consumed in delivery operations were of particular concern to produ-

cers selling to consumers on a route or delivery basis. Other significant disadvantages were related to limited competition and to inadequate facilities on the part of handling agencies. Many local stores have a virtual monopoly on egg purchases at least during some seasons of the year, and there was some tendency to exploit this situation. In addition, these agencies have little in the way of storage facilities, thus contributing to the further deterioration in the quality of eggs that often were not in the best condition when they were received.

Advantages of Prevailing Sales Arrangements: There was a tendency for most farmers to select their sales outlets because of such considerations as prices obtained or convenience of selling. As reported by producers in the area studied, advantages in patronizing selected outlets for eggs and poultry were as follows:

Advantages	Farmers reporting for:	
	<u>Eggs</u> number	: <u>Poultry</u> number
Convenience	96	38
Price	58	23
Other	41	6

Such items as "less trouble for a few eggs," conservation of transportation facilities, proximity of the buying agency, lack of other accessible markets, feed-route pick-up of eggs, and "less trouble" were among the most important considerations listed under convenience. Some producers realized that gross income from sales of eggs and poultry at other outlets might be higher, but the limited size of their production did not permit them to take advantage of these outlets. Also, quality of product and location were considerations that often kept them from selling to other agencies.

Those producers who stressed advantages of price usually sold to special outlets--cooperative associations, hatcheries, ultimate consumers, certain restaurants, and a limited number of hucksters. These agencies paid premium prices for quality eggs. Except in those instances in which small producers sold direct to nearby consumers, this group as a general rule represented the larger producers, who gave more than usual attention to matters of quality production and to selection of markets.

Possibilities for Improvement: Producers also were asked to express their views concerning possible improvements in marketing arrangements. That a large number expressed no views indicates that the proportion of producers who had attempted to think through problems of marketing was small. Classified according to suggested improvements, the distribution of producers expressing opinions was as follows:

Suggested improvements	<u>Farmers reporting for:</u>	
	<u>Eggs</u> number	: <u>Poultry</u> number
Feed/egg price relationships	16	4
Special outlets	7	5
Better handling arrangements	8	2
Cooperative sales arrangements	7	-
Better production practices	7	-
Other	8	4

The surplus egg production during the 1943-44 season reduced egg prices and resulted in a relatively unfavorable feed egg price ratio for the latter part of this period. As a consequence, general dissatisfaction existed, and the feeling that "something should be done about feed costs" was commoner than usual. Although not applying specifically to marketing, the prevalence of this suggestion explains its inclusion in the list offered. A few producers believed that a partial solution to difficulties could be found by seeking special outlets that paid premium prices. These outlets included hatcheries, cooperative associations, hotels or restaurants, and ultimate consumers. Those producers mentioning an interest in cooperative sales arrangements had little specific in the way of suggestions, but they expressed the view that "farmers should show more interest in working together." Such items as selection of proper breeds and strains within breeds, inauguration of proper sanitation practices, adoption of good feeding methods, and approved flock management were suggestions mentioned under production practices that would assist farmers in finding and maintaining better market outlets. Under the heading of better handling arrangements, some producers suggested the need for better egg storage facilities and for more careful attention to maintaining the quality of eggs produced.

OPERATING PRACTICES OF EGG AND POULTRY PURCHASING AGENCIES

One of the most significant characteristics of the egg-and-poultry business is the fact that a large number and variety of establishments handle these products. These items, however, constitute but a small proportion of the total business. As a result, eggs and poultry are "kicked around," and the agencies concerned often lack the facilities and the personnel to do an adequate job of caring for these products.

Nature of Egg and Poultry Marketing Operations

The proportion of total business accounted for by eggs and poultry was estimated by purchasing agencies as follows:

Purchasing agency	<u>Total reporting number</u>	<u>Percentage of total business:</u>		
		<u>Eggs and poultry</u> percent	<u>Eggs</u> percent	<u>Poultry</u> percent
Local stores	27	12.0	9.1	2.9
Cash stores (private)	39	9.4 "	6.1	3.3
National chains	5	8.0	6.8	1.2
Feed stores	4	8.8	5.9	2.9
Special egg and poultry markets	6	79.8	33.7	46.1
Cooperatives	3	23.7	22.0	1.7

It may be noted that, except for country stores, special egg and poultry markets, and cooperative associations, the volume of total business accounted for by eggs and poultry was estimated at less than 10 percent. While cooperatives handled eggs almost to the exclusion of poultry, egg and poultry markets reported poultry a more important part of their business than eggs. Although considerable variation existed, all other agencies indicated that eggs were of greater importance than poultry.

Data presented in Table 9 give some indication of the source of eggs for the different kinds of egg-purchasing agencies. Except in the case of hucksters and restaurants,

the greater proportion of the eggs were purchased direct from farmers--either as farmers brought them to the agency or as delivery trucks picked up eggs while delivering feed or groceries. Local country stores served as the important source of supply for hucksters and to a lesser extent for city stores and restaurants. Wholesalers, largely packers, were an important source of eggs only for national chain stores and for restaurants, although a few private stores obtained some eggs in this way during seasons of low local production. Others went without or only partially supplied their trade during such periods.

Table 9--Percentage Distribution of Purchases As Reported by 104 Egg-Purchasing Agencies in Four West Virginia Counties, Classified According to Type, 1944

Egg purchasing agency	Total		Percentage of total purchases from:			
	Agencies reporting	Eggs purchased	Direct from farms	Local stores	Central wholesalers	Other
	number	dozens	percent	percent	percent	percent
Local stores	32	260,428	92	1	1	6
City stores (private)	44	125,300	73	12	8	7
National chains	8	44,270	81	-	19	--
Restaurants	6	14,620	41	8	19	32
Feed stores	6	175,810	100	-	-	--
Hucksters	5	287,500	20	76	3	1
Cooperatives	3	95,925	96	4	-	--

[1] Forty-three per cent of these eggs were picked up on feed delivery routes.

Data reported in Table 10 give an indication of sources of poultry as reported by the various purchasing agencies operating in the territory studied. While local country stores, feed stores, hucksters, and the cooperative associations purchased a large share of poultry direct from farmers, private city stores and restaurants obtained a considerable amount direct from hucksters. Central wholesale agencies furnished a significant proportion of the poultry handled by national chains and to a lesser extent supplied restaurants and city stores. Local buyers, primarily country stores, were not particularly important as dealers in poultry, but to the extent that they engaged in such business, their principal outlets were hucksters, feed warehouses, and private city stores.

Table 10--Percentage Distribution of Poultry Purchases as Reported by
61 Egg-Purchasing Agencies in Four West Virginia Counties,
Classified According to Buying Agency, 1944

Buying agency	Total		Percentage of total purchases from:				
	Agencies reporting:	Head purchased:	Farmers:	Hucksters:	Central wholesalers:	Local buyers:	Other
	number	number	percent	percent	percent	percent	percent
Local stores	7	36,666	83	8	--	3	6
City stores (private)	35	54,551	9	44	14	13	20
National chains	5	10,698	31	--	69	--	--
Restaurants	5	5,220	40	22	17	--	21
Feed stores	3	35,943	86	--	--	14	--
Hucksters	5	99,623	79	--	--	21	--
Cooperatives	1	1,700	100	--	--	--	--

Buying Practices

Representatives of the various agencies buying eggs and poultry from farmers were asked to express views as to disadvantages, advantages, and possibilities for improvement in the market relationships that have developed in their business operations. While the proportion reporting was rather small, the views expressed should be of assistance to producers and to purchasing agencies in bringing about improvement in prevailing market relationships.

Disadvantages: Uncertainty of supply and poor quality were the main disadvantages reported by agencies buying eggs from farmers. Of 31 agencies reporting dissatisfaction with prevailing market arrangements, 10 mentioned uncertainty of supply and 9, poor quality as the most difficult problems they had encountered. Other items of concern included the risk of falling prices and poor transportation facilities for moving eggs to central markets. Agencies handling poultry reported such items as uncertainty of supply, inability to get dressed poultry, loss of weight in shipping live poultry, and inadequate facilities for handling as the principal disadvantages of this type of business.

Advantages: It is significant that, in the opinion of representatives of the various buying agencies, the advantages of handling eggs and poultry outnumbered the disadvantages. As reported by various buying agencies, these advantages were as follows:

Advantages	<u>Buying agencies reporting for:</u>	
	<u>Eggs</u> number	<u>Poultry</u> number
Encourages trade	37	3
Known quality	29	12
Constant supply	4	6
Less cost	5	2
Convenience	4	2
Other	3	3

The matter of encouraging trade was an important consideration among local country stores, private city stores, and national chains. This helps to explain why many of these agencies were willing to handle eggs on an "accommodation" basis. Some of these agencies reported that the quality of the products was known and established and that they were able to obtain a constant supply, which indicated that it is often possible to work out satisfactory arrangements with producers to obtain the quality and quantity of eggs and poultry they desire.

Possibilities for Improvement: Although representatives of the various buying agencies had little in the way of suggestions for improving egg and poultry markets, some stressed the importance of quality improvement and egg grading, 14 mentioning the former and 12 the latter. Other suggestions related to the maintenance of year-round production in order to assure a constant supply, the purchase of eggs by weight, and the installation of adequate receiving facilities.

Selling Practices

The egg outlets available for the agencies buying from farmers are shown in Table 11. Local country stores resold nearly 90 percent of the eggs they purchased to such outlets as other stores and restaurants, central markets, and hucksters. They reported that only 11 percent were retailed. In contrast, two-thirds of the sales of private city stores were direct to the retail trade and about one-fourth were to hucksters. Some of the national chains followed the practice of sending all eggs purchased direct to wholesale receiving points; consequently only about one-half of the eggs purchased by chain stores were retailed. Local cooperative

Table 11--Percentage Distribution of Egg Sales as Reported for 118 Egg-Purchasing Agencies, Classified According to Type in Four West Virginia Counties, 1944

Purchasing agency	Total		Percentage of total sales to:			
	Agencies reporting	Eggs sold	Ultimate consumers	Stores, restaurants, etc.	Central wholesalers	Hucksters and others
	number	dozens	percent	percent	percent	percent
Local stores	32	260,428	11	31	34	24
City stores (private)	56	312,619	67	4	1	28
National chains	8	44,270	47	<u>1</u>	53	--
Restaurants	6	14,620	100	--	--	--
Feed stores	6	175,810	--	23	34	43
Hucksters	7	292,100	1	41	50	8
Cooperatives	3	95,925	3	--	97	--

1 Less than 0.5 percent.

associations or agencies served largely as receiving points for larger central wholesale establishments that sold to stores, restaurants, and hospitals. Feed stores and hucksters have developed outlets with private stores and other agencies that account for a considerable proportion of their business (Table 11).

Data presented in Table 12 indicate that private city stores, national chains, restaurants, and cooperative associations sold practically all poultry direct to consumers. Local stores, feed stores, and hucksters, in turn, had developed a wide range of outlets. Except for hucksters selling to private stores, central markets were the most important of these outlets (Table 12).

Disadvantages, Advantages, and Possibilities for Improvement: Representatives of the various buying agencies had few suggestions pertaining to sales arrangements for eggs and poultry. This indicates failure to give serious consideration to this phase of their business, tendency to accept prevailing outlets for these products as a matter of course, and general lack of interest in this side-line enterprise. It helps to explain also some of the unsatisfactory conditions prevailing in egg and poultry marketing arrangements for West Virginia farmers. Such disadvantages as questionable business ethics on the part of some market buyers, pronounced price fluctuations, and the necessity of "taking eggs as they come" and selling accordingly were some of the commoner shortcomings mentioned by purchasing agencies in

Table 12-- Percentage Distribution of Poultry Sales as Reported for 61 Poultry-purchasing Agencies, Classified According to Type, in Four West Virginia Counties, 1944

Purchasing agency	Total		Percentage of total sales to:			
	Agencies reporting	Head sold	Individual consumers	Stores, restaurants, etc.	Central markets	Hucksters and others
	number	number	percent	percent	percent	percent
Local country stores	7	36,666	1	17	61	21
City stores (private)	35	54,551	99	1	--	<u>1</u>
National chains	5	10,698	100	--	--	--
Restaurants	5	5,220	100	--	--	--
Feed stores	3	35,943	--	23	56	21
Hucksters	5	99,623	1	69	30	--
Cooperatives	1	1,700	100	--	--	--

1 Less than 0.5 percent

connection with the sale of eggs and poultry. Others looked upon the egg business more or less as a necessary evil, because they felt obligated to try to furnish customers with the eggs they desired.

In a few instances, however, purchasers for the larger stores looked upon the egg and poultry business as an important supplement to their other business operations. They indicated that their overhead was low and that, in those instances in which satisfactory market relations had been established, such factors as quick turn-over, little if any extra transportation costs, and no display requirements were important considerations in justifying the development of the egg-and-poultry business as an important sideline to their regular retail operations. Much the same considerations applied to some feed-store operators and cooperative associations. Possible improvements suggested by these agencies centered around increasing business volume. This would place them in position to give consideration to such items as egg grading, the installation of adequate handling facilities, and proper training of personnel.

CONCLUSIONS AND OBSERVATIONS

Possibilities for improvement in the marketing of eggs and poultry center primarily about three factors. These are:

(1) improvement in production methods, (2) improvement in marketing practices, and (3) increasing the operating efficiency of the various local and central-market purchasing agencies that handle eggs and poultry. The first two pertain directly to the individual producer, while the third concerns the operations of agencies that buy eggs and poultry from farmers. While not a part of this study, it is recognized that the policies of various agencies of government often exert a marked influence on the operations of egg and poultry producers and on the marketing agencies that handle these products.

Improvement in Production Methods

It is a truism that effective marketing starts with production. This definitely applies to the egg-and-poultry enterprise on West Virginia farms. There is no marketing system in existence that could or should be able to take a poor product and sell it at a price comparable with that obtained for better products. On the other hand, one of the tests of an adequately functioning marketing system is its ability to operate in such a manner that those producing high-quality products are paid accordingly. This suggests greater need for effective coordination of production and marketing operations in the egg-and-poultry enterprise if farmers are to secure adequate marketing arrangements.

Specific suggestions relating to production methods that will contribute to more effective marketing include:

1. The importance of such basic considerations as the production or purchase of good chicks, proper housing, feeding in accordance with approved practices, adequate sanitation, and correct culling methods; all need further emphasis. To ignore these considerations is to result in inefficient production of an inferior quality that cannot be marketed effectively under any conditions.

2. Depending upon whether producers are in the poultry business primarily for the production of eggs or meat, breeds and strains should be limited to those offering the best prospects for satisfactory performance in accordance with the end desired.

3. Producers going into commercial egg production

should plan for a flock of at least 200 birds. Experience has shown that if adequate attention is to be given the poultry enterprise, and if farmers are to avoid relegating it to the background when other tasks are pressing, this number of birds is a minimum for effective operation. Flocks of such size or larger also permit greater efficiency in the use of labor and can be housed at relatively lower costs.

4. Chicks should be started early enough to have pullets in high production for the low-production, high-price season which begins in the fall months.

5. Increased attention needs to be given to problems of maintaining the quality of eggs once they are produced. This means the production of clean eggs, adequate storage facilities, and proper packaging in cartons and crates.

6. Producers should avoid marketing arrangements that necessarily obligate them to purchase feed or supplies from the agencies buying their eggs and poultry.

If the preceding factors are given adequate consideration it may mean that fewer farmers will engage in commercial poultry production. Those doing so, however, will be in an appreciably better position to market their poultry products effectively.

Improvement in Marketing Practices

Effective marketing depends upon having products of such quality and quantity and in such a location that they satisfy consumer demand. Even under these conditions, such a product, contrary to common belief, "does not sell itself." Persons or representatives of the various buying agencies who are skilled in marketing and are able to direct products to the channels of trade that offer the best outlet are needed if producers are to sell their products to advantage. It is not enough to have a product, a marketing agency, and a consuming public. The producer and the consumer must be brought together by effectively operating marketing machinery, if desirable market relationships are to be established and maintained.

To market eggs and poultry intelligently, it is necessary that producers have a comprehensive understanding of general

economic factors that contribute to the prices for these products. This includes information relating to: (1) feed costs and feed egg price ratios, (2) the storage situation for eggs and poultry, (3) number of poultry on farms, (4) production trends, and (5) general economic conditions.

In addition, producers need all available information about local production and marketing possibilities. For instance, they ought to have definite information about prevailing feed prices, quality considered. They also should be acquainted with prevailing prices for eggs at various outlets. Attention needs to be given to both of these items before producers can expect to be in position to produce intelligently and to market eggs and poultry effectively.

In selecting an outlet for eggs, attention should be called to the fact that producers should strive for the highest net returns. This means that those producers having special outlets for their eggs and poultry must balance the extra returns obtained from such outlets with the additional expenses they have to meet because of special care, increased transportation costs, extra labor, and similar items that are associated with supplying these markets. This balancing of extra income and costs presents special and individual problems for each farmer. The practices he should follow and the agencies he should patronize will depend upon such factors as size of flock, location of farm, kinds of outlets, labor available, and the relationship of the poultry enterprise to other farm enterprises.

It is important that careful attention be given to all cost and income factors before deciding on a definite outlet or before changing from one outlet to another.

Increasing the Operating Efficiency of Receiving Agencies

Attention has been called to the fact that egg-and-poultry purchasing is widely scattered among a large number of establishments that differ considerably in methods of business operation and in the volume of eggs and poultry handled. As a general rule most of these establishments are able to add eggs and poultry as a sideline without appreciable additional expenditure for plant overhead, labor, or transportation facilities. These advantages, however, are usually offset by such considerations as inadequate facilities, poorly trained help, and a tendency to relegate the egg and poultry

business to the background as an unimportant sideline of business operations.

In some of the more remote parts of the state, producers object to the "sharp practices" of some dealers who have a virtual monopoly in the egg-and-poultry business. Such a situation seems inherent in areas of small and scattered production. The solution seems to rest in determining if there are possibilities of increasing production to the extent that it will be worth-while for producers to seek new outlets or until other purchasing agencies will show an interest in entering such a territory.

Indications are that the large proportion of relatively low-quality eggs handled at local stores and by some hucksters are a joint responsibility of producers and buying agencies. To remedy the situation both need to give more attention to details of quality maintenance and to the installation of necessary facilities to attain such goals.

Dissatisfaction with prevailing egg and poultry-market conditions is more or less general in West Virginia. This suggests that farmers may want to have more to say about marketing operations in the future. Most cooperative efforts in the past have been handicapped by small volume, difficulty of maintaining market relationships among local or wholesale buyers, and inability to obtain the services of competent managers. Recent efforts along these lines seem to offer considerable promise in that the function of receiving eggs is integrated with large wholesale egg-marketing operations on one hand and with cooperative farm-supply purchasing on the other.

In any event, it seems likely that, except for eggs sold locally to ultimate consumers and retail stores--outlets that account for over 50 percent of the eggs marketed in the state--,the agencies that will obtain the greatest proportion of eggs in the future will be those that give attention to the adoption of such progressive measures as (1) grading, (2) installation of adequate storage facilities, (3) development of efficient hauling arrangements to central markets that will include the use of insulated and refrigerated transportation facilities, and (4) adoption of an aggressive program of field work among producers.

