

South Dakota State University

Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange

SDSU Extension Leaflets

SDSU Extension

7-1-1923

Cooperative Marketing of Cream

A. P. Ryger

Follow this and additional works at: https://openprairie.sdstate.edu/extension_leaflets

Recommended Citation

Ryger, A. P., "Cooperative Marketing of Cream" (1923). *SDSU Extension Leaflets*. 24.
https://openprairie.sdstate.edu/extension_leaflets/24

This Pamphlet is brought to you for free and open access by the SDSU Extension at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in SDSU Extension Leaflets by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact michael.biondo@sdstate.edu.

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.



For current policies and practices, contact SDSU Extension

Website: extension.sdstate.edu

Phone: 605-688-4792

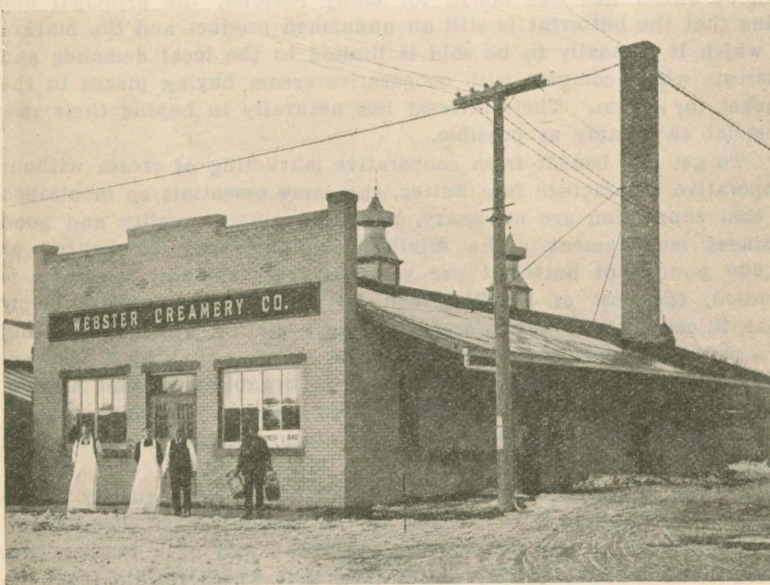
Email: sdsu.extension@sdstate.edu

SDSU Extension is an equal opportunity provider and employer in accordance with the nondiscrimination policies of South Dakota State University, the South Dakota Board of Regents and the United States Department of Agriculture.



COOPERATIVE MARKETING OF CREAM

By A. P. Ryger, State Dairy Expert



A successful cooperative creamery churning over 300,000 pounds of butter per year.

To derive the fullest benefit from cooperative marketing of cream it is necessary also to cooperate in the manufacture of butter. In order for this to be successful and advantageous to the producers, it is necessary to have a given minimum volume of cream or butter-fat. The minimum amount was considered 100,000 pounds of butter manufactured per year, up to a few years ago, but on account of the great increase in prices of machinery, equipment, supplies and salaries, it is now found necessary to have at least 150,000 pounds volume output for economic operation of a creamery as compared with the former 100,000 pounds.

Another factor, in many instances as important as volume, is that of quality of product. In some communities where the volume might be secured to operate a cooperative creamery, the quality of

cream produced is so poor that the benefit from the volume of business would be offset by inferior quality of butter that would result. Therefore, it should be understood that both volume and quality are equally essential in the successful operation of a cooperative local creamery.

In addition, a competent management is absolutely necessary. Without this, both volume and quality would be of little benefit.

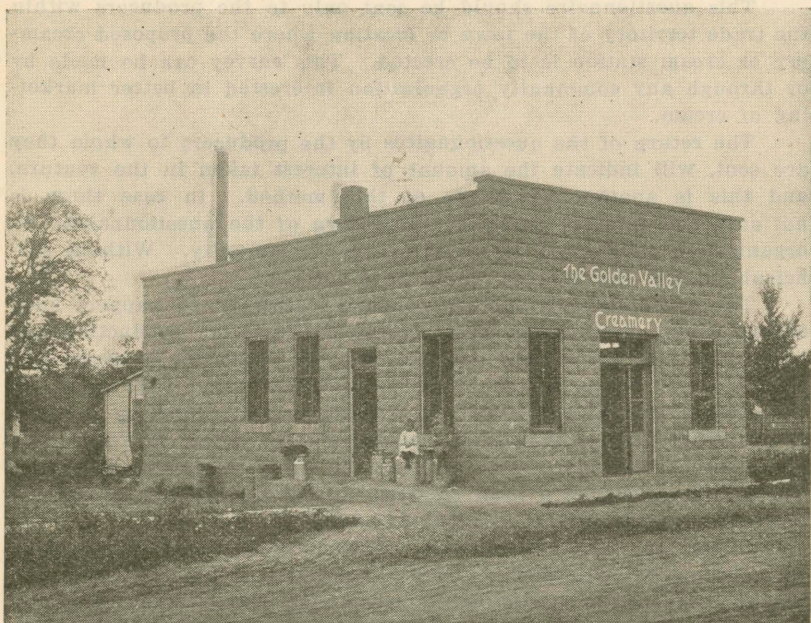
Cooperative marketing of cream without cooperative manufacture of butter has less merit, for many reasons; the principal one being that the butterfat is still an unfinished product and the market in which it is finally to be sold is limited to the local demands and interests which compete with cooperative cream buying places in the market for cream. Their interest lies naturally in buying their raw material as cheaply as possible.

To get any benefit from cooperative marketing of cream without cooperative manufacture into butter, the same essentials as mentioned in that connection are necessary, namely: volume, quality and good business management. The minimum volume may be figured at 50,000 pounds of butterfat per year. If this amount, or more, is handled, the cost of handling can be reduced considerably below what it costs under the present creamery station system, resulting in a saving to the producers. It is also possible that by a true cooperative effort of all producers in such an organization, that a much better quality cream can be marketed. In order to take advantage of the result of this, a cooperative cream station should be fitted with cooling and cleaning facilities.

Cooling facilities are necessary to retain the good quality of the cream from the time it is brought by the producer until disposed of. It then arrives at the factory in a condition and of a quality that would make a better quality butter than that which results from the average cream station bought cream. There should be cleaning facilities to clean and sterilize by steam, all utensils used in the handling of the cream at the station, including the farmers' cans brought with cream.

One reason why butterfat prices are low in this state as compared with butter quotations in the principal markets is that the cream is of poor quality when it reaches the factory, owing to lack of care on the farm, at cream buying places and while in transit. This is an economic loss that necessarily must fall on the producer. Hence, it should be his business to investigate and find means and methods of marketing which would overcome this loss. It would stand to reason that cooperative marketing, if properly organized and fully understood by the producers, would go a long way toward eliminating this loss. That in itself would be a large net profit to the producer of the cream.

Cooperative marketing of dairy products is no longer an experiment. It has been successfully carried on for years past in this and other countries, but its success depends on how well the milk and cream producers will cooperate and work together. Successful co-



The cooperative creamery at Spearfish

operative marketing of butterfat through a local creamery or cream station also depends on the amount produced in the locality where established. Hence, the first thing to be considered in organizing such marketing institutions is to find out the approximate volume of business to be had.

This can be done in many ways, but we believe the best way is to send out a questionnaire something like this:

"If you are interested in the proposition please fill in answers to the following questions, and return this at once to.....

.....
"How many cows did you milk during last year?.....

"Approximately how many pounds of butterfat did you sell?
.....

"Did you ship direct to a creamery or sell to a cream station?
.....

"How many cows do you expect to milk this year?.....

"Would you encourage going ahead with the proposition of a cooperative creamery or cream station if the amount of production is available?.....

"Will you become a member if established?.....

"Signed.....

"Address....."

This questionnaire should be sent only to the producers within the trade territory of the town or location where the proposed creamery or cream station is to be erected. This survey can be made by or through any community organization interested in better marketing of cream.

The return of the questionnaires by the producers to whom they are sent, will indicate the amount of interest taken in the venture, and this is another advantage of this method. In case there is not sufficient interest shown by the return of the questionnaires, an organization should not be urged on to a community. Without sufficient support the venture would be a failure.

To determine the number of cows necessary to support such organizations, figuring at 125 pounds of butterfat production per cow, yearly, it would take not less than 400 cows for a cream station and 900 for a creamery. This estimate would hold good for the eastern part of the state where the average production per cow is somewhat greater than in the western part. There it would take about 20 percent more cows to have the same volume of butterfat. The minimum cost of a local creamery to handle 150,000 to 200,000 pounds of butter would be about \$10,000.

In sections where there is not sufficient local production to warrant the operation of either a local cooperative creamery or a cream station, cooperative marketing of cream and manufacture of butter is possible through a centralized, direct shipping method. This has proved both practical and profitable in South Dakota. By this method it is possible to cover a wide territory to insure volume and at the same time obtain a much better quality of cream than that generally received at centralizing creameries through the cream station system. The minimum cost of building and equipment to handle from 50,000 to 100,000 pounds of butterfat under this plan would be about \$2,000.

To benefit from cooperative marketing of cream through creameries or cream stations, the cost of handling must be reduced by the volume handled and a better quality of cream than that now generally marketed is necessary.