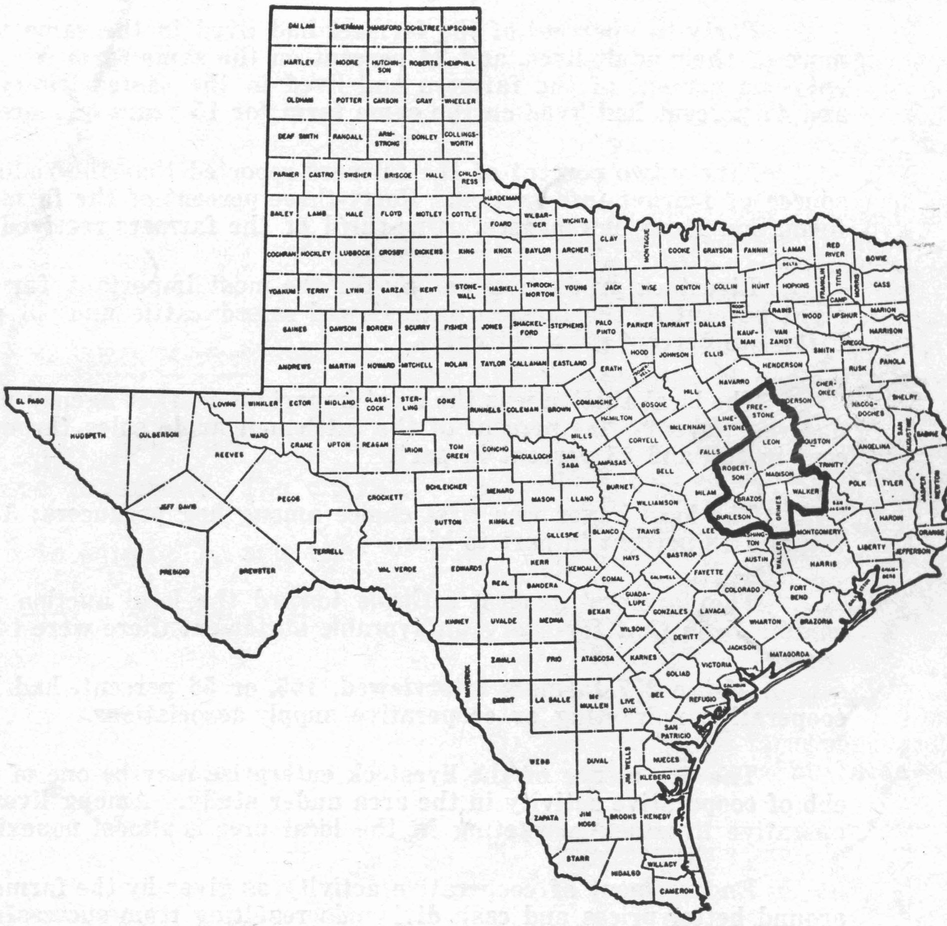
Bulletin 867 *July 1957*

The Farmer and His Market



The heavy black lines show the area covered in the survey.

in cooperation with the

UNITED STATES DEPARTMENT OF AGRICULTURE

TEXAS AGRICULTURAL EXPERIMENT STATION

R. D. LEWIS, DIRECTOR, COLLEGE STATION, TEXAS

SUMMARY

In an effort to determine the pattern behavior of farmers in the markets they patronize, 277 farmers were interviewed during July and August 1956. The survey was made in eight counties — Brazos, Burleson, Grimes, Robertson, Madison, Freestone, Leon and Walker.

The questions included in the schedule were primarily qualitative. They were in large part "open" in the sense the farmer was given free choice in his responses.

Forty-two percent of the farmers had lived in the same vicinity for 30 years or more of their adult lives, and 24 percent on the same farm for 30 years or more. Seventy-one percent of the farmers had lived in the same vicinity for 15 years or more and 47 percent had lived on the same farm for 15 years or more.

Ninety-two percent of the farmers reported that the radio was the most popular source of market information. Forty-three percent of the farmers obtained market information from newspapers. One-third of the farmers received special market reports.

Livestock production was by far the most important farm enterprise. Eighty-eight percent of the farmers interviewed raised cattle and 38 percent produced hogs. Fifty-two percent grew cotton.

The local auction was the most important market agency patronized by cattle producers. Seventy-five percent of the cattlemen made sales through the auction, 50 percent in full and 25 percent in part.

The local buyer was first choice among hog producers; 37 percent made sales in full and 13 percent in part to him.

The farmers' general attitude toward the local auction was evidenced by their comments in that for every unfavorable statement there were 14 favorable.

Of the 277 farmers interviewed, 155, or 56 percent, had had no experience with cooperative marketing or cooperative supply associations.

The prevalence of the livestock enterprise may be one of the reasons for the low ebb of cooperative activity in the area under study. Among livestock men in Texas, cooperative livestock marketing in the local area is almost nonexistent.

Endorsement of cooperative activity as given by the farmers interviewed centered around better prices and cash dividends resulting from successful operations.

E-R-R-A-T-A

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Figures 1 and 6 are reversed. The chart shown as Figure 6 is Figure 1, and the chart shown as Figure 1 is Figure 6.

The Farmer and His Market

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VIEWED IN HISTORICAL PERSPECTIVE, commercial agriculture with its ever-growing marketing problems is of comparatively recent origin. Such attention as the complexities of marketing has attracted, has been focused mainly on the distributive system from the farmers' local market to the consumers' retail market.

In the studies and researches concerned with marketing, little attention has been directed toward the farmers who are vitally affected. A student of marketing should display interest in how the farmer reacts toward the marketing system, favorably or unfavorably.

George M. Beal of Iowa State College interviewed 268 members of Iowa agricultural cooperatives to ascertain their general attitude, degree of patronage and concrete understanding of their cooperative organizations. (This study was reported in *Iowa Farm Science,* July 1954.) A high percentage indicated no feeling of responsibility toward their cooperative. The vast number who "shopped around" before trading with their cooperative suggests that many members feel free to patronize their association when that is advantageous and to patronize competitors of their own business organization when that is immediately advantageous.

The business operations of local and regional organizations received major emphasis in recent state-wide studies of agricultural cooperatives in Texas. However, the status and behavior of the members received little attention. These studies are reported in Bulletin 782, "Business and Financial Analysis of Local Cooperative Associations of Texas, Season 1949-50," and Bulletin 803, "Income and Cost Analysis—Cooperative Cotton Gins and Cooperative Supply Associations of Texas, Season 1949-50," of the Texas Agricultural Experiment Station. In the present study, steps were taken to consider the important aspects of membership; representative farmers were surveyed regardless of whether they belonged to cooperatives. The primary objective of this study was to concentrate on the behavior pattern of farmers in the markets they patronize.

SCOPE OF STUDY

The scope of this study is exploratory. A small area including eight counties, Brazos, Burleson, Grimes, Robertson, Madison, Freestone, Leon and Walker, was selected for obtaining schedules from farmers during July and August 1956. No attempt was made to select a sample that could be expanded to represent the total farm population. Since the type of road to market is important in the farmer's marketing activities, farmers were selected according to the various kinds of roads within the country. It was proposed to obtain schedules from 30 to 40 farmers in each county. A total of 277 schedules was taken in the survey.

Questions included in the schedule were primarily of the open type (questions that do not suggest a specific answer) to insure that the responses of the farmers were as much free choice as possible. The information sought was, in large measure, qualitative in character.

The homesteads of two-thirds of the farmers interviewed were on paved roads, U.S., State and farm-to-market, Figure 1. The one-third of farmers living on unpaved roads were 11 miles from market, on an average.

A minimum of information was collected regarding pertinent features of the farm population. Of the farmers interviewed, 84 percent were white, 15 percent Negro and 1 percent Latin-American. In age groupings, 2 percent were less than 30 and 18 percent less than 40 years old. One-third of the farmers were 60 years of age or older.

Forty-two percent of the farmers owned all the land operated; 41 percent added rented land to the land owned. Most of this rented land was in pasture. Seventeen percent of the farmers rented all the land operated. Nine percent of the farms contained less than 50 acres; 20 percent were less than 100 acres in size; 39 percent were 400 acres in size or larger.

STABILITY OF FARM POPULATION

The relative stability of the farm population could be of considerable importance in the devel-

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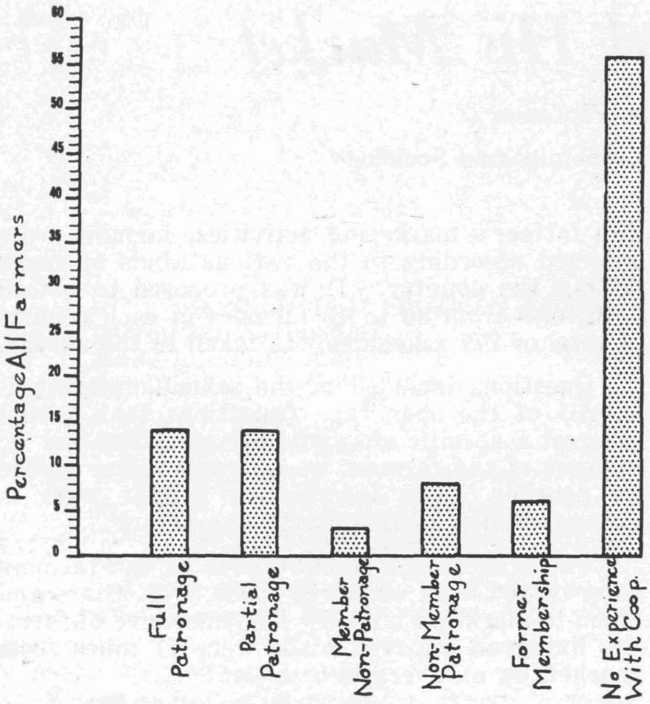


Figure 1. Types of road passing homesteads of farmers interviewed.

opment of efficient farmer markets, especially as regards the farmer cooperative marketing associations. Of the farmers interviewed, 42 percent had lived in the same vicinity for 30 years or longer of their adult life; 24 percent had lived on the same farm for 30 years or longer. Seventy-one percent had lived in the same vicinity for 15 years or longer; 47 percent had lived on the same farm for 15 years or longer.

Seventeen farmers out of every 20 interviewed subscribed to farm papers. Fifty percent of the farmers read daily papers. Weeklies of various types were received in 50 percent of the farm homes.

The farmers were questioned as to sources of market information. Ninety-two percent of the farmers received market information over the radio, Figure 2. Forty-three percent mentioned newspapers as a source of market information. Thirty-nine percent indicated a familiarity with outlook reports. One-third received special market reports. A considerable percentage of these special reports concerned livestock prices released by local livestock auctions.

GROCERY MARKETS PATRONIZED

A farmer's trip to market is generally a two-way activity—a delivery of farm products sold in the market and a return trip with farm supplies, groceries and household goods purchased in the market. The farmers were questioned regarding the trading centers in which they purchased groceries as clues to the markets in which they sold farm commodities and purchased farm supplies. Twenty-one percent reported patronage at country crossroad grocery stores. Half of these farmers purchased half or more of their groceries at these points.

In explaining reasons for selecting the grocery markets patronized farmers mentioned these features most frequently: nearness and convenience, favorable prices and a variety of products. A considerable number of farmers expressed an enthusiastic loyalty to the hometown. Cities with farm machinery agencies and with favorable markets for farm products received many favorable comments.

The 5 percent of the farmers interviewed who lived in cities purchased groceries in the home cities. Such situations as: off-the-farm employment in the cities, relatives living in the cities and relatives in business were factors of considerable weight in determining the cities in which farmers purchased groceries.

Seventeen percent of the farmers made one purchase a week; 20 percent made two and 12 percent made three purchases a week. The re-

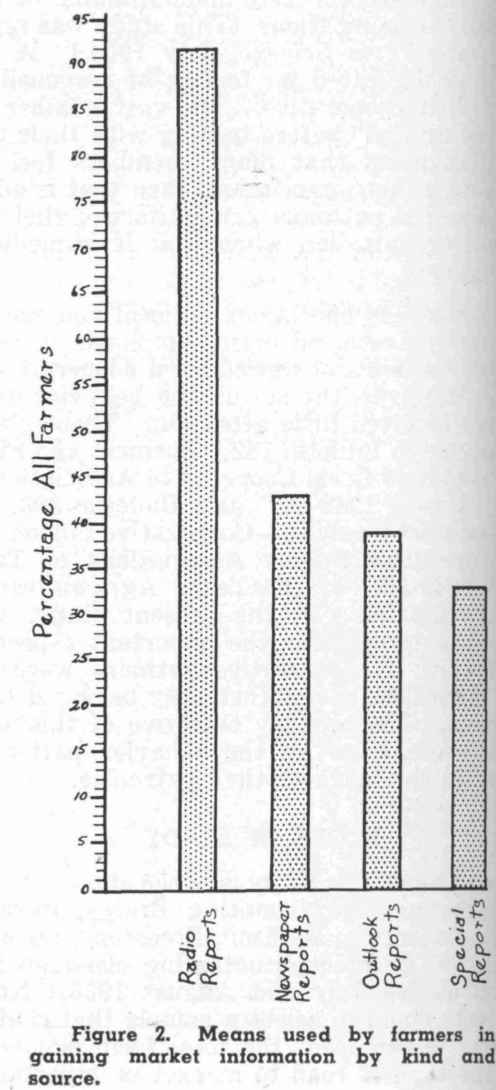


Figure 2. Means used by farmers in gaining market information by kind and source.

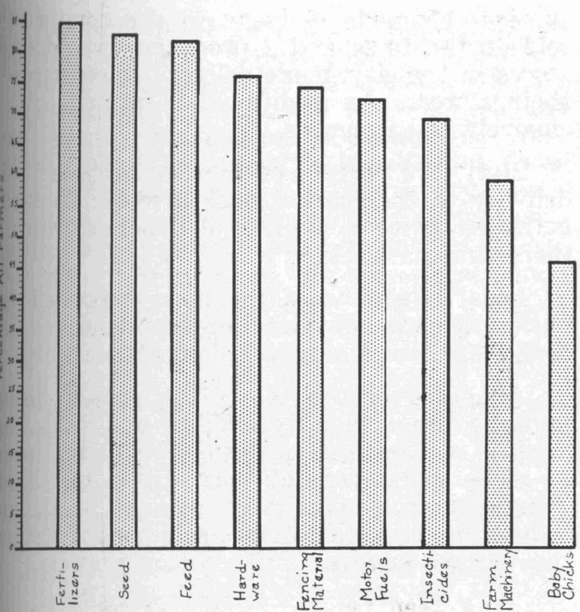


Figure 3. Principal farm supplies purchased by farmers replying to schedule.

mainder of the farmers made four or more purchases a week. Forty-three percent of the farmers purchased all groceries in one city or town and 45 percent made purchases in two cities or towns.

A large part of the farmers interviewed were purchasers of farm supplies, Figure 3. Eighty to 85 percent purchased feed, seed and fertilizers. Seventy to 76 percent purchased insecticides, motor fuels, fencing materials and hardware. Farm machinery was purchased by 59 percent and baby chicks by 46 percent of the farmers.

PRINCIPAL FARM ENTERPRISES

The marketing problems of farmers are tied directly to the commodities produced for the market, Figure 4. The production of cattle was the

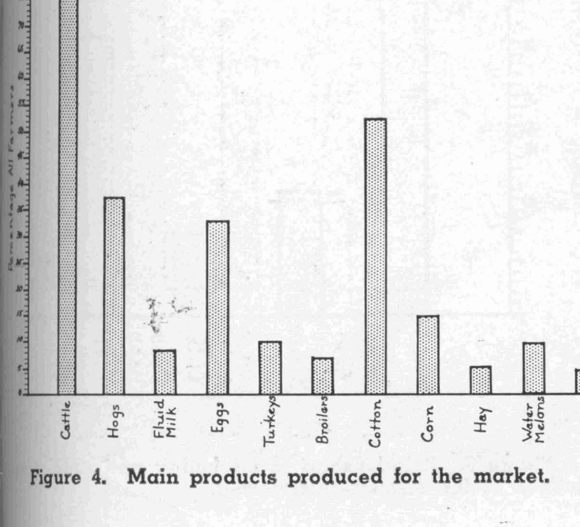


Figure 4. Main products produced for the market.

most important farm enterprise. Two hundred and forty-three farmers, or 88 percent of those interviewed, produced cattle. Thirty-eight percent raised hogs and 8 percent produced milk for the fluid market. Goats and sheep were of minor importance. Thirty-three percent of the farmers produced eggs for the market, 10 percent turkeys and 7 percent broilers. Cotton production was the second most important farm enterprise since 145, or 52 percent of all farmers, were cotton growers. Fifteen percent of the farmers produced corn for the market. Hay, sorghum grain and oats are unimportant as marketable products in this area.

Watermelons lead in vegetable production, with 10 percent of the farmers as producers. Peas, tomatoes and sweet potatoes were produced on only a few farms.

POPULARITY OF LOCAL LIVESTOCK AUCTIONS

In the marketing of cattle, the local auction was the agency most frequently used, Figure 5. Fifty percent of the cattle producers made sales exclusively through the auction. An added 25 percent sold a part of their livestock through the auction.

Twenty percent of the cattle producers sold in terminal markets, 4 percent in full and 16 percent in part. Sixteen percent of the cattle producers sold exclusively to local buyers, local butchers and other farmers, and 15 percent sold in part to these outlets.

Local buyers were the most important purchasing agency of hogs. Thirty-seven percent of the hog producers made exclusive sales to local buyers and 13 percent sold in part. The local auction ranked second in importance, with 26 percent of the hog producers making exclusive sales and 9 percent in part through this agency.

Terminal markets were patronized in full, or in part, by 17 percent of the hog producers. Sales to local butchers and to other farmers were made by 14 percent of the hog producers.

In transportation to the local and terminal markets, 46 percent of the cattle producers and 70 percent of the hog growers used their own trucks. Commercial trucks were used by 16 percent of the cattlemen and 5 percent of the hog growers. The remainder of the cattle and hog producers used both commercial trucks and their own trucks.

FARMERS' ESTIMATES OF LIVESTOCK AUCTIONS

The high percentage of livestock farmers patronizing the local auction showed a strong endorsement of this agency. The ratio of favorable to unfavorable comments concerning the auction was 14 to 1. Most of the unfavorable comments pertained to one auction which at the time of the survey was in the process of reorganization to eliminate its undesirable features.

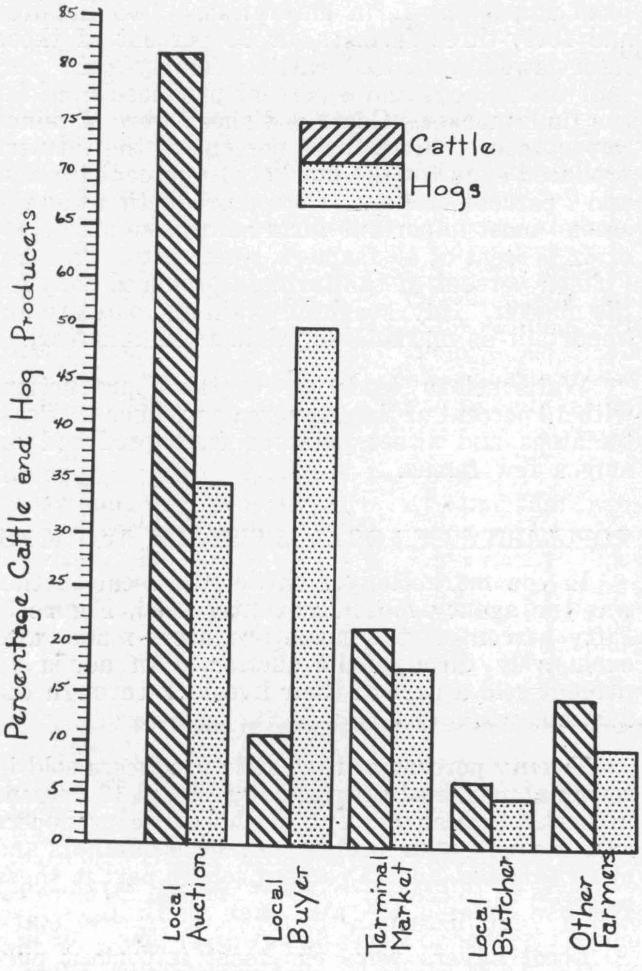


Figure 5. Main market outlets for cattle and hogs.

Favorable prices at the auction received the highest vote of confidence. The convenience of the local auction was next. The opportunity for selling in small lots and quick service frequently were given as reasons for patronizing the local auction. The livestock producers overwhelmingly favored selling livestock by weight rather than by the head.

As for the unfavorable reactions, a few farmers felt that buyers enjoyed a distinct advantage over farmers in the auction sales. Several farmers stated that it was necessary to have livestock for sale in the early period of sales or suffer a price sag in the later period of sales.

Eighteen favorable comments were made relative to the terminal market for livestock. Highest prices, advantages of sales in large lots and the best outlets for high quality livestock were mentioned most frequently. Eight unfavorable comments were registered about sales in the terminal market. High transportation costs and too much shrinkage were mentioned most frequently.

Of the 91 farmers producing eggs for the market, 54 made exclusive sales to grocery stores, 7 to produce buyers and 18 direct to consumers. Of the 22 farmers who sold all, or part, direct to consumers, 11 made delivery to the consumers, sold on the farm and 2 producers, who operate stores in the city, made delivery to consumers in their stores. An additional 2 farmers sold exclusively to hatcheries.

Sixty-five percent of the egg producers made delivery to the market once a week; 20 percent delivered twice a week, and 6 percent delivered three times a week.

Local buyers were the most important sales outlets for turkey and broiler producers. Grocery stores were second in importance.

All but 1 of the 145 cotton growers patronized one gin exclusively. Thirty-one cotton growers sold all their cotton to the gins patronized and 17 more sold a part of their cotton to the gins. Thirty-one cotton growers sold all their cotton to local buyers and 16 more sold part of their cotton to local buyers. Fifty cotton growers placed all their cotton in government loan and 31 more placed a part of their cotton in loan. Cotton growers, in general, expressed satisfaction with their ginning service.

The few farmers producing a surplus of corn and hay made sales chiefly to neighboring farmers. The remaining sales were made principally to local buyers.

Almost without exception watermelon growers marketed through a cooperative marketing association or sold direct to truckers.

EXPERIENCE OF FARMERS WITH COOPERATIVES

According to the *Directory of Texas Cooperatives*, 1952, the 8 counties covered in this sur-

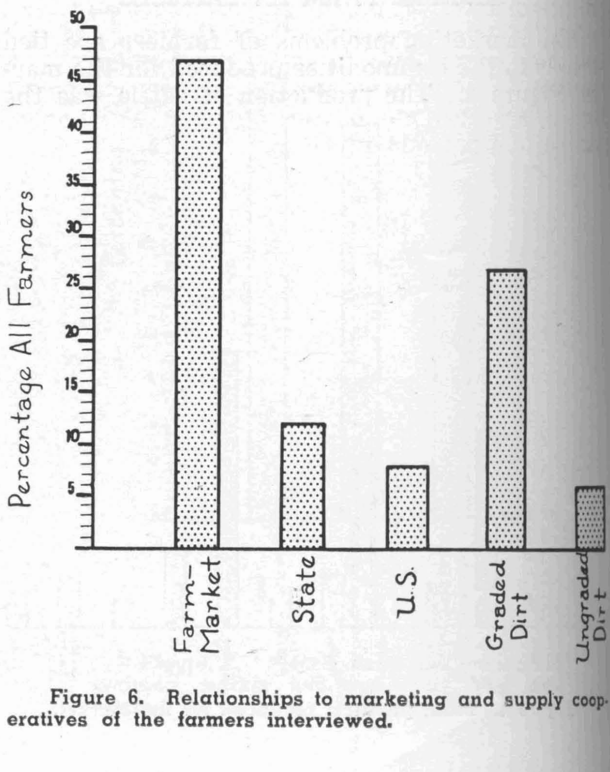


Figure 6. Relationships to marketing and supply cooperatives of the farmers interviewed.

vey had a total of 11 supply and marketing cooperatives. Of these, 4 were supply associations and 4 were watermelon marketing associations. Two were cooperative gins and 1 a vegetable and grain marketing association. Few farming areas in Texas had as few supply and marketing cooperatives as the one covered in this survey. As a consequence, this study does not yield a representative view of agricultural cooperatives in Texas.

The relatively long residence of the farmers in the vicinity and the long tenure on the farms they operate should be important contributing factors in the formation and maintenance of cooperatives. Apparently these favorable factors have been ineffective. The prevalence of livestock production in the area covered partly explains the low cooperative activity. Except for the cooperative commission association in the Fort Worth market, cooperative marketing among Texas livestock producers is almost nonexistent. The few cooperative local auctions that have been organized usually have had only a brief period of operation.

Of the 277 farmers interviewed, 155, or 56 percent, have had no experience with cooperative marketing and supply associations, Figure 6. Seventeen of the farmers formerly were members of cooperatives, but, at the time of the survey, they did not then belong to a cooperative. The prevailing reason given for withdrawals was the failure of the cooperatives to which they had belonged.

Thirty-eight of the farmers, or 17 percent, gave their cooperative full patronage. Among these patrons were 21 farmers belonging to a fluid milk bargaining association. Some of the milk producers, however, patronized other cooperatives in full. Thirteen percent of the farmers patronized their cooperative in part. Eight percent of the farmers patronized cooperatives as non-members. Three percent of the farmers were members but not patrons of cooperatives.

Four cotton growers patronized cooperative gins, two as member-patrons and two as nonmember-patrons.

Eighteen farmers explained their lack of membership in a cooperative by the fact that no cooperative was operating in their area. Forty-six farmers commented that only one buyer or marketing agency operated in their market.

Sixty favorable comments were made for cooperatives. Better prices resulting from cooperative business were mentioned 26 times. Cash dividends as evidence of successful operations also were mentioned 26 times. Eight of the comments indicated mild endorsement of cooperative activity.

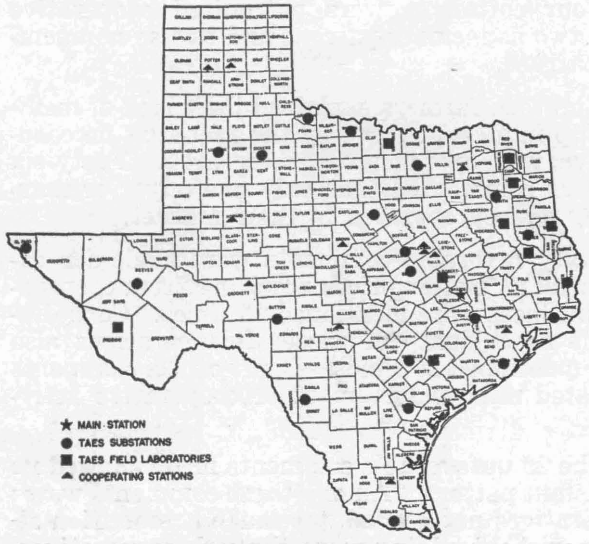
The 29 unfavorable comments made showed no consistent pattern. Among these comments were: cooperatives not needed, too much competition already without adding more through cooperatives, and poor service and slow delivery. Some of the farmers wished to retain the independence of nonmember status. One farmer remarked that the prices of one supply cooperative were higher than those of the competitors and still there were no cash patronage dividends to the members.

The farmers were questioned regarding their patronage of mail-order houses as a source of production supplies. The farmers used mail-order houses sparingly for this purpose.

Ample opportunity was offered the farmers to express such dissatisfaction with the present marketing system as they might have. Most of the farmers in the area covered seem content with the marketing system as it now operates.

ACKNOWLEDGMENT

The field aspect of this study was conducted, in large part, by Louis H. Stern, assistant professor, Department of Economics, Texas A&M College. A high degree of initiative and good judgment characterized his work.



Location of field research units in Texas maintained by the Texas Agricultural Experiment Station and cooperating agencies

State-wide Research

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The Texas Agricultural Experiment Station is the public agricultural research agency of the State of Texas, and is one of ten parts of the Texas A&M College System

IN THE MAIN STATION, with headquarters at College Station, are 16 subject-matter departments, 2 service departments, 3 regulatory services and the administrative staff. Located out in the major agricultural areas of Texas are 21 substations and 9 field laboratories. In addition, there are 14 cooperating stations owned by other agencies. Cooperating agencies include the Texas Forest Service, Game and Fish Commission of Texas, Texas Prison System, U. S. Department of Agriculture, University of Texas, Texas Technological College, Texas College of Arts and Industries and the King Ranch. Some experiments are conducted on farms and ranches and in rural homes.

RESEARCH BY THE TEXAS STATION is organized by programs and projects. A program of research represents a coordinated effort to solve the many problems relating to a common objective or situation. A research project represents the procedures for attacking a specific problem within a program.

THE TEXAS STATION is conducting about 350 active research projects, grouped in 25 programs which include all phases of agriculture in Texas. Among these are: conservation and improvement of soil; conservation and use of water in agriculture; grasses and legumes for pastures, ranges, hay, conservation and improvement of soils; grain crops; cotton and other fiber crops; vegetable crops; citrus and other subtropical fruits; fruits and nuts; oil seed crops—other than cotton; ornamental plants—including turf; brush and weeds; insects; plant diseases; beef cattle; dairy cattle; sheep and goats; swine; chickens and turkeys; animal diseases and parasites; fish and game on farms and ranches; farm and ranch engineering; farm and ranch business; marketing agricultural products; rural home economics; and rural agricultural economics. Two additional programs are maintenance and upkeep, and central services.

RESEARCH RESULTS are carried to Texas farm and ranch owners and homemakers by specialists and county agents of the Texas Agricultural Extension Service.