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Maintaining the Cutting Edge

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Farm Marketing Practices: What Are They and How Can We Improve Them?

James Mintert, organizer (Kansas State University)

William Tierney, Jr., organizer and moderator (Kansas State University)

James Mintert, William Tierney, Jr. (Kansas State University)

Roland Smith (Texas A&M University)

Henry Bahn (Montana State University)

Roland Smith presented preliminary results of a survey of farmers in selected states. Most felt that their market information needs were being met. Most producers used cash marketing rather than forward contracts or futures/options hedges. There was a positive correlation between farm size and the use of advanced marketing techniques. Farm indebtedness seemed to influence farmers choice of marketing practices.

Jim Mintert described the marketing practices of Kansas producers based on surveys done in Kansas. Again, most producers used cash marketing. A higher percentage of farmers attending Extension outlook sessions developed written marketing plans and used advanced marketing techniques. Two surveys on risk perceptions of farmers and agricultural lenders found that both ranked marketing risk as the most important risk element in agricultural operations.

Bill Tierney presented preliminary results of a survey of 55 producer marketing clubs in Kansas. The clubs followed market developments for 3-5 commodities, developed simulated marketing plans, and traded a small number of futures and options contracts. The majority of club members were full-time farmers/ranchers with little experience with advanced marketing techniques. About two-thirds of the club members were using what they learned and were developing their own marketing plans. About half were using advanced marketing techniques.

Henry Bahn reported on an intensive week-long marketing education program limited to 50 farmers. The program's curriculum included market functions and farm marketing strategies. The program included participants, faculty, brokers, grain merchandisers, ag-lenders, and others. Participants rated the program very highly; the majority reported using what they learned in their own marketing activities.

Discussion focused on several issues. Lack of use of futures or options does not imply poor marketing practices. In many cases, these marketing alternatives are inappropriate given the market situation or a farmer's marketing objectives. However, the total absence of ever using advanced marketing techniques certainly would suggest inadequate attention to marketing. Extension may want to develop a program to teach farmers how to "manage commodity speculation" since that may more closely fit their utility functions. Several persons mentioned the need for more research on farmers market risk preferences. Extension programs seem to give inadequate attention to integrating government programs into an analysis of marketing behavior or recommended marketing practices.

Farm Marketing Practices: What Are They and How Can We Improve Them?

James H. Hester, Organizer (Kansas State University)
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