

# Some Market Problems

Discussion of Some Important Phases of the Problem of Marketing Farm Produce

At this time of the year, perhaps more than at any other, farmers turn their attention to the question of markets. To the thoughtful it is strange that up to the present so little enquiry has been made, comparatively speaking, into this very essential factor in production. Heretofore markets have scarcely been considered seriously by the individual as being included in the scheme of production, and the great majority of the investigational and experimental work carried on by government action has been devoted to improving methods of growing crops or stock, while ignoring almost entirely the equally important question of their disposal when matured. Unquestionably the disposal of a product when ready for market calls for just as highly specialized business methods as does its production. In Canada, where agriculture is the basic industry and where grain has been and still is the staple product, a very advanced system has been put into operation thru public agitation followed by legislation to facilitate the business of handling the crop, but what of the constantly growing production of farm products other than grain? Is the farmer obtaining in every case a fair price for his butter, eggs, poultry, vegetables or other produce, and if not, why not? In any gathering of farmers it is only necessary to mention the word "middleman" to immediately become conscious from the tone of the meeting that anyone coming under that category was considered responsible for all abuses, real or imaginary, that farmers are heir to. Before coming to any definite decision as to the justification for this attitude, it would be well to consider the question of handling farm produce from all aspects.

## Country Shipments

While it may be possible in a few isolated cases for individual producers close to a large market to get into personal touch with customers and sell their produce direct, for the purposes of discussing marketing conditions in general it must be granted that shipments usually are collected at country points and consigned for disposal on the nearest large market. The claim is made that, during the time produce passes from the farmers' hands until it reaches the ultimate consumer it is subject to by far too much handling, and a much too heavy toll is taken by these agents during its journey. Probably in some cases this is true, but it is possible that too much blame for loss on farm produce has been placed to this cause. In any scheme so far advanced for the improvement of farm produce marketing conditions it is deemed necessary for wholesale dealers to be included. Just consider the useful functions which such firms occupy. In any town or city the market demand for every kind of produce is reasonably constant. That is, there is a definite population requiring so much food day by day and, generally speaking, in quantities which vary very slightly. This is not true of shipments of farm produce. These vary from shipment to shipment and from time to time during the year. Shipments from different localities vary according to local conditions, so that the function of the wholesale receiving house is to collect these varying amounts and, by storing or other means, regulate the supply so that the proper required amount is available for consumption on demand, and thus the price returned is a fair average one.

Then the quality of country shipments varies, and, since there are several different classes of trade in any large centre, the proper distribution of these different grades wherever required will ensure the best price being obtained for each. This is a function which can only be efficiently performed by parties in close touch with the market requirements.

By shipping direct to the retailer, either store or market, it is generally necessary for the goods to be actually

In former articles dealing with the marketing of farm produce different phases of the question have been dealt with. Particular attention has been given to the benefit which would accrue to the business as a whole if legislation were put into force requiring dealers handling farm produce of any kind to be licensed and bonded. The Guide has had assurance that definite steps will be taken towards this end in the Manitoba legislature this year. There is no doubt that lasting benefit will result from this action, but it must be remembered that the marketing problem is a very wide question. The object of this article is to outline some of the many factors which have to be considered so that a more intelligent enquiry can be made into this subject with a view to suggesting means whereby the produce of the farm may be more economically handled. The Guide would welcome a discussion on this subject and will be glad to publish any opinions which its readers may offer.

sold before payment for them is made. This entails an unnecessary hardship upon the producer, and very often causes him to demand a quick sale at an unfavorable time when prices are low rather than wait for his money, when storing for a short time until supplies decrease would return a much more favorable price and hence a profit on his goods. This function can be advantageously performed by a wholesale receiving house.

It will be seen that wholesalers do perform a necessary function in the handling of farm produce. The successful conduct of such a business calls for a very highly developed organization and expert supervision by persons who from long experience know exactly the market requirements of the particular centre in which they are operating.

## A Question of Economy

But there are other middlemen besides the wholesaler. What about the man who buys a quantity of butter or a few carloads of potatoes and jobs

proportion which farmers receive of the retail price for butter is around 75 per cent., eggs 65 per cent., livestock 55 per cent., potatoes 55 per cent., and milk 35 per cent. Why this variation?

## Cost of Marketing Varies

First of all the perishability of the article must be considered. Fruits require rapid handling and quick sale, while meat, butter and eggs can be placed in cold storage until a suitable market is available. Then the question of regularity of supply must be considered. If the product is received all at one particular season of the year it must either be sold when plentiful at a low price or stored for distribution when the supply is less. Storage is generally costly. If the product can be handled in a large volume it usually is marketed to better advantage because special marketing facilities have been developed to care for it. Then, again, if the commodity is a particularly necessary one, definite grades and standards will become recognized and



More and more attention will be given to intensive agriculture and the growing of garden crops as facilities for economically handling these are improved.

these commodities out in smaller quantities to small retail storekeepers. Are these necessary? Is it economy to have so many little grocery stores with the great consequent duplication of delivery work? True, competition is the life of trade, but does competition exist where credit is extended by a central wholesaler to a large number of small storekeepers? These are questions which have scarcely been sufficiently investigated to warrant a definite answer being given. On the face of things, however, it is clear that the cost of marketing a commodity does not depend so much upon the number of middlemen who handle it as it does upon the nature of the commodity itself. Complaints are made of the great waste in handling between the producer and consumer. In many cases the spread is large, perhaps in some cases unjustly so, but too little attention has been paid in the past to the great variation in the cost of marketing different products. It has been calculated that the

will aid in making handling more prompt and sure, thus cutting down costs. The factors of waste and shrinkage must also be considered. Eggs will be broken in spite of all precautions, and live chickens or stock will shrink in transit.

All these factors enter into consideration when a fair estimate of the cost of handling any produce is to be arrived at. With a little reflection it will be realized that some products are handled on a very small margin indeed.

There are other marketing costs which might be considered, such as transportation, insurance, storage, etc., but it will be sufficient for the present article to inquire how the points already mentioned may be best dealt with so that a somewhat more efficient marketing system may be built up.

From this article so far the impression may be formed that the present system is satisfactory and little useful change can be suggested. This, however, is not the case, as a number of

suggested improvements will later show, but to properly understand the question all its varied phases must be considered.

## The Defects

Some of the defects of the present system have already been touched on. Undoubtedly there is room for improvement in the retail trade. Co-operation in delivery and selling will assist this, but just to what extent this may be done has not yet been sufficiently clearly determined. The transportation question is one which also requires some investigation but cannot be dwelt on here. Two other defects, namely, those affecting the condition of the produce when made ready for shipment at country points and the way in which it may be handled by dealers at receiving points can be profitably discussed and suggestions made which will prove helpful.

Very often the producer, the farmer, is to blame for the low price which his produce brings him. This is due to careless packing, lack of uniformity of packages, ignorance of the special requirements of the local market, total disregard of supply and demand; absence of uniformity in the product and sometimes dishonesty on the shipper's part. With a little attention to business all waste from any of these sources can be eliminated. What of the defects in the produce handling trade? At present there is no guarantee that a shipper will obtain payment for his produce, there is every chance for dealers to agree together upon a certain price for produce which allows of too great a proportion of profit being handled by themselves. Competition among the dealers largely takes care of this defect in the local market. No adequate inspection system is available locally whereby standards of quality and corresponding prices may be obtained, and there is no very definite means of advising possible country shippers of the ruling market prices for their produce.

## The Remedies

The remedies in part have already been suggested in former articles. Legislation making it necessary for produce dealers to be licensed and bonded will safeguard the interests of the shipper, and incidentally will be very helpful to dealers themselves in that it will eliminate undesirable men who at present are harming the produce business as a whole by practicing unfair methods. Then the farmer must do his share in becoming acquainted with market requirements and producing an article which his dealer can sell to advantage. A great deal of very useful work along educational lines can be done on this phase of the problem. Economy can be practiced by closer co-operation in the collection, handling and shipment of the goods and finally produce dealers, by getting together, can do much to assist in the improvement of existing methods of buying and selling farm produce.

## STORING MANURE

Careful English experiments with the storing of manure indicate that rain damages manure worse than anything else. Six months' exposure to rain caused the loss of 75 cents' worth of nitrogen per ton. Manure when put in compacted heaps under cover lost almost no nitrogen. It proved to be poor policy to add water to manure under cover, even tho there was no loss by leaching. Many European peasants think it wise to keep the manure pile wet and compact. But the English experiments prove that when the manure must be stored it should be dry and compact, and moved as little as possible.

A business not worth watching is not worth having. Perhaps this is why so many farmers only manage to make a bare living.