

the marketing challenge: progress or perish

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Reasons for Lack of Attention

Extension programs dealing with the problems of marketing agricultural commodities haven't received as much emphasis as agricultural production programs. Several factors underlie the lack of attention given to Extension marketing programs:

- Marketing, including price analyses and predictions, doesn't lend itself to "cut-and-dried" decisions. A soils specialist, for example, can obtain a soil sample, carefully analyze it, and recommend the amount and blend of fertilizer needed. In marketing, however, decisions must be made about an unknown future. No one can be correct every time. Thus, Extension programs have naturally grown in directions that could be discussed in absolutes rather than ambiguities.
- Extension marketing specialists haven't been aggressive enough in promoting their product. They tend to forget that the background and interest of most county Extension agricultural agents and field staff are in production agriculture. Also, many marketing specialists haven't been able to reach beyond market outlook work—their traditional subject-matter area. In short, the imaginative program leadership required for a well-rounded Extension marketing program has fallen short of the mark.
- Historically, research and education funding for agriculture have been directed toward production problems. Only recently has there been legislative recognition of marketing problems.

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Both the focus and the methodology of Extension marketing programs need revision. The 70s have brought much higher production costs for most agricultural commodities. Except for a few commodities grown under tight production contracts (broilers, fruits, vegetables), this decade has also brought much more volatility and uncertainty to commodity prices.

The combination of higher production costs and greater variability in commodity prices has increased the importance of skillful marketing. Extension has a real opportunity to respond to this need. If Extension doesn't, private consulting firms will, by default, take over much of the marketing education work.

Marketing Decision Model

A model of the marketing decision process is presented in Figure 1.

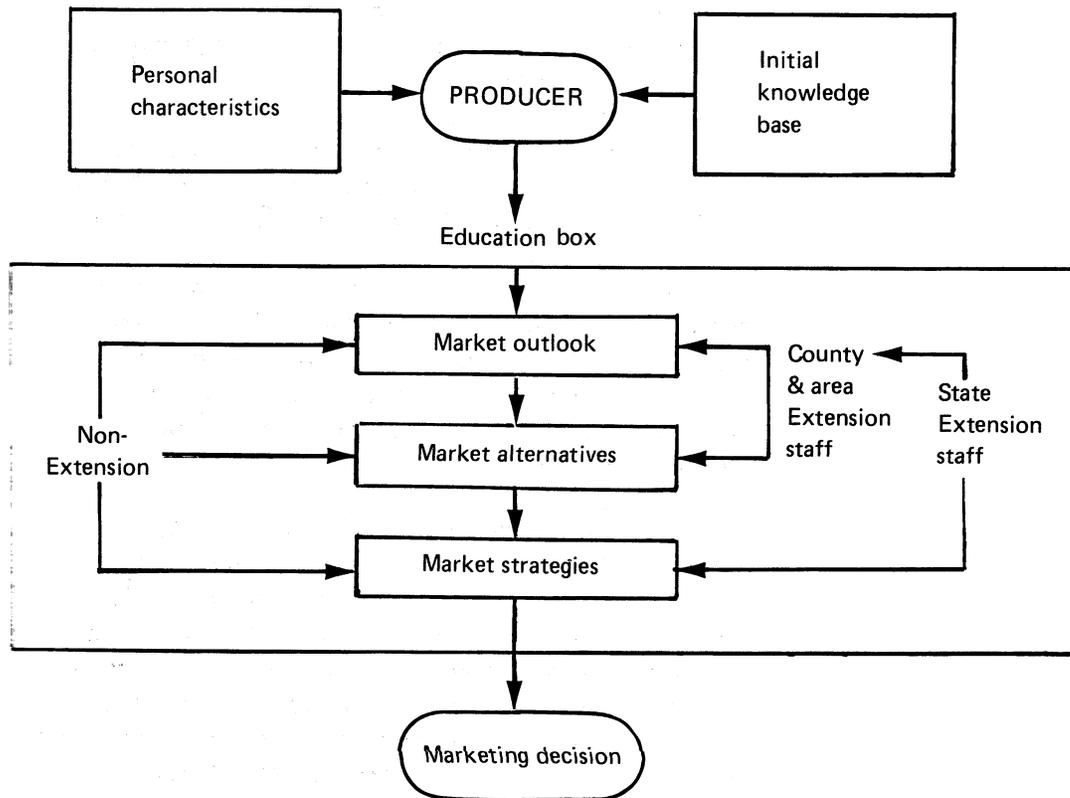


Figure 1. How a producer makes a marketing decision.

The model acknowledges that personal characteristics of a producer can affect his marketing decision. This includes items like his financial situation, attitude toward price risk, and experience in making marketing decisions.

A producer also has some initial knowledge base. For example, he may know that a large crop is expected or export sales for a particular commodity have been strong.

The marketing educational process has a long way to go to reach the level of sophistication of most production educational programs. But it can and must be done!

The "education box" is the vehicle for a producer to expand his initial knowledge base. The role played by the education box varies among commodities and producers. If a producer knows little about the commodity, the opportunity for marketing education is important. Conversely, if a producer obtains nothing from the education box, his marketing decision would depend entirely on his personal characteristics and initial knowledge base.

Based on our marketing education work in Kansas, the Extension effort must apply to three distinct educational activities.

Extension field staff have the greatest opportunity for productive educational efforts in two areas—market outlook and market alternatives.

The third activity, market strategies, is the most difficult because it concerns the timing of individual marketing decisions. It can also be highly technical because a market strategy calls for a comprehensive review of all factors that are likely to affect prices in the future. For these reasons, most of the Extension education in this area should be undertaken by marketing specialists.

As Figure 1 indicates, non-Extension educational efforts have and will continue to be directed to these same areas, although they don't have the formal program divisions that serve Extension. The challenge is for Extension professionals to be just as informed as the private consulting firms that may charge several hundred dollars for their services.

If this challenge is to be met, Extension field staff will play a prominent role. Let's look at this potential.

Market Outlook

Market outlook is the most familiar activity in Extension marketing programs. Our clientele expect it. But too often market outlook work has dominated Extension marketing

programs to the point that other worthwhile activities have either been slighted or not even undertaken.

In Kansas, there's been an effort in recent years to make Extension field staff an integral part of the market outlook team. State specialists hold periodic update sessions for field staff and prepare appropriate background materials. But actual field time spent on market outlook work by state specialists takes a lower priority than some other activities.

Systems Approach

Field staff use market outlook information in a number of ways. Traditionally, an important outlet has been local media—newspapers, radio, and television. More recently, field staff have been encouraged to use a "systems" approach where production and marketing problems are considered at the same time. For example, when public meetings are held on subjects relating to livestock production, market outlook information for the livestock enterprise under discussion (cattle, swine, or sheep) is presented at the same meeting. A similar presentation can be made for crops at meetings that emphasize crop production.

Typically, market outlook information is used by local Extension field staff to introduce or summarize the meeting. In effect, it's a way for field staff to become an integral part of programs where state specialists usually have major responsibilities.

To a lesser degree, the systems approach to production and marketing problems has been applied to newsletters and newspaper columns. It's not as effective in newspapers because space limits covering the subject matter in as much depth.

Price Charts

Another activity that gives Extension field staff recognition in market outlook work is to keep in the local Extension office a price chart for the primary commodities grown in the area. This can be done with little effort, especially if clerical staff regard it as part of the routine. A price chart has the dual advantage of keeping field staff current on price trends and providing an ongoing historical record for interested clientele.

As interest in market outlook activities increases, Extension field staff have found it helpful to indicate on price charts the reasons for the more acute changes. This is an effective way to demonstrate basic supply-demand considerations without resorting to dull, bland statistics. An attractive price chart that is readily accessible can be just as effective as test plots or similar demonstrations that have traditionally been used as Extension teaching tools.

Market Alternatives

Extension field staff should also play an important role in teaching producers about market alternatives. Some alternatives are already well-understood (for example, selling on the cash market at harvest time). Others may be understood vaguely or not at all: hedging through the commodity futures market, contracting for delivery and/or payment at a later time, and pooling arrangements. In Extension, we're obligated to explain how each alternative works and its consequences.

Adequate explanation of each alternative is time-consuming. In Kansas, for example, it takes about eight hours to present an in-depth workshop on using futures markets in the farm business. This time requirement makes sharing teaching responsibilities necessary if marketing problems are to be covered fully.

The success of this approach depends on the willingness of state staff to develop in-depth material and provide training for Extension field staff on what and how to teach. It means that state specialists have to be available to answer *technical questions from instructors in the field*. In most cases, state specialists should be available to attend one or more sessions of a multi-session short course. Finally, state specialists should be responsible for keeping data series current, updating rules that may change any of the alternatives, and holding refresher courses for area and county staff.

Many Extension field staff appreciate opportunities to be part of a teaching team where the approach is to cover the subject matter in depth. The feeling of accomplishment is enhanced when a successful program is completed in a subject-matter area not previously taught by field staff. Kolmer points out that clientele should benefit, too, by having a delivery system that is "close by and convenient."¹

An activity that's been done in conjunction with Extension programs on market alternatives is field trips to Boards of Trade and other market centers. Extension field staff have planned and led these trips with help from people at the Boards of Trade. Our experience in Kansas shows that both the educational and public relations value of these activities has been high, particularly where field staff have been seeking increased visibility for marketing programs.

Summary and Conclusions

Field staff participation in Extension marketing programs has been limited. There should, however, be increased opportunities in the future, especially if specialists support and promote field staff activities.

Eventually, with a concerted effort throughout Extension, marketing education can be much more comprehensive. The educational process doesn't need to wait until individuals are in business for themselves. Why not start a program to better understand markets and prices at the 4-H level? Keeping a price chart of one or more commodities would be a good first step in this direction.

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Footnote

1. Lee R. Kolmer, "Delivery Systems for Continuing Education," *American Journal of Agricultural Economics*, LIV (December, 1972), 916-21.