Herbert W. Wessel

Cull cow legislation 'monstrosity' says co-op

COCKEYSVILLE, Md. – During his recent annual report to members of the Maryland Cooperative Milk Producers, Inc., president Herbert W. Wessel, Hampstead, questioned recently introduced legislation aimed at subsidizing dairy herd cull cow prices.

A bill introduced by Congressman James H. Jeffords of Vermont would offer an incentive of 15 cents per pound to farmers to cull their dairy herds more severely. The payment would be made on numbers of animals sold, in the 12 to 25 per cent range of a farmer's herd, during a six-month period.

According to the cooperative president, this action would burden the beef market with an additional 570,000 cows, Wessel also saw the action as possibly lowering the overall price per pound on cull cows to the point where, even with the 15-cent subsidy, farmers would not receive any more than current market price levels.

To qualify for the government payments, a farmer would be required to verify:
–milk plant receipts for the past year;
–cow numbers by months for previous years;
–cows on hand that have been calved prior to January 1, 1978;
–cows on hand that have calved as of date of signing up;
–an affidavit indicating breed, color, weight, price and ear tag for each cow sold.

Wessel questioned the validity of asking taxpayers to foot the 100 million dollars needed to pay the cull cow subsidy as well as the effect that such action would have on other beef producing farmers.

"In a business where we are already overworked, over-regulated, have far too many reports, forms, census and requirements for the many 'programs' that are supposed to help us, frankly I think Jeffords could have used his time more wisely than to come up with this monstrosity," said Wessel.

Roadside

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markets prefer to buy in bulk quantities. That leads Watkins to believe that farmers who retail their products should package their produce accordingly. Half of the consumers surveyed in the Ohio study preferred to buy their products from bulk supplies, 30 per cent looked for "large quantities," and a mere 10 per cent preferred packaged goods. To satisfy the broadest spectrum of consumers, Watkins suggests the roadside marketer offer all three choices.

Quality is very high on the list of consumer preferences, Watkins told the group of more than 300 people, adding that producers should make every effort to provide top quality items whether they're home-grown or not.

The Ohio State professor also told his audience to use pricing strategies as a merchandising tool; likewise with quality and freshness of displays.

In fruit retailing research, Watkins has found that freshness, taste and ripeness are the top three preferences of consumers. For all types of roadside marketing – including milk jugging – consumers again picked freshness and taste as their primary reason for patronizing roadside markets. Watkins emphasized that farmers should make use of such statistics and thereby help their own profit margins.

Ed Watkins, marketing specialist from Ohio State University, tells Pennsylvania farmer-retailers that sales and service surveys can help pinpoint best marketing options.

But the statistics compiled at Ohio State also reveal some negative aspects of roadside marketing. Generally, consumers dislike the distance of roadside markets from their home. Prices, parking and traffic are other most frequently heard of objections, according to Watkins.

While the answers aren't always simple, Watkins encourages farmer-retailers to study their own situations and possibly make some changes. Beter facilities will bring in more customers and could also warrant slightly higher prices, he suggested. Other strategies for improved sales include adding services, offering variety selections, and creating a price image with selected items.

Watkins' opinion on prices is flexible. He supports premium prices where demand and facilities merit them, but acknowledges that slightly lowered prices can also help to move commodities and generate profits. Sometimes a price which is too low will actually shy customers away, he acknowledged. It is up to the retailer to decide how the price is balanced to his best advantage. Studies such as those done at Ohio State will help determine some of the unknown variables, he believes. "I suggest you conduct a survey if you're not sure why customers are coming to your store," he affirmed.

"The price you charge for your products is more important to you than it is to your customers," the Ohio State professor continued. A good sales strategy, he believes, is to have profit margins vary from one product to another. All the big stores are doing that, he said, noting that farmers could learn a lesson from that. Explaining the strategy, he said some departments of the roadside market (or grocery store in town) can operate at just above cost or the break-even point. The idea is to lure in customers who will most always end up buying other items while visiting the store. "It will bring in money," says Watkins.