



Brockett's Ag Advice

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Different Marketing Methods

Supply management is usually another word for quotas. Many farmers talk about the need for supply management, but few are really willing to pay the price. Last week I attended a conference on Milk Supply Management. It was a very informative session. One of the major topics covered was the Canadian milk quota system. Here are some of the prices the Canadian dairyman has had to pay to get the stability and higher prices for milk through their quota system. (1) Limit on size of operation; (2) Requirement to produce a relatively uniform amount of milk every year (producing below quota can cause loss of part of the quota); (3) Reduced opportunity to bring a child into the business; (4) A loss of milk sale volume (about 1 percent in the past 15 years); (5) An attrition of 67 percent of their dairyman neighbors in the past 15 years; (6) Less flexibility in the sale of their farms (quotas are controlled by a quota board); and (7) A high start-up cost for new farmers.

What have they gained? In some respects, their gains have been a lot. In others, their gains seem to be hardly worthwhile. A major gain has been a very stable milk market with pounds sold in 1985 being 99 percent of the pounds sold in 1970. Due to quotas, production and sales were kept in line. (In contrast, this country had commercial sales in 1985 that were 109 percent of 1970 sales with production increasing by 16 percent for the same period.) 1985 blend prices in Canada were about \$1 (U.S.) higher than 1985 blend prices here. In place of commodity purchases, the Canadian government pays their dairyman a bonus (about \$2 per cwt. in 1985).

Many counties will hold meetings or workshops on milk supply management as a result of last weeks session. The Canadian system is only one of the available alternatives. Other items that were discussed at the clinic were the ECC (European) program, past attempts at a quota system in this country, some possible alternatives within a quota system, and a modification of the base/excess program. All dairymen should attend one of these marketing sessions. However, the entire program will be of no value unless those attending go with an open mind and pay close attention to history.

There were several unanswered questions that were mostly economic in nature. Has the quota system really increased the net spendable income of all Canadian dairymen? Or has it simply pushed out the less efficient more rapidly? Where will the system be in 5 or 10 years if the attrition of dairymen continues at the present rate? What portion of the milk product market has been taken over by imports and substitutes or imitations in Canada?

Marketing and Price

Marketing, or selling, is not a strong point for most farmers. Yet it is important that farmers in general realize that marketing is a vital part of their business. Marketing strategies may cause different parts of the American farm sector to become bitter rivals in the same way GMC and Ford are rivals. An example would be the rivalry of the soybean producer and the dairyman. Whether either one admits it or not they are often vying for the same market. This market may be fluid milk vs. imitation or filled milk or it may be ice cream or butter vs. oleo

margarine. When one of the items out-prices the other in the eyes of the consumer, the "better" buy will be the one purchased. What are some of the factors that help format the consumers decision of what to buy? (1) Actual comparative price is probably most important. (2) Purchasing habit is more important than many people realize — even you as a farmer often buy by habit. (3) Quality of the product can be a major factor — those ads showing people changing their buying habits, due to finding the rival product is better, can be true. (4) The consumers perception of the producer has become important — look at the grape boycott of a few years ago or look at the companies that are pulling out of South Africa (they are not doing so out of any support for the anti-apartheid movement, but out of pure economics, i.e. people not buying their product)

How do businesses try to sway peoples attitudes? Some may call

it public relations, others may term it advertising. It really makes no difference which it is called, the result is making people aware, then making people desire, and finally causing people to buy. Obviously, the product that can do this the most effectively will be the one that is profitable. Well advertised products often outsell lesser advertised rivals even when the lesser advertised products are less expensive and have the same quality.

Advertising

Does advertising really help? Most big companies obviously think it does. Consider milk consumption over the past decade. Pre-national advertising years of 1975 through 1983 (8 years) saw an increase of about 8 billion pounds in all milk products consumption. That was about the same as the increase from the end of 1983 to the end of 1985. What was the dif-

ference?

What is the most effective type of advertising? Obviously no one really knows or everyone would be using that one method. Most consumers like to be told that something is good for them, good to them, or helps them achieve a goal with very little effort. Many farm products advertisers are late starters but are catching on very rapidly that a good advertisement emphasizes the virtues of a product. Or, says the product is a new improved version of a former product that was familiar to the consumer. Thus the milk advertisements are finally catching up with the present fitness desire of the consumer, ergo the fitness ads and the calcium ads (for once doctors are for the dairy industry). Have you noticed the new updated and upbeat beef ads? They emphasize the new lower fat beef as well as the excellent source of protein.

Leb. 4-H'er Competes In Tractor Contest

LEBANON — Lebanon County 4-H member, Dean Nolt, traveled to Richmond, Virginia, last week to represent Pennsylvania at the National Agricultural Engineering Contest. Nolt, sixteen year old son of Roy and Janice Nolt, Richland, represented Pennsylvania 4-H and placed thirteenth in the National Tractor Safety competition.

Nolt received the title of Pennsylvania's top Tractor Safety Driver earlier this summer by winning the PA 4-H Safe Tractor Driving Contest held at Ag Progress Days in mid-August. He topped a field of tractor driving winners representing counties from across Pennsylvania.

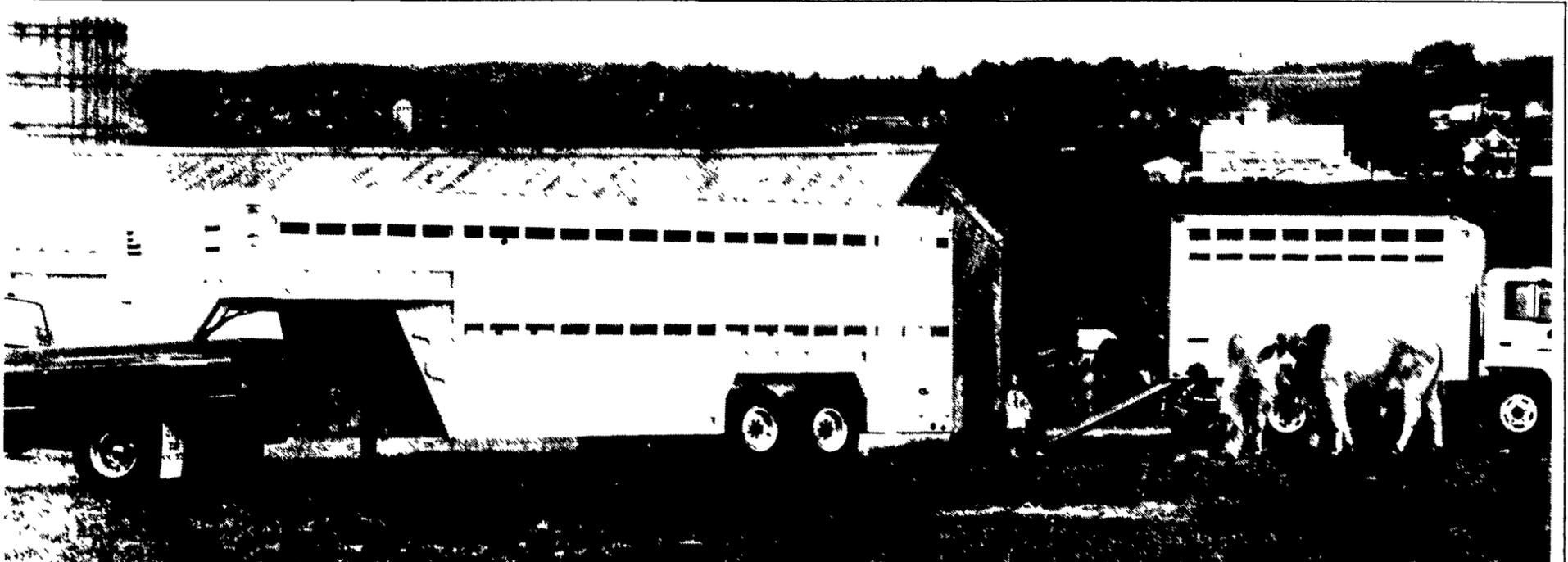
Competition in the Tractor Safety contest goes beyond just naming the number-one tractor driver. It includes identification of tractor parts and a written examination including questions on tractors, their maintenance, and safety. The goal of the Lebanon County program is "to develop an appreciation for safe operation and maintenance of farm machinery within our youth," states Ken Winebark, Lebanon county agent. He continues, "In Lebanon County alone

last year we had two farm fatalities, both youth, one of which was one of our 4-H'ers. This has instilled a real challenge for me to encourage a strong 4-H Tractor Safety program in the county. After our first-year tractor program, our kids and leaders are

really excited." The Lebanon County Tractor Safety program meets for 10 nights in the months of January through March. Non-farm as well as farm youth are encouraged to join. For more information call the Lebanon County Extension Office at 274-2801, Ext. 350.



Dean Nolt of Richland placed thirteenth in the recent tractor safety contest held in Richmond, Virginia.



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