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Analysis of the country feedlot sales program in Iowa

Gary Linn Anderson
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Analysis of the country feedlot sales program

in Iowa

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1979
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Gary Linn Anderson

A Thesis Submitted to the
Graduate Faculty in Partial Fulfillment of
The Requirements for the Degree of
MASTER OF SCIENCE
Major: Agricultural Economics

Signatures have been redacted for privacy

Iowa State University
of Science and Technology
Ames, Iowa
1979

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CHAPTER I.

INTRODUCTION

The Country Feedlot Sales Program

In 1971, a new slaughter cattle marketing institution, the country feedlot sales program, appeared in Iowa. The program can be defined as a cooperative marketing institution which serves and is operated by Iowa cattle feeders, and which involves two terminal market commission firms and the Iowa Farm Bureau Federation. This program is the result of efforts by Iowa cattlemen to alleviate some of the problems they have encountered in marketing slaughter cattle.

These problems include insufficient competition among slaughter cattle buyers, the cattle feeders' lack of bargaining power, the cattle feeders' lack of adequate market information and expertise, and the cattle feeders' uncertainty of receiving payment for cattle sold.

The objectives of the country feedlot sales program are to increase the competition for its members' cattle by exposing the cattle to relatively large numbers of potential buyers; to improve the bargaining position of member cattle feeders; to provide marketing information, advice, and expertise to member cattle feeders; and to guarantee payment to member cattle feeders.

The country feedlot sales program attempts to accomplish these objectives by combining the concepts of country commission selling and cooperative marketing. The program operates by placing one or more commission salesmen in each of seventeen different areas or "associations"

throughout Iowa. The commission salesmen (usually referred to as "feedlot sales representatives" or "sales representatives") are the salesmen for cattle produced by cattle feeders who are program members.

The sales representatives are professionals in the field of cattle marketing. They contact and negotiate with cattle buyers on the sale of cattle, provide program members with marketing information and advice, and keep abreast of changing market conditions.

The sales representatives are employed by one of the two sales agencies involved in the program. Both sales agencies are cooperative terminal market commission firms, and the member cattle feeders pay a commission to the appropriate sales agency for the services provided by the sales representative.

The Iowa Farm Bureau Federation plays an organizational and promotional role in the country feedlot sales program. The Farm Bureau coordinates the activities of the seventeen associations, helps in establishing the program's operational procedures, promotes the program in new areas and in existing associations, and has, in general, overseen the development of the program.

The rapid growth of this program, in itself, establishes the importance of the marketing concept the program employs, and justifies the further study of the program. This study will describe the program, outline its growth, attempt to discover its strengths and weaknesses, and attempt to determine its overall effectiveness as a marketing technique.

To put the country feedlot sales program in proper perspective in relation to the total Iowa and national beef industry, it is appropriate to give some background on the beef industry. This background will outline the history of Iowa cattle marketing, examine the importance of the beef industry to Iowa and to the nation, and examine some current problems in slaughter cattle marketing.

Historical Overview of Some Iowa Cattle Marketing Institutions

Early methods of cattle marketing

The first cattle sold in Iowa were those of the first settlers, who traded cattle among themselves and to newcomers who wanted to start herds of their own. Cattle were usually raised and butchered in the local area; thus, most cattle were bought and sold privately, without the need for more advanced marketing mechanisms (7, p. 186-187).

In the 1850's, cattle numbers in certain parts of Iowa became large enough to encourage the export of livestock (7, p. 186-187). Feeder cattle, and, to a lesser extent, grass-fattened cattle, were driven to the Chicago area, where they would be fattened. Then they would be slaughtered in Chicago, or shipped live further east to be slaughtered.

Until the 1860's, when Iowa's railroad system became better developed, these cattle were transported by cattle dealers or "drovers." The two major marketing functions of the drovers were (1) assembly of small groups of cattle from various farms and (2) the transportation of these cattle to Illinois feedlots. Typically, the drovers would start a cattle drive in western Iowa, purchasing cattle along the way

as they moved eastward. The cattle drive would end at the westernmost extent of the railroads, where the cattle would be loaded onto trains and transported to feedlots near Chicago (7, p. 186-187).

The marketing function of the drovers can be compared with that of the country feedlot sales program's sales agencies. Both act(ed) as middlemen between cattle producers and beef packers. While the drovers actually took title to the cattle, the sales program's sales agencies do not. The drovers transported the cattle, this being one of their major functions, whereas the sales agencies of the country feedlot sales program are not involved in transportation. The sales agencies and the drovers both negotiate(d) with the eventual buyers, but it should be noted that, prior to the 1860's, the drovers dealt primarily with feeder cattle, while the country feedlot sales program sells slaughter cattle.

The early settlers had little access to market information, and much of their information came from the cattle dealers. Since there was no alternative marketing institution to compete with the cattle dealers in the 1850's, the price paid the producer was often much below the market price in Chicago, and the cattle dealers' margins were quite high relative to costs (10, p. 186-187).

In the 1860's, the development of Iowa's rail system resulted in a decline in the importance of the cattle dealers (7, p. 186-187). The cattle dealer's most important service became the assembly of scattered groups of livestock for more economical shipment (7, p. 189-190). Larger cattle producers had little need of this type of service, as

it was cheaper to market their cattle themselves, and thereby eliminate the dealer's margin (7, p. 189-190).

Another effect of the railroads was to change the type of cattle that were shipped out of Iowa. Before the coming of the railroads, most of the cattle exported were feeder cattle, which were then fattened by farmers closer to Chicago (7, p. 186-187). The railroads made it easier to transport fat cattle, a fact which allowed Iowa to develop its cattle feeding industry.

As Iowa cattlemen shifted their emphasis from the production of feeder cattle to the production of fat cattle in the latter 1800's, the range country west of Iowa became an important source of feeder cattle (12, p. 1-3). Several stockyards, or terminal markets, became important as points of exchange of feeder cattle between the ranchers and the corn belt cattle feeders (12, p. 1-3). The terminal markets at St. Joseph and Kansas City, Missouri, Omaha, Nebraska, Sioux City, Iowa, and Peoria, Illinois, are still in operation.

The development of refrigeration and refrigerated rail cars in the 1870's allowed the midwest to become the focal point of United States beef slaughter as well as beef production (1, p. 8). Packing plants began to grow rapidly near the terminal markets, and the terminal markets near Iowa's borders became important in fed cattle marketing in addition to feeder cattle marketing.

Shipping associations

An institutional development in cattle marketing pertinent to this study was the appearance of cooperative livestock shipping

associations in the early 1900's. Shipping associations, which appeared during a period when a high percentage of cattle and other livestock were marketed through terminal markets, were cooperatives whose primary purpose was to transport livestock to market at relatively low cost. Following are some of the reasons shipping associations developed.

Most farmers in the early 1900's did not produce a large enough number of livestock to take advantage of the low shipping rates available for filled railroad cars (1, p. 164). Therefore, they would either sell their livestock to a local dealer, who assembled small groups of animals for shipment, or they would cooperate with their neighbors in order to assemble a carload of animals.

Farmers in this time period had little access to up-to-date market information, and frequently felt that cattle dealers were taking advantage of their ignorance. Also, shipping with neighbors was not always possible, and usually was inconvenient (1, p. 164).

There was a great deal of variation in the size, structure, and range of services offered by each association. The assembly of stock for economical shipment was a service that was common to all shipping associations, but beyond that, many shipping associations had very little in common. Some of the associations consisted of little more than a few farmers getting together to market their animals, while some were large enough to employ a full-time manager. Some were concerned only with the shipping of livestock, while others bought and sold other products such as coal, feed, hay, etc. (4, p. 6).

An important distinction in the various associations was the degree of emphasis placed upon the marketing of livestock, rather than the simple assembly and shipment of the livestock (4, p. 60-61). In some associations, the manager acted merely as a forwarding agent, arranging for and assisting in the transportation of the livestock, and arranging the payment of the seller. In other associations, the manager had the additional duties of a marketing agent; that is, the manager would assist the producers in determining which market outlet to use in each case.

The shipping association, as a marketing institution, was a precursor of the country feedlot sales program. There were many similarities between the two institutions. Both consist(ed) of livestock producers pooling their animals and their resources in an attempt to market their livestock more advantageously. The shipping associations attempted to do this by reducing transportation costs, while the country feedlot sales program seeks to do this by procuring higher prices on livestock sold. Some shipping associations also attempted to procure higher prices by careful selection of marketing outlets, but, as mentioned in the previous paragraph, many associations acted merely as cooperative transportation agencies.

Another similarity between the two institutions is the employment of a person to conduct the daily business of the organization. This person was the manager of the shipping association, or the feedlot sales representative of the country feedlot sales program. Only in certain shipping associations, however, did the manager concern himself with

seeking the most advantageous marketing route to the extent that the feedlot sales representative does.

The manager of the shipping association, being primarily concerned with transporting livestock to terminal markets, was not required to negotiate the price of livestock sold. By contrast, a major function of the country feedlot sales program's sales representative is price negotiation with potential buyers.

A subject of controversy in some shipping associations was the implementation of a contract by which the member farmers would agree to market all of their livestock through the association. The advantages of the contract were that it helped the cooperative plan its finances and activities, increased the cooperative's credibility in dealing with other organizations and in hiring managers, and specified the relationship between the members and the association. Some managers claimed the contract was essential to the association, while others felt that it "ruined their association" (4, p. 18). In 1920, 49 of the 682 associations then in existence were using the contract, but only 32 of these were enforcing it (4, p. 18).

This controversy has a parallel in the present-day country feedlot sales program. The western Iowa associations of the sales program do not require their members to commit all of their cattle to the program; the eastern Iowa associations do make this requirement. Many persons involved in the program feel that total commitment of the association members should be required, others feel it should not. This controversy

is discussed in Chapter III, under the subheading, "The marketing agreement."

Some people in the livestock industry recognized the opportunity for grouping the various shipping associations together under one central organization. In 1920, the American Farm Bureau Federation organized a committee to investigate this possibility. Since many of the shipping associations were organized under the auspices of the Farm Bureau, the idea seemed feasible. The motivation to consolidate the associations is not completely clear, but there is some indication that certain organizers hoped that an organization of this type could exercise market power in order to increase the prices received by the producers (7, p. 196).

The attempt to consolidate the shipping association was not successful, partly due to the fact that many shipping associations chose not to join in with the Farm Bureau, and partly due to the general decline of the shipping associations in the late 1920's and 1930's. According to Hopkins, even if all the associations had joined in with the Farm Bureau, the organization would not have represented a large portion of the beef cattle industry (7, p. 196). The National Livestock Producers Association, which exists today as an organization of cooperative commission companies at various terminal markets, was an enduring result of the Farm Bureau's efforts.

The attempt to consolidate the shipping associations is paralleled by the Iowa Farm Bureau's efforts to centrally coordinate the activities of the country feedlot sales program. The goal of this effort is to

create a truly statewide marketing organization which provides expanded marketing opportunities to its members, and provides increased bargaining power.

After 1924, the shipping associations declined in number and importance. In 1925, 104,000 Iowa farmers marketed through shipping associations, (4, p. 18) but in 1927-1928 the estimated membership had declined to 80,000, and by 1936 the estimated membership was 25,000 (1, p. 159). The number of associations in Iowa declined from 697 in 1925 to 393 in 1931 and 127 in 1936 (1, p. 161).

Several reasons are cited for the decline of the shipping associations. The improvement of Iowa roads and the subsequent increase in the practice of hauling livestock to market by truck reduced the need for shipping associations. It was much less difficult to fill a truck with animals than to fill a rail car, so the service of assembling small groups of livestock to make up a carload became less important to farmers (1, p. 166). The use of trucks also opened up a greater variety of marketing outlets to cattle feeders, as almost any point in Iowa could be reached by truck, whereas rail connections to many interior points were inadequate (1, p. 167).

The improvement in the cattle feeders' information sources was another blow to the shipping associations. The Federal Market News Service, radio, telephone, and more uniform grading standards gave the cattle feeder market information quickly and accurately. Armed with better information, many producers chose to market their cattle themselves, rather than participate in the shipping associations (1, p. 167).

The basic cause of the decline of the shipping associations was a failure to adjust to changing conditions in the livestock industry (1, p. 165-170). The primary function of most of the shipping associations was to assemble small groups of cattle for shipment. When the need for this type of service disappeared, so did these associations. If these associations had expanded their marketing services to include the critical selection of marketing outlets and the timing of sales, rather than simply collecting and shipping livestock, their success may have been longer-lived (1, p. 169). Despite the improvement in marketing information and opportunities, the need for precise choices in the timing and location of sales still existed for the producer. Dowell and Bjorka, in 1941, suggested a type of association that would satisfy these needs:

"...the new associations will need to place their chief emphasis upon the marketing function instead of serving merely as forwarding agencies.

Such associations should be able to serve producers by keeping in touch with the available outlets, interpreting prices quoted on various classes and grades, grading...., and coordinating transportation...." (1, p. 169).

It should be noted that some of the shipping associations did provide this type of service (1, p. 60). Even so, virtually all of the shipping associations eventually disappeared (9, p. 151). Notably, the "new associations" envisioned by Dowell and Bjorka bear a striking similarity to the present-day country feedlot sales program.

To summarize the comparison between the shipping associations and the country feedlot sales program, both were cooperative livestock

marketing institutions. Both made use of a manager or representative to conduct the daily business of the organization. Both have confronted the problems of commitment of membership and the central coordination of local organizations.

The primary function of the shipping association was, in most cases, just what the name implies - transportation of livestock. The failure of the shipping association to become involved in the process of selection of marketing outlets is cited as one reason for its decline. In more general terms, the decline of the shipping association is attributed to the failure to adapt to changing technologies and economic conditions.

Unlike the shipping association, the country feedlot sales program has embraced the marketing functions of outlet selection and negotiation of price. The country feedlot sales program does not concern itself with livestock transportation.

The future of the country feedlot sales program, of course, depends upon the changes which will take place in the beef industry. The ability of the program's leadership to adapt the program to changing conditions in the beef industry will undoubtedly be an important factor in the program's longevity.

Direct marketing

In common usage, the term "direct marketing" is difficult to define. Fowler defines the direct marketing as "a method of selling, completed between the seller and the buyer, without the support of an agent, commission merchant, or broker" (5, p. 353). A more useful

definition of direct marketing for this study will be as follows:

"Direct marketing is the act of selling or buying livestock for slaughter when the livestock are transported from the point of production directly to the point of slaughter, whether or not parties other than the buyer and seller are involved in the transaction."

By this definition, any time cattle are sold and transported directly to a packing plant, direct marketing has occurred. If, however, the cattle are transported to a local auction or to a terminal market for sale, then direct marketing does not occur.

This definition is employed to solve a problem encountered in classifying the country feedlot sales program. Although the program is generally considered to be a direct marketing tool, the program is not an institution of direct marketing by Fowler's definition. The country feedlot sales program's sales representative clearly qualifies as "an agent, commission merchant, or broker."

By shifting the critical element of "direct marketing" from the presence or absence of an agent to the route of transportation, we allow the country feedlot sales program to be included as an institution of direct marketing.

In the mid-1800's, most of Iowa's cattle were marketed directly to private individuals for local consumption, or to settlers passing through an area on their way west (7, p. 186). Later in the 19th century, as cattle numbers grew, cattle dealers and terminal markets became important marketing methods, and fewer cattle were marketed

directly. For the country as a whole, the terminal markets peaked in terms of proportions of slaughter cattle marketed there in the early 1900's but have been declining since the 1920's (2, p. 16).

A similar trend has been observed in Iowa, at least since 1940. According to the 1940 study, 61.4% of the slaughter cattle sold by Iowa farmers in 1940 were sold at terminal markets (10, p. 125). In 1976, only 16.2% of the cattle slaughtered by Iowa packers were purchased at terminal markets (17, p. 16). In 1940, 20.8% of Iowa's slaughter cattle were sold directly¹ to packers, but in 1976, packers bought 76.2% of their cattle directly (same sources). So, as the proportion of cattle marketed through terminal markets has declined in the past half century, the proportion marketed directly has increased.

Some reasons cited for the shift away from terminal markets over this time period have been improved varieties of corn, which permitted the northwesternly expansion of corn production, and a subsequent shift in the location of livestock production and slaughter; the improvements in roads and highways, which allowed livestock to be trucked directly to their destination; poor prices following World War I, which caused farmers to be more critical of the commission charges and operating methods of the terminal markets; improvements in the availability of market information; and the construction of packing plants which were not physically near the terminal markets, but which were rather scattered throughout the areas of production (9, p. 20).

¹"Directly" in this case includes cattle marketed through country dealers and other marketing methods, due to the statistical format of the publication cited.

The shift to direct marketing brought on some new problems for cattle feeders. Although the improvement in the availability of market information to farmers was a causative factor in the shift to direct marketing, farmers negotiating directly with packer buyers found themselves pitted against professionals in cattle marketing who had the best information (13). As the process of price formation in the marketplace has become more complex, and price fluctuations more rapid, the cattle feeder has experienced increasing difficulty in maintaining his relative level of information and expertise.

When negotiating directly with cattle buyers, the initial contact usually is made by the cattle feeder; however, the buyer may contact the cattle feeder first. Frequently, the cattle feeder has difficulty in persuading buyers to visit his feedlot and bid on his cattle. In some areas, one cattle buyer may enjoy a local monopsony, taking all or most of the cattle in that area.¹ Any one or combination of these conditions can result in a local reduction in competition which can be disadvantageous to the cattle feeder. If the cattle buyer has no one to bid against, or does not feel the threat of other bidders, the cattle feeder may not receive full market value for his cattle.

Another problem of direct marketing has been the uncertainty of payment of the seller.² Much attention has been focused on this

¹Glee Mulder, Director of Marketing, Iowa Farm Bureau Commodity and Marketing Division, personal communication, June, 1977.

²Cattle feeders marketing through public markets are assured of payment, as the public markets are bonded.

problem since early 1975, when American Beef Packers, Incorporated, filed for "financial reorganization," threatening a number of Iowa cattle feeders with non-payment on cattle that had been delivered and slaughtered.

In an action prompted largely by the American Beef Packers situation, the Packers and Stockyards Act of 1921 was amended by Congress in 1976 to include regulations insuring the prompt payment of the seller of slaughter livestock. Among the regulations enacted was one providing that all livestock, meat, by-products, and proceeds from livestock delivered should be held in trust by the packer until the seller is paid (11). However, many cattle feeders are not convinced of the certainty of their payment by these regulations, as is evidenced by some of the results of this study.¹ Uncertainty of payment remains an important item on the minds of many cattle feeders.

Cattle Feeding in Iowa

In order to provide a background for understanding the present and potential roles of the country feedlot sales program in the Iowa beef industry, it is appropriate that the size, importance and trends of Iowa's cattle feeding industry be examined.

Importance of cattle feeding

Agriculture is Iowa's most important industry, and cattle feeding is very important to Iowa agriculture. In 1976, the income to Iowa

¹See Chapter III.

farms from the sale of cattle and calves was about 1.7 billion dollars, or about 24% of Iowa's total farm income of 7.0 billion dollars. Hogs, which contributed 26% of Iowa's farm income in 1976, were the only commodity to contribute more than cattle and calves (8).

Also in 1976, 2.9 million grain fed cattle were marketed in Iowa; only the state of Texas marketed more. 33,000, or 25%, of Iowa's farms were involved in cattle feeding in that year. This gives an average of 88 grain-fed cattle marketed from each farm on which cattle were fed. The quarterly average of steers and heifers on feed in 1976 was 1,281,000 which gives an average of 38.8 cattle on feed on each of the 33,000 farms at a given time (8).

The focus of cattle feeding in the United States as a whole has shifted from the corn belt to the west and southwest in the past two decades. Iowa was displaced by Texas as the nation's most important supplier of slaughter cattle in the late 1960's; however, the corn belt is still an important source of the nation's beef supply. In 1976, Texas marketed about 7.4 million cattle, followed by Iowa with 4.5 million, and Nebraska with 4.2 million (14).

In terms of Iowa farm income contributed, hogs became more important than cattle in 1975, and remained so in 1976. Cattle had exceeded hogs in cash receipts in the years 1956-1975 (14).

The average¹ number of cattle on feed in Iowa reached a peak of 2,018,000 in 1969, and peaked again at 1,820,500 in 1972. This figure

¹Average of the four quarters of each given year.

reached a low of 1,082,500 in 1975, but increased to 1,290,000 in 1976 and 1,307,500 for 1977 (14). For the first six months of 1978, the average number of cattle on feed has been 1,575,000 (16).

The number of cattle fed in Iowa in recent years has depended, of course, on the existing market conditions as well as expected future prices. Figure 1 shows the estimated profitability of cattle feeding from 1973 to the present. As the graph shows, the profitability of cattle feeding has been erratic in the 1970's, with losses occurring for nineteen consecutive months from 1973 to 1975, high profits in the fall of 1975, and consistent losses again in 1976 (3). According to the Iowa State University study, from January 1973 through June 1978, Iowa cattle feeders have experienced 42 months of losses, compared with only 24 months of profits. These economic conditions point to some of the reasons cattle feeders have become concerned with their marketing techniques, and have shown interest in alternative marketing methods such as the country feedlot sales program.

Size of Iowa cattle feeding operations

The fact that Iowa cattle feeding takes place on a relatively large number of feedlots whose average size is relatively small is important in understanding the function of the country feedlot sales program. Small feedlots may suffer a lack of bargaining power, inability to attract buyers, and other size-related problems. Figure 2 shows the feedlot size distribution in Iowa, Nebraska, and Texas, and the average of 23 selected states.

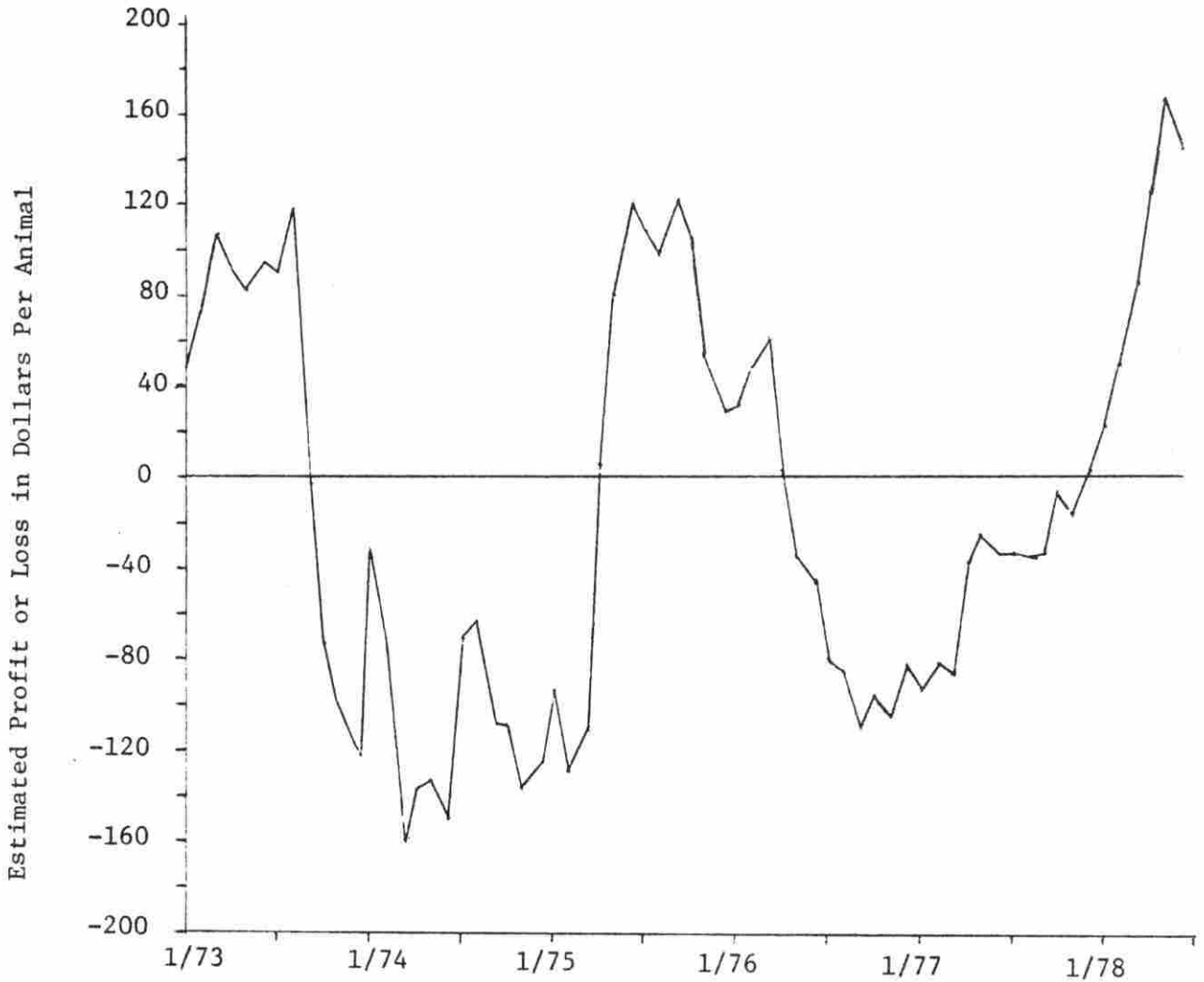


Figure 1. Estimated profitability of finishing choice yearling steers to 1100 pounds and choice slaughter grade in Iowa and southern Minnesota, 1973 to present ("Estimated Returns from Cattle Feeding in Iowa Under Two Feeding Programs," Iowa State University Cooperative Extension Service. M-1152, February 1974, and M-1195, April 1978)

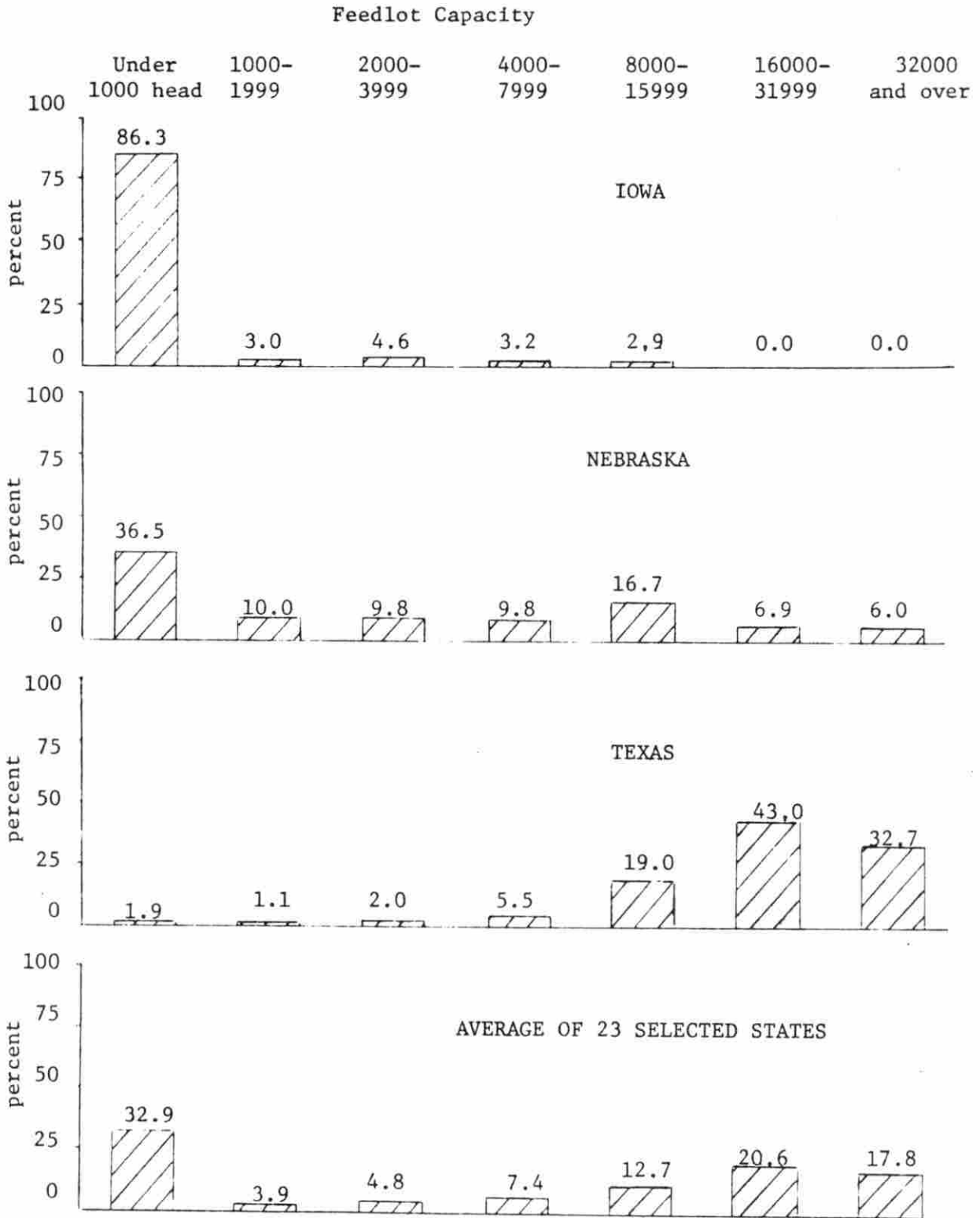


Figure 2. Percentages of states' cattle marketings, classified by size of feedlot 1976 (14, pp. 51-52)

The largest percentage of cattle feeding in Iowa and Nebraska takes place on small feedlots, while the largest percentage of Texas' cattle feeding takes place on large feedlots. The difference in feedlot size between corn belt and southwestern states can be attributed partially to differences in the economics of scale in the two regions. Hasbargen and Kyle, in a 1978 study, indicated that the use of home produced feed and family labor in the corn belt results in a relatively more rapid increase in average feed and labor costs incurred during expansion in the corn belt than in the southwest, where feedlots frequently purchase all inputs. Disposition of manure, relative wage rates, relative feed costs, and relative feeder cattle prices were also cited as factors affecting the relative economies of scale of the two regions in this study. Hasbargen and Kyle state, "These results indicate that large scale feedlots operated independently of crop production are unlikely to develop in the Northern Corn Belt since returns to such investment ventures would probably be quite low. On the other hand, large scale lots in Colorado can be developed without discovering any diseconomies of size" (6, p. 2-6).

While statistics on the size distribution of Iowa feedlots of under 1000 head capacity are not available, statistics do exist which show the number of fat cattle sold from Iowa farms, classified by the number sold per farm. Figure 3 shows these statistics. While there is a high concentration of farms towards the lower end of the scale, the largest number of cattle were marketed from the upper end of the

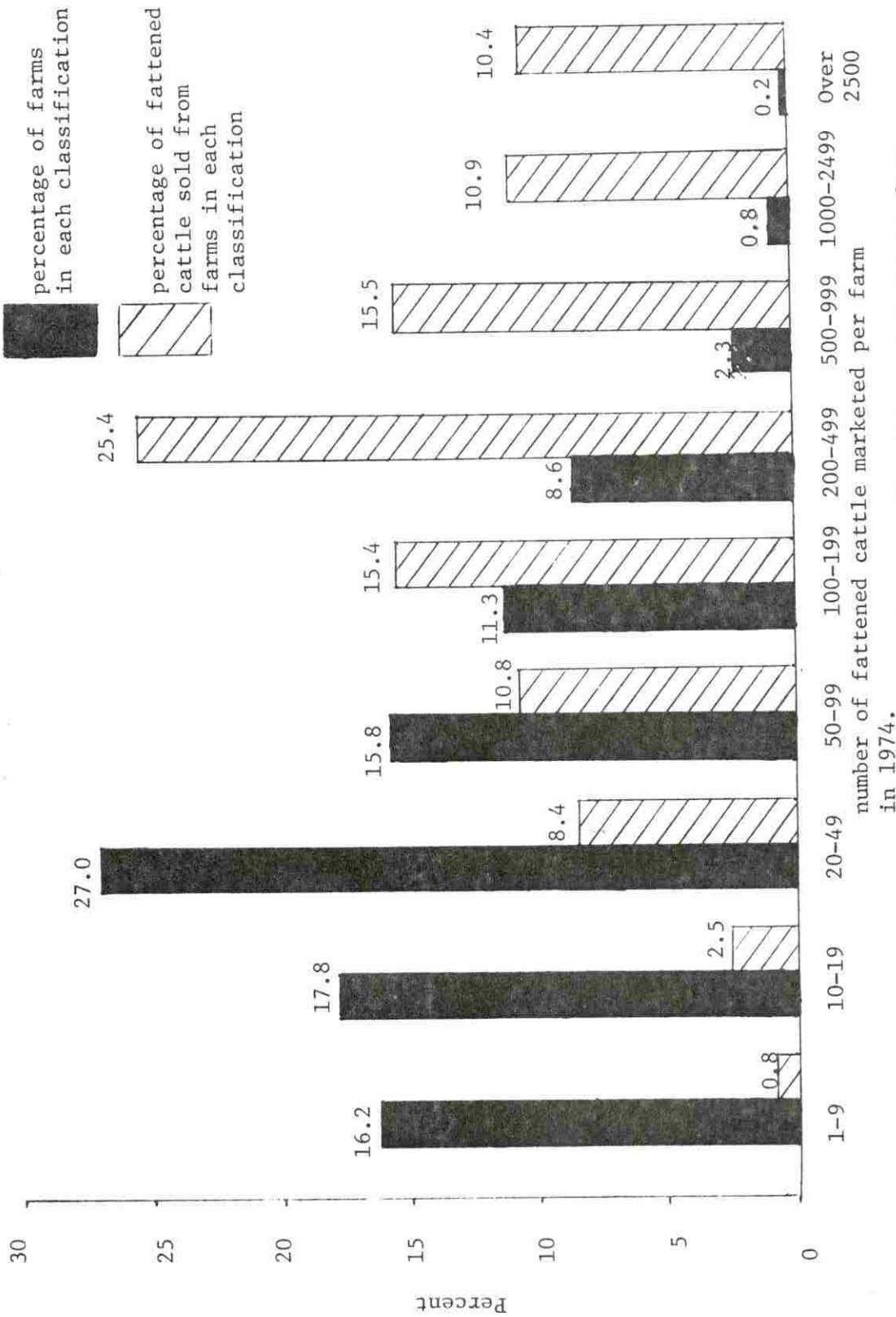


Figure 3. Percentage of farms; and percentage of fattened cattle marketed from farms, classified by number of fattened cattle marketed per farm in 1974 (18, pp.1-18)

scale. It is clear that, at least in 1974, a majority of Iowa's fed cattle were marketed from farms that marketed less than 500 cattle in that year.

Disposition of fed cattle in Iowa

As mentioned earlier, 76.2 percent of all cattle slaughtered in Iowa in 1976 were sold directly¹ to packers, while 16.3 percent were purchased at terminal markets, and the remaining 7.5 percent were purchased at auctions. If we look only at steers and heifers, 81.9 percent were purchased directly, 16.5 percent at terminals, and 1.6 percent at auctions (17).

There are 29 United States Department of Agriculture inspected slaughter plants in Iowa, of which 18 slaughter more than 50,000 head per year (15). Only about one third of this slaughter capacity is closely tied to the terminal markets. The remainder is scattered throughout the state. This situation is consistent with the prevalence of direct marketing in Iowa.

In 1976, 4,687,000 cattle were slaughtered commercially in Iowa, while cattle marketings from Iowa numbered 4,493,000. This results in a net import of 194,000 slaughter cattle into Iowa in 1976 (14).

Purposes, Objectives, and Procedures of this Study

The purpose of this study is to improve the understanding of the country feedlot sales program, to examine some of its virtues and

¹"Directly" in this case includes cattle marketed through country dealers and other marketing methods, due to the format of the USDA publication.

problems, and to evaluate its effectiveness as a marketing technique. This study is intended to be of benefit to the country feedlot sales program's leadership and to others who may be interested in starting similar programs in other areas or commodities.

The objectives of this study, outlined briefly in Chapter I, are presented here in greater detail:

1. Examine the growth and origins of the country feedlot sales program.
2. Describe the program in terms of organizational structure and in terms of operational methods.
3. Examine the strengths and weaknesses of the program.
4. Evaluate the overall effectiveness of the program as a marketing technique.

The history and growth of the country feedlot sales program will give an idea of the program's past and current role in the Iowa beef industry, and establish the degree to which the program has been accepted by Iowa cattle feeders. The origins of the program will be described in terms of the economic conditions that led to the program's development. Historical and statistical information was obtained from the records of the Iowa Farm Bureau Federation, Producers Commission Association of Sioux City, and Interstate Producers Livestock Association (IPLA), and from the results of the membership survey which was undertaken as part of this study.

A description of the country feedlot sales program will help to achieve a thorough understanding of the program's structure and methods of operation. Also, this description will insure that there will be a record of the existence of this program along with a detailed

description of the program. The information for the description of the program came from first-hand observation, conversations with those involved in the program, and information from the organizations involved in the program.

Determination of the strengths and weaknesses of the country feedlot sales program will be of benefit to the program's officials, and also to those who are interested in forming similar programs. The virtues and problems of the program were determined with the results of the membership survey, records of the participating agencies, and a survey taken of the feedlot sales representatives.

The evaluation of the overall effectiveness of the program as a marketing technique will be useful to the program's officials and other interested parties. However, the overall evaluation will go beyond this by indicating the usefulness of this particular cooperative marketing concept under current economic conditions. This evaluation will point out, to producers and others, the efficacy of an alternative marketing technique under certain economic conditions.

The evaluation was undertaken by, first, making a hypothetical list of functions the program might be expected to accomplish. Then the study will attempt to determine the extent to which these functions have been performed. This evaluation will be made by use of the membership survey, records of the participating agencies, and a survey taken of the feedlot sales representatives.

The hypothetical list of functions will be based upon the stated objectives of the country feedlot sales program, which are as follows:¹

1. To improve the marketing system for slaughter cattle.
2. To develop a program organized and operated by cattle feeders.
3. To develop a program that would equalize the bargaining positions of the cattle feeder and the packers.
4. To expand competition for slaughter cattle.
5. To improve the efficiency of the cattle marketing system.
6. To improve the accessibility and usefulness of the market information.
7. To provide the producer with equal access to various markets.
8. To provide a program that will guarantee the payment of the cattle feeder.

¹Presented by Mr. Glee Mulder of the Iowa Farm Bureau Federation July 11, 1977.

CHAPTER II.

GROWTH, DESCRIPTION, AND ANALYSIS

Growth

In some parts of the country, notably the Milo Belt, Colorado, Arizona, California, and parts of Kansas, it has been common for some time for a commission firm to assign an agent to take cattle buyers to visit country feedlots for the purpose of marketing cattle¹ and (9, p. 136). The cattle feeders who make use of this service pay a commission to the commission firm. Until recently, however, this practice was essentially nonexistent in Iowa.

In 1968, Interstate Producers Livestock Association (henceforward IPLA), a cooperative terminal commission firm, began a country commission-man program in five counties in western Illinois. The program was quite successful and expanded rapidly. Country selling programs were attempted by Producers Commission Association of Sioux City in the Storm Lake, Iowa Falls, and Marshalltown areas of Iowa in the late 1960's, but these programs did not receive sufficient participation from cattle feeders and were terminated.

In 1971, cattle feeders in Greene, Boone, Story and Dallas counties in Iowa began a marketing organization under auspices of the Iowa Farm Bureau Federation. The Farm Bureau, working with IPLA, assigned a feedlot sales representative (similar to a country commission agent) to the area. This program did not do well at first, as there was insufficient volume to

¹Paul Handke, Iowa State University, November 14, 1977.

justify the full time employment of the sales representative. In 1974, this organization, called the Central Iowa Feedlot Sales Program, was reorganized. Marshall, Polk, and Jasper counties were added, and the program began to thrive.

On April 1, 1975, Siouxland cattle marketing association began operation in northwestern Iowa. Siouxland was affiliated with the Iowa Farm Bureau and Producers Commission Association of Sioux City, a cooperative terminal commission firm. Siouxland was the first association in the country feedlot sales program to operate under the direction of a "marketing council." Up to this point in time, no country feedlot sales organization had had a specific provision for feeder representation in the operation of the program.

The marketing council consisted of cattle feeders from each of the counties belonging to the association. The marketing council was responsible for the development of the program; the content of the marketing agreement signed by the members; operational rules, procedures, and guidelines; final approval of the feedlot sales representative; and general supervision of the activities of the program.

The formation of the marketing council was an important innovation which was both desired and deemed necessary by program members. Its purpose was to insure input and approval from producers concerning all activities of the organization, and thereby obtain increased confidence in the program from cattle feeders. Presently, all associations in Iowa, Minnesota and Nebraska have marketing councils.

In 1975 and 1976, several other feedlot sales organizations started in different parts of Iowa. By June, 1976, 35 Iowa counties were involved in the program with a total of 876 cattle feeders enrolled, and by April, 1977, 1510 feeders were enrolled in 62 counties. In July, 1978, 82 of Iowa's 99 counties were involved in the program, along with six counties in southwestern Minnesota which affiliated with the Minnesota Farm Bureau. The membership of these associations totals about 3,000. In addition, an association in Nebraska is operating which is affiliated with the Nebraska Farm Bureau and Producers Commission Association, and four associations affiliated with IPLA and the Illinois Farm Bureau are operating in Illinois. Also, eight additional county Farm Bureaus in Iowa have passed resolutions to join the country feedlot sales program. Thus, in the foreseeable future, 90 of Iowa's 99 counties may be involved in the country feedlot sales program. A map showing the Iowa associations is presented in Figure 4.

The growth of the country feedlot sales program, in terms of membership, marketings, and percentage of total Iowa fed cattle marketings, is charted in Figure 5. The membership has more than tripled since June, 1976, when 876 cattle feeders belonged to the program, which was then operating in 35 Iowa counties. Cattle marketings in 1977 were more than four times greater than the marketings in 1975; also, the proportions of Iowa's total fed cattle marketings coming from the country feedlot sales program has increased from 2.58 percent in 1975 to 10.81 percent in the first half of 1978. In some counties, 60 percent of the fed cattle are estimated to be committed to the program (2).

The rapid growth of the program has caused some problems for program

Figure 4. Map of associations of the country feedlot sales program in Iowa (Commodity and Marketing Division, Iowa Farm Bureau, Des Moines, Iowa, Unpublished data, 1978)

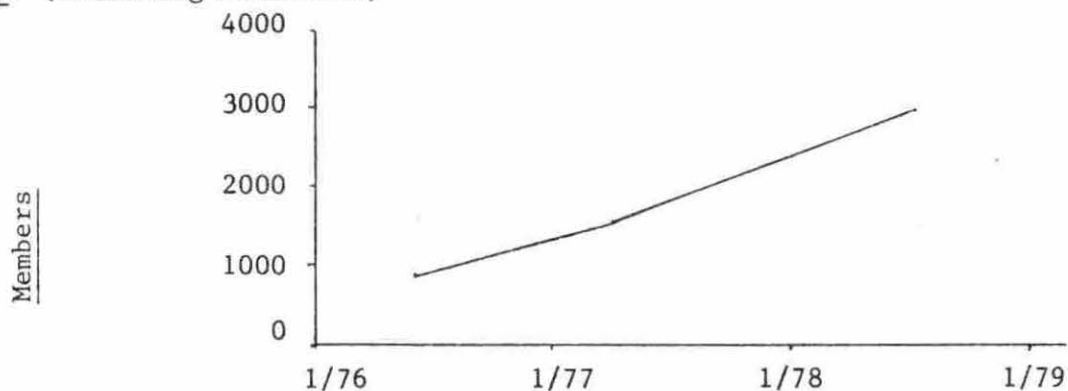
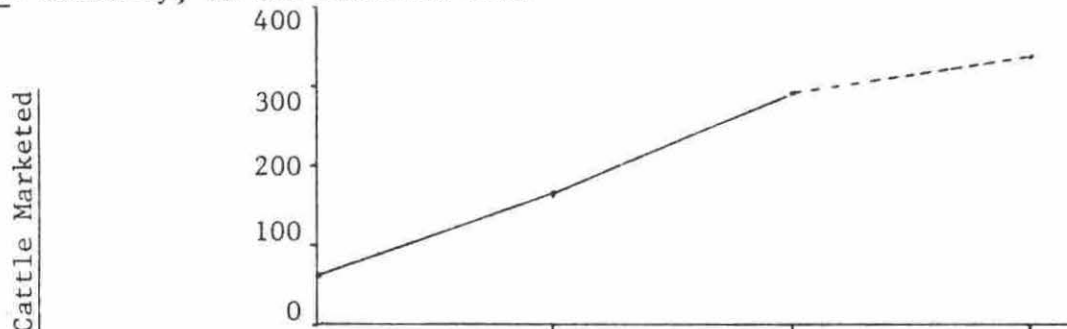
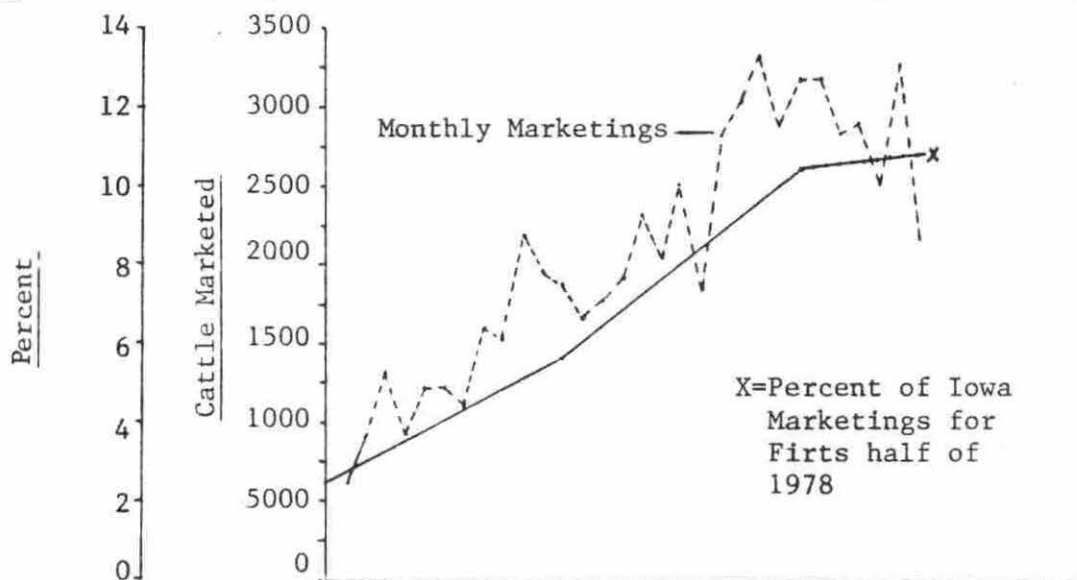
Membership: (Including Minnesota)Marketings: Annually, in the Previous YearMarketings: Monthly--and percent of total Iowa Annual Marketings

Figure 5. Growth of the country feedlot sales program in membership, annual marketings, and monthly marketings (Commodity and Marketing Division, Iowa Farm Bureau, Des Moines, Iowa, Unpublished data, 1978)

members, officials, and sales representatives.¹ Sometimes, increasing membership in a given association has given the sales representative more members than he can properly service. Basically, there are three solutions to this problem; allow a sales representative from another association to assist the overburdened sales representative; hire a new sales representative to assist the original sales representative; or redefine association boundaries.

A problem of all three solutions can be that a sales representative, who is paid partially on the basis of the number of cattle he markets, may oppose any action that might reduce his marketings.

The first solution can cause problems in both associations involved, as members of the first association may not approve of the sales representative who was brought in to assist in marketing their cattle. Members of the assistant's association may not appreciate the reduction in their services which results from their sales representatives' attempt to cover more area and members. This solution is at best a temporary one.

The second solution, hiring an additional sales representative, may cause problems if the members do not approve of the new sales representative; also, while there is too much business for one representative to handle alone, there may not be enough business to justify the employment of two sales representatives.

¹"Sales representatives" are described under the subheading Structure later in this chapter.

The third solution, redefinition of association boundaries, can frequently be the most logical one from a business standpoint. However, it results in confusion as marketing councils are reorganized, association names are changed, and new sales representatives are hired. There may be some dispute as to which new association the old sales representative will work with, and there may be difficulties regarding the approval of a new sales representative.

The program's rapid growth has resulted in the overextension of employees at higher levels, and has made it difficult for officials to deal with the program's other problems and provide services to the extent that they would like. These are some of the problems that have resulted from the country feedlot sales program's rapid growth.

The growth of the country feedlot sales program has resulted from two activities--expansion within existing associations, and incorporation of new associations into the program. Both have been significant in their contribution to the program's growth. However, as the country feedlot sales program presently encompasses nearly the entire state of Iowa, the majority of the program's future growth must occur within existing associations. For this reason, it is useful to analyze the past growth of the program by separating it into two components--growth "within associations" and growth "by incorporation of new associations into the program."

The total number of original members in each Iowa association is approximately 1625. This means that 2780 (present Iowa membership) - 1625 = 1155 of the present membership, or about 42 percent, represent

growth within existing associations. The remaining 1625, or 58 percent, while they cannot be considered original members (due to the possible dropping out and replacement of original members), can be said to represent the original membership.

This analysis, however, does not yield a usable figure for growth "by incorporation of new associations into the program." The logic of this analysis should be clarified by the upper diagram of Figure 6. These diagrams are not intended to accurately represent the country feedlot sales program's growth; rather, they are included for the purpose of clarifying the methods of growth analysis used here.

The lower diagram of Figure 6 represents another method for analyzing the growth of the country feedlot sales program. Using this method, a date is somewhat arbitrarily picked, in this case June, 1976, and all growth in associations added after that date is declared to be the result of growth "by incorporation." The membership of the associations in existence at that time would be considered "original" membership, and only subsequent growth in these associations will be considered "within association" growth. Using this analysis and the June, 1976, date, the "original" membership is 876. The present membership of these seven associations is estimated at about 1580. This results in a "within association" growth of $1580 - 876 = 704$, or about $704/2780 = 25\%$ of the total present membership. Growth "by incorporation" would be $2780 - 1580 = 1200$, which is about 43% of the total membership.

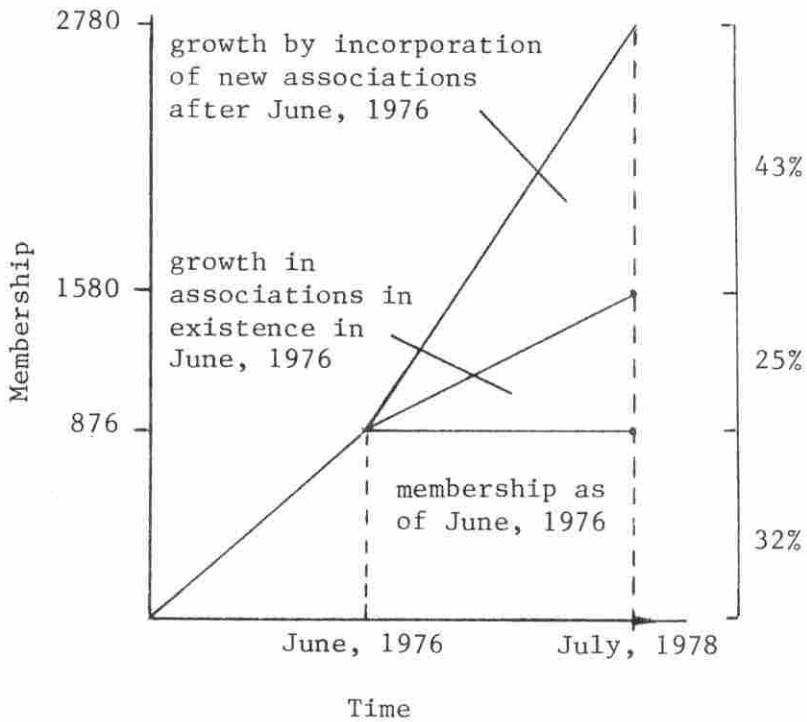
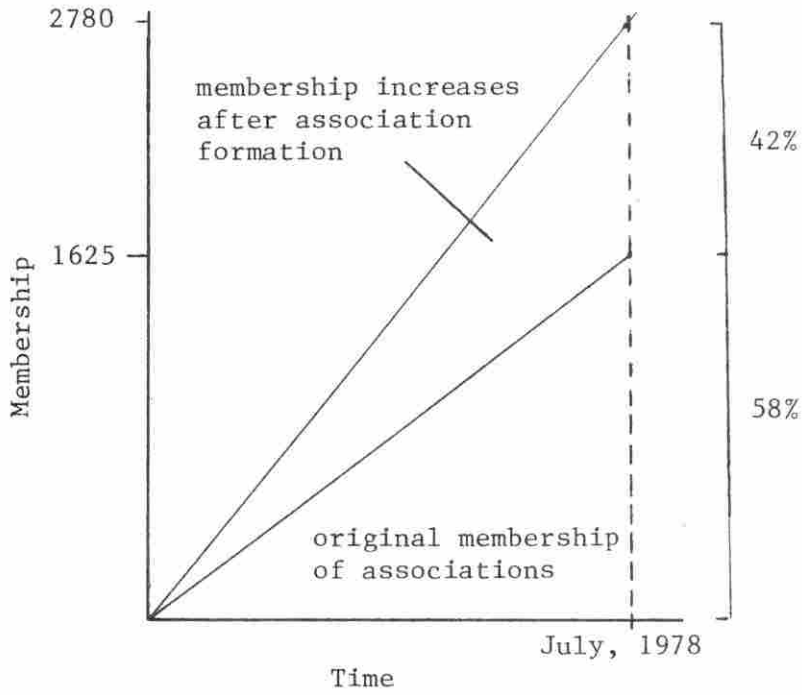


Figure 6. Two approaches for analyzing the growth of the country feedlot sales program

The total growth of the country feedlot sales program since June, 1976, is $2780 - 876 = 1904$, of which 604 or 37% represents "within association" growth, and growth "by incorporation" is 1200 or 63%. (Notice the distinction between "percentage of membership" and "percentage of growth.")

Still another method of judging "within association" growth is to compare the number of members per county at different times in the past. In June, 1976, there were 25.0 members per county involved in the program; in April, 1977, there were 24.4; and July, 1978, there were 33.9. These figures would suggest that the 10 months following June, 1976, were a period of relatively rapid incorporation of new areas into the program, during which time the number of members per county did not change greatly; and that the following fifteen months saw more growth in existing areas. This, however, does not contradict the analysis showing that much of the growth since 1976 has resulted from the incorporation of new areas.

The purpose of distinguishing between these two types of growth is that the potential for continued growth "by incorporation," which has been the program's main source of growth since 1976, is quite limited within the state of Iowa. Nearly all future growth in terms of increasing the proportions of Iowa cattle marketed through the program must be the result of "within association" growth. "Within association" growth means selling the program to cattle feeders who are already inside the boundaries of existing associations, and who previously have not seen fit to join the program.

The graphs on the growth of the country feedlot sales program, and the analysis indicating 63% of the program's growth since June, 1976, occurring "by incorporation," suggest that "within association" growth may become a problem for the program. Figures for the first half of 1978 indicate a leveling off of the program's marketings and share of the state's marketings, although it is perhaps too early to establish a definite trend. Nevertheless, it is interesting to note, while examining the graphs, that the last counties to join the program did so in December 1977, and no new areas have been added since then. While it should be expected that the growth of the program will slow down when the acquisition of new areas ceases, if the Iowa Farm Bureau's goals concerning the program are to be reached, a redoubling of efforts to expand the membership of the program's existing associations may be required.

The goals of the Iowa Farm Bureau concerning the country feedlot sales program include the eventual marketing of 30% of Iowa's fed cattle through the program. Certainly with only 2780 of Iowa's 33,000 cattle feeders enrolled in the program, the potential for this growth exists. However, this growth must come largely from selling the program to cattle feeders in existing associations who previously have not been sold on the program. For this reason, the continued growth of the country feedlot sales program will be a great challenge to the Iowa Farm Bureau, Producers Commission Association, IPLA, and the cattle feeders who support the program.

It should be mentioned that another source of increased marketings for the program is the more complete commitment of present members to the program. Some program members do not market all of their cattle through the program. This occurrence will be discussed later in this chapter and in the following chapter.

Another aspect of the country feedlot sales program's growth is the changing feedlot size of the program's membership. In June, 1976, the program's 876 members marketed 12,336 cattle for an average of 14.082 cattle marketed per member. For the month of April, 1977, the average was 15.478 cattle marketed per member, and for July, 1978, the average was 9.725. This would indicate that presently the average feedlot size of the program's membership is declining.

A reasonable explanation for this decline in cattle marketed per member is that the members added in the fifteen months preceding July, 1978, have generally operated feedlots of smaller size than the feedlots of the older members. Adding smaller operations to the program resulted in a decrease in the average number of cattle marketed per member.

Using some of the statistics that have been presented, we can make some statements about the program's future growth.

The trend in numbers of cattle marketed per member is downward; for this analysis we will assume that the average number marketed per member per month will be no higher than 9.0 in 1979. The trend in number of members per county is upward (presently 33.9 members per county, as mentioned earlier), and we will assume that the program may attain a maximum of 42 members per county in 1979. A maximum of 90

counties in the program will be assumed for 1979.

Using these figures, no more than 9.0×12 months = 108 cattle will be marketed per member in 1979. The maximum number of members for 1979 will be $42 \times 90 = 3780$. Thus, the maximum number of cattle we can expect to be marketed through the program in 1979 is $108 \times 3780 = 408,240$.

This figure was derived by using liberal estimates for membership and marketings per member, and should be considered an upper limit based on present trends. Probabilistically, actual marketings for 1979 can be expected to be considerably less than 400,000, but some growth over the 338,000 cattle expected to be marketed in 1978 is anticipated. Strong leadership from program officials and members, and good promotion could allow marketings for 1979 to reach the upper limit given. These factors will definitely be needed if the program is to reach its goal of eventually marketing 30 percent of Iowa's cattle through the program.

Description

Structure

The country feedlot sales program is presently made up of 17 individual associations in Iowa, one in Minnesota, and one in Nebraska. Also, there are four associations in Illinois, but their structure is slightly different and they will not be included in this study. The Minnesota and Nebraska associations are affiliated with Producers Commission Association of Sioux City, Iowa, and their

respective state Farm Bureau organizations.

The structure of the country feedlot sales program is diagrammed in Figure 7.

The Iowa Farm Bureau Federation, at the top of the diagram, has a multiple role in the formation of a feedlot sales association. First, the Farm Bureau is affiliated with the sales agency (a terminal market commission firm; either Producers Commission Association or IPLA). The Farm Bureau works with the sales agency to determine general guidelines for operation of the program, and to promote the program both in areas where the program is already operating, and where new programs are being formed.

The Iowa Farm Bureau also assists the county Farm Bureau board of directors in the promotion and formation of the feedlot sales association, and, after the association is organized, assists the marketing council in the promotion and operation of the association.

The sales agency is the employer of the feedlot sales representative (described later). The sales agency receives the commission paid by the member cattle feeders, and is responsible for marketing the member's cattle to the best advantage of the member. The cattle will either be marketed directly¹ or through a terminal upon which the sales agency operates. The sales agency pays the expenses of the country feedlot

¹The definition of direct marketing used in this study enables us to say that cattle marketed by the feedlot sales representative, if they are transported directly from the feedlot to the point of slaughter, are marketed directly.

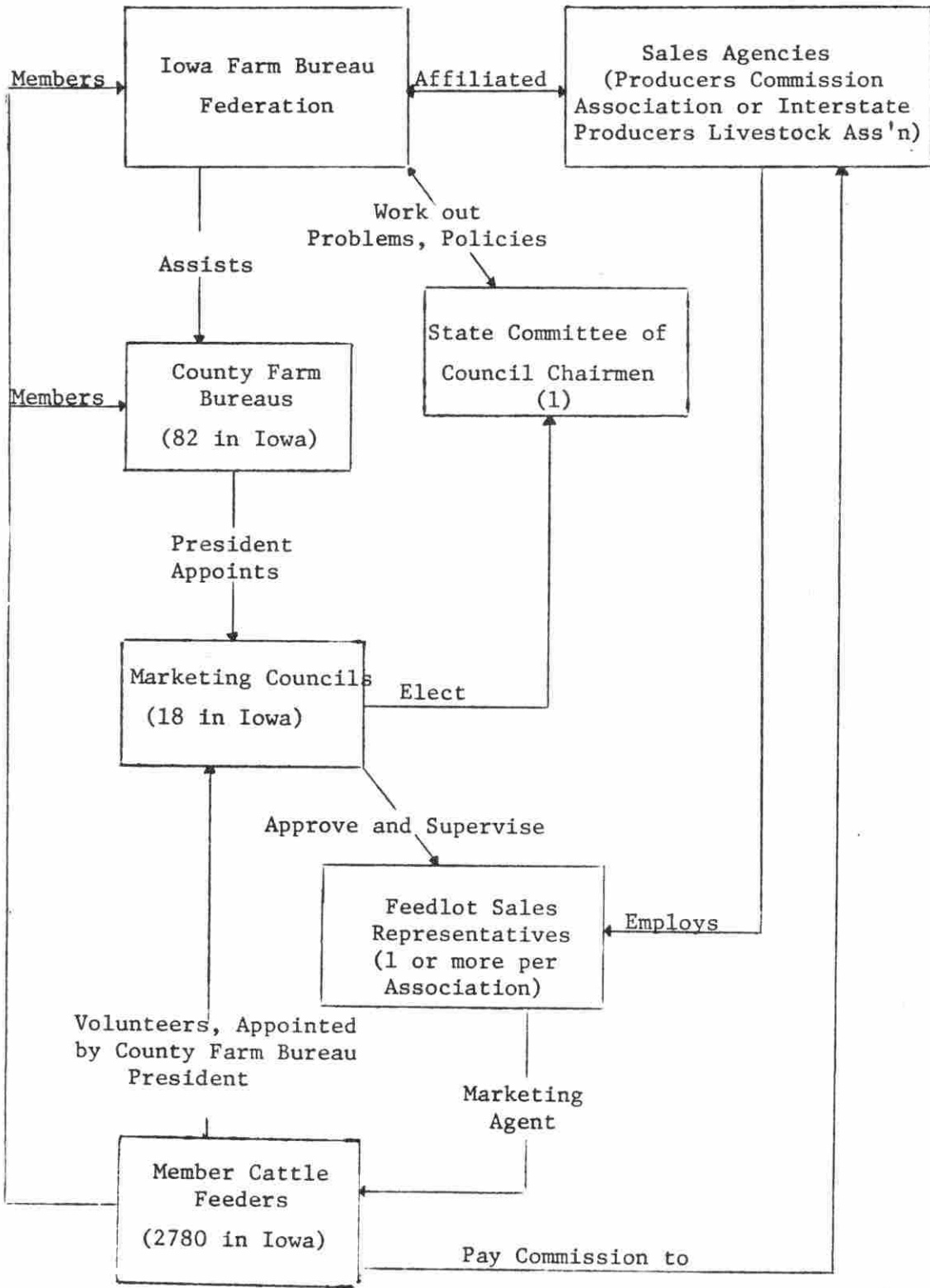


Figure 7. Structural diagram of the country feedlot sales program

sales program, including telephone, automobile, advertising, bonding insurance, office expenses, etc., plus the salaries of the feedlot representatives.

As mentioned earlier, the sales agencies are affiliated with the Iowa Farm Bureau Federation. Producers Commission Association of Sioux City is the sales agency for the eight western Iowa associations, the Minnesota association, and the Nebraska association; IPLA is the sales agency for the nine eastern Iowa associations and the four Illinois associations.

The county Farm Bureau organizations are primarily responsible for initiating and promoting the country feedlot sales program in their own counties. When a number of cattle equivalent to about 10% of the county's annual grain-fed cattle production has been pledged to the program, the county Farm Bureau board of directors may elect to offer the program. The county may become part of an adjacent association already in existence, join in with other counties to form a new association, or may need to wait for the decision of other nearby counties to go ahead with the program.

The county Farm Bureau president will then appoint 1 to 3 program members to represent the county on the association's marketing council. The marketing council, which has been described earlier, then takes charge of the operation of the association. The number of counties in an association varies from three to six.

The marketing council's primary purposes are to approve and supervise the feedlot sales representative, to establish procedures and

guidelines for the association, and to promote the interests of and generally supervise the association.

The marketing council has what essentially amounts to a negative or veto power over the sales representative. A sales representative must be approved by the marketing council before he goes to work in an association. If the member cattle feeders have complaints concerning their sales representative, they may voice these complaints through their marketing council. Should the problems between the sales representative and the marketing council move irreconcilable, the sales representative may be dismissed by the marketing council.

A sales representative may be transferred by the sales agency to another association, or elsewhere in the sales agency, without the consent of the marketing council. The marketing council has no power to negotiate salaries as a means of acquiring or retaining a good sales representative. This limitation in the marketing council's power has caused problems in some associations.

Twice annually, the chairmen of each Iowa association marketing council meet with officials of the Iowa Farm Bureau to discuss the operation and promotion of the program on a statewide basis. This body is shown as the "Committee of Council Chairmen" on the structural diagram.

The feedlot sales representative is perhaps the most critical element of the country feedlot sales program structure. The sales representative conducts the day to day business of marketing the members' cattle. He is responsible for contacting buyers, bringing them to the feedlot, negotiating with them, being aware of current

market conditions, and, in summary, obtaining the best possible price for the members' cattle. The sales representative is employed by the sales agency, but is subject to approval by the marketing council, and may be dismissed by the council if his performance is found to be unsatisfactory.

Usually, the feedlot representative is an individual with a good deal of experience in cattle marketing. Experience as a cattle buyer, feeder buyer, cattle feeder, and/or a feedlot manager is not uncommon for a country feedlot sales program sales representative.

The member feeders receive the services of the feedlot sales representative and pay a commission to the sales agency for these services. The marketing council members are appointed by the county Farm Bureau presidents from the ranks of the member feeders.

The marketing agreement

To join the program, a cattle feeder must be a member of the Iowa Farm Bureau Federation, and must sign an agreement describing his responsibilities to the Farm Bureau and to the sales agency, and their responsibilities to him. Copies of the agreements used by the two sales agencies are presented in Appendix I; the first is the agreement used by Producers Commission Association in western Iowa, and the second is used by IPLA in eastern Iowa. With few exceptions, the two agreements are effectively identical in content.

The major provisions of the contract, which also are some of the major selling points of the program, are as follows:

1. The sales agency will take on the responsibility of marketing the producer's cattle; this includes contacting buyers, bringing them to the feedlot, and negotiating with the buyers; or marketing the cattle through a terminal market.
2. The sales agency will provide marketing information and advice to the producer.
3. The sales agency guarantees payment on the cattle through its bonding protection.
4. The cattle feeder agrees to let the agency be the exclusive marketing agency for his cattle, and will pay the commission on the cattle even if he markets them through channels other than the country feedlot sales program.

A subject of controversy in the country feedlot sales program is the interpretation of the contract with respect to the numbers of cattle marketed through the program by the members. In the IPLA-affiliated associations, members are required to market all cattle sold for slaughter through the program, or, in any case, to pay the commission on all cattle sold for slaughter, for as long as the agreement is in effect. In the Producers Commission Association - affiliated associations, members are allowed to specify a certain number of cattle for marketing through the association, and market the remainder on their own.

It has been argued that the "all-or-none" contract is too rigid and discourages cattle feeders from joining the program. When a cattle feeder initially considers joining the program, he or she may consider it too great a risk to commit all of his or her cattle to an unfamiliar marketing technique. On the other side of the argument, the point is

made that in order for the program to be effective, the feedlot sales representative and the potential buyer must be assured that the sales representative has exclusive bargaining rights on the cattle. It has happened that, while the sales representative has been attempting to secure bids on a certain set of cattle, the cattle feeder has made other arrangements to market the cattle. Occurrences of this type may undermine the sales representative's credibility with the cattle buyers. Also, these occurrences may result in misunderstandings if the sales agency attempts to collect the commission for cattle sold through other channels on the basis that the cattle were committed to the program.

Operation

When the member cattle feeder decides that the time to market a certain group of cattle is drawing near, he or she will contact the feedlot representative of his or her association. The feedlot representative will then usually visit the feedlot to observe the cattle, discuss current market conditions with the cattle feeders, and determine the best time to market the cattle on the basis of market conditions and the cattle's degree of finish.

If the country feedlot sales program is not already well established in an area, the feedlot representative must establish contacts with buyers. If the program is already well-established in an area, cattle buyers frequently contact the sales representative in order to locate the type of cattle they desire. As the sales

representative is the marketer for a large number of feedlots in his area, he can frequently supply the cattle buyer with the type of cattle he needs. This can significantly reduce the time and cost of search for the buyer. In this sense, the country feedlot sales program acts as a procurement service for buyers.

The feedlot sales representative is able to maintain contact with a larger number of potential buyers by virtue of the high volume of cattle he controls. Thus, the feedlot representative performs the double service of finding the right buyer for a particular seller, and the right seller for a particular buyer.

The cattle buyer, if he is interested in the type of cattle the sales representative has to sell on a particular day, will meet the sales representative at the sales representative's office (generally in a county Farm Bureau building), or another prearranged point, and they will usually take the sales representative's car to the feedlot(s). After viewing the cattle, they will attempt to negotiate a sale. Usually, the cattle feeder is not present at these negotiations (the fact that a sales program member needs to devote very little time to the marketing of his cattle is an important selling point of the country feedlot sales program).

A sale is usually not finalized at the feedlot. According to the contract, the country feedlot sales program member may reject any bid, and the final decision on a sale is up to the cattle feeder. Thus, the sales

representative must contact the cattle feeder following his negotiations with the cattle buyer to get the cattle feeder's permission to sell. Sometimes, the feeder and sales representative previously reach an agreement regarding the price at which to sell the cattle without contacting the feeder again. After the sales representative has received permission to sell, he contacts the buyer again and finalizes the sale.

In order to be able to negotiate effectively with cattle buyers, the feedlot sales representative must have up-to-date market information, a good idea of the local supply situation, and a thorough knowledge of the other intricacies of cattle marketing. The sales representative's sources of market information include television and radio broadcasts, the USDA news service, and the home office of the sales agency at the terminal market. Unlike the farmer-feeder, the sales representative can spend much of his time assimilating market information, as he has no crops or other enterprises to tend.

There has been some antagonism towards the country feedlot sales program from packers and their buyers, as the results of the survey, which will be presented in Chapter III, point out. Despite the action of the program as a procurement service for buyers, some buyers may prefer not to deal with the sales program. The buyer may feel that the sales representative is in a better bargaining position than the individual cattle feeder, due to the large volume of cattle the sales representative controls; or the buyer may simply feel that the sales representative drives a harder bargain than the cattle feeder. Either or these may be reasons that a particular buyer may not wish to deal with the sales program. Antagonistic

buyers sometimes fight the program by offering cattle feeders better prices for their cattle if they do not market them through the country feedlot sales program, or by simply refusing to deal with the sales representative.

Cost

If sufficient data were available, a chapter or even an entire thesis might have been devoted to a cost analysis of the country feedlot sales program. However, due to the lack of availability of reliable cost data, such an analysis has not been possible. Data and analysis are presented here in the greatest detail possible in this study.

The cost of the country feedlot sales program to its members, as outlined in the marketing agreements presented earlier, is 30¢ per hundred-weight of steer or heifer marketed in associations affiliated with Producers Commission Association, and \$3.50 per steer or \$3.25 per heifer marketed in associations affiliated with IPLA. At the time of this writing, Producers Commission Association is considering increasing the commission from 30¢ to 35¢ per hundred-weight. Also the cost of Farm Bureau membership should be considered, which is \$25.00 per year in most Iowa counties.

To determine the value of the benefits a cattle feeder receives from being a member of the country feedlot sales program, a number of questions must be considered.

1. Does the member receive a higher price for his cattle as a result of his membership in the country feedlot sales program, and if so, how much higher is the price he receives?
2. Does the member spend less time marketing his cattle as a result of his membership in the country feedlot sales program and if so, how much; and, what is the value of the member's time?
3. Does the member spend less time and money accumulating market information as a result of his membership in the country feedlot sales program?
4. What is the value of the marketing advice the country feedlot sales program member receives?
5. What is the value of country feedlot sales program's guaranteed payment feature?

When these questions can be answered on a per head basis, the costs and benefits of country feedlot sales program membership can be compared. It is not difficult to see that a good deal of study could be devoted to determining these costs and benefits.

Table 1 is a financial statement of Producer's Commission Association's segment of the country feedlot sales program for the first six months of 1978 is shown. Although the figures indicate a loss for Producers Commission Association on the program, this is not precisely the case. Two qualifications on the figures shown should be made. The first is the "Salaries" figure; this figure may be somewhat conservative as it does not include bonuses paid to the feedlot sales representatives, which are based on the number of cattle they market in a given time period. The second qualification is the "Credit Insurance Allocation," or bonding insurance figure, which represents the cost of protection against non-payment of the cattle buyer. This figure is an allocation,

Table 1. Financial statement of Producers Commission Association's Feedlot Sales Division for the first six months of 1978.

CATTLE SOLD: 116,539			
INCOME:			
	Cattle Sales		\$369,180.60
	Other Earnings		<u>8,077.85</u>
	TOTAL INCOME		\$377,258.45
EXPENSES:			
Employee	Salaries	\$145,857.82	
Costs:	Employment taxes	8,824.59	
	Retirement	21,155.58	
	Employee Insurance	<u>11,050.34</u>	
		\$186,888.33	- \$186,888.33
Direct	Auto Dep. & Ins.	\$20,253.86	
Business	Field	27,418.81	
Costs:	Telephone	45,365.67	
	Advertising & PR	<u>4,769.07</u>	
		\$97,807.41	- \$97,807.41
General	Administration	\$54,000.00	
Costs:	Credit Insurance	54,000.00	
	Allocation		
	Other	<u>7,455.88</u>	
		\$115,455.88	<u>\$115,455.88</u>
	TOTAL EXPENSES		\$400,151.62
	LOSS FOR 6 MONTHS		<u>-\$22,893.17</u>
	AVERAGE EXPENSES PER HEAD	\$3.43	
	AVERAGE INCOME PER HEAD	<u>- 3.23</u>	
	AVERAGE LOSS PER HEAD	- \$0.20	

not an actual expenditure, and the figure presented is significantly higher than the actual expenditure.

Mr. David Mitchell, General Manager of Producers Commission Association, has indicated that the country feedlot sales program is not actually losing money in the Producers Commission Association affiliated Associations. As will be pointed out in the next chapter, there is some feeling among country feedlot sales program members that the cost of the program is too high, and that the sales agencies are making excessive profits on the program.

CHAPTER III.

SURVEYS OF THE COUNTRY FEEDLOT SALES
PROGRAM MEMBERSHIP AND FEEDLOT SALES REPRESENTATIVES

Procedure

The survey of the country feedlot sales program membership was mailed to 383 program members in Iowa and southwestern Minnesota in April and May of 1978. Two hundred names were selected at random from a mailing list provided by Producers Commission Association, and 183 names were selected from a list of 202 names provided by IPLA. The numbers selected from each sales agency were based on the approximate number of members affiliated with each sales agency. The total number of surveys mailed was based on the intention of obtaining a reasonable sample of responses from each association in the program, although no effort was made to insure a certain number from each association. Random sampling was allowed to determine the number of surveys mailed to each association. For purposes of analysis, all names were assumed to be selected at random. Table 2 is a listing of all associations included in the survey, the number mailed to each association, the number returned, and the percentage returned.

While the total response of 72.6% was better than expected, it represents only the surveys which were usable in the final analysis. The total response was nearly 75%, which indicates to some degree the concern and interest of the members in their program.

The first mailing of the survey included a letter from the Iowa State University Economics Department, a letter from the appropriate sales agency encouraging the member to respond, a postage-paid return envelope, directions for the survey, and, of course, the survey. Copies of the

Table 2. Number and percentage of members who responded to the country feedlot sales program membership survey, by association

Association	Number Mailed	Number Returned	Percent Returned
1. Beefland (Minnesota)	26	17	65.4
2. Siouxland	30	20	66.7
3. Maple Valley	26	16	61.5
4. Cornland	29	25	86.2
5. Great Lakes ^a	1	1	100.0
6. Supreme Beef	16	12	75.0
7. Top \$	24	14	58.3
8. Top of Iowa	22	14	77.3
9. Steakland	26	17	65.4
10. Raccoon Valley	14	9	64.3
11. Twin Cedar	20	16	80.0
12. Mid-Iowa Beefland	20	17	85.0
13. Central Iowa	22	22	100.0
14. Upper Iowa	20	13	65.0
15. Cedar Valley	24	16	66.7
16. Iowa Valley	22	16	72.7
17. Eastern Iowa	19	16	84.2
18. Southeastern Iowa	22	17	77.3
Total	383	278	72.6

^aGreat Lakes is the most recently formed association, and a mailing list was unavailable. The respondent was formerly a Siouxland member, and his name was on the Siouxland mailing list.

letters, directions, and the survey are shown in Appendix II. Two weeks after the first mailing, surveys were sent again to those members who had not yet responded (the surveys were coded in order to determine who had and who had not responded). Two weeks after the second mailing, postcards were sent to remind the remaining survey recipients to respond.

A survey was also taken of the country feedlot sales program sales representatives. This survey was designed to obtain the opinions of the sales representatives and compare them with the opinions of the members. Ten sales representatives surveys were returned out of the seventeen mailed for a return of 58.8%.

The surveys were designed with the objectives laid out in Chapter II in mind. In order to enlist the cooperation of the Farm Bureau and the sales agencies, an effort was made to design the surveys in a way that would provide data useful to them. The surveys were written with the assistance of Mr. Glee Mulder of the Iowa Farm Bureau, Mr. David Mitchell of Producers' Commission Association, and Mr. Carl Rylander of IPLA.

Results of the Membership Survey

Question 1 of the survey asked respondents to give the name of their association. This question, in addition to being an aid in the classification and identification of the surveys, was intended to test the contention that country feedlot sales program members in some areas did not identify with their own association and marketing council, but rather with the sales agency. Program officials consider it important that members identify with their association marketing council, as it is through the

marketing council that member cattle feeders make their influence in the regulation and operation of the program felt. A member who was not aware of the name of his association might also not be aware of his representation through the marketing council. In areas where prospective members are not made aware of the marketing council and its function as the voice of the membership, an important selling point of the program may be overlooked.

It was found that 41, or 14.7%, of the 278 survey respondents answered this question incorrectly.¹ Six of the 41 incorrect answers were from the west (Producers Commission Association-affiliated associations), and 35 were from the east (IPLA - affiliated associations). This indicates that association non-identification is more prevalent in the east, and that eastern association members may be less aware of and/or less concerned about their marketing councils than western association members. The results of questions 13 and 16 lend support to this conclusion. A breakdown of the results of the question 1 by association follows in Table 3.

The relationships between various questions in the survey were determined by the use of correlation coefficients. This was done to determine the nature of the relationships of several factors to the members' opinions of different aspects of the country feedlot sales program. The relationships of responses to questions 2 through 5 to responses

¹ Allowance should be made for possible errors in determining the respondent's true association name. However, 32 of the 41 incorrect answers were the result of the respondents answering "don't know," in which case correct determination of the respondents' true association name is unnecessary in establishing non-identification. Of the 32 respondents who answered "don't know," 28 were in IPLA affiliated association, and 4 were in Producers Commission Association - affiliated associations.

Table 3. Number and percentage of members who correctly identified their association name, by association

Producers Commission Association- Affiliated Associations	Responses	Incorrect Responses	Percent Incorrect Responses
Beefland	17	0	0.00
Siouxland	20	0	0.00
Maple Valley	16	1	6.25
Cornland	25	2	8.00
Great Lakes	1	0	0.00
Supreme Beef	12	0	0.00
Top \$	14	0	0.00
Top of Iowa	14	1	7.14
Steakland	17	2	11.76
Subtotal	136	6	4.41
IPLA-Affiliated Associations			
Raccon Valley	9	2	22.22
Twin Cedar	16	2	12.50
Mid-Iowa Beefland	17	5	29.41
Central Iowa	22	6	27.27
Upper Iowa Slaughter	13	4	30.77
Cedar Valley	16	2	12.50
Iowa Valley	16	7	43.75
Eastern Iowa	16	6	37.50
Southeastern Iowa	17	1	5.88
Subtotal	142	35	24.65
Total	278	41	14.75

to questions 6, 8, 13, and 16 will be mentioned only briefly in the discussions of questions 2 through 5. These relationships will be covered in greater detail in the discussion of questions 6, 8, 13, and 16, and in Tables 5, 10, and 20.

Question 2 asked cattle feeders to give the number of years they had been feeding cattle. The average number of years feeding cattle was 19.59 years (19.26 in the east, 19.91 in the west); the range was from 1 year to 50 years.

Correlations involving "years feeding cattle" were generally small, but are worth mentioning if only to determine whether they are positive or negative. It was found that the longer the respondents had been feeding cattle, the lower the ratings they gave on all questions tested, including their overall opinion of the program. The longer the respondents had been feeding cattle, the less relative importance they placed on the services of providing marketing information and advice, and negotiating with buyers, and the more relative importance they placed on the provision of guaranteed payment. These correlation coefficients can be found in Tables 5, 10, and 20, and will be covered in greater detail in the discussions of questions 6, 8, and 16.

Question 3 asked the respondents how long they had been country feedlot sales program members. The statewide average length of membership was 21.16 months (22.85 in the east, and 19.39 in the west). The range was from 0 (new member) to 84 (a member of the Central Iowa association, which was originally formed in 1971).

Correlation coefficients involving "length of membership" were some-

what higher than those involving "years feeding cattle." It was found that the longer the respondent had been a country feedlot sales program member, the more relative importance he placed upon the time and effort the program saved him, the guaranteed payment feature, and the marketing information and advice he received from the program. It was also found that the longer the respondent had been a program member, the less relative importance he placed upon the increased number of marketing outlets the program afforded him, and the more relative importance he placed upon the marketing council. The longer the respondent had been a sales program member, the lower was his overall opinion of the program. These correlation coefficients will be presented in greater detail in Tables 5, 10, and 20, and in the discussions of questions 6, 8, and 16.

Question 4 asked respondents how many cattle they planned to feed in 1978. The respondents planned to feed an average of 316.84 cattle per member in 1978. The range was from 0 to 8000. The 266 members who responded to this question planned to feed a total of 84,280 cattle in 1978. Assuming that this sample is representative of country feedlot sales program members statewide, then the 2780 Iowa members can be expected to feed about 881,000 cattle in 1978. This figure, however, appears to be an overestimation, as it exceeds the projection of about 338,000 cattle to be marketed through the program in 1978 by too great an amount for it to be considered accurate. The projection of 338,000 cattle marketed in 1978 was made in Chapter III and is based on actual marketings for the first half of 1978. Part of the explanation of this overestimation may be that the members simply are not feeding as many cattle as they had planned to when the survey was taken.

The members of the western associations were planning to feed, on the average, 385.72 cattle each in 1978, and the eastern association members were planning to feed an average of 252.00 cattle each in 1978.

A graph comparing the distribution of feedlots of different sizes in the country feedlot sales program (based on the results of question 4) and in the entire state of Iowa is presented in Figure 8. This graph demonstrates quite clearly that country feedlot sales program members tend to operate larger feedlots than the general population of Iowa cattle feeders.

This fact is notable, as economies of scale indicate that per head marketing costs should increase as feedlot size decreases. Because the per head costs of program membership are the same for all feedlots, regardless of size, it would seem that small feedlots have more to gain from program membership than large feedlots.

However, the fact that sales program marketing charges per head are the same for feedlots of all sizes gives the program cause to not seek the membership of smaller operations, as it costs the program more per head to market from smaller feedlots. It takes as much time for the sales representative to market a lot of 10 cattle as it does for a lot of 100 cattle, but the commission is only 1/10 as great on the smaller feedlot. This may be a significant part of the explanation for the difference between the size of Iowa feedlots in general and the size of country feedlot sales program operations.

Feedlot size had a stronger relationship to other opinions than either time feeding cattle or length of membership. Operators of larger feedlots tended to give lower ratings than smaller operators in nearly all questions

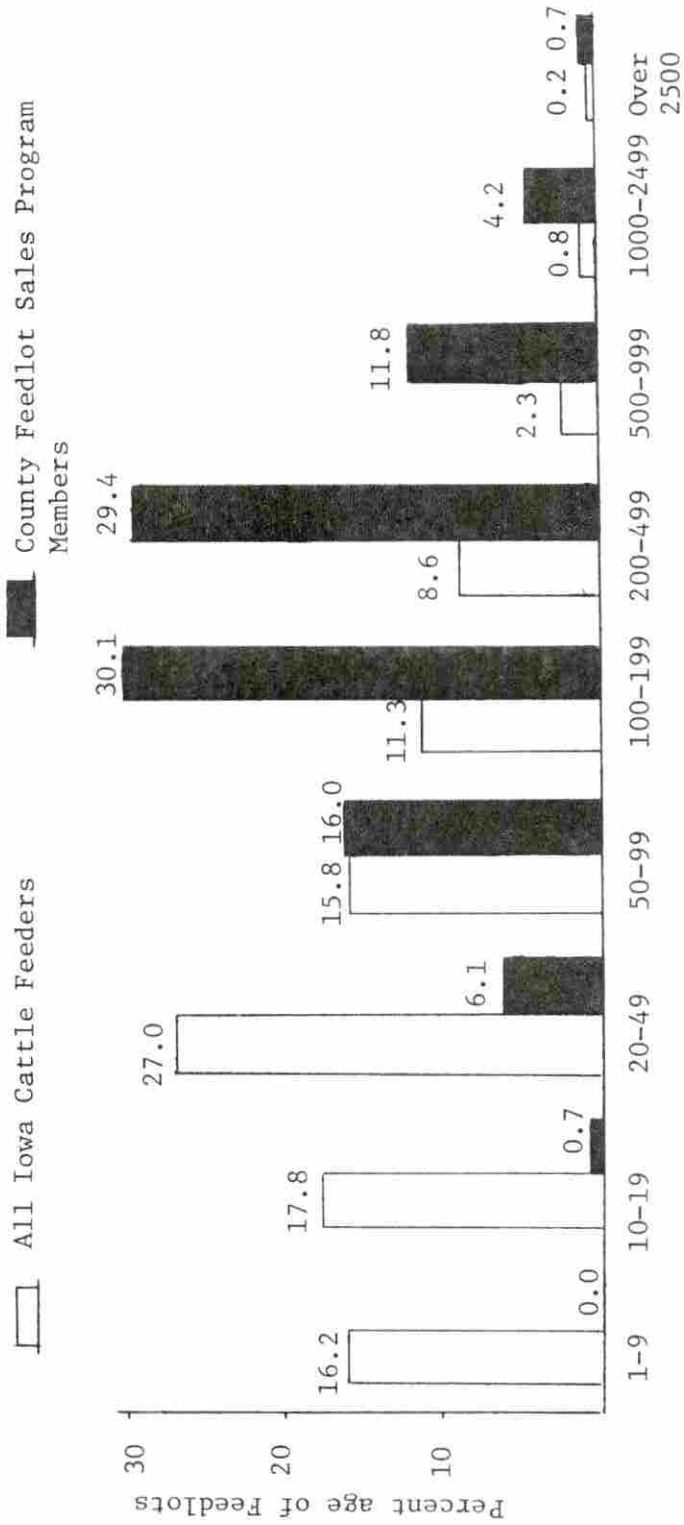


Figure 8. Comparison of feedlot size distribution of country feedlot sales program members and all Iowa cattle feeders (18, pp. 1-18)

tested. Operators of larger feedlots felt that getting a higher price for their cattle was a less important reason for belonging to the program than did smaller operators. Larger operators attached less importance to the availability of a greater number of marketing outlets, marketing advice, and greater bargaining power as reasons for belonging to the program than did smaller operators.

Larger operators tended to attach less importance to all the services of the feedlot representative, including bringing buyers to the feedlot, negotiating with them, and providing marketing information and advice. Possibly this is due to the fact that larger operators had less difficulty in attracting buyers before joining the program than smaller operators, and that larger operators generally have more time to devote to gathering market information than smaller operators. This would indicate that the more important features of the country feedlot sales program for larger operators are guaranteed payment, and the lower time and effort spent in marketing. Feedlot size was found to be not significantly related to the respondent's overall opinion of the program. These correlations can be found in tables 5, 10 and 20, and will be treated in greater detail in the discussion of questions 6, 8, and 16.

It was also found that larger operators marketed a lower percentage of their cattle through the program, but this will be explained in the discussion of question 5.

Question 5 asked the members how many cattle they planned to market through the program in 1978. It was found that, statewide, the 244 country feedlot sales program members who responded to this question planned to

market an average of 240.83 cattle each through the program. In the east, the average was 245.08 cattle per member; in the west, the average was 235.91. The range was from 0 to 2000. Assuming this sample is representative of the entire state, the 2780 country feedlot sales program members should market 669,500 cattle through the program in 1978. This differs from the projection of 338,000 cattle to be marketed in 1978 made in Chapter III, based on actual marketings for the first half of 1978.

Comparing responses to "number of cattle planned to feed in 1978" with "number of cattle planned to be marketed through the program in 1978" we find that state wide, each member plans to market 87.08% of the cattle he feeds through the country feedlot sales program on the average. In the east, this statistic was 94.32%, and in the west, it was 80.15%. These statistics reflect the policies of the two sales agencies regarding commitment of cattle to the program which were discussed in Chapter III.

The correlations between percentage of cattle marketed through the program and responses to other questions were tested, with some interesting results. Length of membership was not significantly related to the percentage of cattle marketed through the program. It might be expected that the longer a cattle feeder remained in the program, the higher the percentage of his cattle he would market through the program. This, however, proved not to be the case.

It was also found that larger operators tended to market a lower percentage of their cattle through the program than smaller operators. The coefficient of correlation between percentage of cattle marketed through the program and "number of cattle planned to feed in 1978" was -0.279

state wide. This statistic was -0.326 in the west, where variations in percentages of cattle marketed through the program take on more meaning, as the members are not required to market all their cattle through the program.

Those respondents who marketed a higher percentage of their cattle through the program gave higher ratings to all services provided by the program than those who marketed lower percentages of their cattle through the program. Also, there was a positive relationship between the percentage of cattle marketed through the program and the respondent's overall opinion of the program.

An artificial variable was created to separate the respondents into two groups - those who marketed all or nearly all of their cattle through the program and those who did not. This variable was more strongly related to the results of some questions than the "percentage of cattle marketed through the program" variable, although the nature of the relationships (positive or negative) were the same. This "dummy" variable was more strongly related to the importance attached to the guaranteed payment and market advice services than the "percentage marketed through the program" variable. These correlation coefficients can be found in tables 5, 10, and 20, and will be discussed with questions 6, 8, and 16.

Questions 6 through 10 were designed to determine the importance members attached to various services and problems of the country feedlot sales program. On each question, a number of answers were provided, and the respondent was asked to rate each answer according to its importance to him. A rating of "4" given by the respondent to a certain answer signified "I consider this answer very important;" a rating of "3" meant "I consider

this answer quite important;" and so on down to "0," which meant "I consider this answer to be of no importance." Each answer was treated as a separate variable in this analysis of the survey. Some of the answers to questions 6 through 10 have been alluded to previously.

Question 6 asked the members to rate various reasons for belonging to the program, according to their importance, on the 0 to 4 scale. Their ratings, listed in descending order (statewide), are given in table 4. This question was intended to determine the program's stronger selling points and to give us a better general idea of what the members expect and desire from the program.

Rankings were similar in the east and the west except for the fact that "higher price" received the highest rating in the east. It is significant that "greater selection of marketing outlets" was ranked higher in the state as a whole than "higher price." One might assume that "higher price" was the primary, if not the only, reason cattle feeders participated in the country feedlot sales program, and that the other reasons were merely contributing factors to the procurement of a higher price. This, however, appears not to be the opinion of the members.

A possible explanation for this ranking is that program members may not actually receive a higher price for their cattle on each individual marketing. However, the country feedlot sales program may reduce the numbers of cattle which are sold for a price below the prevailing market price. Thus, the higher price received by program members may become evident only in the long run, as "below the market" marketings are reduced

Table 4. Members ratings' of importance of various reasons for participation in the country feedlot sales program

Question: "Why do you participate in the country feedlot sales program?"

Response	Mean Ratings		
	State	East	West
1. I have a greater selection of marketing outlets with the program.	3.224	3.210	3.239
2. I get a higher price for my cattle than I could with other marketing methods.	3.099	3.246	2.948
3. I am guaranteed payment on my cattle.	3.000	3.014	2.985
4. It saves me time and effort.	2.762	2.920	2.600
5. The cooperative marketing concept with its higher volume, improves the bargaining position of each feeder.	2.739	2.797	2.679
6. I get marketing advice from the feedlot representative (when and where to sell, etc.).	2.529	2.594	2.463
7. I get marketing information from the feedlot representative.	2.375	2.333	2.418

or eliminated. The survey of sales representatives, which will be discussed later in this chapter, lends support to this explanation. Several sales representatives mentioned "avoid selling under the market" as one of the greatest advantages of the program for cattle feeders.

The high ranking of "guaranteed payment" in question 6 is also noteworthy; it shows that the threat of non-payment remains very real to cattle feeders despite the recent amendments to the Packers and Stockyards Act. Guaranteed payment appears to be one of the major selling points of the program.

These responses to question 6 were correlated with the answers to questions 2, 3, and 4, to determine if any relationships existed between these ratings and number of years feeding cattle, length of membership, feedlot size. Also, the responses were correlated with variables concerning percentage of cattle marketed through the program, which were determined from the responses to questions 4 and 5. These correlation coefficients have been mentioned in the discussions of questions 3, 4, and 5, and are presented in Table 5. Variable A signifies a variable created by dividing the response to question 5 by the response to question 4 to determine percentage of cattle marketed through the program; variable B signifies a variable whose value was 1.0 when Variable A was greater than 0.9799, and whose value 0.0 when Variable A was less than or equal to 0.9799. In other words, if a respondent indicated that he marketed more than 97.99 percent of his cattle through the program, then Variable B was equal to 1.0 for that respondent. If the respondent indicated that he marketed less than 97.99 percent of his cattle through the program, then Variable

Table 5. Correlation coefficients between various member characteristics and member ratings of various reasons for participation in the country feedlot sales program

The upper number is the correlation coefficient; the lower number is the statistical probability of arriving at a correlation coefficient of greater absolute value than the one given, through sampling error, under the hypothesis that the actual correlation coefficient is zero.

	1. Marketing Outlets	2. Higher Price	3. Guaranteed Payment	4. Time and Effort Saved
Question 2: Years feeding cattle	-0.01343 (0.8261)	-0.04821 (0.4293)	0.02130 (0.7271)	-0.07362 (0.2270)
Question 3: Length of membership	-0.09468 (0.1214)	-0.00730 (0.9049)	0.12159 (0.0459)	-0.09009 (0.1398)
Question 4: Feedlot size	-0.19112 (0.0019)	-0.13542 (0.0283)	-0.01555 (0.8018)	-0.00694 (0.9108)
Variable A: Percentage of cattle marketed through the program	0.13650 (0.0365)	0.23396 (0.0003)	0.13695 (0.0355)	0.10766 (0.0990)
Variable B: All or not all marketed through the program	0.04015 (0.5402)	0.15225 (0.0193)	0.14073 (0.0307)	0.05458 (0.4039)

Table 5 continued

	5. Cooperative Marketing	6. Marketing Advice	7. Market Information
Question 2:			
Years feeding cattle	0.03441 (0.5735)	-0.12673 (0.0374)	-0.10231 (0.0934)
Question 3:			
Length of membership	0.03240 (0.5967)	0.09099 (0.1366)	0.09184 (0.1083)
Question 4:			
Feedlot size	-0.16346 (0.0080)	-0.24828 (0.0001)	-0.05491 (0.3760)
Variable A:			
Percentage of cattle marketed through the program	0.16926 (0.0093)	0.19348 (0.0029)	0.11457 (0.0797)
Variable B:			
All or not all marketed through the program	0.07478 (0.2535)	0.14201 (0.0295)	0.05806 (0.3756)

B took on a value of 0.0.

The correlations of the responses to question 6 with the responses to questions 2, 3, and 4 were mentioned in the discussions of questions 2, 3, and 4, and will be summarized here.

The correlation coefficients between "years feeding cattle" and the ratings of the various reasons for belonging to the program were small, but are listed in order to show whether they were positive or negative. These correlations showed that the longer the respondent has been feeding cattle, the higher "guaranteed payment" and "cooperative marketing" were rated as reasons for belonging to the program. The relationships between the importance attached to other reasons for belonging to the program and years feeding cattle were negative. However, as mentioned in the discussion of question 2, the longer the respondent had been feeding cattle, the lower his answers and ratings tended to be throughout the survey.

The correlations between "length of membership" and the various reasons for belonging to the program indicate that the longer a cattle feeder has been a country feedlot sales program member, the more importance he places upon "guaranteed payment," "cooperative marketing," and "marketing information and advice." Also, the longer the respondents had been members, the less importance they placed upon the increased number of marketing outlets the program provides and the time and effort the program saves.

The correlations between feedlot size and the various reasons for belonging to the program indicated that larger operations rated all

features of the country feedlot sales program lower than did smaller operations. These correlations were least negative for the responses "guaranteed payment" and "time and effort saved," indicating that, for larger operators, these may be the program's major attributes.

The correlations between the various reasons for belonging to the program and percentage of cattle marketed through the program indicated that the higher the percentage of cattle marketed through the program, the higher the respondent rated all reasons for belonging to the program. Variable A (percentage) was most strongly related to the ratings of the answers "higher price," "marketing advice," and "the cooperative marketing concept." Variable B (all or not all) was most strongly related to the ratings of the answers "higher price," "guaranteed payment," and "marketing advice." The answers to question 6 which are most strongly correlated with variables A and B indicate characteristics of the program which officials should emphasize in encouraging members to market more of their cattle through the program.

Respondents were given the opportunity to write in their own answers to question 6 and rate them. The write-in responses are summarized in Table 6. Care should be taken to attach the appropriate level of importance to all write-in responses. On all questions where write-in responses were permitted, only a small percentage of the 278 respondents wrote in their own responses.

Question 7 inquired about the influences which induced members to join the program. This was done in an attempt to determine what methods were useful in selling the program to non-members. The responses and ratings are listed in Table 7.

Table 6. Numbers and ratings of write-in responses concerning reasons for participation in the country feedlot sales program

Comment	Rating	Number of Responses
1. I know the price, the buyer, and terms of sale before the cattle leave the feedlot.	4	8
	3	1
	Other	9
2. I get the best possible price, or "the market" for my cattle.	4	5
	3	1
3. I participate because I am dissatisfied with the terminal markets.	4	1
4. I participate because I receive prompt payment for my cattle as a country feedlot sales program member	3	1
5. I participate because I couldn't get enough buyers to come to my feedlot before joining the country feedlot sales program.	4	3
	3	1
6. I am just trying out the program.	4	3
	Other	6

Table 7. Members' ratings of the importance of various entities in persuading them to join the country feedlot sales program

Question: "Who or what was most important in persuading you to join the country feedlot sales program?"

Response	Mean Ratings		
	State	East	West
1. Other feeder or feeders	2.280	2.181	2.383
2. Article in magazine or other publication	1.192	1.152	1.233
3. Feedlot representative	1.664	1.812	1.511

The ratings on this question indicated that none of the answers provided were extremely important in persuading people to join the program. This may be due simply to the fact that the proper responses were simply not provided. There was an unusually high number of write-in responses to this question.

However, the low ratings on this question could also, to a certain degree, be due to the possibility that many members were not persuaded to join the program, but convinced themselves to join or were eager to join from the beginning. For that reason, they may have felt that none of the answers provided were extremely important. The Farm Bureau leadership maintains that a good deal of the country feedlot sales program's success is due to the fact that the cattle feeders initiated the program, and the results of this question would seem to support that contention.

We can conclude from this question that personal contact with other cattle feeders (answer #1), is an important factor in selling the program to new members in relation to the other answers. Also, the response to answer number three indicates that either feedlot representatives are not putting a great deal of effort into selling the program, or that their potential for soliciting new members is not great. The results of the sales representative survey, which will be presented later in this chapter, indicate that at least the former is correct.

Write-in responses to question 7 are listed in Table 8. Some respondents commented more than once.

Question 8 asked the members to rate the services of the feedlot representative according to their importance. This question was asked in

Table 8. Numbers and ratings of write-in responses concerning entities who persuaded members to join the country feedlot sales program

Comment	Rating	Number of Responses
1. I was (am) a Farm Bureau leader or an organizer of the country feedlot sales program.	4	27
	3	4
	2	1
	0	1
2. I have strong ties with the Farm Bureau, and joined to support a Farm Bureau program.	4	9
	3	1
	2	1
3. The merits of the program were always evident to me.	4	30
4. A Farm Bureau field man or an organizational meeting persuaded me to join.	4	13
	3	3
	2	3

order to determine what services the members consider most valuable, in hopes that this information would be useful to officials of the program, and that it would improve our understanding of what cattle feeders desire from the program. The answers and ratings to Question 8, listed in descending order, are given in Table 9.

The results of this question indicate that the primary responsibility of the sales representative is, in the minds of the cattle feeders, to sell cattle. The services of providing marketing information and advice received significantly lower ratings than the services of bringing buyers to the feedlot and negotiating with the buyers. The services of providing market information and advice also received low ratings; however, one should not assume from this that market information and advice are unimportant to cattle feeders. On both questions 6 and 8, market information and advice received ratings above 2, and on the 0 to 4 scale, a "2" translates into "important." The results of question 9 will also emphasize the importance of market information and advice to cattle feeders.

The ratings to the answers on question 8 were correlated with the results of questions 2, 3, and 4, and the two variables representing "proportion of cattle marketed through the program" (variables A and B). The correlation coefficients are presented in table 10.

As with the other questions, respondents who had been feeding cattle longer rated all the answers slightly lower. This effect was more pronounced in variables 2 (negotiating with buyers) and 5 (supplying market information). Possibly those who have been feeding cattle longer feel

Table 9. Members' ratings of the importance of various services performed by the sales (feedlot) representative

Question: "Mark these services of the feedlot representative according to their importance to you."

Response	State	East	West
1. Getting buyers to the feedlot.	3.471	3.489	3.451
2. Negotiating with the buyers.	3.316	3.396	3.233
3. Supplying marketing advice.	2.643	2.683	2.602
4. Visiting the feedlot to keep track of the progress of the cattle and determine when they are ready to market.	2.390	2.504	2.271
5. Supplying marketing information.	2.199	2.187	2.211

Table 10. Correlation coefficients between various member characteristics and member ratings of the importance of various services performed by the sales (feedlot) representative

The upper number is the correlation coefficient; the lower number is the statistical probability of arriving at a correlation coefficient of greater absolute value than the one given, through sampling error, under the hypothesis that the actual correlation coefficient is zero.

	1. Buyers to feedlot	2. Negotiating	3. Marketing advice	4. Visiting the feedlot	5. Market Information
Question 2: Years feeding cattle	-0.5445 (0.3728)	-0.12805 (0.0355)	-0.05121 (0.4020)	-0.02149 (0.7253)	-0.12574 (0.0390)
Question 3: Length of membership	-0.02176 (0.7224)	0.01610 (0.7926)	0.10237 (0.0938)	0.05914 (0.3339)	0.07082 (0.2470)
Question 4: Number of cattle fed	-0.24003 (0.0001)	-0.28786 (0.0001)	-0.24343 (0.0001)	-0.21096 (0.0006)	-0.17242 (0.0051)
Variable A: Percentage marketed through the program	0.22432 (0.0005)	0.31941 (0.0001)	0.12146 (0.0630)	-0.21600 (0.0009)	0.13706 (0.0357)
Variable B. All or not all marketed through the program	0.10785 (0.0991)	0.28788 (0.0001)	0.14585 (0.0254)	0.17847 (0.0061)	0.14887 (0.0224)

better able to negotiate with buyers than those with less cattle feeding experience, and therefore place less importance on this service of the sales representative. Similarly, experienced cattle feeders may feel better able to assimilate market information, and therefore place less importance on the sales representative's assistance in this area.

In contrast to the effect of cattle feeding experience, the effects of longtime membership in the program cause feeders to place relatively more importance on the services of supplying market information and advice.

Operators of larger feedlots consistently gave lower ratings to all questions; this was especially true with the services of negotiating with cattle buyers, bringing buyers to the feedlot, and supplying marketing advice. Owners of large cattle operations understandably encounter less difficulty in attracting buyers, and apparently feel less need for the information, advice, and negotiating services of the program. This supports the conclusion, postulated earlier, that the strongest points of the program for large cattle feeders are the time and effort the program saves them and the guaranteed payment feature.

Question 9 tested members' reactions to the possible addition of new services to the program. Members were asked to give high ratings to services they would like to see added, and low ratings to services they would not want to see added.

The services suggested in Question 9, listed in descending order of the ratings they received, are given in Table 11.

Table 11. Members' ratings of the importance of adding various new services to the country feedlot sales program

Question: "What additional services would you like to see provided by the country feedlot sales program?"

Response	State	East	West
1. Providing regular outlook information.	2.722	2.759	2.686
2. Providing training sessions on marketing strategies.	2.337	2.205	2.386
3. Assist in purchasing feeder cattle.	1.930	2.008	1.857
4. Providing training sessions on quality and yield grading.	1.875	1.872	1.879
5. Providing training sessions on cattle feeding methods.	1.388	1.368	1.407
6. Providing training sessions on health and disease control.	1.385	1.323	1.443

Few of these possible additional services received high ratings. The ones that did receive ratings above 2 dealt with market information and marketing strategy. This fact, combined with the results of questions 6 and 8, lead to the following conclusion: While cattle feeders rate other services higher in importance, market information and advice are nevertheless important to them. However, members want their feedlot sales representatives to concentrate on selling their cattle, rather than to be concerned about providing market information. If the program does provide market and outlook information it should come from a source other than the feedlot representative.

One comment made by producers was that many of the services mentioned in question 9 are already provided by other agencies such as the cooperative extension service and the Farm Bureau's BIC (Beef Improvement Corporation) program.

Write-in comments, their frequencies, and their ratings are listed in Table 12.

Question 10 asked what problems, if any, country feedlot sales program members had experienced with the program. Again, the purpose of this question was to improve our understanding of this marketing program and to gather information useful to the program's leadership. The answers and ratings are listed in Table 13 in descending order. If the respondent felt an answer was a very important problem, he was asked to give it a high rating; if he did not feel the answer was a serious problem he was asked to give the answer a low rating.

The important differences between the east and the west on question 9 were that feeder control over the association is a bigger concern in the

Table 12. Numbers and ratings of write-in responses concerning the addition of new services to the country feedlot sales program

Comment	Rating	Number of Responses
Most of these services are covered by extension or another agency.	4 3	4 1
Should provide members with the number of cattle marketed through the program per week, month, and/or year.	4	3
Provide members with number of packers marketed to each week, month, and/or year.	2	2
This program is and should be a marketing tool; other services are unnecessary.	-	2
Provide members with the expected number of cattle to be marketed in the next three months.	-	1
Program should move into hog marketing.	-	1

Table 13. Members' ratings of the importance of various possible problems of the country feedlot sales program

Question: "Which of the following are problems of the country feedlot sales program?"

Response	State	East	West
1. Communication between producer and sales representative.	2.068	1.883	2.264
2. Some buyers don't cooperate.	1.811	1.814	1.808
3. Feeders don't have enough control over the associations.	1.273	1.131	1.423
4. There is nothing to prevent feeders from dropping in and out of the program.	1.176	1.241	1.108

west, as is communication between producers and sales representatives. However, the low ratings on this question indicate that none of the problems are extremely serious. Despite complaints on the operation of the program, Answer 3 received a surprisingly low rating.

Comments on question 10, their ratings, and their frequencies are found on Table 14. The relationship of sales representative performance to member satisfaction and the overall success of the program was evidenced by many of the responses to this survey. Many of the problems experienced by members relate to the activities of the sales representative. Interestingly, the six respondents who wrote in that their representative was not doing an adequate job were all from different associations.

Question 11 asked whether or not members felt that the contract they signed should be made more rigid. Specifically, the question asked if the duration of the contract should be extended beyond 60 days to discourage feeders from dropping in and out of the program. The results are found on Table 15.

The majority of members in both the east and the west did not favor this change in the contract. Opposition to change was less strong in the west, and possibly because there is more room for toughening the contract in the west.

Question 12 was asked in order to determine the degree and nature of opposition to the country feedlot sales program. The question asked whether anyone had urged the respondent not to join the program. 270 members responded to this question. The results are shown in Table 16

Table 14. Numbers and ratings of write-in responses concerning problems of the country feedlot sales program

Comment	Rating	Number of Responses
Feedlot sales representative is not doing an adequate job.	4	6
The commission is too high; or profits from the program should be returned to members; or sales program profits are being used to support other enterprises of the sales agency.	4	4
I have had to haul my cattle further than I want.	4	3
Members get out of touch with the cattle buyers.	4 3	1 1
Most problems can be solved between marketing council and feedlot representatives.	4	1
Marketing council members are not aware of the problems that exist in their association.	4	1

Table 15. Percentages of members who favor and oppose lengthening the term of the marketing agreement

Question: "In order to discourage feeders from dropping in and out of the program, should the marketing agreement be changed to last longer than 60 days?"

Response	State	East	West
Yes	10.075%	10.448%	9.701%
No	64.552%	70.149%	58.955%
Indifferent	25.373%	19.403%	31.343%

Table 16. Number of members who have been urged not to participate in the country feedlot sales program by various entities

Question: "Has anyone urged you not to be a member of the country feedlot sales program?"

Response	Number of Responses		
	State	West	East
Cattle buyer	28	14	14
Cattle feeders	7	5	2
Cattle feeders who are or were dissatisfied program members	2	1	1
Terminal market commission men	4	1	3
Sale barn personnel	6		6
National Farmers Organization	1		1

(the number after each occupation listed indicates the number of respondents who had been urged not to join by someone of that occupation).

Statewide, 45 or 16.7% of the 270 respondents indicated that some person or organization had urged them not to join the country feedlot sales program. Twenty-six of these respondents were from the east and 19 were from the west. This result was quite enlightening as we might have expected more severe opposition to the program.

The fact that only 16.7% of the program's members have, at any time, been advised not to join the program indicates that opposition to the program should not be of extreme concern to program officials. This is also an indication of a high degree of acceptance by cattle buyers of the country feedlot sales program (while also indicating a healthy amount of antagonism from the buyers, hopefully due to the increased bargaining power of the sales representatives and the increased competition for cattle).

Question 13 asked members to rate the importance of their marketing council in determining the policies and activities of their association. The results are found in Table 17. Twenty-nine members responded that they did not know or that their association was too new for them to express an opinion.

By placing the responses on a numerical scale, i.e., Very Important = 1, Important = 2, Very Little Importance = 3, Not Important = 4, we find the average rating of the importance of the marketing council was 1.686 (between important and very important) statewide, 1.691 in the east, and 1.681 in the west. These results clearly show that the country feedlot

Table 17. Percentages of members attaching different levels of influence to their marketing councils

Question: "How important is your marketing council in determining the policies and activities of your association?"

Response	Percentage of responses in each category		
	State	East	West
Very important	43.644	42.500	44.828
Important	44.915	46.667	43.103
Very little importance	10.592	10.000	11.207
No importance	0.847	0.833	0.862

sales program members feel that their marketing councils are able to determine and control the policies and activities of their association.

Based on the high level of association non-identification in the east discovered in the results of question 1, it was felt that attitudes towards the marketing councils might differ significantly between the east and the west. Despite the apparently similar rankings of the marketing council in the east and west, an interesting difference in eastern and western attitudes toward the marketing council was discovered.

The relationship between the importance attached to the marketing council and the responses to question 16, which asked about the respondent's overall opinion of the program, was tested. This was done to determine whether the confidence a member placed in his marketing council was related to his overall satisfaction with the program. The coefficient of correlation between the results of these two questions was 0.208 on a statewide basis. Interestingly, however, this relationship was solely the result of a strong relationship in the west (See Table 19). Isolating the western respondents, the coefficient of correlation between these two variables was 0.413. In the east, this statistic was only -0.016. Thus, while the eastern and western respondents indicated similar confidence in the influence of their marketing councils, only in the west was this confidence related to the respondent's overall opinion of the program. This result coincides with part of the conclusion postulated in the discussion of question 1: that eastern members are less concerned about the role of their marketing councils than are western members.

Questions 14 and 15 were asked in order to get an idea of the degree to which the country feedlot sales program has increased competition for the member's cattle. Question 14 asked how many buyers the member was able to get to bid on his cattle before joining the program, and question 15 asked how many buyers the member was able to get to bid on his cattle after joining the program. The mean answers, and the percentage increase in number of buyers, are given in Table 18.

These figures indicate a significant increase in the competition for the cattle of feeders who join the country feedlot sales program. Also, these figures indicate that the country feedlot sales program has had a similar degree of success in terms of increasing competition in both the east and the west.

Of the 215 respondents who answered both questions 14 and 15, 180 or 83.72% indicated that they were able to get more buyers after joining the program. The average increase in number of buyers after joining the program was 69.88%. Judging from the results of this question, the country feedlot sales program has encountered a good deal of success in increasing competition for member's cattle.

The responses to "number of buyers before joining" and "number of buyers after joining" were combined to create two artificial variables. The first was created by subtracting "number of buyers before joining" from "number of buyers after joining", and the second was created by dividing "buyers after joining" by "buyers before joining". Thus, the first variable is a measure of absolute change in buyer numbers, while the second is a measure of relative change in buyer numbers. These

Table 18. Mean numbers of and percentage increase in cattle buyers members were able to get to bid on their cattle before and after joining the country feedlot sales program

Question	Mean Response		
	State	East	West
Question 14. How many buyers were you able to get to bid on your cattle before joining the country feedlot sales program?	2.2669	2.1445	2.3943
Question 15. How many buyers are you able to get to bid on your cattle as a member of the country feedlot sales program?	3.8509	3.7051	4.0018
Percent increase	69.88	72.77	67.14

variables, both of which are indicators of the program's effectiveness in increasing competition, were correlated with responses to question 16, which inquired about the respondent's overall opinion of the country feedlot sales program. The purpose of performing these correlations was to determine whether the increase in competition perceived by the respondent was closely related to his overall opinion of the program.

A positive correlation was found to exist between these variables, especially in the west (see Table 20). These results do not necessarily indicate that an increase in the number of buyers bidding on cattle means less to eastern cattle feeders than it does to western cattle feeders. These results do indicate that the increase in the number of buyers is less of a controlling factor in the members' overall opinion of the program in the east than in the west. This may mean that other factors, such as the feedlot representative's ability to give marketing advice and negotiate with buyers, may have a more powerful influence over the members' satisfaction in the east than in the west.

One comment which came up frequently regarding this question was that the fact that the sales representative brought a large number of buyers to the feedlot was less important than the fact that the feedlot representative brought the right buyers, who were interested in the particular type of cattle the feeder had to sell.

The last question of the survey asked for the respondents' overall opinions of the country feedlot sales program, in terms of their expectations regarding the program. The results of this question (question 16) are given in Table 19.

If the answers are placed on a numerical scale such that "exceeds

Table 19. Percentages of members having different overall opinions of the country feedlot sales program

Question: "What is your overall opinion of the country feedlot sales program?"

Response	Percentage of respondents		
	State	East	West
The program exceeds my expectations	27.612	28.148	27.068
The program is just what I expected	60.448	62.222	58.647
The program doesn't meet my expectations	11.940	9.630	14.286

my expectations" = 1, "just what I expected" = 2, and "doesn't meet my expectations" = 3, the average statewide response was 1.843.

Correlation coefficients were determined between the responses to question 2 through 5, 13 through 15; and question 16. These correlations show the degree to which various factors are related to the cattle feeders' overall opinions of the country feedlot sales program, and should be of particular interest to program officials. These correlation coefficients are given in Table 20.

Years feeding cattle, length of membership, and feedlot size were all negatively related to the respondents' overall opinions of the program (the only exception being feedlot size in the eastern associations, which was positively related to overall opinion). However, it should be noted that the correlations involving these three factors are relatively small; therefore these factors should not be considered important determinants of overall opinion.

Proportion of cattle marketed through the country feedlot sales program (Variables A and B) was positively related to overall opinion of the program, especially in the west. This indicates that program officials, by doing a better job of satisfying program members, should be able to increase the proportion and thus the absolute number, of cattle marketed through the program by present members.

This action should be particularly effective in the west for three reasons; first, the correlation coefficients between proportion of cattle marketed through the program and overall opinions were over twice as great in the west; second, a significantly lower proportion of cattle are

Table 20. Correlation coefficients between members' responses to various questions and their overall opinions of the country feedlot sales program

The upper number is the correlation coefficient; the lower number is the statistical probability of arriving at a correlation coefficient of greater absolute value than the one given, through sampling error, under the hypothesis that the actual correlation coefficient is zero.

Factor	Correlation Coefficients With Response To Question 16 ^a		
	State	East	West
Years feeding cattle (Question 2)	-0.04254 (0.4896)	-0.04053 (0.6420)	-0.04710 (0.5917)
Length of membership (Question 3)	-0.07865 (0.2019)	-0.10486 (0.2279)	-0.06801 (0.4402)
Feedlot size (Question 4)	-0.02784 (0.6556)	0.08218 (0.3488)	-0.05706 (0.5240)
Percentage of cattle marketed through the program (Response to Question 5 + response to Question 4; Variable A)	0.29190 (0.0001)	0.18684 (0.0369)	0.37976 (0.0001)
All or not all cattle marketed through the program (Variable B)	0.22423 (0.0006)	0.14481 (0.1071)	0.29316 (0.0022)
Importance attached to marketing council (Question 13)	0.20799 (0.0014)	-0.01611 (0.8625)	0.41277 (0.0001)
Absolute change in buyer numbers (Response to Question 15 - Response to Question 14)	0.29136 (0.0001)	0.16662 (0.0819)	0.39105 (0.0001)
Relative change in buyer numbers (Response to Question 15 + Response to Question 14)	0.30744 (0.0001)	0.17195 (0.0738)	0.43690 (0.0001)

^aSigns on correlation coefficients have been adjusted to show the true relationships of the variables; that is, a positive correlation coefficient indicates that the higher the value of the factor, the better the opinion of the sales program.

marketed through the program in the west than in the east, which makes greater gains possible in the west; and third, members' overall opinions of the program are somewhat lower in the west, leaving more room for improvement in this area. These conclusions should be useful to program officials who are considering changing the western contract to match the eastern contract in requiring total commitment of cattle to the program. The results of this study indicate that an increase in the proportion of cattle marketed through the program in the west can be effected without the necessity of altering the contract.

The importance attached to the marketing council was positively related to overall opinion in the west, but this relationship was almost totally absent (and negative) in the east. The difference in the eastern and western relationships has been treated in the discussion of question 13. The strong relationship in the west indicates that program officials can make significant gains in member satisfaction by taking steps to increase members' confidence in the importance and influence of their marketing councils.

Absolute and relative changes in buyer numbers were found to be positively related to respondents' overall opinions of the program. The facts that respondents rated "increased marketing outlets" as their most important reason for belonging to the program, and that "getting buyers to the feedlot" was rated the most important service of the feedlot representatives, confirm this result.

This relationship again was stronger in the west than in the east. Based on these results, program officials and sales representatives, by

demonstrating the increased number of buyers the program can offer, should be able to raise cattle feeders' opinions of the program.

The final items studied in this survey were the comments members made at the end or at other points in the survey. Comments were classified into twenty-five different categories. The 25 comments and their frequencies are listed in Table 21. A breakdown of the results of this survey by state, sales agency, and individual association is found in Appendix III.

The Survey of Country Feedlot Sales Program Sales Representatives

The survey of country feedlot sales program sales representatives was conducted in May and June of 1978. Seventeen sales representatives (or other sales agency employees who had acted at some time as sales representatives) received surveys, and ten replied for a return of 58.8%. This survey was designed to complement the country feedlot sales program member survey by making it possible to compare the opinions of members and sales representatives on the same questions. Other questions inquired about the operation of the program, number of buyers the sales representatives had contacts with, cooperation between associations, and solicitation of new members.

In order to preserve the anonymity of the sales representatives, the specific association of the respondent was not identified. Therefore, it was not possible to compare members' opinions and sales representatives' opinions within a given association.

Table 21. Comments and suggestions of the country feedlot sales program membership.

Comment	Frequency
1. Before joining the country feedlot sales program, I marketed at a terminal market	9
2. Before joining the country feedlot sales program, I marketed at a sale barn (auction)	4
3. An important characteristic of the country feedlot sales program is that the sales representative brings buyers who are interested in the particular type of cattle I have to sell	12
4. I am well-satisfied with the country feedlot sales program	5
5. I am disappointed with the country feedlot sales program	4
6. I am not participating in the program due to dissatisfaction	4 ^a
7. Members need more control over the actions of the sales agency regarding the program	1 ^b
8. My association is too large for my sales representative to cover effectively	3 ^c
9. I am just trying out the country feedlot sales program	6
10. More frequent contact between members and sales representatives is needed	1
11. The program is geared too much for large feeders	4 ^d
12. I joined the program to avoid being taken advantage of by the packers	4
13. There is too much of a time lag between my decision to sell and the time the sales representative gets the cattle sold	3
14. The country feedlot sales program should provide futures and contract instruction	4
15. A good sales representative is extremely important to the success of the program	13
16. All marketing council members should be required to be full-time cattle feeders	1
17. This association is too new for me to pass judgment on the program	1
18. I would like to know what the buyers are bidding at the time of their visit	1
19. I am not sure I come out ahead on the program after paying the commission, trucking, etc.	3

20. I joined because I needed more marketing outlets 1
21. Anyone should be allowed to join regardless of Farm Bureau membership 1
22. An association newsletter or weekly update should be mailed to members 1
23. Feeders don't understand the purpose of the sales program 1
24. My association does not yet have a large enough volume of cattle to be really effective 2
25. My sales representative is selling cattle for feeders who haven't signed the contract 1
-

^aNo respondent made both comment 5 and comment 6.

^bThis respondent rated his marketing council as having "very little importance".

^cThese respondents were from Siouxland, Steakland, and Maple Valley.

^dThe numbers of cattle planned to be marketed in 1978 by these respondents were 50, 76, 80, and 500.

A copy of the survey appears in Appendix IV.

Question 1 of the survey asked sales representatives for the average number of miles they traveled per month. The ten respondents averaged 3760 miles of travel per month; the range was from 1050-6000 miles.

The sales representatives were asked to rate various services they performed according to their importance (question 2). This question was comparable to question 8 of the membership survey, which asked members to rate the same services according to their importance. The ratings given to these services by the sales representatives and by the members are given in Table 22, in descending order of the ratings given by the sales representatives.

The responses to this question show a striking contrast between the members' opinions and the sales representatives' opinions on the importance of different services. The sales representatives felt that the most important service they performed was the gathering of market information, while the members felt that this was the feedlot representative's least important service. A possible explanation for this difference of opinion is that sales representatives make use of a great deal of market information in the performance of their duties, but pass on to the cattle feeder only the most pertinent information. The cattle feeders may feel that the information they receive from the sales representative is not crucial. Thus, the members and the sales representatives may have been analyzing this service differently; the members evaluating the importance of this information to themselves, and the sales representatives evaluating the importance of this information to their own performance.

Table 22. Sales representatives' and members' ratings of the importance of services performed by the sales representatives

Response	Sales Representatives' Rating	Members' Rating	Members' Ranking
1. Gathering marketing information	3.800	2.199	5
2. Negotiating with cattle buyers	3.600	3.316	2
3. Supplying marketing advice to the feeder	3.500	2.643	3
4. Getting buyers to the farms	3.300	3.471	1
5. Visiting the feedlot to keep track of the cattle's progress and determining when they are ready to market	3.000	2.390	4

Members and sales representatives placed the same services in the second and third rankings, but the sales representatives' fourth-ranked service, "Getting buyers to the farm" was ranked number 1 by the members. Visiting of the feedlots by the sales representatives was considered to be of lesser importance by both members and sales representatives.

Question 3 asked the sales representatives to rate various advantages of the program to the members according to their importance. This question was comparable to question 6 of the membership survey, which asked members to rate the various reasons they participated in the program according to their importance. The answers provided for question 3 of the sales representative survey and question 6 of the membership survey were identical, except that the answer "I get a higher price for my cattle" was not included on the sales representative survey. While we wanted to know whether cattle feeders felt they received a higher price as a result of their membership, it was felt that the sales representatives might feel obliged to say cattle feeders receive higher prices, whether or not this actually was the case. The ratings given by sales representatives and members to various attributes of the program are shown in Table 23.

Again, there were significant differences between the ratings given by the sales representatives and the ratings given by the members. The ratings of marketing information and advice, and the importance of the cooperative marketing concept, were the areas of greatest discrepancy between the two surveys. It is possible that cattle feeders underestimate the importance of these aspects of the program; however, it is important

Table 23. Sales representatives' and members' ratings of the importance of various attributes of the country feedlot sales program

Response	Sales Representatives' Rating	Members' Rating	Members' Ranking
1. The cooperative marketing concept, with its higher volume, strengthens the bargaining position of each feeder	3.800	2.739	5
2. The cattle feeder gets marketing advice from the sales representative (when and where to sell, etc.)	3.700	2.529	6
3. The cattle feeder has a greater selection of marketing outlets with the program	3.500	3.224	1
4. The cattle feeder gets market information from the sales representative	3.400	2.375	7
5. The cattle feeder is guaranteed payment	3.200	3.000	3
6. It saves the cattle feeder time and effort	2.900	2.762	4

for feedlot representatives and other program officials to be aware of the opinions of the cattle feeders. The fact that the sales representatives consider high volume and the resulting improvement in bargaining power to be the most important attributes of the program is noteworthy, as the sales representatives may be in a better position to evaluate the importance of high volume in improving their bargaining position.

Individual comments written in by sales representatives included "This allows the small feeder to get as good prices as the large feeder," "avoid selling under the market," and "cattle feeders who are honest and feed their cattle properly only need a few buyers; other cattle feeders need 5-10 buyers."

Question 4 was roughly similar to Question 10 of the membership survey, which asked about the problems of the country feedlot sales program. The results of these questions are found in Table 24. The question was worded differently on the two surveys, which may explain the higher ratings on the sales representative survey.

The answer "Certain cattle feeders should do a better job of feeding their cattle" on the sales representative survey was substituted for "Feeders don't have enough control over the association," which appeared on the membership survey. Some sales representatives had earlier described improper cattle feeding as a problem, so it was included in the survey, but the sales representatives' opinions on the control of the association were not judged to be of extreme importance. On the other answers, rankings were similar.

Five respondents wrote in comments about problems of the program. Three wanted the program to give the sales representatives more control over the marketing of cattle in terms of timing of sales and pricing. One

Table 24. Sales representatives' and members' ratings of the importance of possible deficiencies of the country feedlot sales program

Response	Sales Representatives' Rating	Members' Rating	Members' Ranking
1. Communication between cattle feeder and sales representative	2.700	2.068	1
2. Cooperation of certain cattle buyers	2.400	1.811	2
3. There is nothing to prevent cattle feeders from dropping in and out of the program	2.200	1.176	4
4. Certain cattle feeders should do a better job of feeding their cattle	2.100	0	0

sales representative in the west wanted Producers Commission Association to require a 100 percent commitment of the members' cattle to the program, as IPLA does in the east. Another representative simply felt that more cattle would be beneficial to the program, and one complained that the sales representatives do not receive adequate help from the sales agency in terms of promotion of the program, advertising, and assistance in general.

Question 5, which asked whether the duration of the contract should be lengthened, corresponded with Question 11 on the membership survey. Eight of the sales representatives felt the duration of the contract should not be changed, as did 64.6 percent of the members, while two of the sales representatives felt the duration of the contract should be extended, compared with 10.1 percent of the members (the remaining 25.4 percent of the members were indifferent). We had anticipated that sales representatives might favor the idea of making the contract more rigid, since they indicated a desire for greater control over marketing and commitment of the membership. This, however, did not prove to be the case.

Sales representatives were asked how many buyers they contacted. The purpose of this question was to help us get a better idea of the sales representatives' methods of operation, and to help establish the level of competition which they can provide their members. The responses to this question were compared with responses to question 14 of the membership survey, which asked members how many buyers they were able to get to bid on a given set of cattle.

The number of buyers contacted by the sales representatives averaged

13.6; the range was from 8 to 25. This number is considerably larger than the number of buyers that members indicated they could get through the program, but this was expected as the sales representative contacts a larger number of buyers than he ever needs to bring to a specific feedlot.

The second part of Question 6 asked whether or not the feedlot representatives contacted sales representatives in other associations to help market cattle. This was an attempt to determine whether the country feedlot sales program is evolving into a group of isolated associations, or into a closely coordinated statewide marketing organization. It was felt that cooperation of this type could make the program more effective, by increasing the number of market outlets available, and by helping to market specialty lots (such as Holstein steers). All sales representatives who responded to the survey said they did contact other sales representatives; five said they did so often, and five said they did so occasionally.

The sales representatives were asked if they felt that the program should encourage this type of between-association cooperation (Question 7). Seven representatives said that this type of cooperation should be encouraged, two felt that this type of cooperation evolves by itself and needs no extra encouragement, and one felt that this type of cooperation should be discouraged (but did not explain his response).

Question 8 asked about the level of opposition to the country feedlot sales program. Three respondents felt that there was more opposition than what they expected, five said there was about as much opposition as

they expected, and two said there was less opposition than they expected. Thus, in total, the sales representatives encountered slightly more opposition than they expected. Apparently, the level of opposition to the country feedlot sales program varies from area to area.

Question 9 asked what the sources of opposition to the country feedlot sales program were, as did Question 12 of the membership survey. All respondents to the feedlot representative survey cited some sources of opposition to the program. Seven of the ten respondents indicated that packer buyers, to various extents, opposed or disliked the country feedlot sales program.

One respondent said opposition came from "a very few packer buyers," while another said "most buyers dislike the program." While the difference between "dislike" and "oppose" should be noted, this does point out the different levels and sources of antagonism to the program in different areas.

Another feedlot representative said that the fact that some buyers had been in the area longer and knew the feeders better than the sales representative had resulted in problems for him. One of the more interesting comments was that buyer hostility was inversely related to the number of cattle the sales representative had to show.

Other sources of opposition mentioned by the sales representatives included farmer feeders (2 respondents), officers of the Iowa Cattlemen's Association (1), sale barns (1), the National Farmers Organization and other farm organizations (1), and "people who are anti-Farm Bureau" (1).

The respondent who mentioned officers of the Iowa Cattlemen's Association added that in one county they gave him "considerable opposition" and in other counties they gave "real good cooperation."

Sales representatives were asked about the solicitation of new members; i.e., who is and who should have this responsibility; and about the amount of time the sales representative devotes to this task (Question 11 and 12). This question was asked primarily to improve our understanding of the operation of the country feedlot sales program, and to help evaluate the program's success in soliciting new members.

Five of the sales representatives responded that the job of soliciting new members is totally or almost totally left up to them. Of these five, four felt that the council, program members, and/or the Farm Bureau should be doing more to obtain new members. Four respondents indicated that the council and other members gave the feedlot representative considerable assistance in obtaining new members, and none of these four disagreed with this method of operation. One respondent said that the job of obtaining new members was totally up to the council and program members.

When asked how much time they devoted to soliciting new members, the respondents could be divided into two basic groups; those who actively solicited new members, and those who did not. Four respondents indicated they spend any slack time (when they were not busy with their other duties) soliciting new members.

The remaining six respondents indicated they solicited new members only when the prospective member was recommended to them by a council

member or another program member. It should be noted that variations in solicitation methods can be partially explained by the different situations in different associations. In some associations, the representatives have all the members they can service properly, in others, new members are badly needed and desired. Remedying the former situation may enable the program as a whole to increase its growth rate.

These results indicate some problems in the country feedlot sales program's methods of obtaining new members. Half of the sales representatives indicated the job of solicitation was totally or almost totally up to them, and of these, three said they solicited only when a prospect was recommended to them by a member. Of the remaining five respondents whose councils did part or all of the solicitation, again three said they solicited only when a prospect was recommended to them. Conditions such as these do not encourage rapid growth in membership.

This problem, along with a discussion of the other results of the membership and feedlot representative surveys, will be discussed in the following chapters.

CHAPTER IV.

EVALUATION OF THE COUNTRY FEEDLOT SALES PROGRAM

Hypotheses Tested

In Chapter II, eight objectives of the country feedlot sales program were laid out. These objectives were developed by the officials of the program, including the Iowa Farm Bureau Federation and the two sales agencies. From these objectives, we have developed a hypothetical list of functions that the country feedlot sales program attempts to perform. The intent of this chapter is to test the hypotheses that the country feedlot sales program performs these functions, and to determine the extent to which the program performs these functions. The hypotheses which will be discussed are as follows:

- Hypothesis 1: The country feedlot sales program has improved the bargaining position of its members, has improved the competition for its members' cattle, and has expanded the range of potential marketing outlets for its members.
- Hypothesis 2: The country feedlot sales program has provided improved marketing information and advice to its members.
- Hypothesis 3: The country sales program has guaranteed payment to its members.
- Hypothesis 4: The country feedlot sales program is controlled and operated by cattle feeders to their own satisfaction.

Hypothesis 1:

From its structure and method of operation, we should expect that the country feedlot sales program would improve the bargaining power of its members. In a market situation which is characterized by a large number

of small-volume sellers and few buyers, the country feedlot sales program has enabled many of these sellers to join forces and thereby attain a bargaining position comparable to that of the buyers. By virtue of the large number of cattle he controls, and his presumably superior information and expertise, the sales representative is able to negotiate more effectively with the buyer than is the typical cattle feeder.

As evidence that this is indeed the case, the survey of sales representatives shows that improved bargaining power due to high volume was considered by the sales representatives to be the single greatest advantage of the sales program for its members. Over 10% of the state's cattle (60% in some areas) are being marketed through the sales program, which indicates that the sales representatives do control a large enough number of cattle to bargain more effectively than individual cattle feeders.

Although increased bargaining power was listed by the members as the fifth most important attribute of the program of the seven listed, it nevertheless received a rating of important - quite important from the members. The members' two highest-rated attributes of the program (increased number of available marketing outlets and higher price received) both attest to the increased bargaining power cattle feeders enjoy as a result of membership in their country feedlot sales program.

The members' ratings of "higher price received" and "increased marketing outlets" were also evidence that the country feedlot sales program has improved competition for fed cattle and has expanded the range of marketing opportunities for cattle feeders. More than eighty-three percent (83.72 percent) of the members who responded to the questions about

buyer numbers indicated that the number of buyers they were able to get to bid on their cattle increased after they joined the program.¹ The number of buyers members were able to get to bid on their cattle increased almost 70 percent as a result of their participation in the program. Results of the sales representative survey showed that sales representatives, on the average, each had contacts with 13.6 buyers. These facts provide overwhelming evidence that the country feedlot sales program has increased the number of potential marketing outlets for its members' cattle, and gives some evidence of increased competition.

The negative reactions of the packers and packer buyers also indicate increased competition and the improved bargaining position of program members. Over ten percent of the members indicated that cattle buyers had attempted to persuade them not to belong to the country feedlot sales program. Sales representatives have also indicated varying levels of packer antagonism. Apparently, this level of antagonism has not severely impaired the program, but does indicate that packers are experiencing some effects in terms of increased competition and the bargaining power of the cattle feeders.²

In summary, the results of this study provide evidence that the country

¹ Some members who did not notice an increase in buyer numbers felt that this factor was overemphasized. These members felt that the number of buyers visiting the feedlot was less important than obtaining the right buyers, and that the sales representatives had performed well in this respect.

² The underlying assumption here is that packers desire less competition, and that increased competition is an important reason packers object to the program.

feedlot sales program has increased the bargaining power of its members, has increased the competition for its members' cattle, and has increased the number of potential marketing outlets for its members' cattle. For these reasons, the country feedlot sales program appears to be an effective slaughter cattle marketing technique which has been of great benefit to Iowa cattle feeders.

Hypothesis 2:

In analyzing the increase in marketing information to country feedlot sales program members, it should be noted that the information gathered by the sales representative will be counted toward the acceptance of this hypothesis, whether or not such information is actually passed on to the members. This is because the members' knowledge of the information accumulated by the sales representative is not necessary for the sales representative to do a better job of selling the cattle. Information gained by the sales representative is beneficial to the members whether or not the members are aware of all this information.

We have seen from the description and operation of the country feedlot sales program that the sales representative is able to spend more of his time accumulating market information than is the typical individual cattle feeder. Because the sales representative is usually an experienced professional who spends all of his time marketing cattle, he is better equipped than the typical cattle feeder to evaluate market information. By passing information and advice on to cattle feeders, the sales representative improves the ability of the feeders to make informed marketing decisions.

Sales representatives surveyed considered "gathering market information" to be the single most important service they provided to program members. "Supplying marketing advice to the feeder" was ranked third in importance by the sales representatives, but was still given a rating of quite important to very important.

Members surveyed, however, ranked market information and advice as their two least important reasons for belonging to the country feedlot sales program. A possible explanation for this difference of opinion, as mentioned in Chapter III, is simply that cattle feeders do not consider it extremely important for the sales representative to pass his information on to the members as long as he makes good use of the information himself.

Another possible interpretation of the low rankings of the importance of marketing information and advice is that the members consider these services important, but feel that the program is not doing an adequate job of providing these services. This reasoning is strengthened by the relatively high ratings received by "outlook information" and "marketing strategies" as possible additional services. The conclusion reached here and in Chapter III is that the members would like to see the program provide more marketing information and advice, but would like to have this additional information from a source other than the sales representative.

In summary, the country feedlot sales program has provided improved marketing information and advice to its members, both directly and through the information gathered and used only by the sales representative. However, program members would like to see the program provide training sessions on marketing strategies and outlook information on a regular

basis. The program members do not want their sales representatives to be distracted from their other duties by these additional services, but rather would have these services come from another source, such as the Farm Bureau or the sales agency. So, in addition to providing a unique method of marketing cattle, the country feedlot sales program also provides valuable marketing information and advice.

Hypothesis 3:

Membership survey results show that cattle feeders consider guaranteed payment to be an important feature of the country feedlot sales program. Although cattle feeders can obtain similar protection by marketing through public markets, this program is the only direct marketing method which guarantees payment.

Non-payment by a packer for cattle purchased from a country feedlot sales program member is an event which has never occurred, up to the time of this writing. Therefore, neither sales agency has had occasion to demonstrate the validity of the guaranteed payment feature of its country operations. This fact is partially due to the close watch the sales agencies and their insurance companies keep on the financial situation of the various packers.

IPLA has exercised its bonding protection on cattle which were marketed through the Peoria terminal market. This bonding protection is identical to that received by country feedlot sales program members. Therefore, despite the absence of a case in which the country feedlot sales program's guaranteed payment feature has been put to the test, we feel it is safe to

assume that the country feedlot sales program will continue to provide guaranteed payment to its members.

Hypothesis 4:

Through the innovation of the marketing council, country feedlot sales program members make their voices heard on the affairs of the program. Although the official powers of the marketing council are few, the sales agency is strongly influenced by the marketing council because of the sales agency's desire for the continued participation of the members. Therefore, the degree of control exercised by the marketing council does not to date appear to be a serious problem in the country feedlot sales program. Results of the membership survey support this conclusion.

Program members surveyed felt that the marketing council was important to very important in determining the policies of their association. Further evidence of the importance of the marketing council is the fact that although country marketing programs were started in Iowa in the late 1960's and early 1970's, none met with a great deal of success until Siouxland, the first association to have a marketing council, was organized in 1975.

The fact that 14.7 percent of the members (over 30% in some associations) did not know the correct name of their association indicates that in some areas there may be problems with members identifying with their associations and with their marketing councils. This problem was mostly confined to the eastern associations, and it is a problem that should be met by program officials.

Sales representatives who were surveyed expressed a desire for more control over day-to-day marketing transactions. This would give the sales representative greater bargaining power, increase his credibility with cattle buyers, and thereby increase his confidence in negotiating with cattle buyers. However, it is doubtful that program members as a whole will willingly relinquish the right to make the final decision in the sale of their cattle. Giving up this right would, in a sense, conflict with the program's objective of allowing members to control the program's operation. This is another problem, although presently a minor one, that program officials should attempt to deal with.

Responses from the membership survey indicated that members considered the time and effort that the country feedlot sales program saved them to be an important reason for belonging to the program; this factor ranked ahead of marketing information and advice, and greater bargaining power as reasons for belonging to the program. This indicates that most members trust the sales representative to take over the greater part of the responsibilities of marketing their cattle, and therefore also indicates that most are satisfied with the performance of the country feedlot sales program in marketing their cattle.

Members surveyed indicated that they planned to market an average of about 88 percent of their cattle through the program in 1978. In the west, however, the average was only about 80 percent. This does not necessarily

indicate dissatisfaction with the program in the west;¹ rather, this is largely a reflection of the policy of Producers Commission Association which allows members to market cattle through channels other than the program. This situation has resulted in some misunderstandings in terms of which cattle were to be marketed by the sales representative and upon which cattle the commission must be paid. If the country feedlot sales program is truly operated to the satisfaction of the members, then it should be possible to raise the percentage of members' cattle marketed through the program. This is another problem to which program officials must address themselves.

A general observation on the results of the membership survey is that members ranked existing characteristics and services of the country feedlot sales program significantly higher in importance than the rankings of proposed additional services and problems of the program. This can be seen by comparing the rankings on questions 6 and 8 of the survey with the rankings on question 9 and 10. The conclusion can be drawn that members were generally satisfied with the program, and did not want to see the program tampered with in any significant way.

¹ Although western members were, indeed, somewhat less satisfied with the program than eastern members, as the results of question 16 of the membership survey show.

This conclusion is supported by the results of the final question on the survey, which showed the average overall rating of the program by the members to be between "just what I expected" and "exceeds my expectations." Only about 12 percent of the members felt the program did not meet their expectations, and only four respondents indicated they were not participating due to dissatisfaction with the program.

A final factor demonstrating cattle feeders' satisfaction with the country feedlot sales program has been the growth of the program. In its present form, the program has been in existence only since 1975, yet presently over 10 percent of Iowa's fed cattle are being marketed through the program. Most of the program's growth has resulted from the incorporation of new areas into the program, and some has resulted from post-formation expansion within associations. Both types of growth are evidence of the appeal of the program to cattle feeders. However, as the part of the state which is available for expansion is now quite limited, to maintain growth in the program, even greater efforts to satisfy prospective and existing members must be made. Even at the time of this writing, there is some indication that the growth rate of the program is leveling off.

Rapid growth has resulted in various problems for the country feedlot sales program. Survey results indicate that the responsibility for soliciting new members is not clearly delegated, and is frequently neglected. Other problems include the overburdening of the sales representatives and other employees, the redefinition of association boundaries, and the reassignment of sales representatives. While some of these can be viewed as past problems, if the program is to continue to grow, program offi-

cials must plan on dealing with them in the future.

In summary, the country feedlot sales program has in general succeeded in creating a program which is controlled by cattle feeders and operated to their satisfaction. However, there are some problems in the country feedlot sales program which require the immediate attention of the program officials. Some of these problems, ironically, are indirect results of the program's rapid growth. If the goals of the program officials concerning continued growth of the program are to be met, then these problems must be solved.

CHAPTER V.

SUMMARY AND CONCLUSION

Results of this Study

The response of over 72 percent to the membership survey indicates the interest of the members and their desire for this program to succeed. We have established that to a high degree, the country feedlot sales program has accomplished its objectives and has provided its members with beneficial services. However, this study has pointed out various immediate problems confronting the leadership of the country feedlot sales program.

The rapid growth of the program has resulted in the overextension of the feedlot representatives and other program officials. The overextension of personnel has made it difficult for the program to provide some services at the level originally planned, and has prevented officials from devoting sufficient time and effort to the promotion of the program. Rapid growth has made troublesome changes necessary in association boundaries and personnel. If program officials succeed in maintaining growth, then they must plan to deal with such problems.

However, this study has also shown that continued growth may become difficult for the country feedlot sales program. We have pointed out some factors, such as increased buyer numbers, increased marketing outlets, and the importance of the marketing council, which should be emphasized in achieving member satisfaction and in acquiring new members. Increased promotion to both existing and prospective members, is considered essential for the continued growth and success of the program.

The program's structure and the delegation of responsibility have also resulted in problems. The country feedlot sales program is a result of the cooperation of three different entities: the sales agencies, the

the Iowa Farm Bureau, and the members themselves. Sometimes the desires of the different parties conflict; also, a party may possess an internal conflict between its different activities. For example, the country operations of the sales agencies may interfere with their terminal market operations. There is some feeling among members that profits from the country feedlot sales program are being used to support the terminal market operations of the sales agencies. While these problems can be dealt with, they point out that the program's structure is not completely satisfactory.

The delegation of the responsibilities such as promotion and the solicitation of new members is a current problem of the program related to the program's structure. Sales representatives, for example, disagree about who is supposed to be primarily responsible for the solicitation of new members. In some associations, apparently, signing of new members is left up to a sales representative who has little or no time to devote to the task.

The program's structure should be strictly defined, and responsibilities clearly delegated by formal agreements between the state and country Farm Bureaus and the Sales Agencies.

Commitment of the members to the program is a current problem, especially in the western associations. In the western associations, the problem becomes one of deciding whether the contract should be changed to require 100 percent commitment of the members' cattle to the program, or whether efforts to increase commitment simply by promotion and persuasion should be continued. Without the requirement of total commitment of cattle to the program, cattle feeders are able to play cattle buyers and sales

representatives one against the other, and thus receive better prices for cattle not marketed through the program, at the program's expense. This practice is extremely damaging to the program, as it encourages cattle feeders to market a certain percentage of their cattle outside of the program. One possible solution could be to allow a new member a certain time period or a certain number of marketings to become familiar with the program, after which total commitment or none would be mandatory.

Another problem is the flat commission charge, which encourages the program to preferentially seek out the membership of large operators, and bypass smaller operations. Since the per head marketing cost is less for larger lots of cattle, the program makes more money in serving the larger lot. Looking at the other side of the problem, small operators are getting more for their commission than are the larger operators. This inequity could be corrected by raising the commission rate for a smaller marketing; or a plan could be developed which charges different rates for different levels of service. Using this plan, a cattle feeder would pay only for the particular services desired. It is apparent from the survey that operators of different sizes attach different levels of importance to the program's various services.

In looking forward to the more distant future of the country feedlot sales program, and to the formation of similar organizations, it is useful to hypothesize a more effective structure for a marketing organization.

The preferred structure for a livestock direct marketing organization would include parties whose sole purpose was the success of the organization. They should not be diverted by conflicting purposes or distracted by in-

involvement in other enterprises. The organization should include a mechanism such as the marketing council which insures producer control.

The organization might make use of a uniform and accurate method of description of the livestock, so buyers and sellers would not need to physically view the livestock.

The organization could be centrally oriented, so buyers and sellers over a large area (an entire state, or more) have access to the same market.

To prevent sellers from playing the organization to receive higher prices without paying the commission, the organization should require total commitment of the sellers.

The program should be dynamic, adaptable to changing economic conditions, and should strive for greater operational and pricing efficiency.

The country feedlot sales program has made significant improvements in the direct marketing of Iowa cattle. With strong promotion of its merits, continued producer support, and effective management, this program should be able to continue to grow and become an important element of the beef industry.

Suggested Research

A cost-benefit analysis of the country feedlot sales program would provide instructive future study. This research would involve the difficult problems of estimating the value of the services provided by the program, and determining whether and to what extent the program causes a higher price to be paid for the members' cattle. Also, it would be interesting and instructive to attempt to estimate the price affects of the country feedlot sales program to cattle feeders who are not program members.

A related topic of study is the possible impact of the country feedlot sales program on the entire beef industry. Can the program develop the capacity to exercise market power to raise the price of live beef? If the program succeeds in raising the price of live beef, what effects will this have in the beef industry and to the consumer? Will antitrust regulations prevent the program from having any impact? These questions could become quite relevant in the near future.

ACKNOWLEDGEMENTS

The author wishes to acknowledge the guidance of Dr. J. Marvin Skadberg and the other members of the graduate committee.

Also, the author wishes to acknowledge the assistance of the following people: Mr. Glee Mulder, Miss Roxann Kutschinski, Mrs. Carolyn Millage, Mrs. Doris Love, Mrs. Nora Phelps, and Mr. and Mrs. Harry R. Anderson.

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APPENDIX I



FARM BUREAU CATTLE MARKETING AGREEMENT

This Agreement made and entered into on the date hereinafter set forth, between the undersigned, a Farm Bureau member in the designated county, hereinafter referred to as "Beef Producer", and Producers Order Buying Company, a wholly owned subsidiary of Sioux City Producers Commission Association, hereinafter referred to as "Marketer", organized under the laws of the State of South Dakota.

It is mutually understood that the purpose of this Agreement is to set forth an understanding of the conditions that will exist and what is expected of the parties to this Agreement in marketing beef cattle through a country feedlot sales program.

Section I. It is mutually agreed that:

- 1. The program shall be a joint effort of the two parties involved to improve livestock marketing.
2. The county Farm Bureau organizations whose members are participating in this program, shall collectively have the responsibility and authority to establish and implement rules and guidelines concerning the management of the program...
3. Marketer will act as the exclusive marketing agent in marketing the cattle owned by Beef Producer during the 60 days following the date of this Agreement...
4. The Agreement automatically renews itself until such time that Beef Producer gives 30 days prior notice in writing to Marketer...
5. If this Agreement involves more than one beef producer, this Agreement shall be signed by a party who, by his signature to this Agreement, represents and warrants that he has authority to sign this Agreement for all the beef producers affected by this particular Agreement.
6. The Beef Producer will have the choice of accepting a feed lot bid for delivery directly to a packer or shipping the cattle to a terminal market where Marketer has a sales agency.

Section II. Marketer agrees to:

- 1. Upon request, bring or send one or more buyers who are interested in the kind of cattle Beef Producer has available, to Beef Producer's feedlot, and secure bids along with any time limitations or special conditions involved.
2. Permit any legitimate buyer to bid, so long as he can offer satisfactory proof of financial responsibility to immediately pay for the cattle. Marketer assumes the responsibility for the decision of the ability of buyer to pay.
3. Keep well posted on availability and prices of feeder cattle, prices and trends of market cattle on terminals, as well as dressed beef prices, and give Beef Producer the benefit of this information.
4. Not use persuasion, based on partiality as between selling in the feed lot and selling on the terminal. The sole purpose of Marketer shall be to get the best possible net price for the cattle.
5. If Beef Producer decides to sell through a terminal, give advice regarding the most desirable day to ship, and give the cattle the best possible care and provide the best possible salesmanship.
6. Provide information regarding trucking, transportation rates, and probable shrink.
7. Guarantee payment for the cattle. Marketer will invoice the packer, collect the amount due and promptly pay for the cattle. Cattle sent to the terminal shall be paid for on the day sold. Feed lot cattle shall be paid for immediately after delivery, and in no event, more than three days later, even if Marketer does not receive payment from the packer within the time allotted.

Section III. Beef Producer agrees to:

- 1. Market approximately the number of cattle for slaughter during a calendar year, which number is indicated below.
2. Give Marketer exclusive right to market the cattle.
3. Refer all bids from independent sources to Marketer immediately, to insure guaranteed payment provision of this Agreement.
4. Make his own decision, after conferring with Marketer salesman, whether he should accept or reject the highest bid at the feed lot, or ship to Marketer at a terminal market.
5. Accept responsibility for seeing that the cattle actually delivered are the same cattle as represented to Marketer and buyer, and that said cattle are weighed and transferred in accordance with terms of the sale.
6. Pay for services rendered by Marketer a service charge of 30¢ cwt. Service charge to pay for following services:
(A) Guaranteeing payment (C) Advising Beef Producer on terms of sale
(B) Short and long term market information (D) Marketing management information.
7. Pay normal marketing charges if cattle are sold on the terminal market, to Marketer or Long & Hansen, or to a terminal market approved by the marketing council.
8. Pay promptly the 30¢ per cwt. service charge if he markets any cattle through other channels than stated in this Agreement.
9. Maintain his Farm Bureau membership in good standing during the term of this Agreement. If he fails to do so, and such failure continues for 30 days, then it is understood that this Agreement will be terminated by marketing council on giving Beef Producer written notice of termination.

Dated this ___ day of ___, 19__.

By _____ Beef Producer
Address
Phone

By _____ Producers Order Buying Company, a wholly owned subsidiary of Sioux City Producers Commission Association

Designated County Farm Bureau
Approximate Number of Cattle to be Marketed Annually



SLAUGHTER CATTLE MARKETING AGREEMENT
Farm Bureau Federation - Interstate Producers Livestock Association



I, _____, a cattle feeder and Farm Bureau member in _____
 county, normally expect to market approximately _____ cattle for slaughter this year.

I hereby request Interstate Producers Livestock Association to act as the exclusive marketing agent in marketing of the cattle that I own or will sell for slaughter during the next 60 days, from the date of this contract and during each succeeding 60 days. This agreement is automatically renewable, until such time that I give 30 days prior notice in writing to Interstate Producers Livestock Association, 1705 W. Luthy Drive, Peoria, Illinois that I wish to cancel this contract.

It is my understanding that I have a choice of accepting a feedlot bid for delivery of the cattle to a packer or shipping the cattle to a terminal or auction where Interstate Producers has a sales agency. The one exception being the Joliet Terminal. The choice of where to sell will be made after Interstate Producers gets one or more bona fide bids at the feedlot, and Interstate Producers informs me according to their judgments what the estimated price of the cattle will be at the terminal or auction.

Interstate Producers, in order to fill their part of the agreement, will do the following:

1. Upon my request, bring or send one or more buyers to the feedlot interested in the kind of cattle fed, and bids along with any time limitations or special conditions involved.
2. Permit any legitimate buyer to bid, so long as he can offer satisfactory proof of ability to immediately pay for the cattle, Interstate Producers to take on the responsibility for the decision on ability to pay.
3. Keep carefully posted on availability and prices of feeder cattle, prices and trends of market cattle, on terminals, as well as dressed beef prices, and give me full benefit of this knowledge.
4. Use no persuasion, based on partiality as between selling in feedlot and selling on the terminals, the sole purpose in getting the best possible price for the cattle.
5. If I decide to go to terminals or auctions, give advice regarding the desirable day to ship, and give the cattle the best possible handling care as well as selling them with only my best interest in mind.
6. Give information regarding trucking, truck rates, and probable shrinks.
7. Guarantee payment for the cattle. Interstate Producers will invoice the packer, collect the amount due, and promptly pay for the cattle. Those sent to terminals or auctions will be paid for on the day sold. Feedlot cattle will be paid for immediately after delivery, and in no event, more than five days later, even if Interstate Producers does not receive payment from the packer within that period of time.

In return for this service, I will:

1. Give Interstate Producers exclusive rights on these cattle, and if bids are received from independent resources, will refer such bids to Interstate Producers.
2. Make my own decision, after conferring with Interstate Producers whether I accept the highest bid at the feedlot, or ship to Producers at the terminals or auctions.
3. Accept responsibility for seeing that the cattle actually delivered are the same cattle as represented.
4. For services rendered by IPLA, pay a service charge of \$3.50 on steers and \$3.25 on heifers. All cattle over 300 head per contract signer sold in IPLA fiscal year, the service charge will be \$3.25 on steers and \$3.00 on heifers. Any combination of steers or heifers will constitute the 300 head volume discount. If cattle are sold on terminals or auction where Interstate Producers is represented, pay the normal market charge.
5. If I market any cattle under other methods than stated in this contract, I agree to promptly pay IPLA \$3.50 per head on steers and \$3.25 per head on heifers.
6. Maintain my Farm Bureau membership in good standing during the term of this agreement. If I fail to do so, and such failure continues for 30 days, this I understand that Interstate Producers may, at their option, terminate this agreement by giving me written notice.

If this application involves more than one party, then this agreement shall be construed as applying to each exactly the same manner as if the cattle were owned solely by one party.

BY _____ SIGNED _____
 DATED _____ ADDRESS _____
 FARM BUREAU MEMBERSHIP NO. _____

APPENDIX II

Iowa State University *of Science and Technology* Ames, Iowa 50011



Department of Economics

Dear Country Feedlot Sales Program Member:

The country feedlot sales program of Iowa, Illinois and Minnesota is a unique and innovative example of what cattle feeders like yourself can do to improve the methods of marketing their product. Your program will very likely be copied in other parts of the United States by farmers and other producers who also want to do a better job of marketing. For these reasons, more information about this unusual selling method is needed.

Enclosed is a survey to obtain some opinions from you about the country feedlot sales program. This survey has been worked out and approved by the Iowa State University Economics Department, Mr. Carl Rylander and Mr. Harry Reed of IPLA, and Mr. Glee Mulder of the Iowa Farm Bureau.

This survey will help to make the country feedlot sales program an even better program for you. An analysis of the results of this survey by Iowa State University, IPLA, and the Iowa Farm Bureau will be made available to your organization.

The results of this survey will also become a part of a study of the country feedlot sales program. This research is part of my Masters Degree program, which is under the direction of Dr. J. Marvin Skadberg.

You are one of the approximately 400 sales program members in Iowa, Illinois and Minnesota who were selected to take this survey. Therefore, it is very important that you fill out the survey and mail it in the stamped envelope provided.

Thanks very much for your cooperation!

Sincerely,

Gary Anderson

Gary Anderson
468 East Hall
Iowa State University
Ames, Iowa 50011



139
INTERSTATE PRODUCERS LIVESTOCK ASSOCIATION

1705 WEST LUTHY DRIVE

PEORIA, ILLINOIS 61614

TELEPHONE (309) 691-5360

March 13, 1978

Dear Country Feedlot Sales Program Member:

I urge you to take the time to fill out this survey to be used by Mr. Gary Anderson, a student at Iowa State University, from which he will write a thesis.

This survey has the full endorsement of Producers and we believe that it will enhance the feedlot sales program and help us to continue to give you the best possible service.

Very truly yours,

INTERSTATE PRODUCERS LIVESTOCK ASSN.

Carl Rylander, Vice President
Cattle Marketing Division

CRR/cjn



PRODUCERS

COMMISSION ASSOCIATION

SIOUX CITY STOCK YARDS
SIOUX CITY, IOWA 51107

March 2 1978

Dear Country Feedlot Sales Program Member:

I urge that you take the time to fill out this survey to be used by Gary Anderson, who is a student at Iowa State University, from which he will write a thesis.

This survey has the full endorsement of Producers Commission Association. We believe it will enhance the feedlot sales program, and will help us to give you the best possible cooperative marketing service.

Very truly yours,

PRODUCERS COMMISSION ASSOCIATION



David F. Mitchell
MANAGER

DIRECTIONS

Most of the questions on the survey are self-explanatory. However, questions 6, 7, 8, 9, 10 may need additional explanation. On each of these questions, every response should be marked by placing either a 4, 3, 2, 1 or 0 in each blank.

On each answer:

If you feel the reason given is very important, place a 4 in the blank.

If you feel the reason given is quite important, place a 3 in the blank.

If you feel the reason given is important, place a 2 in the blank.

If you feel the reason given is of little importance, place a 1 in the blank.

If you feel the reason given is of no importance, place a 0 in the blank.

Here is an example of my answers to a sample question: Example: What items are most important in keeping your car running?

1 air cleaner

4 spark plugs

3 fuel filter

0 dome light

2 ethylene glycol coolant

4 distributor

4 fuel

When you finish the survey, please mail it in the envelope provided.

Country Feedlot Sales Program Member Survey

1. What is the name of your association?

- | | |
|---|--|
| <input type="checkbox"/> Siouxland | <input type="checkbox"/> Twin Cedar |
| <input type="checkbox"/> Supreme Beef | <input type="checkbox"/> Mid-Iowa Beefland |
| <input type="checkbox"/> Maple Valley | <input type="checkbox"/> Central Iowa |
| <input type="checkbox"/> Cornland | <input type="checkbox"/> Iowa Valley |
| <input type="checkbox"/> Top of Iowa | <input type="checkbox"/> Cedar Valley |
| <input type="checkbox"/> Top Dollar | <input type="checkbox"/> Eastern Iowa |
| <input type="checkbox"/> Steakland | <input type="checkbox"/> Southeastern Iowa |
| <input type="checkbox"/> Raccoon Valley | <input type="checkbox"/> Upper Iowa |
| <input type="checkbox"/> Great Lakes | <input type="checkbox"/> Don't know |

2. About how many years have you been feeding cattle? _____

3. How long have you been a member of the country feedlot sales program? _____

4. How many cattle do you plan to feed in 1978? _____

5. How many cattle do you plan to market through the country feedlot sales program in 1978?

On the next five questions, mark each and every answer according to the following scale:

- 4 - extremely important
- 3 - quite important
- 2 - important
- 1 - little importance
- 0 - no importance

6. Why do you participate in the country feedlot sales program? (mark each answer either 4, 3, 2, 1, or 0 according to its importance to you)

- I get a higher price for my cattle than I could with other marketing methods
- It saves me time and effort
- I am guaranteed payment on my cattle

6. (continued)

- I have a greater selection of marketing outlets with the program
- I get market information from the feedlot representative
- I get marketing advice from the feedlot representative (when and where to sell, etc.)
- The cooperative marketing concept, with its higher volume, improves the bargaining position of each feeder
- Other (explain) _____
-

7. Who or what was most important in persuading you to join the country feedlot sales program? (Again, rank each answer 4, 3, 2, 1, or 0 according to its importance.)

- other feeder or feeders
- article in magazine or other publication
- feedlot representative
- other (explain) _____
-

8. Mark these services of the feedlot representative according to their importance to you (rank each answer 4, 3, 2, 1, or 0)

- Getting buyers to the feedlot
- Negotiating with the buyers
- Visiting the feedlot to keep track of the progress of the cattle and determine when they are ready to market
- Supplying market information
- Supplying marketing advice (when and where to sell, etc.)

9. What additional services would you like to see provided by the country feedlot sales program? (rank each answer: 4 meaning "would like very much to see this service added," on down to 0, 0 meaning "wouldn't want to see this service added")

- providing regular outlook information
- assisting in purchasing feeder cattle
- providing training sessions on cattle feeding methods
- providing training sessions on health and disease control
- providing training sessions on quality and yield grading
- providing training sessions on marketing strategies
- other (explain) _____
-

10. Which of the following are problems of the country feedlot sales program?
(mark each answer either 4, 3, 2, 1, or 0 according to its importance to you)
- Communication between producer and feedlot representative
- Some buyers don't cooperate
- There is nothing to prevent feeders from dropping in and out of the program
- Feeders don't have enough control over the association
- Other (explain) _____
-
11. In order to discourage feeders from dropping in and out of the program, should the marketing agreement be changed to last longer than 60 days?
- Yes
- No
- Indifferent
12. Has anyone urged you not to be a member of the country feedlot sales program?
- Yes
- If yes, what occupations were the people who urged you not to join?
- _____
- No
13. How important is your marketing council in determining the policies and activities of your association?
- Very important
- Important
- Very little importance
- No importance
14. Before joining the country feedlot sales program, how many buyers were you able to get to bid on a given set of cattle, on the average?
- _____
15. As a member of the country feedlot sales program, how many buyers are you able to get to bid on a given set of cattle, on the average?
- _____
16. What is your overall opinion of the country feedlot sales program?
- Exceeds my expectations
- Just what I expected
- Doesn't meet my expectations

APPENDIX III

Questions and answers are listed in the order in which they appeared on the survey.

Answers to multiple choice questions have been abbreviated, and appear in the second column. The number of respondents giving each answer on multiple choice questions appears in the third column.

The fourth column gives the mean answers where appropriate, and specifies the units. Means without units indicate mean ratings on a 0 to 4 scale (0 = unimportant, 4 = extremely important).

State of Iowa and
Beefland (Minnesota)

278 Respondents, 72.6% Response

Question	Answer	Frequency	Mean
1. <u>1/</u>	Beefland	17	
	Siouxland	21	
	Maple Valley	15	
	Cornland	23	
	Great Lakes	1	
	Supreme Beef	12	
	Top \$	15	
	Top of Iowa	13	
	Steakland	15	
	Raccoon Valley	7	
	Twin Cedar	14	
	Mid-Iowa Beefland	13	
	Central Iowa	17	
	Upper Iowa	9	
	Cedar Valley	19	
	Iowa Valley	9	
	Eastern Iowa	10	
	Southeastern Iowa	16	
	Don't know	32	
2.			19.59 years
3.			21.16 months
4.			316.84 cattle
5.			240.83 cattle
6.	Higher price		3.10
	Time and effort		2.76
	Guar. payment		3.00
	More outlets		3.22
	Market info.		2.38
	Market advice		2.53
	Coop. concept		2.74
7.	Other feeders		2.28
	Article		1.19
8.	Sales rep.		1.66
	Buyers to lot		3.47
	Negotiating		3.32
	Visiting		3.39
	Market info.		2.20
	Market advice		2.64

State of Iowa and
Beefland (Minnesota)
(continued)

Question	Answer	Frequency	Mean
9.	Outlook info.		2.72
	Feeder cattle		1.93
	Feeding methods		1.39
	Health control		1.38
	Grading		1.88
	Mktg. strategy		2.34
10.	Communication		2.07
	Buyer coop.		1.81
	Commitment		1.18
	Feeder control		1.27
11.	Yes	27	
	No	173	
	Indifferent	68	
12.	Buyer	28	
	Feeder	7	
	Dissatisfied member	2	
	Commission man	4	
	Sale barn personnel	6	
	N. F. O.	1	
	No one	225	
13.	Very important	103	
	Important	106	
	Little importance	25	
	No importance	2	
14.			2.27
15.			3.85
16.	Exceeds	74	
	Same	162	
	Doesn't meet	32	

1/ Answers shown for Question 1 are the respondents' answers and should not be taken to indicate the true number of surveys received from each association, nor to indicate the number of erroneous responses. For this data, refer to Chapter III, Tables 2 and 3.

Producers Commission Association - Affiliated
Associations (Western Associations)

136 Respondents, 64.0% Response

Question	Answer	Frequency	Mean
1.	Beefland	17	
	Siouxland	21	
	Maple Valley	15	
	Cornland	23	
	Great Lakes	1	
	Supreme Beef	12	
	Top \$	15	
	Top of Iowa	13	
	Steakland	15	
	Don't know	4	
2.			19.26 years
3.			19.39 months
4.			385.7 cattle
5.			235.9 cattle
6.	Higher price		2.95
	Time and effort		2.60
	Guar. payment		2.99
	More outlets		2.24
	Market info.		2.42
	Market advice		2.46
	Coop. concept		2.68
7.	Other feeders		2.38
	Article		1.23
	Sales rep.		1.51
8.	Buyers to lot		3.45
	Negotiating		3.23
	Visiting		2.27
	Market info.		2.21
	Market advice		2.60
9.	Outlook info.		2.76
	Feeder cattle		2.01
	Feeding methods		1.37
	Health control		1.32
	Grading		1.87
	Mktg. strategy		2.29
10.	Communication		2.26
	Buyer coop.		1.81
	Commitment		1.11
	Feeder control		1.42

Producers Commission Association - Affiliated
Associations (Western Associations)
(continued)

Question	Answer	Frequency	Mean
11.	Yes	13	
	No	79	
	Indifferent	42	
12.	Buyer	14	
	Feeder	5	
	Dissatisfied member	1	
	Commission man	1	
13.	Very important	52	
	Important	50	
	Little importance	13	
	No importance	1	
14.			2.39
15.			4.00
16.	Exceeds	36	
	Same	78	
	Doesn't meet	19	

Interstate Producers Livestock
Association - Affiliated Associations
(Eastern Associations)

142 Respondents, 77.6% Response

Question	Answer	Frequency	Mean
1.	Raccoon Valley	7	
	Twin Cedar	14	
	Mid-Iowa Beefland	13	
	Central Iowa	17	
	Upper Iowa	9	
	Cedar Valley	19	
	Iowa Valley	9	
	Eastern Iowa	10	
	Southeastern Iowa	16	
	Don't know	28	
2.			19.91 years
3.			22.85 months
4.			251.99 cattle
5.			245.08 cattle
6.	Higher price		3.25
	Time and effort		2.92
	Guar. payment		3.01
	More outlets		3.21
	Market info.		2.33
	Market advice		2.59
	Coop. concept		2.80
7.	Other feeders		2.18
	Article		1.15
	Sales rep.		1.81
8.	Buyers to lot		3.49
	Negotiating		3.40
	Visiting		2.50
	Market info.		2.19
	Market advice		2.68
9.	Outlook info.		2.69
	Feeder cattle		1.86
	Feeding methods		1.41
	Health control		1.44
	Grading		1.88
	Mktg. strategy		2.38
10.	Communication		1.88
	Buyer coop.		1.81
	Commitment		1.24
	Feeder control		1.31

Interstate Producers Livestock
 Association - Affiliated Associations
 (Eastern Associations)
 (continued)

Question	Answer	Frequency	Mean
11.	Yes	14	
	No	94	
	Indifferent	26	
12.	Buyer	14	
	Feeder	2	
	Dissatisfied member	1	
	Commission man	3	
	Sale barn personel	6	
13.	N. F. O.	1	
	Very important	51	
	Important	56	
	Little importance	12	
	No importance	1	
14.			2.14
15.			3.71
16.	Exceeds	38	
	Same	84	
	Doesn't meet	13	

Beefland (Minnesota)

17 Respondents, 65.4% Response

Question	Answer	Frequency	Mean
1.	Beefland	17	
2.			16.7 years
3.			13.9 months
4.			284.8 cattle
5.			214.3 cattle
6.	Higher price		3.24
	Time and effort		2.71
	Guar. payment		2.82
	More outlets		3.53
	Market info.		2.59
	Market advice		2.76
	Coop. concept		2.70
7.	Other feeders		1.82
	Article		1.41
	Sales rep.		1.41
8.	Buyers to lot		3.41
	Negotiating		3.24
	Visiting		2.65
	Market info.		2.06
	Market advice		2.41
9.	Outlook info.		2.59
	Feeder cattle		2.18
	Feeding methods		1.18
	Health control		1.24
	Grading		2.29
	Mktg. strategy		2.71
10.	Communication		2.14
	Buyer coop.		1.36
	Commitment		1.14
	Feeder control		1.87
11.	Yes	2	
	No	10	
	Indifferent	4	
12.	Buyer	4	
	Feeder	1	
	No one	12	
13.	Very important	6	
	Important	5	
	Little importance	1	
	No importance	0	
14.			2.47 buyers
15.			3.93 buyers
16.	Exceeds	6	
	Same	8	
	Doesn't meet	3	

Siouxland

20 Respondents, 66.7% Response

Question	Answer	Frequency	Mean
1.	Siouxland	20	
2.			19.6 years
3.			26.8 months
4.			938.1 cattle
5.			237.5 cattle
6.	Higher price		2.63
	Time and effort		2.63
	Guar. payment		2.74
	More outlets		3.17
	Market info.		2.72
	Market advice		2.56
	Coop. concept		2.33
7.	Other feeders		1.94
	Article		1.11
	Sales rep.		1.94
8.	Buyers to lot		3.22
	Negotiating		2.50
	Visiting		2.56
	Market info.		2.39
	Market advice		2.61
9.	Outlook info.		3.11
	Feeder cattle		2.22
	Feeding methods		1.78
	Health control		1.44
	Grading		2.11
	Mktg. strategy		2.06
10.	Communication		1.68
	Buyer coop.		2.47
	Commitment		1.05
	Feeder control		1.63
11.	Yes	2	
	No	11	
	Indifferent	6	
12.	Buyer	4	
	Feeder	3	
	Commission man	1	
	No one	12	
13.	Very important	5	
	Important	11	
	Little importance	2	
	No importance	0	
14.			2.83 buyers
15.			4.46 buyers
16.	Exceeds	5	
	Same	10	
	Doesn't meet	4	

Maple Valley

16 Respondents, 61.5% Response

Question	Answer	Frequency	Mean
1.	Maple Valley	15	
	Don't know	1	
2.			18.5 years
3.			24.5 months
4.			295.9 cattle
5.			308.1 cattle
6.	Higher price		3.06
	Time and effort		2.94
	Guar. payment		3.06
	More outlets		3.50
	Market info.		2.56
	Market advice		2.69
	Coop. concept		3.06
7.	Other feeders		2.81
	Article		0.81
	Sales rep.		1.56
8.	Buyers to lot		3.69
	Negotiating		3.62
	Visiting		2.44
	Market info.		2.25
	Market advice		2.56
9.	Outlook info.		2.50
	Feeder cattle		2.06
	Feeding methods		1.50
	Health control		1.50
	Grading		1.94
	Mktg. strategy		2.50
10.	Communication		1.94
	Buyer coop.		1.69
	Commitment		0.94
	Feeder control		1.12
11.	Yes	2	
	No	7	
	Indifferent	7	
12.	Buyer	1	
	No one	15	
13.	Very important	3	
	Important	10	
	Little importance	2	
	No importance	0	
14.			2.23 buyers
15.			3.82 buyers
16.	Exceeds	3	
	Same	12	
	Doesn't meet	1	

Cornland

25 Respondents, 86.2% Response

Question	Answer	Frequency	Mean
1.	Cornland	23	
	Siouxland	1	
	Don't know	1	
2.			19.8 years
3.			25.6 months
4.			299.9 cattle
5.			197.3 cattle
6.	Higher price		2.64
	Time and effort		2.68
	Guar. payment		3.36
	More outlets		2.88
	Market info.		2.08
	Market advice		2.40
	Coop. concept		2.56
7.	Other feeders		2.36
	Article		1.08
	Sales rep.		1.28
8.	Buyers to lot		3.32
	Negotiating		3.24
	Visiting		2.00
	Market info.		2.08
	Market advice		2.56
9.	Outlook info.		2.52
	Feeder cattle		1.92
	Feeding methods		1.32
	Health control		1.48
	Grading		1.80
	Mktg. strategy		2.28
	Communication		2.40
10.	Buyer coop.		1.44
	Commitment		1.04
	Feeder control		1.60
	Yes	1	
11.	No	17	
	Indifferent	7	
	Buyer	1	
12.	Dissatisfied member	1	
	No one	23	
13.	Very important	13	
	Important	9	
	Little importance	2	
	No importance	0	
14.			2.19 buyers
15.			4.59 buyers
16.	Exceeds	4	
	Same	18	
	Doesn't meet	2	

Supreme Beef

12 Respondents, 75.0% Response

Question	Answer	Frequency	Mean
1.	Supreme Beef	12	
2.			23.08 years
3.			25.00 months
4.			363.6 cattle
5.			264.5 cattle
6.	Higher price		2.83
	Time and effort		2.83
	Guar. payment		3.17
	More outlets		2.92
	Market info.		2.00
	Market advice		2.00
	Coop. concept		2.92
7.	Other feeders		2.33
	Article		2.00
	Sales rep.		1.58
8.	Buyers to lot		3.67
	Negotiating		3.33
	Visiting		2.67
	Market info.		2.17
	Market advice		2.50
9.	Outlook info.		2.92
	Feeder cattle		2.00
	Feeding methods		1.83
	Health control		1.08
	Grading		1.50
	Mktg. strategy		2.00
10.	Communication		2.63
	Buyer coop.		1.50
	Commitment		1.58
	Feeder control		1.55
11.	Yes	2	
	No	3	
	Indifferent	7	
12.	Buyer	1	
	No one	11	
13.	Very important	5	
	Important	3	
	Little importance	3	
	No importance	1	
14.			2.50 buyers
15.			3.56 buyers
16.	Exceeds	4	
	Same	6	
	Doesn't meet	2	

Top \$

14 Respondents, 58.3% Response

Question	Answer	Frequency	Mean
1.	Top \$	14	
2.			17.93 years
3.			10.29 months
4.			152.5 cattle
5.			160.1 cattle
6.	Higher price		3.00
	Time and effort		2.50
	Guar. payment		3.36
	More outlets		3.14
	Market info.		2.50
	Market advice		2.50
	Coop. concept		2.71
7.	Other feeders		3.00
	Article		1.56
	Sales rep.		1.21
8.	Buyers to lot		3.46
	Negotiating		3.54
	Visiting		2.15
	Market info.		2.31
	Market advice		3.00
9.	Outlook info.		2.85
	Feeder cattle		2.00
	Feeding methods		1.46
	Health control		1.53
	Grading		1.69
	Mktg. strategy		2.00
10.	Communication		2.92
	Buyer coop.		1.69
	Commitment		1.31
	Feeder control		0.92
11.	Yes	1	
	No	10	
	Indifferent	3	
12.	Buyer	1	
	No one	14	
13.	Very important	7	
	Important	10	
	Little importance	0	
	No importance	0	
14.			2.09 buyers
15.			3.50 buyers
16.	Exceeds	3	
	Same	9	
	Doesn't meet	1	

Top of Iowa

14 Respondents, 63.6% Response

Question	Answer	Frequency	Mean
1.	Top of Iowa	13	
	Top \$	1	
2.			17.21 years
3.			9.86 months
4.			251.4 cattle
5.			219.2 cattle
6.	Higher price		3.21
	Time and effort		2.29
	Guar. payment		1.86
	More outlets		3.43
	Market info.		2.50
	Market advice		2.36
	Coop. concept		2.43
7.	Other feeders		2.71
	Article		1.43
	Sales rep.		1.50
8.	Buyers to lot		3.43
	Negotiating		3.00
	Visiting		1.93
	Market info.		2.50
	Market advice		2.93
9.	Outlook info.		2.64
	Feeder cattle		1.64
	Feeding methods		0.86
	Health control		0.93
	Grading		1.86
	Mktg. strategy		2.21
10.	Communication		2.15
	Buyer coop.		2.00
	Comm'tment		0.69
	Feeder control		1.15
11.	Yes	0	
	No	12	
	Indifferent	2	
12.	Buyer	2	
	Feeder	1	
	No one	11	
13.	Very Important	6	
	Important	4	
	Little importance	0	
	No importance	0	
14.			2.32 buyers
15.			3.82 buyers
16.	Exceeds	3	
	Same	8	
	Doesn't meet	3	

Steakland

17 Respondents, 65.4% Response

Question	Answer	Frequency	Mean
1.	Steakland	15	
	Don't know	2	
2.			21.24 years
3.			14.47 months
4.			380.6 cattle
5.			305.0 cattle
6.	Higher price		3.18
	Time and effort		2.18
	Guar. payment		3.29
	More outlets		3.53
	Market info.		2.47
	Market advice		2.35
	Coop. concept		2.82
7.	Other feeders		2.24
	Article		0.76
	Sales rep.		1.65
8.	Buyers to lot		3.59
	Negotiating		3.53
	Visiting		1.82
	Market info.		2.06
	Market advice		2.41
9.	Outlook info.		3.06
	Feeder cattle		1.88
	Feeding methods		1.00
	Health control		1.24
	Grading		1.71
	Mktg. strategy		2.47
10.	Communication		2.15
	Buyer coop.		2.00
	Commitment		0.69
	Feeder control		1.15
11.	Yes	3	
	No	8	
	Indifferent	6	
12.	No one	17	
13.	Very important	7	
	Important	4	
	Little importance	3	
	No importance	0	
14.			2.44 buyers
15.			3.70 buyers
16.	Exceeds	7	
	Same	7	
	Doesn't meet	3	

Raccoon Valley

9 Respondents, 64.3% Response

Question	Answer	Frequency	Mean
1.	Raccoon Valley	7	
	Don't know	2	
2.			13.56 years
3.			30.22 months
4.			175.56 cattle
5.			180.62 cattle
6.	Higher price		3.00
	Time and effort		2.44
	Guar. payment		3.33
	More outlets		3.56
	Market info.		2.33
	Market advice		2.56
	Coop. concept		3.33
7.	Other feeders		1.56
	Article		1.33
	Sales rep.		1.78
8.	Buyers to lot		3.67
	Negotiating		3.67
	Visiting		2.11
	Market info.		2.22
	Market advice		2.44
9.	Outlook info.		2.67
	Feeder cattle		1.11
	Feeding methods		1.22
	Health control		1.00
	Grading		1.44
	Mktg. strategy		2.22
10.	Communication		2.00
	Buyer coop.		2.44
	Commitment		1.00
	Feeder control		0.56
11.	Yes	2	
	No	7	
	Indifferent	9	
12.	Buyer	2	
	Commission man	1	
	No one	7	
13.	Very important	6	
	Important	1	
	Little importance	1	
	No importance		
14.			2.00
15.			3.56
16.	Exceeds	1	
	Same	7	
	Doesn't meet	1	

Mid-Iowa Beefland

17 Respondents, 85.0% Response

Question	Answer	Frequency	Mean
1.	Mid-Iowa Beefland	12	
	Central Iowa	1	
	Don't know	4	
2.			17.88 years
3.			25.76 months
4.			199.5 cattle
5.			198.9 cattle
6.	Higher price		3.35
	Time and effort		3.12
	Guar. payment		3.12
	More outlets		3.41
	Market info.		2.71
	Market advice		2.88
	Coop. concept		3.00
7.	Other feeders		2.24
	Article		1.76
	Sales rep.		1.59
8.	Buyers to lot		3.76
	Negotiating		3.53
	Visiting		2.82
	Market info.		2.41
	Market advice		2.76
	Outlook info.		2.94
	Feeder cattle		1.18
	Feeding methods		1.24
	Health control		1.18
	Grading		1.59
	Mktg. strategy		2.12
10.	Communication		2.53
	Buyer coop.		2.12
	Commitment		1.47
	Feeder control		1.29
11.	Yes	4	
	No	11	
	Indifferent	2	
12.	Feeder	1	
	No one	16	
13.	Very important	8	
	Important	6	
	Little importance	3	
	No importance	0	
14.			2.25 buyers
15.			4.31 buyers
16.	Exceeds	2	
	Same	13	
	Doesn't meet	2	

Upper Iowa

13 Respondents, 65.0% Response

Question	Answer	Frequency	Mean
1.	Upper Iowa	9	
	Don't know	4	
2.			14.46 years
3.			7.77 months
4.			502.55 cattle
5.			506.82 cattle
6.	Higher price		3.75
	Time and effort		2.75
	Guar. payment		2.75
	More outlets		3.33
	Market info.		2.08
	Market advice		2.58
	Coop. concept		3.00
7.	Other feeders		2.62
	Article		1.46
	Sales rep.		1.38
8.	Buyers to lot		3.69
	Negotiating		3.62
	Visiting		2.46
	Market info.		1.69
	Market advice		2.62
	Outlook info.		2.31
	Feeder cattle		2.31
	Feeding methods		1.62
	Health control		1.38
	Grading		1.62
	Mktg. strategy		2.08
10.	Communication		1.17
	Buyer coop.		2.27
	Commitment		1.25
	Feeder control		1.75
11.	Yes	2	
	No	6	
	Indifferent	3	
12.	Buyer	2	
	Feeder	1	
	Dissatisfied member	1	
	No one	8	
13.	Very important	6	
	Important	3	
	Little importance	0	
	No importance	0	
14.			1.91
15.			4.00
16.	Exceeds	4	
	Same	8	
	Doesn't meet	0	

Central Iowa

22 Respondents, 100.0% Response

Question	Answer	Frequency	Mean
1.	Central Iowa	16	
	Mid-Iowa Beefland	1	
	Don't know	5	
2.			21.95 years
3.			25.57 months
4.			181.3 cattle
5.			185.2 cattle
6.	Higher price		3.38
	Time and effort		2.95
	Guar. payment		2.90
	More outlets		2.90
	Market info.		2.24
	Market advice		2.71
	Coop concept		2.57
7.	Other feeders		2.05
	Article		1.05
8.	Buyers to lot		3.43
	Negotiating		3.24
	Visiting		2.71
	Market info.		2.00
	Market advice		3.10
9.	Outlook info		2.81
	Feeder cattle		2.00
	Feeding methods		1.62
	Health control		1.38
	Grading		2.38
	Mktg. strategy		2.14
	10.	Communication	
Buyer coop.			2.05
Commitment			1.81
Feeder control			1.38
11.	Yes	2	
	No	13	
	Indifferent	6	
12.	Buyer	4	
	No one	17	
13.	Very important	7	
	Important	9	
	Little importance	1	
	No importance	1	
14.			1.85
15.			3.38
16.	Exceeds	5	
	Same	12	
	Doesn't meet	3	

Twin Cedar

16 Respondents, 80.0% Response

Question	Answer	Frequency	Mean
1.	Twin Cedar	14	
	Cedar Valley	2	
2.			24.38 years
3.			21.94 months
4.			314.25 cattle
5.			306.31 cattle
6.	Higher price		3.50
	Time and effort		2.75
	Guar. payment		2.69
	More Outlets		3.25
	Market info.		2.56
	Market advice		2.88
	Coop. concept		2.94
7.	Other feeders		2.81
	Article		1.00
	Sales rep.		2.00
8.	Buyers to lot		3.56
	Negotiating		3.25
	Visiting		2.44
	Market info.		2.44
	Market advice		2.75
9.	Outlook info.		2.31
	Feeder cattle		2.00
	Feeding methods		1.56
	Health control		1.81
	Grading		1.88
	Mktg. strategy		2.75
10.	Communication		2.19
	Buyer Coop.		2.12
	Commitment		1.25
	Feeder control		1.06
11.	Yes	2	
	No	12	
	Indifferent	2	
12.	Buyer	1	
	N.F.O.	1	
	No one	14	
13.	Very important	6	
	Important	8	
	Little importance	0	
	No importance	0	
14.			2.68 buyers
15.			4.65 buyers
16.	Exceeds	4	
	Same	11	
	Doesn't meet	0	

Cedar Valley

16 Respondents, 66.7% Response

Question	Answer	Frequency	Mean
1.	Cedar Valley	14	
	Don't know	2	
2.			18.75 years
3.			26.38 months
4.			286.5 cattle
5.			223.1 cattle
6.	Higher price		3.12
	Time and effort		3.19
	Guar. payment		3.00
	More outlets		3.38
	Market info.		3.31
	Market advice		2.56
	Coop. concept		2.94
7.	Other feeders		2.27
	Article		1.13
	Sales rep.		1.40
8.	Buyers to lot		3.38
	Negotiating		3.62
	Visiting		2.38
	Market info.		2.19
	Market advice		2.25
9.	Outlook info.		2.81
	Feeder cattle		2.38
	Feeding methods		1.81
	Health control		1.69
	Grading		2.00
	Mktg. strategy		3.00
10.	Communication		2.25
	Buyer coop.		1.93
	Commitment		1.00
	Feeder control		1.06
11.	Yes	2	
	No	12	
	Indifferent	2	
12.	Buyer	1	
	No one	15	
13.	Very important	8	
	Important	6	
	Little importance	1	
	No importance	0	
14.			2.04
15.			3.46
16.	Exceeds	4	
	Same	11	
	Doesn't meet	1	

Iowa Valley

16 Respondents, 66.7% Response

Question	Answer	Frequency	Mean
1.	Iowa Valley	9	
	Cedar Valley	3	
	Don't know	4	
2.			20.81 years
3.			21.31 years
4.			178.8 cattle
5.			184.4 cattle
6.	Higher price		2.87
	Time and effort		3.00
	Guar. payment		3.07
	More outlets		3.13
	Market info.		2.20
	Market advice		2.00
	Coop. concept		3.27
7.	Other feeders		2.00
	Article		0.73
	Sales rep.		2.20
8.	Buyers to lot		3.20
	Negotiating		3.13
	Visiting		2.20
	Market info.		2.07
	Market advice		2.60
9.	Outlook info.		2.60
	Feeder cattle		1.67
	Feeding methods		1.07
	Health control		1.27
	Grading		1.33
	Mktg. strategy		2.00
10.	Communication		1.79
	Buyer coop.		0.71
	Commitment		0.21
	Feeder control		0.71
11.	Yes	0	
	No	12	
12.	Indifferent	2	
	Buyer	1	
	Sale barn personnel	1	
13.	No one	12	
	Very important	4	
	Important	7	
	Little importance	1	
	No importance	0	
14.			2.18
15.			3.04
16.	Exceeds	3	
	Same	8	
	Doesn't meet	3	

Eastern Iowa

16 Respondents, 84.2% Response

Question	Answer	Frequency	Mean
1.	Eastern Iowa	10	
	Don't know	6	
2.			21.31 years
3.			27.60 months
4.			257.7 cattle
5.			257.6 cattle
6.	Higher price		3.19
	Time and effort		3.00
	Guar. payment		3.38
	More outlets		2.81
	Market info.		2.19
	Market advice		2.62
	Coop. concept		2.31
7.	Other feeders		1.94
	Article		0.81
	Sales rep.		1.62
8.	Buyers to lot		3.12
	Negotiating		3.25
	Visiting		2.75
	Market info.		2.12
	Market advice		2.62
9.	Outlook info.		2.38
	Feeder cattle		1.88
	Feeding methods		1.38
	Health control		1.81
	Grading		2.06
	Mktg. strategy		2.31
10.	Communication		1.38
	Buyer coop.		1.50
	Commitment		1.12
	Feeder control		1.00
11.	Yes	0	
	No	11	
	Indifferent	5	
12.	Commission man	2	
	Sale barn personnel	2	
	No one	12	
13.	Very important	1	
	Important	8	
	Little importance	3	
	No importance	0	
14.			2.22
15.			3.16
16.	Exceeds	8	
	Same	7	
	Doesn't meet	1	

Southeastern Iowa

17 Respondents, 77.3% Response

Question	Answer	Frequency	Mean
1.	Southeastern Iowa	16	
	Don't know	1	
2.			21.53 years
3.			19.00 months
4.			234.1 cattle
5.			210.6 cattle
6.	Higher price		3.00
	Time and effort		2.81
	Guar. payment		3.00
	More outlets		3.38
	Market info.		2.31
	Market advice		2.44
	Coop. concept		2.19
7.	Other feeders		2.00
	Article		1.19
	Sales rep.		2.44
8.	Buyers to lot		3.69
	Negotiating		3.44
	Visiting		2.38
	Market info.		2.50
	Market advice		2.75
9.	Outlook info.		3.18
	Feeder cattle		1.94
	Feeding methods		1.06
	Health control		1.29
	Grading		2.18
	Mktg. strategy		2.76
10.	Communication		1.44
	Buyer coop.		1.38
	Commitment		1.62
	Feeder control		1.12
11.	Yes	0	
	No	12	
	Indifferent	2	
12.	Buyer	3	
	Sale barn personnel	3	
	No one	9	
13.	Very important	5	
	Important	8	
	Little importance	2	
	No importance	0	
14.			2.18
15.			3.87
16.	Exceeds	7	
	Same	7	
	Doesn't meet	2	

APPENDIX IV

Questionnaire for Feedlot Sales Representatives

1. How many miles per month do you travel on the average? _____

2. What do you feel are the most important services you provide? (Please rank each answer, 0 through 4. 0 is "unimportant", 4 is "very important").

_____ Getting buyers to the farms

_____ Negotiating with cattle buyers

_____ Visiting the feedlot to keep track of the cattle's progress and determining when they are ready to market

_____ Gathering marketing information

_____ Supplying marketing advice to the feeder

_____ Other _____

3. What are the greatest advantages of the country feedlot sales program for the cattle feeder? (Please rank each answer on the same 0 to 4 scale of information).

_____ It saves the cattle feeder time and effort

_____ The cattle feeder is guaranteed payment

_____ The cattle feeder has a greater selection of marketing outlets with the program

_____ The cattle feeder gets market information from the feedlot representative

_____ The cattle feeder gets marketing advice from the feedlot representative (when and where to sell, etc.)

_____ The cooperative marketing concept, with its higher volume, strengthens the bargaining position of each feeder

_____ Others _____

4. Which of the following would be of benefit in improving the country feedlot sales program? (Again rank 0-4 according to importance)
- Improved communication between cattle feeder and feedlot representative
- Better cooperation by certain cattle buyers
- There is nothing to prevent cattle feeders from dropping in and out of the program
- Certain cattle feeders should do a better job of feeding their cattle
- Others (explain) _____
- _____
- _____
5. In order to discourage feeders from dropping in and out of the program, should the marketing agreement be changed to last longer than 60 days?
- Yes No
6. How many buyers do you have contacts with? _____
- Do you contact feedlot representatives in other associations to help sell cattle or for marketing information?
- Never Occasionally Often
7. Should the organization place more emphasis on this type of cooperation between associations?
- Cooperation of this type needs to be encouraged
- Cooperation of this type evolves by itself and needs no extra encouragement
- Cooperation between associations should be discouraged
8. How much opposition is there to the country feedlot sales program?
- Less than I expected
- More than I expected
- About the same as I expected
9. From what occupations or types of organizations does your opposition come?
- _____
- _____

11. Who is primarily responsible for signing new members? _____

12. How much effort do you devote to seeking new members? _____
