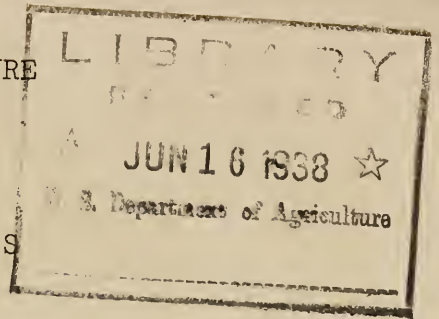


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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics



ADVERTISING PROGRAMS FOR FARM PRODUCTS

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Among the recent and increasingly important movements in the field of advertising is the extension of consumer advertising to non-processed farm commodities. Farmers in every section of the country seem to have been lured to join the movement. One commercial advertising firm, upon reviewing the recent accomplishments of the advertising profession, reports: "a singular feat of recent years has been to make the farmer conscious of the fact that in advertising lies largely, if not wholly, the solution of the problem of increasing the demand for farm products to make it conform with supply."

One needs but to glance at the reports of farmers' meetings and to scan the literature of farm groups and agricultural marketing organizations in order to see the increasing amount of space devoted to the subject of advertising. In news items of recent issues of marketing periodicals we are told that the Georgia peach is the latest addition to the growing list of advertised farm commodities, that the Dominion Department of Agriculture of Canada is initiating an advertising campaign on graded farm products, that New Jersey has just launched an advertising campaign featuring eggs and poultry, that New York State has just completed plans for the early launching of the 1938-39 milk advertising campaign, that the New York State apple growers are preparing to move 3,000,000 bushels of apples with the aid of advertising, and that the Appalachian Apples Incorporated, representing apple growers in Maryland, Pennsylvania, Virginia and West Virginia, has just completed its second year of ambitious advertising designed to solve its marketing problem. And we learn that no less than five States, among which are Maine, Florida, Michigan, Washington, and Idaho, have in recent months passed laws providing for the taxing of farm commodities for the purpose of raising advertising funds. Elaborate plans are under way in these States for nationwide consumer advertising of their products, with particular attention to fruits and vegetables. If these events reflect the activities of commercial advertising concerns, they do indicate rather convincingly that new customers have been found among the farmers.

The ramifications of such advertising ventures extend to a multitude of economic groups, among which are the growers of all commodities, marketing agents of various fields, processors, and consumers in general. For each of these there is a challenging set of questions to consider which would probably invite considerable discussion. At present, however, I take it that we are interested primarily in those issues relative to consumer advertising of farm commodities that have to do with the farmers' welfare.

So rapid has been the spread of the movement to advertise farm commodities in recent years, that one is inclined to suspect that very little thought concerning its possible consequences is being given to it by the farmers who are involved. Two things seem to have been taken for granted. The first is that consumer advertising of non-processed farm commodities will indubitably reflect itself in increased consumption, with a subsequent increase in consumers' expenditures for the goods and an increase in growers' incomes. The second is that the farm commodities which have been processed little or not at all, such as fresh fruits and vegetables, can be readily and effectively advertised to consumers.

Until recently, no one had, to the best of my knowledge, attempted to submit these assumptions to an impartial objective test. At present this is being attempted. It may be that our test of these propositions is all wrong and that our conclusions regarding them will soon have to be revised. But so far as the evidence enables us to speak, the foregoing assumptions seem to be in large measure pregnant with wishful hoping.

The verdict of experience has failed to verify the first of the foregoing assumptions. It was not necessary to examine all of the cases on record involving the advertising of non-processed farm commodities in order to arrive at this tentative conclusion. In fact, most of these cases had to be eliminated because they were found to be inadequate in a number of respects. For the most part, they were found to represent sporadic or temporary ventures which applied to a limited region, or to an identifiable portion of the specified commodities, or to the portion of a commodity marketed by an identifiable organization. Hence, they were inadequate for use in attempting to determine the probable effects of nationwide consumer advertising upon the growers as a whole of the specified commodities.

From the long list of advertised farm commodities, four were selected for analysis which seem to possess to a greater degree than all the others the requirements necessary to throw some light on the foregoing question. These commodities are: California oranges, walnuts, cranberries and raisins. All have been advertised continuously for a considerable number of years, thereby making it possible to seek long-time effects through the advertised period in contrast to the pre-advertised period. The advertised portion of each constitutes a very large part of the total amount domestically marketed, so that the effects of advertising, if any, would conceivably be reflected in total domestic consumption of the advertised article. These commodities have been processed very little and in this respect closely resemble marketed fruits and vegetables. Finally, these commodities seem to be particularly well adapted to advertising, in contrast to other farm goods. The production area for each is relatively concentrated. The growers of each are powerfully organized and have a high degree of control over marketing. The conditions of production and marketing are conducive to relatively uniform standards for the product, uniform grading, and uniform marketing practices in general.

One would expect nationwide consumer advertising to have been very successful in promoting the growers' welfare in all of these cases, and I dare say that most people suspect that it has been successful in doing so. And yet, in most of these cases, when representative years of the advertised period are compared with those of the non-advertised period, there is nothing positive to attribute to advertising in terms of domestic per-capita expenditures for consumption paid to

growers, per-capita expenditures as a ratio of per-capita income, or relative popularity of the advertised product among competing products. Whatever material differences there are in these variables in favor of the advertised period have occurred since 1919, which is in most cases many years after the advertising programs started. Moreover, these differences can be accounted for by factors other than advertising. The evidence has failed to show that there has been a positive increase in growers' incomes resulting from advertising, when such advertising has been applied to non-processed farm commodities.

If the success of nationwide consumer advertising of raisins, oranges, cranberries and walnuts has been so dubious in the light of the foregoing criteria, it would seem that the probability of success would be even more remote for those farm products that are less favorably suited to consumer advertising. Marketing authorities are agreed that the elements fundamental to prospective success in nationwide consumer advertising are, among others: a product of uniform quality and grade; a brand or trade-mark that reliably identifies the product; orderly and regulated distribution of the product; cooperation, prompted by mutual gain, on the part of growers and marketing agents - necessary to foster and maintain consumer confidence in the product. Probably no farm commodity that is not subject to processing meets all these requirements as well as it should. But it should be emphasized that for most fruits and vegetables these requirements have been found to be lacking at present to a much greater extent than for oranges, raisins, walnuts and cranberries.

One example from the vegetable group and one from the fruit group of commodities might suffice to illustrate the foregoing. Potatoes are characterized in the United States by conditions of production and distribution which would seem to make nationwide consumer advertising exceedingly difficult and probably ineffective in the light of the foregoing requirements. I mention this product not only because it is one of the most important of the vegetables, but because an ambitious venture has been in progress during the past two years to organize the potato growers of the country for collective nationwide consumer advertising.

To begin with, the strong cooperative grower organizations which largely control the marketing of cranberries, walnuts, oranges and raisins finds no parallel in the potato industry. Moreover, in contrast to a concentrated area of production, the production of potatoes covers a widespread area involving every section of the United States. In contrast to the strong grower cooperatives which aid greatly in meeting the production-credit needs of their members in the raisin, walnut, cranberry and orange industry, the potato growers must in some sections rely almost completely on outside interests for production-credit, and so surrender control of their crops. In contrast to the rather uniform grading and packing standards imposed by the California Fruit Growers Exchange, The American Cranberry Exchange, and the Sun-Maid Raisin Growers upon their members, potatoes are packed in containers which vary as to size in given regions and as to type between regions - a situation that has fostered such evils as adulteration, misbranding, the arbitrary substitution of tags and containers, and other like practices which are rather widespread in terminal markets. One can readily appreciate how these conditions would interfere with uniform standards, uniform grading and packing, and uniform marketing practices in general, and how they would subsequently destroy the consumers' faith in the advertised product.

Apples are characterized in the United States by conditions of production and distribution somewhat similar to those cited for potatoes, so far as their effect on the advertisability of the product is concerned. They are grown in diverse sections of the country which include practically every State in the Union. Effective nationwide organization for collective marketing is not present, such as that for cranberries, walnuts and oranges. Uniformity of standards and uniform grading are complicated by the large number of varieties of apples grown and the variety of uses for them. The abuses pointed out above as applying to potatoes, characterize to a considerable degree the marketing of apples at terminal markets. In no important respect are the production and marketing practices in vogue with regard to apples as conducive to advertising as are those of cranberries, walnuts, raisins and oranges.

Other fresh fruits and vegetables investigated reveal even a larger number of obstacles to advertising. Truck crops in particular, because of their perishable nature, because they are grown in diverse climates and soils, and because they are subject to motor transportation to a considerable extent, reveal peculiar difficulties so far as standardization, grading and packing are concerned. In many of these instances one has reason to doubt that the product can ever be readily and effectively advertised to consumers.

Let me emphasize upon closing that I have been speaking of consumer advertising of non-processed farm products from the standpoint of its probable effects on all the growers of a given commodity. And, that upon inquiring as to whether a commodity can be readily and effectively advertised, I have in mind its adaptability for nationwide consumer advertising. Most of the advertising ventures on record to date have been designed to help the growers of a given section or of a particular organization. Idaho potatoes have been advertised nationally, as have Washington apples, Georgia peaches, Florida lemons, New Jersey Poultry, etc. The aim of these ventures has been to compete for established markets; to foster the interests of some growers perhaps at the expense of other growers of the same commodity. The beneficial effect of these ventures upon growers as a whole may reasonably be questioned at the outset. My particular interest has been in examining the possibilities of advertising as a means of expanding markets in general and in raising incomes of growers as a whole.

It should also be emphasized that these conclusions probably do not apply to new commodities, for which advertising and publicity would seem to be essential in order to bring them to the public's attention. But all of the advertising ventures referred to, for which considerable sums of money have been, and are being, spent, relate to commodities that have long been known to the consuming public.