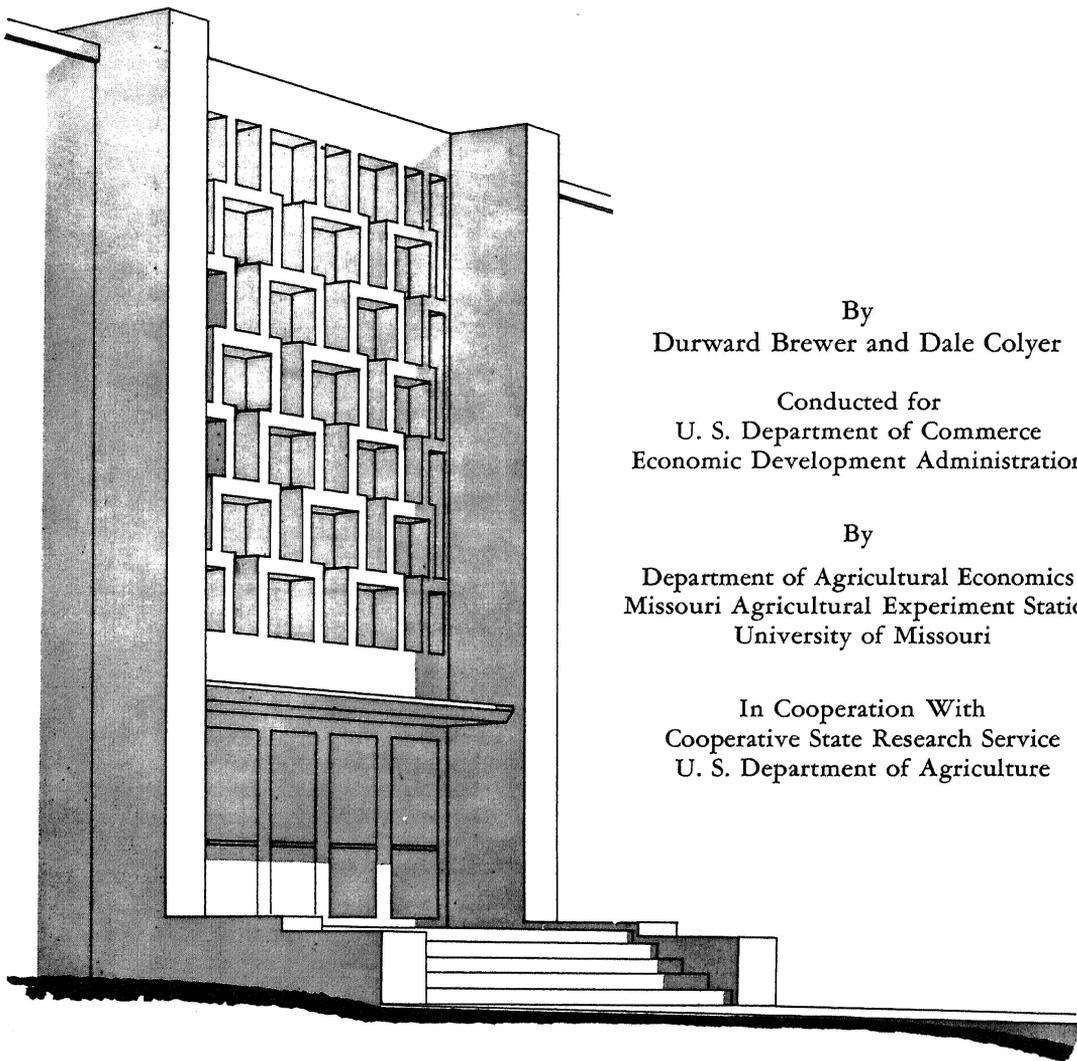


THE MARKETING SYSTEM FOR FEEDER PIGS



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THE MARKETING SYSTEM FOR FEEDER PIGS

A relatively recent trend developing in the hog production industry is an increased separation of the pig production and feeding operations. While this has long been a practice of a few farmers, it has become more important during recent years. One aspect of this specialization has been its regional nature. Some areas tend to specialize in the production of feeder pigs while other areas feed the hogs out to slaughter weights. The south central (Ozark) area of Missouri is one of the regions where feeder pig production has been of growing importance.

With regional separation of the production process the movement of the pigs from the producer to feeder becomes more complicated as a result of the longer distances involved. It no longer is easy for sellers and buyers to contact each other. Thus, intermediary agencies are required to coordinate and facilitate the movement of pigs from producer to feeder. Several marketing agencies of various types have existed for many years; others have been established more recently.

Changes in the importance of feeder pig production as a separate phase of the pork industry cause changes in the relative importance of the agencies used to market pigs. This publication reports on some aspects of existing feeder pig marketing agencies with special reference to the marketing of Missouri produced feeder pigs. The effectiveness of the agencies used will be a major determinant in the competitiveness of Missouri farms in the production of pigs for feeding in other areas.

TYPES OF MARKET OUTLETS

The major methods used to move Missouri feeder pigs from producers to hog finishers include sales directly to other farmers, dealers and/or order buyers, community auctions, and cooperative feeder pig sales--usually a type of auction. Other methods used are terminal markets, local markets, and producer contract organizations. Terminal and local markets handle relatively few feeder pigs and tend to be insignificant factors in the feeder pig marketing system. The producer contract organization, however, has grown in importance in recent years.

Direct Sales to Other Farmers

Direct sales to other farmers is an unorganized method of marketing pigs. Most such sales are within localized areas. That is, farmers sell to their neighbors or to other farmers within their own and surrounding counties. This is not always the case, however, since some farmers may travel several miles or to surrounding states where they know feeder pigs are produced,

and some finishers have contracts with distant pig producers to supply them with feeders. Direct contact at such long distances, however, is difficult to make and maintain unless large numbers of pigs are involved.

Once a satisfactory contact between a finisher and feeder pig producer is made the finisher will attempt to retain the source of supply. One reason that this tends to develop into a long-run agreement is that communication between the producer and finishers relative to type, quality, quantity, seasonality, and health of the pigs is more effectively established. In such cases if distances are far the number of pigs per transaction tends to increase.

Usually purchasers are acquainted with the individual producer when direct dealing is done. This has advantages in that the background of the pigs and producer are known and the conditions under which the pigs are raised can be appraised. Furthermore, since no middlemen are involved, marketing costs are minimized, which can be advantageous to both the seller or purchaser.

On the other hand, neighbors or farmers in surrounding areas may not have pigs available at the time they are wanted, or they may have an insufficient number or lack the type and quality desired. Considerable time can be spent searching for the type and number of pigs desired. Similarly, a seller may find no ready market when his pigs are ready if he depends strictly on direct sales. Furthermore, pricing pigs under such circumstances may not be easily negotiated since each party is dependent on his bargaining strength and ability.

Country Dealers and Order Buyers

Dealers are independent operators who buy and sell pigs (and other livestock). They may buy directly from the producer or from any other source available. They operate by attempting to sell at a higher price than that at which they purchase, thus earning a profit.

Order buyers are persons who act as agents of livestock buyers in the procurement of animals. They usually deal on a commission basis. They may buy from any source or may buy from the source preferred by the purchaser. A main distinguishing difference between order buyers and dealers is that the order buyer acts for a specific, known purchaser, i. e., he receives an order and then tries to find the pigs to fill it, whereas the dealer buys pigs and then seeks a place to sell them (although frequently he also may know of a prospective buyer ahead of time).

It may be difficult for the seller to distinguish between an order buyer and a dealer; the purchaser can tell, however, because he knows whether or not he placed an order. Many individuals act both as dealers and order buyers. That is, a dealer will buy on order as well as on his own initiative. Dealers in general are a more important facet of the feeder pig marketing system than are order buyers.

Dealers vary considerably as to practices, size of business, facilities, and area of operation. Many are local in extent of operations, serving as middlemen between sellers and buyers in a single locality. Others range over wide areas, sometimes buying in one state and selling in another. A dealer may handle only a few pigs or several thousand annually. He may deal only in feeder pigs or may handle all types of livestock, the latter being more common. Dealers may have extensive facilities or practically none, although most will have at least one truck and some other facilities. Although utilizing most other outlets, dealer transactions tend to be conducted directly with farmers more frequently than with other market agencies.

Dealers may perform various market functions including assemblage, transportation, storage, grading, sorting, and financing. They tend to deal in a very heterogeneous product, obtaining their supply of pigs from many sources and distributing them to those who want lots in certain sizes or types. Because they know where the pigs are in an area, dealers can usually be depended on to obtain pigs when a purchaser wants them.

Dealers are as heterogeneous as the product in which they deal; therefore, generalizations about them are likely to be debatable. Frequently, though, because they obtain and mix pigs from various sources, disease prevention can be a problem in the pigs they handle. The purchaser can have little, if any, knowledge of the background of the pigs, especially if large distances are involved in their movement. Furthermore, since he functions by profits the dealer may be expected to try to buy at prices as low as possible and sell as high as possible, thus increasing marketing margins. However, the livestock dealer operation is a very personal one and the evaluation of a particular operation will depend on the practices and reputations of the individuals involved.

Auction Markets

An auction market is one that receives livestock from producers (and others) and sells to buyers on open bid basis.¹ The seller consigns his feeder pigs and sends them (or they may be picked up) to the facilities held by the auction. There they may be sorted by weight or type and then offered for sale under the name of the consignee. The highest bidder purchases the pigs and the seller pays a commission to the auction operation for use of its facilities and personnel.

Auctions vary considerably with respect to size, ownership, and methods of operation. They may be privately owned, corporations, or partnerships. Most tend to be single proprietorships and are relatively small. Charges, facilities, frequency of sale, and handling practices also vary widely.

¹Durward Brewer, Characteristics of Missouri Livestock Auction Markets, Missouri Agricultural Experiment Station, Research Bulletin 781, September 1961.

Auction markets provide a place where seller can bring feeder pigs and where buyers know they can find pigs at a given time. Competitive bidding is followed and permits the seller to observe the market operation although it does not assure him of a high price. The seller can also observe the market and may have a wide choice of stock to choose from. He may not, however, be able to obtain either the quantity or type desired at what he believes to be a favorable price. Because individually owned lots are sold separately it may be difficult for a purchaser to acquire a uniform lot of the size and type of pigs desired.

Cooperative Feeder Pig Sales

The cooperative feeder pig sale is a type of auction, but it functions somewhat differently from the typical auction market. Sellers are members of the cooperative and send their pigs to the sale where they are sized, graded, and then generally auctioned off in uniform, pooled lots. Sellers are paid on the basis of weight and grade of pigs sent but their pigs are not sold in individual lots. However, pigs usually are ear tagged to maintain identification.

Cooperative sales in a given area are held at only a few specific times during the year rather than weekly as is common for the auction markets. They are widely advertised to attract buyers and strive to present a uniform product in sorted lots. The cooperative sales are a relatively recent innovation in the marketing system and have accounted for a growing proportion of the pigs marketed, especially in Missouri.

Producer Contract Organizations

Another recent development in the feeder pig marketing system is the producer contract organization, which usually is a type of cooperative, too. The producer signs a contract to market all his feeder pigs through the cooperative which will collect, vaccinate, sort, and grade the pigs prior to selling them. The pigs may be pooled and the producers receive a pro-rata share of the receipts during a certain period of time, usually a week.

Salesmen (usually) are employed to sell the pigs. The typical organization guarantees the livability and health of the pigs, and also attempts to promote quality and improved breeding practices. By having an assured supply of pigs the organization becomes a reliable source. There may be a tendency for relatively large overhead in such operations and hence for relatively high marketing margins unless volume handled is very high.

TRENDS IN USE OF MARKET OUTLETS

As indicated above, several types of market outlets are used by farmers to purchase or sell feeder pigs. The relative importance of the

various outlets was shown by studies made in the North Central states for 1940 and for 1956 (see Table 1). The major change during that period was the shift from terminal and local markets toward auctions and dealers. Use of other outlets, such as direct sales to other farmers, remained unchanged in relative terms. The most important method of sale in number of pigs moved was by direct contacts with other farmers. Auctions and dealers were next in importance. A similar pattern existed for outlets used to sell Missouri feeder pigs.

In recent years important changes appear to have been occurring in the channels used to market pigs. Cooperative feeder pig sales and producer contract organizations have been developed to help market the pigs under conditions more favorable to the producer as well as to the buyer by offering supplies with sorted lots of quality pigs. The former was developed in Missouri and has accounted for the handling of an increasing number of feeder pigs in recent years.

Feeder Pig Purchasers

Little information is available on the relative importance of the changes that are believed to have been occurring. To gain a better understanding of the current marketing system the Agricultural Experiment Station of the University of Missouri conducted surveys of various groups connected with the production and feeding of hogs and pigs. The groups contacted included hog producers and finishers in selected areas of Illinois and Iowa (the two states outside of Missouri using the most Missouri feeder pigs), known outstate purchasers of Missouri feeder pigs, and feeder pig producers in South Central Missouri. Survey questionnaires from samples of farms in each group were completed, coded, and tabulated. The results are given in the succeeding sections of this report. They, along with other available information, form the basis for evaluation of the current feeder pig marketing system in Missouri.

Illinois and Iowa Hog Finishers

A survey of hog finishers in selected areas of Illinois and Iowa was made during 1964.² Schedules were obtained from 346 hog farms. Of these, 256 farrowed all the pigs they fed, 60 purchased some or all their feeder pigs, and 30 sold feeder pigs. Data was gathered on the quantities of pigs farrowed, bought, sold, and finished. In addition, respondents were questioned about the reasons purchases were or were not made, about the sources of purchases, and other related factors.

²The area in which the survey was taken was Franklin, Wright, Hamilton, Hardin, Buena Vista, Cherokee, and Ida Counties in Iowa and Bureau and Henry Counties in Illinois.

TABLE 1--PERCENTAGE OF FEEDER HOGS SOLD BY FARMERS THROUGH VARIOUS TYPES OF OUTLETS,
BY STATES, 1940, 1956

State	Terminal		Auction		Dealer		Local Market		Other Farmer ^b	Other	
	1940	1956	1940	1956	1940	1956	1940	1956	1956	1940	1956
Illinois	13.9	5.4	10.2	22.6	13.8	17.1	3.7	.1	54.4	54.4	---
Indiana	16.9	---	10.5	21.8	10.8	2.8	24.0	-	71.0	37.8	4.4
Kentucky	11.1	.8	42.8	26.0	17.9	15.7	7.7	1.3	55.9	20.5	.3
Michigan	5.4	---	17.6	60.7	7.7	1.9	7.3	.4	35.8	62.0	1.2
Ohio	9.2	---	13.5	31.8	11.5	20.8	16.8	-	47.4	49.0	---
Wisconsin	5.4	---	.2	2.8	46.1	75.9	---	-	12.1	48.3	9.2
East North Central		1.7		22.7		28.1		.1	44.7		2.7
Iowa	15.3	.7	14.5	48.3	15.2	6.2	13.4	-	44.1	41.6	.7
Kansas	10.4	2.0	36.4	51.3	13.9	8.6	8.7	-	38.1	30.6	---
Minnesota	23.0	.3	4.7	6.3	18.3	36.6	6.0	2.3	29.2	48.0	25.3
Missouri	16.5	2.5	10.2	20.4	26.4	19.1	3.6	1.1	47.4	43.3	9.5
Nebraska	5.8	---	54.9	60.4	13.0	3.3	5.1	-	36.3	21.2	---
North Dakota	29.4	7.4	8.5	21.8	16.4	3.7	6.5	3.2	36.3	39.2	27.6
South Dakota	4.2	24.2	55.7	31.2	10.7	1.1	6.1	-	11.4	23.3	32.1
West North Central		2.0		32.1		15.2		.6	40.7		9.2
TOTAL NORTH CENTRAL	13.2 ^a	1.8	18.7	27.7	17.8	21.2	9.2	.5	42.6	41.1	7.2

^aTotal for the region in 1940 included Oklahoma.

^bFor 1940, "Other Farmer" is included under "Other."

Source: R. Newberg, Livestock Marketing in the North Central Region, North Central Regional Publication 104, December, 1959.

Number and Source of Purchased Pigs

During the years 1961-1963 farmers in the surveyed area purchased about 10 to 14 percent of the pigs they fed out, with an increased proportion purchased each year. The sources used to purchase the pigs in descending order of importance were auctions, other farmers, order buyers, country dealers, and producer contract organizations. During the 1961-63 period, nearly 30 percent of the pigs were purchased from auctions with about 20 percent from each for other farmers, country dealers, and order buyers. About six percent were purchased from producer contract organizations (see Table 2).

The distance of the purchaser from the market and number of pigs purchased per transaction varied with the type of market used as a source (see Tables 3 and 4). Country dealers and order buyers were furthest from the purchaser, averaging about 54 miles. Purchases from other farmers were from about 30 miles distance and those from auctions were from nearly 21 miles away. Those from producer contract organizations averaged only about 11 miles distance. Most of the pigs were purchased from within the state and area where they were fed. Of 252 transactions, only 13 involved direct out-of-state purchases. Pigs purchased through local dealers and other buyers (or other agents) could, of course, have originated from other states.

The average number of pigs purchased per transaction was greatest from order buyers, 151.8 and then, in descending order, from country dealers, 118.3; producer contract organization, 110.0; other farmers, 72.9; and auctions, 61.3. The average weight of purchased feeder pigs by source was: auctions, 66.7 pounds; other farmers, 53.8 pounds, country dealers, 50.3 pounds; order buyers, 46.9 pounds; and producer contract organizations, 40 pounds.

TABLE 2--MARKET OUTLET SOURCES USED BY IOWA AND ILLINOIS FARMERS FOR PURCHASING FEEDER PIGS

	1961	1962	1963	Total	Total Percentage
Auctions	1,973	2,122	2,644	6,739	29.8
Other Farmers	806	1,516	2,637	4,959	21.9
Order Buyers	1,282	1,659	1,915	4,856	21.5
Country Dealers	1,477	1,373	1,883	4,732	20.9
Producer Organizations	350	515	455	1,320	5.9
TOTAL	5,888	7,184	9,534	22,606	100.0

Source: Survey of Selected Areas of Illinois and Iowa, 1964.

TABLE 3--DISTANCES PER TRANSACTION BY TYPE OF MARKET

Market Classification	Average	1-5	6-10	11-15	16-29	30-49	50-99	100-199	200-299
Country Dealers	54.9	0	5	8	7	5	5	0	6
Auctions	20.9	9	28	24	18	28	1	1	-
Other Farmers	30.0	20	13	9	6	8	1	3	3
Order Buyers	53.6	2	5	2	-	1	18	3	-
Producer Contract Organizations	10.8	-	11	-	1	-	-	-	-

Source: Survey of Selected Areas of Illinois and Iowa, 1964.

TABLE 4--NUMBER OF FEEDER PIGS PURCHASED PER TRANSACTION

Market Classification	Average	1-19	20-29	30-49	50-69	70-99	100-199	200-350
Country Dealers	118.3	-	-	8	4	5	13	9
Auctions	61.3	20	8	23	27	11	16	5
Other Farmers	72.9	2	4	12	17	12	19	1
Order Buyers	151.8	-	-	-	3	3	15	11
Producer Contract Organizations	110.0	-	-	-	1	-	8	-
TOTAL		22	12	43	52	31	71	26

Source: Survey of Selected Areas of Illinois and Iowa, 1964.

EVALUATION OF MARKET SOURCES

Farmers were asked to give the reason why they purchased from a particular source (see Table 5). For the auctions several reasons were given by about equal numbers of respondents. These in order of importance by percentage of response were: Pigs were available when needed and/or they were advertised. The particular source had a good reputation. The source supplied healthy pigs. The price of the pigs was "right." A larger percentage (10.3) than for other sources also gave location as a reason for utilizing auctions.

For the order buyers and country dealers the most important reason given was the reputation of the dealer or buyer. Almost 44 percent of the farmers gave that reason for using a country dealer and 30 percent did so for using an order buyer. Other factors cited for using order buyers were the quality and health of the pigs and the fact that many order buyers guaranteed livability. Availability and price were other reasons given for using country dealers.

Those who purchased from other farmers gave about equal weight (25 percent of the respondents) to availability and low cost of the pigs. Health, quality, reputation of the seller, and the fact that the background of the pigs was known were other reasons given for purchasing from other farmers.

Those who purchased from producer contract organizations gave health reasons and the guarantee of livability as the reasons for purchasing from that source. Too few finishers in the sample used producer organizations for the answers to be accepted unconditionally, but apparently confidence is placed in these organizations' ability to supply healthy hogs and in their guarantees.

Although, as indicated above, various reasons were given for purchasing from a particular source, those which were cited most often included reputation of the source and availability, price, health, and/or quality of the pigs. Reputation was more important for the auctions, country dealers, and order buyers. The purchaser has little direct knowledge about the pigs when using those sources and therefore must depend on knowledge or beliefs about the individual dealer or market. Price was one of the main reasons for purchasing from auctions and other farmers.

Purchases made from other farmers are usually near the locality where the purchaser has the feeding operation. Thus, less transportation cost and the lack of middlemen reduced the cost of pigs to the individual farmer. Auction markets can reduce marketing costs by handling large volumes but the farmer who purchases at the auction must provide his own transportation in most cases and this is not included in the "price" paid for the pigs. Quality of pigs, although not a leading reason for the use of any

TABLE 5--REASONS FEEDER PIGS WERE PURCHASED FROM DIFFERENT SOURCES

Reasons Relating to:	Country Dealer	Auctions	Other Farmers	Order Buyers	Producers Contract Organization	Sources
	Percentage					
Price of Pigs	14.5	17.6	23.0	9.7	-	16.1
Quality of Pigs	10.9	15.0	11.5	16.1	-	13.2
Health of Pigs	-	16.0	14.2	18.3	47.8	15.7
Guaranteed Livability	5.5	-	0.9	14.0	47.8	5.9
Availability of Pigs	18.2	21.1	24.8	8.5	4.4	19.4
Reputation of Source	43.6	18.0	7.9	30.1	-	20.1
Location of Source	5.5	10.3	1.8	1.1	-	5.4
Background of Pigs	-	1.5	8.8	1.1	-	2.9
Unusual Circumstances (e. g., Family or Personal Favor)	1.8	0.5	7.1	1.1	-	2.3

Source: Survey of Selected Areas of Illinois and Iowa, 1964.

one source was cited by users of all sources except for those who bought from producer contract organizations. Health was cited by all except those using country dealers but it was a leading reason only for those purchasing from the producer contract organizations.

Major criticisms directed at the various sources of feeder pigs by purchasers changing sources included high prices, inconvenience and/or distant location of source, and disease problems. Purchasers among users of all the sources who planned to switch sources cited price as a reason (except that no one using a producer contract organization planned to change). A major criticism of auctions was that of health and disease while for feeder pig cooperative sales and order buyers distance was cited as an inconvenience and a major reason for changing from those sources.

Feeder pig purchasers also were asked to list the disadvantages of the sources they had used to purchase pigs (Table 6). About one-third of the respondents did not list any disadvantages. Prices too high, poor business practices, disease problems, and lack of knowledge of the background of the pigs were given as disadvantages for DEALERS as a source of pigs. Similarly, disease problems, unsanitary facilities, inconvenience (distance), and lack of knowledge about the pigs were cited as disadvantages for AUCTION MARKETS. OTHER FARMERS were criticized as a source for not providing a sufficient number of pigs, for high prices, for the difficulty involved in locating the pigs, and for inconvenience (time and distance). Business practices, lack of knowledge about the pigs, and prices were the disadvantages mentioned most frequently for ORDER BUYERS. Overall, the most frequent criticisms were directed to disease, price, lack of knowledge about backgrounds of pigs, and inconvenience to the purchasers.

TABLE 6--DISADVANTAGES OF FEEDER PIG MARKETING SOURCES

	Country Dealers	Auctions	Other Farmers	Order Buyers
	Percentage			
No Disadvantage	18.5	20.8	43.9	31.3
Low Quality	7.4	4.5	3.5	-
Disease Problems	11.1	29.9	3.5	-
Prices too High	22.2	15.0	8.8	12.5
Lack of Knowledge on Background	14.8	11.9	-	12.5
Inconvenience - Time & Distance	3.7	13.4	7.0	6.2
Inadequate Number of Pigs	-	-	14.0	-
Poor Business Practices	18.5	4.5	-	31.3
Wrong Breeds or Crosses	3.7	-	5.3	-
Not Vaccinated or Inspected	-	3.0	3.5	6.2
Difficult to Locate Supply	3.7	-	10.5	-
Unsanitary Facilities	27	10.4	-	-

Source: Survey of Selected Areas of Illinois and Iowa, 1964.

In summary, it appears that no single source or type of supplier of feeder pigs currently available to the farmers in the selected areas of Illinois and Iowa is capable of satisfying the feeder pig needs of the hog finishers. There were advantages given for each of the various sources but many users also cited several disadvantages. A more detailed study of strategically located individual outlets of various types would be required to determine the relative effectiveness in meeting the needs of feeder pig purchasers. In the present situation it appears that farmers frequently are forced by circumstances to depend on the reputation of a particular source if they are to obtain feeder pigs when they want them.

Feeder Pig Sales

Thirty farmers interviewed in Iowa and Illinois sold all or part of the pigs they produced as feeders. A total of 12,457 pigs were sold in the three-year period, 1961-63, an average of about 137 pigs per farm each year. There were 132 individual sales made by the 30 farmers during the three-year period. Thus, about 94 pigs were involved in the average transaction.

All pigs were sold either directly to other farmers or through auction markets (see Table 7). About 30 percent were marketed through auctions with the remainder sold directly to other farmers. Since the areas included in the survey are in major grain producing and hog feeding regions there is a ready local market for most feeder pigs produced (unlike the fringe areas of the cornbelt from which the pigs must be shipped). The average size of consignment through auction markets by producers in the area was 61 pigs while the average for direct sales to other farmers was 123 pigs per sale.

The average distance from farm to point of sale was 14.6 miles with auctions being about 17 miles and sales to other farmers averaging 12.5 miles per transaction. All pigs sold by this group of farmers were disposed of within a radius of 75 miles. More than 50 percent of the sales were to outlets within 15 miles of the producer.

TABLE 7--OUTLETS USED TO SELL FEEDER PIGS

	1961	1962	1963	Total
Auctions	704	1,041	1,974	3,719
Other Farmers	2,886	3,725	2,127	8,738
TOTAL	3,590	4,766	4,101	12,457

Source: Survey of Iowa and Illinois Hog Producers, 1964.

The reasons given for using auctions for particular sales were locational and other conveniences, better prices than available alternatives, and no trucking costs (some auctions pick up the pigs). About 50 percent of the responses were related to convenience factors. Relatively few respondents who used auctions listed disadvantages, but those who did cited low prices and commission costs as the primary drawbacks of that type of market.

The reasons that individuals sold to other farmers were more varied than those for the auctions. These included, in descending order of importance by number of responses, better prices, the buyer seeking pigs contacted the seller, convenience on day of sale, no commission charge, no trucking costs (the purchaser picked up the pigs), and personal recommendations. The practices and conditions of individual sales are quite varied and this accounts for the diversity of answers. The major disadvantages cited for selling to other farmers were lower prices and inconvenience (in locating purchasers).

PURCHASERS OF MISSOURI FEEDER PIGS

Data from the Missouri State Veterinarian's Office indicate that an annual average of over 300,000 hogs and pigs have been shipped out of Missouri in recent years. These pigs went to many different states but the majority remained in the cornbelt area (96 percent) with about 60 percent going to Iowa. Surveys were conducted during 1964 to obtain information from known purchasers of those pigs. A mail questionnaire was used to obtain limited information from a large group and a random sample of purchasers was selected for personal interview. Results of these surveys are reported below.

Mail Questionnaire Results

The questionnaire was mailed to a random sample of out-of-state feeder pig buyers in Arkansas, Illinois, Indiana, Iowa, Kansas, and Nebraska who had purchased Missouri feeder pigs in recent years. The list of purchasers was obtained from records at the State Veterinarian's Office. A total of 127 usable schedules were returned out of 528 mailed. These persons had purchased about 160,000 feeder pigs in 1962 and 210,000 in 1963. In 1962 they had purchased 68 percent and in 1963 they purchased 62 percent from Missouri sources. However, about 22,000 more pigs were purchased from Missouri in 1963 than in 1962.

The sources used to purchase pigs were local auction markets, 24.8 percent of the transactions; cooperative sales, 23.6 percent; direct from producer, 14.5 percent; dealers, 28.3 percent; terminal markets, 0.6 percent; and other sources (feed companies, etc.) 8.1 percent.

Of the 127 persons who returned schedules, 102 had purchased pigs in 1962 and 105 had purchased pigs in 1963. However in 1962 there

were 10 and in 1963 there were 11 dealers who resold all or most of the pigs they purchased. Dealers sometimes feed out some pigs; therefore, discrepancies are found in dealers' total purchases and sales. In 1962 there were 93,511 pigs resold while in 1963 the number resold was 131,513. For the persons who did not resell pigs the average number purchased was 723 in 1962 and 832 in 1963. The range in the number purchased by non-dealers was 13 to 10,000 head of pigs.

The answer most frequently given to a question about the reasons for purchasing Missouri pigs was availability (see Table 8). The pigs were available either in the quantity desired or at the time desired or both. About 50 percent of the respondents answering the question gave availability as the single reason for purchasing from Missouri. Other important reasons were: previous satisfactory experience with Missouri-produced feeder pigs, proximity of location, breeding quality of pigs, price, and good market agency practices.

The questionnaire also included queries for obtaining the respondent's evaluation of Missouri pigs and the marketing agencies used. More than half (57.7 percent) of the respondents answering a question about the quality of Missouri pigs relative to pigs from other sources stated that Missouri pigs were of equal quality to those from other states. One-third of the respondents thought that Missouri pigs were superior to others and about one-tenth thought they were poorer. Thus, Missouri produced feeder pigs appear to be acceptable to a large majority of hog finishers.

About 44 percent of the respondents indicated that there was nothing wrong with Missouri pigs while 56 percent were critical of the pigs for various reasons. About equal numbers--14 and 13 percent pointed to breeding quality factors and to handling of the pigs by the producer as undesirable traits. About 12 percent of the purchasers criticized various aspects of handling of the pigs by the marketing agency while almost 8 percent were critical of the health of Missouri pigs. A few also were critical of prices and regulations in Missouri.

TABLE 8--REASONS FOR PURCHASING FEEDER PIGS FROM MISSOURI

	Percent of Responses
Availability of Pigs	50
Previous Experience	10
Proximity of Location	8
Quality (Innate) of Pigs	7
Prices	7
Marketing Agency Practices	7
Producer Practices	2
Sorting & Handling	2
Health	1
Other	7

Source: Mail Questionnaire Sent to Known Out-of-State Buyers of Missouri Feeder Pigs, 1964.

Although pigs were purchased from many areas of Missouri the areas most frequently used as sources by out-of-state purchasers were the Ozark and Northwest regions. About 34 percent of the purchasers cited the Ozark area as a source whereas 37 percent bought pigs from Northwest Missouri.

Several respondents to the mail questionnaire had quit purchasing pigs from Missouri. No one reason predominated as a cause. Some had stopped producing hogs and a few others had shifted to farrowing. Some respondents indicated that prices were the cause, that regulations were unsatisfactory, handling practices poor, or that a closer supply was available. Only one respondent gave poor quality of pigs as the cause and none cited health factors.

The marketing agencies most frequently reported as being used for last purchases were auctions (24.1 percent), cooperative sales (20.7 percent), and country dealers (24.1 percent). For all purchases the proportions were similar with 24.9; 23.6; and 18.5 percent for the same three categories. Order buyers, other farmers, feed companies, local markets, and terminal markets were also reported as sources of Missouri pigs. Although over half of the respondents had no criticisms of the marketing systems, those who made suggestions for improvements directed their remarks primarily toward improving the services, facilities, and practices of the marketing agencies. Lack of records on weights and other information plus inadequate, inconvenient, or poor quality facilities were frequently cited shortcomings. Health and breeding of the pigs were also frequent causes of unfavorable comments. Some of the health comments were directed toward marketing agency practices--failure to keep premises and facilities clean and vaccination practices. Pricing practices and policies caused criticisms only from a small minority of the out-of-state purchasers.

The criticisms above were the ones respondents felt most strongly about. Secondary suggestions concentrated on many of the same factors but greater emphasis was directed toward prices, breeding, regulations, and location; practically no concern was expressed for health. This may imply that those who have experienced health problems feel improvements are needed and those who have not think that adequate procedures and precautions are used. The total number of purchasers concerned with health, however, are sufficient to indicate that the problem cannot be ignored.

A major implication of the respondents' answers to the mail questionnaire is that the majority of experienced purchasers of Missouri feeder pigs believe the pigs are as good as or superior to those from other states. That is, those farmers who have purchased Missouri pigs typically are satisfied with the product. The primary reason for purchasing from Missouri is the availability of pigs when wanted. Suggestions were made which indicate improvements are possible at both the producer and marketing levels. Breeding and health practices are the principal areas in which improvements could be made at the farm stage. Within the marketing channel improvements could be made at the farm stage. Within the marketing channel

improvements in facilities, business practices, health, sanitation, and information could be made. Although most purchasers of Missouri pigs were satisfied, some are not and have quit purchasing pigs from the state. They do so because of dissatisfaction with price, handling practices, regulations, or distance from the source. However, the respondents as a whole have increased their purchases from Missouri and as stated above this can be ascribed primarily to the availability of pigs rather than to other factors.

Personal Interview Returns

Sixty purchasers of feeder pigs were selected at random from the lists of known buyers in Iowa, Illinois, and Kansas.³ These farmers had purchased 72,400 pigs during the three-year period, 1961-63. Of these, 34,264 or about 47 percent were purchased from Missouri sources.

The outlets through which these feeders bought pigs were country dealers, auctions, local markets, cooperative feeder pig sales, other farmers, order buyers, and producer contract organizations. The quantities purchased from each source for the three years are shown in Table 9. Country dealers, auction markets, and order buyers were the primary sources used. Since it is frequently difficult to distinguish between dealers and order buyers it may be best to combine the two; together they accounted for about 50 percent of all pigs purchased. Auctions provided about 27 percent of the pigs, other farmers 12 percent, cooperative sales 8 percent, local markets 3 percent, and producer contract organizations 0.5 percent. The latter source was used for only two purchases in 1961 and thus was not important for this group of purchasers.

TABLE 9--OUTLETS USED TO PURCHASE FEEDER PIGS
IN IOWA, ILLINOIS, AND KANSAS

	Year			Total	
	1961	1962	1963	Number	Percent
Country Dealers	4,073	6,717	10,118	20,908	28.9
Order Buyers	4,322	4,950	5,161	14,433	19.9
Auctions	4,306	8,175	7,354	19,835	27.4
Local Markets	720	665	700	2,085	2.9
Cooperative Feeder Pig Sales	1,400	1,676	3,036	6,112	8.5
Other Farmers	1,789	2,087	4,769	8,645	11.9
Producer Contract Organization	382	-	-	-	0.5
TOTAL	16,992	24,270	31,138	72,400	100.0

Source: Survey of Known Purchasers of Missouri Feeder Pigs (Personal Interview).

³Based on records of the Missouri State Veterinarian.

The people surveyed showed a substantial difference in the sources used to purchase Missouri feeder pigs and those used for all the pigs they bought (see Table 10). A slightly smaller proportion of the pigs purchased from Missouri sources came from dealers and order buyers than was the case for all pigs purchased (45 percent compared with 48.9 percent). More were purchased from auctions in Missouri with 32.3 percent from that outlet versus 29.4 percent for all pigs purchased by the surveyed farms. Nearly all the pigs purchased through cooperative feeder pig sales were from Missouri; they accounted for 16.9 percent of the Missouri pigs purchased. Relatively fewer of the pigs from Missouri were purchased directly from other farmers, 5.8 percent compared with 11.9 percent for all purchases. None of the Missouri pigs were purchased through local markets or producer contract organizations.

TABLE 10--OUTLETS USED BY IOWA, ILLINOIS, AND KANSAS FARMERS TO PURCHASE MISSOURI FEEDER PIGS

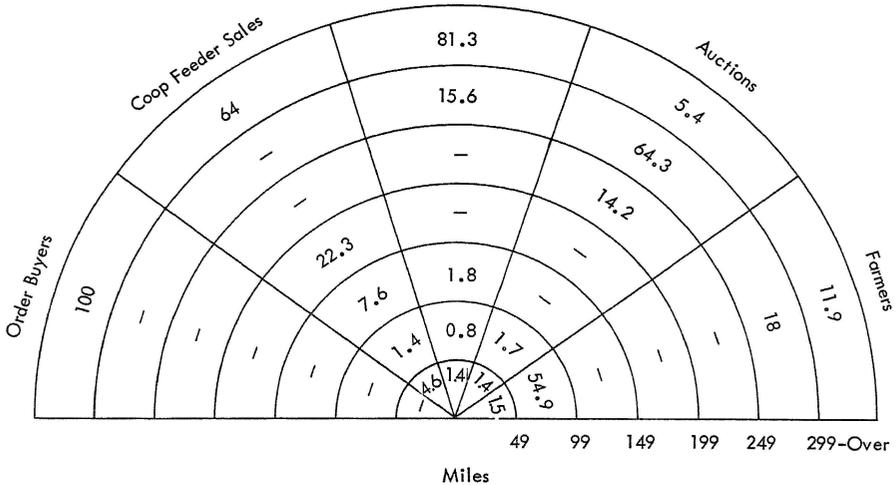
	Year			Total	
	1961	1962	1963	Number	Percent
Country Dealers	2,367	3,317	3,348	9,032	26.4
Order Buyers	2,500	1,400	2,480	6,380	18.6
Auctions	2,842	3,792	4,434	11,068	32.3
Cooperative Feeder Pig Sales	1,400	1,351	3,036	5,787	16.9
Other Farmers	405	761	831	1,997	5.8
TOTAL	9,514	10,621	14,129	34,264	100.0

Source: Survey of Known Out-of-State Purchasers of Missouri Feeder Pig (Personal Interview).

The majority of Missouri feeder pigs purchased came from distances over 200 miles from the farm that purchased them. This was true of all sources used except those purchased directly from other farmers, most of which originated less than 100 miles away. Figure 1 shows the percentage distribution of pigs purchased from various sources by distance from the purchaser.

The pattern of purchases, as indicated in Figure 2, was fairly even except for peaks in the spring (May) and fall (September-October). The two periods correspond to the times when spring and later summer pigs would be available.

Figure 1
 Percentage of Missouri Feeder Pigs Purchased by Finishers
 from Various Sources by Distance
 Dealer

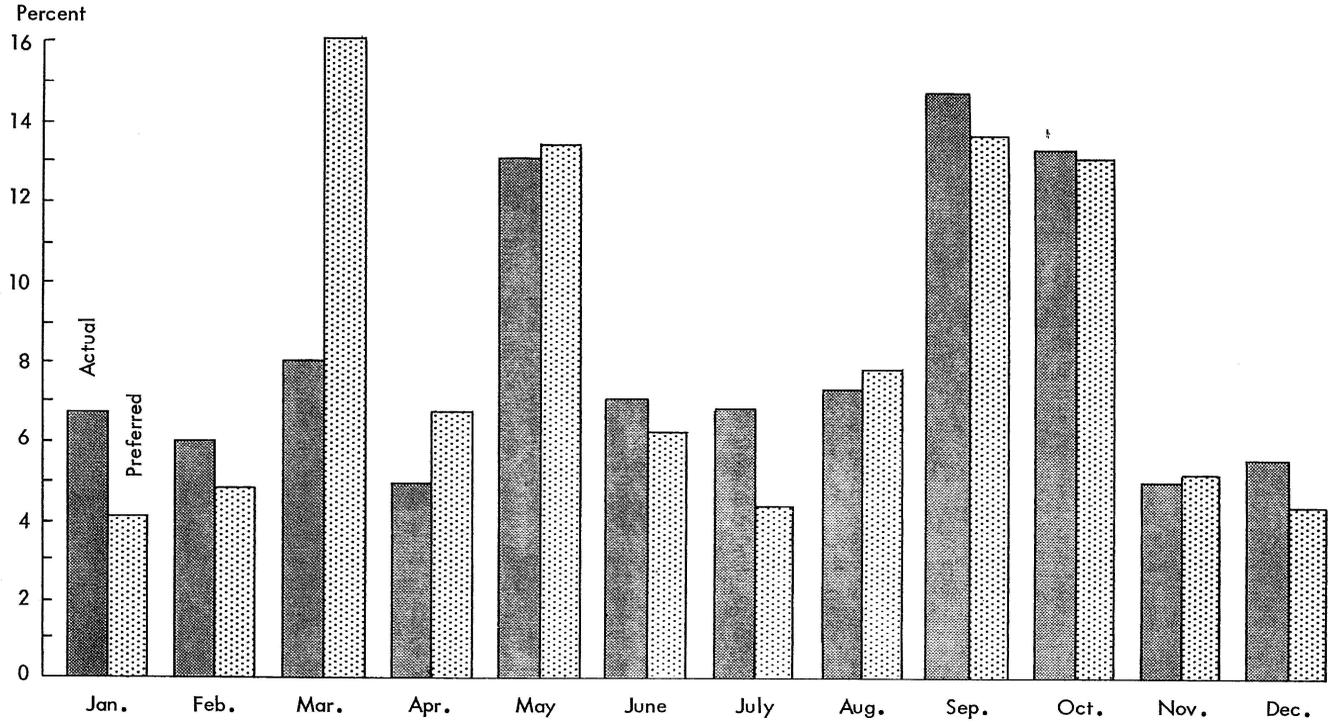


Source: Survey of Known Out-of-State Purchasers of Missouri Feeder Pigs.

Farmers were asked what their preferred seasonal purchasing pattern was. It corresponded closely to the actual pattern except for March when they indicated that they desired to make 16 percent of their purchases, but made only about 9 percent. Perhaps the main reason for the close correspondence is bias induced by custom and habit. Actual purchases, of course, depend on the supply offered for sale at any particular time and furnishing a larger proportion of pigs in March would require a reshuffling of farrowing schedules.

Relatively few farmers make contacts with sellers of feeder pigs prior to the time they purchase pigs. However, information obtained from the known out-of-state buyers of Missouri feeder pigs indicate that those who make inquiries most generally contact the management of auction markets or livestock dealers whom they know personally. Approximately 22 percent of the out of state respondents who purchase Missouri pigs made inquiries of the individual supplier or market agency prior to purchase. Seventy-eight percent of the interviewed purchasers of Missouri feeder pigs made no contact with potential suppliers before making purchases. The numbers of contacts made with various suppliers by respondents in this survey were: auction markets, 12; livestock dealers, 12; individual feeder pig producers, 5; and Missouri feeder pig associations, 2.

The hog finishers who were interviewed indicated that they purchased pigs, in preference to farrowing their own, primarily because it required less work and time. Over 60 percent gave this as the primary



Source: Survey of Known Out-of-State Purchasers of Feeder Pigs

Figure 2

Actual and Preferred Seasonal Distribution of Feeder Pig Purchases

reason. Other factors cited were lack of farrowing facilities (11 percent), disease problems with breeding herds (11 percent), or profitability (8 percent).

For each purchase made during the three-year period, 1961-63, the buyers were asked to give the reason for using the outlet. The major reasons cited for using livestock dealers were: The pigs were available when needed and the dealers used had good reputations. Other important reasons cited were the health, quality, and price of the pigs. Substantially the same reasons were given for using order buyers as for dealers except that more emphasis was given to health and background of the pigs. Reasons cited most often for using auctions and other farmers were reputation, availability of pigs, health, and price. Those given for using local markets were reputation, availability, and price.

Farmers were also asked to list the advantages and disadvantages they associated with particular outlets used. The advantages listed were more varied with respect to outlet used than were the reasons for using a particular outlet (see Table 11). The advantages most frequently cited for auctions were services available (such as delivery, veterinarian, inspection, sorting, and sizing), reputation, availability and health. For dealers, prices, availability of pigs, and convenience were cited. Advantages for other farmers were convenience, known background of pigs, quality, and health. The cooperative feeder pig sales were cited as having the following advantages in order of importance: high quality of pigs, pigs available when needed, good reputation, health reliability of pigs, and special services provided.

Fewer respondents listed disadvantages and several stated that there were none associated with the particular outlet used. Generally, disadvantages listed for a source had less central tendency than the advantages (see Table 12). Dealers and order buyers were criticized for handling pigs of low quality, poor business practices, failure to handle kind (breed, cross, etc.) of pigs desired, inconvenience, and disease problems. Criticisms of auction markets included: have disease problems, lack background knowledge of pigs, lack convenience due to time or distance factors, supply an inadequate number of size of pigs, and use poor business practices. Those given for other farmers were: insufficient number of pigs, too high prices, inconvenience, low quality, and poor practices. Cooperative feeder pig sales were said to be inconvenient, have disease problems, and to use poor practices. The most frequently cited disadvantages for all sources combined were disease problems, lack of knowledge of background of pigs, low quality of pigs, and poor practices in the sales, and handling of the pigs.

TABLE 11--REASONS FOR USING VARIOUS OUTLETS TO PURCHASE FEEDER PIGS - PERCENTAGE OF RESPONSES

	Country Dealer	Auction	Local Market	Cooperative Feeder Pig Sale	Other Farm	Order Buyer	Producer Contract Organization
Price	7.1	16.9	33.3	3.6	13.0	4.6	-
Quality of Pigs	11.8	4.2	-	25.5	7.8	4.6	-
Health of Pigs	11.8	18.3	-	3.6	13.9	17.9	-
Guarantee	4.2	-	-	-	0.9	-	-
Availability	23.6	19.2	33.3	43.6	25.2	22.5	33.3
Reputation of Source	36.3	34.7	33.3	23.7	16.5	51.3	33.3
Location	4.7	5.2	-	-	7.0	-	33.3
Background Known	0.5	0.5	-	-	7.8	16.2	-
Other or Special Circumstances	-	1.0	-	-	7.9	-	-

Source: Survey of Known Purchasers of Feeder Pigs.

TABLE 12--DISADVANTAGES CITED FOR SOURCES USED TO PURCHASE FEEDER PIGS

Disadvantage Cited	Percentage of the Responses Citing the Disadvantage for Each Outlet						
	Country Dealer	Auction	Local Market	Cooperative Feeder Pig Sale	Other Farm	Order Buyer	Producer Contract Organization
Low Quality Pigs	18.2	8.6	-	14.8	10.6	30.0	-
Disease Problems	13.6	29.3	-	17.9	-	20.0	-
High Prices	9.1	5.2	-	3.6	21.4	10.0	50.0
Lack of Background Information	4.5	19.0	-	3.5	2.1	-	50.0
Inconvenience	13.6	10.3	100.0	35.7	12.8	10.0	-
Number or Size of Pigs Handled	2.3	10.3	-	-	23.4	10.0	-
Poor Business Practices	18.2	8.6	-	17.9	10.6	5.0	-
Wrong Type of Breed of Pigs Handled	15.9	1.7	-	-	8.5	10.0	-
Not Vaccinated or Inspected	2.3	1.7	-	3.6	-	3.0	-
Difficult to Locate Supply	2.3	-	-	-	8.5	-	-
Unsanitary	-	5.3	-	3.5	2.1	-	-

Source: Survey of Known Purchases of Feeder Pigs.

year and several started selling during the period (see Table 13). The average number of pigs sold per farm increased each of the years--from 150 in 1961 to 182 in 1963. The number of feeder pigs sold per farm varied widely, of course, with only a few to over a thousand per farm. The smallest number of pigs sold by a survey farm in 1963 was 19 and the largest number was 1,050. The distance of the seller from the market averaged 17.2 miles and ranged from 0 to 400 miles.

TABLE 13--FEEDER PIGS SOLD BY A SAMPLE OF FARMS IN SOUTH CENTRAL MISSOURI

	1961	1962	1963
Number of Pigs	9,442	12,397	13,678
Number of Sellers	63	72	75
Average Per Seller	150	172	182

Source: Survey of Missouri Feeder Pig Producers, 1964.

The market outlets used by the farmers included in the survey were country dealers, auction markets, local markets, cooperative feeder pig sales, direct sales to other farmers, order buyers, and a producer contract organization. The quantities of pigs sold by the 78 farmers through the various outlets for the 1961-63 period are shown in Table 14. Auction markets were the leading outlet in quantity handled with 40.1 percent of the total sold. The percentages for the other outlets in declining order of importance are: cooperative feeder pig sales, 26.4 percent; country dealers, 17.5 percent; local markets, 7.6 percent; producers contract organizations, 3.4 percent; other farmers; 3.2 percent; and order buyers, 1.9 percent. Many farmers use a variety of outlets during each year or from year to year. Of the 78 farmers in the survey 48 switched markets within and/or between years. This resulted from dissatisfaction with or availability and convenience of the various sources at the particular time the pigs were to be sold.

The relative importance of the outlets used varies considerably from patterns found for feeder pigs generally. In particular, sales directly to other farmers are much smaller than is typical.⁴ This results from

⁴For example a 1962 survey in North Missouri showed that for feeder pigs sold by 73 farmers about 63 percent went directly to other farmers, 26.5 percent went to auctions, 6.7 percent went to dealers, and 3.8 percent went to cooperative feeder pigs sales. The average number sold per farm was 126. Purchases in the area showed a similar pattern except that about 46 percent were from other farmers and 41 percent from auctions.

TABLE 14--OUTLETS USED FOR FEEDER PIG SALES IN PIG SALES IN SOUTH CENTRAL MISSOURI

Outlet Used	1961		1962		1963		Total	
	No. Pigs	No. Sales						
Country Dealers	1,877	35	2,167	42	2,159	55	6,203	132
Auctions	3,506	89	5,320	109	5,415	123	14,241	321
Local Markets	851	30	977	33	885	31	2,713	94
Coop. Feeder Pig Sale	2,695	34	2,890	33	3,777	47	9,361	114
Other Farmers	209	4	230	6	686	17	1,125	27
Order Buyers	272	2	262	2	131	3	665	7
Producer Contract Organizations	32	1	551	1	625	1	1,208	3

Source: Survey of Missouri Feeder Pig Producers, 1964.

the nature of the area. Relatively few pigs are fattened for slaughter in the five-county area where the survey was taken. Thus the pigs are moved out of the area for feeding; direct contact with the farmers who feed the pigs is not generally feasible and intermediaries must be used to move the pigs. Auctions and dealers were the primary outlets used prior to the 1950's when the cooperative sales were first organized. They have grown in importance during the intervening years and now account for a large portion of the feeder pigs marketed.

Evaluation of Feeder Pig Operations and Market Outlets

The survey farmers gave various reasons for selling feeder pigs and/or shifting from feeding operations. Most answers were directed toward profitability, feed costs, feed supplies, and risk or speed of returns. More farmers who shifted to feeder pig production from feeding operations did so because they thought it was more profitable than for any other single reason. Next in importance was the lack of a sufficient supply of home grown grain. Those two reasons probably are related. The reasons, in descending order of importance, given by those who had never fed out hogs were that they had an inadequate supply of feed, less risk was involved and a quicker return was possible with feeder pigs, feeder pig production was more profitable, and feed costs were too high to feed out hogs. The reasons given by both groups of farmers are summarized in Table 15.

The Ozark area of South Central Missouri where the surveyed farms are located is characterized by relatively poor soil. It is a hilly, rocky area that has only a relatively small proportion of land suitable for grain production. Thus, if feeding operations are carried out, most farmers have to purchase feed that is shipped into the area. The raising of feeder pigs requires less grain and, therefore less risk of cash losses.

TABLE 15--REASONS FOR SELLING FEEDER PIGS
IN PREFERENCE TO FATTENING HOGS

Reason	Percentage Response by:	
	Those Who Have Fed Out Hogs	Those Who Have Not Fed Out Hogs
More Profitable to Sell Pigs	35.6	21.4
Inadequate Feed Supply	19.6	23.8
High Feed Cost	12.7	14.3
Quicker Returns and Less Risk	13.8	23.8
Takes Less Labor	4.6	7.2
Disease Problems Reduced	1.1	-
Lack of Facilities	-	9.5
Other	12.6	-

Source: Survey of Missouri Feeder Pig Producers.

The market outlets used by the feeder pig producers were country dealers, auction markets, local markets, cooperative feeder pig sales, order buyers, and producer contract organizations. Although reasons varied somewhat by type of market, the most common ones for choosing a particular outlet were convenience, either at the time of sale or with respect to location; better prices versus other outlets; and the reputation of the particular outlet.

When the Missouri feeder pig producers were asked the reason for making an individual sale through a particular outlet the responses were quite varied (see Table 16). The reasons given most often for using country dealers were better prices, no transportation problem or costs, and convenience at the time the sale was made. As a rule the dealer contacts the seller and picks up the pigs at the farm. Auctions were used because farmers thought they resulted in better prices, were more convenient, or because those used had a good reputation. Local markets, however, were used because of their location or because they were the only outlet available according to the reasons given by farmers. The reason given most frequently for using cooperative feeder pig sales was that they resulted in better prices. Respondents also cited the co-op sales for convenience, location, and reputation.

Relatively few sales were made through the other three outlets. The three outlets and the main reasons cited for using them were: Other farmers--convenience, prices, and lack of commission charges; order buyers--convenience and prices; and producer contract organization--prices.

Farmers also were asked to list the advantages of the various outlets. The answers varied somewhat from those given for selecting a particular outlet for a given transaction. Prices were emphasized less for country dealers while convenience, reputation and low cost of the method were emphasized more. The same reasons--prices, convenience, and reputation--were given most frequently for auctions. Location was the main advantage listed for local markets while prices dominated the advantages given for cooperative feeder pig sales. Convenience was cited as the main advantage in using other farmers as a source.

Disadvantages given are listed by type of market outlet in Table 17. Most frequently listed criticisms were: an insufficient number of buyers, lower prices relative to other outlets, inconvenience, poor handling of pigs, and lack of producer interest. An insufficient number of buyers and lower prices were the principal disadvantages listed for country dealers and auctions. Auctions were the most widely used outlet and they were criticized for various other factors including location, disease problems, lack of producer interest, excessive commission charges, etc. Although auctions were criticized by more respondents than other outlets, the rate of criticism relative to the number of pigs handled was no greater than for most other outlets.

TABLE 16--REASONS GIVEN FOR MAKING FEEDER PIG SALES THROUGH VARIOUS OUTLETS

Reason	Percentage Giving Reason for Using Each Outlet						
	Country Dealers	Auction	Local Market	Cooperative Sale	Other Farmers	Order Buyer	Producer Contract Organizations
Buyer Directly Approach Seller	3.39	-	-	2.90	15.00	20.00	--
Convenience of Method on Day Sale	17.37	24.36	3.64	13.77	20.00	50.00	--
Location Convenience	3.81	15.17	52.73	14.49	-	-	--
Prices Better	30.93	26.50	1.82	42.03	20.00	30.00	100.00
Reputation of Outlet	10.17	23.50	4.54	15.94	12.50	-	--
Lack of Commission Charge	8.90	-	2.73	-	20.00	-	--
No Transportation Cost	22.88	-	2.73	-	7.50	-	--
Recommendation of Others	-	0.43	0.91	0.72	-	-	--
Only Outlet Available	2.12	4.91	26.36	5.80	-	-	--
Outlet Handles Quality Pigs	0.43	5.13	4.54	4.35	5.00	-	--

Source: Survey of Missouri Feeder Pig Producers, 1964

TABLE 17--DISADVANTAGES LISTED FOR VARIOUS MARKET OUTLETS FOR FEEDER PIGS

Disadvantage Cited	Percentage of the Responses Citing the Disadvantage for Each Outlet						
	Country Dealer	Auction	Local Market	Cooperative Feeder Sales	Other Farmers	Order Buyers	Producer Contract Organizations
Disease Problems	3.45	8.07	-	-	-	-	-
Low Prices	41.38	24.19	16.66	6.82	20.0	33.33	33.33
Does Not Price by Quality	-	1.61	4.17	-	-	-	-
Lack of Buyers	44.82	24.19	25.00	13.64	30.0	66.67	-
Handling of Pigs	6.90	6.45	4.17	29.54	10.0	-	33.33
Inconvenience	-	3.23	4.17	38.64	30.0	-	-
Location	-	12.90	4.17	6.82	-	-	-
Commission Charges	-	8.07	-	-	-	-	-
Lack of Producer Interest	3.45	9.68	41.66	4.54	10.0	-	33.33
Poor Pricing Systems	-	1.61	-	-	-	-	-

Source: Survey of Missouri Feeder Pig Producers, 1964.

The primary criticisms directed toward other outlets included: Local markets--lack of producer interest and an insufficient number of buyers; cooperative feeder pig sales--inconvenience with respect to the time of sale and methods of handling pigs; and for other farmers--inconvenience and lack of buyers.

In summary, it appears that sellers of feeder pigs favor market outlets which are convenient, have an interest in the producer, handle the pigs well, have contact with many buyers, and, of course, obtain good prices. Convenience is a "catch all" and can take several forms--time of sale, i. e., whether a particular outlet is available when the pigs are ready for sale, effort and time required of the seller, and location of the outlet.

SUMMARY AND CONCLUSIONS

The market channels for feeder pigs have been depicted in this study by surveying both producers of feeder pigs and swine finishers who purchase the pigs and combining this information with secondary data from previous research. It was not feasible in this report to analyze all the complexities involved in the movement of feeder pigs through the market channels.

The feeder pig producers, the intermediaries, and the ultimate buyer are confronted with many of the same problems, perhaps only varying in the relative importance, depending on a given situation. They are also concerned with a common objective, the objective being that a supply of feeder pigs, equivalent to demand, relative to quality, weight, and type be available at the time and place desired.

It was not within the scope of this report to analyze or to describe fully all the problems posed by the marketing structure through which feeder pigs move. However, the general movement of feeder pigs through the system, the markets with substantial volume of feeder pigs, and the major problem encountered in the marketing of feeder pigs were discussed.

The major volume of feeder pigs moves from the producer to the finisher by four routes. With the exception of intra-farm sales where the movement is directly between producers and finishers, complexities of marketing pigs develop and become compounded as the chain lengthens.

The four methods most used by Missouri feeder pig producers in disposing of their feeder pigs are (1) directly to other farmers, (2) livestock dealers, (3) established community auction sales, and (4) cooperative or special feeder pig sales where selling is generally done by the auction method. These four types of market outlets handle an estimated 96 percent of all feeder pigs sold. Each one of the methods has its advantages as well as its disadvantages.

Compared with slaughter livestock, feeder pig production is more widely dispersed and pigs move greater distances to market. The largest volume of slaughter hogs moves 75 miles or less to major market outlets, whereas a large volume of feeder pigs move in excess of 200 miles. The distance feeder pigs move is dependent in many instances on the type of market they are sold through.

Finishers of hogs for slaughter place very little emphasis on contacting suppliers of feeder pigs prior to their actual move into the market to make purchases. The surveys gave little evidence that farmers made personal contacts with market agencies before their decision to buy feeder pigs.

Direct sales to other farmers account for a major share of the transactions involving feeder pigs in most areas where grain is an important crop. Feeder pig producers in specialized areas such as the Ozark area of Missouri, however, cannot use that method extensively because their pigs are shipped out of the area and the distances involved make direct contact very difficult.

The livestock dealer plays an important role in the marketing of feeder pigs. The function of the dealer is wide and varied, depending upon any number of factors such as location, facilities and equipment, type of farming in the area, time devoted to the business, and specialization to the degree of only dealing in one class or type of livestock.

The most common method of operation of the livestock dealer is to buy from livestock producers and sell to some established market outlet. However, in the case of feeder pigs most sales are made direct to other farmers. Dealers also buy from livestock auctions, other dealers, and terminal markets and then may resell to other auction markets, dealers, local markets, and order buyers as well as to farmers. Information obtained from the survey of known out-of-state buyers of Missouri feeder pigs indicated that dealers were the major source from which these finishers obtained their pigs.

Livestock auction markets are well distributed over the state. About 56 percent lie south of the Missouri River. Auctions differ in several respects from other market agencies, the outstanding difference being public open bidding. Services performed by auction markets for their customers vary. The markets also vary in the uniformity with which the services are carried out.

The auction market is the major market outlet used by farmers in selling feeder pigs. The survey conducted with out-of-state buyers of Missouri pigs indicated, however, that they obtained their major volume through livestock dealers or order buyers. This does not void the above statement. Livestock auction markets remain the largest outlet used by farmers for first point of sale of feeder pigs. Dealers are free to buy and sell on the auction market and many obtain the necessary quantities to fill their orders and supply the finishers with pigs from this market.

Although the auction market ranked lower than dealers in total volume supplied to the respondents of the out of state buyer survey, it still remained a significant supplier, being the source of over 25 percent of their total purchases.

From the information obtained by the survey relative to farmer's opinions, advantages and disadvantages, and the expressed likes and dislikes of various markets, the auction market remained in a relative firm position. No suggestions were given why the present position of the auction in the marketing channel for feeder pigs should not be expected to be retained. On the other hand there appeared no reason why, with efficient management sympathetic toward market modernization, and aptly conscious to product quality and services, that auction markets could not improve their position in the minds of both buyers and sellers in the handling of feeder pigs in Missouri.

The cooperative feeder pig sales are of significant importance in the feeder pig marketing channel. There are about twenty in the state. Their cooperative character is fairly unique among market outlets.

Information obtained from the sample of out of state buyers of Missouri feeder pigs indicated that more than 16 percent of the total volume of Missouri pigs purchased by these finishers came direct from these cooperative sales, indicating that they were the third most important source of pigs to the hog finishers in the sample. It also is of interest to note that 64 percent of the pigs purchased by this group of finishers moved in excess of 300 miles from sale.

Progress has been quite evident in developing a favorable reputation for pigs handled through these markets. Buyers from at least 30 states have purchased pigs through the sales and up to 90 percent of the buyers in some of the sales have been repeat buyers. Volume has increased from a little over 2000 head in 1950 when the sales were organized to over 130 thousand head in 1963.

The order buyer is a specialized type of livestock dealer. However, most livestock dealers buy on order for their customers when so instructed. Therefore, it was not possible, with data collected in this study, to arrive at any clearcut conclusion on who is an order buyer or what is the volume of feeder pigs bought and sold on order. Local markets, terminal markets, and producer contract organizations account for the sales of some Missouri feeder pigs, but their total volume is relatively low. Local markets are important in some areas.

Why a particular market outlet was chosen for sale of a specific class or lot of livestock was not always clearly understood by the producer himself. There are multiple factors involved in making the decision, some economic and other psychological. The economic factors, such as the

competition which exists at different types of markets and among markets of like type, convenience of location and facilities, service rendered, and expected price, must all be balanced against one another before a final decision can be made. However, in a large number of instances, the marketing of a feeder pig at a particular type of market was the result of a choice made by habit. For the producer of feeder pigs to shift back and forth between market outlets, an economic and/or psychological gain must be apparent.

Sellers place more emphasis upon price and convenience in giving reasons for selecting a particular market outlet. Purchasers emphasize those reasons plus the health and quality of the pigs. All the outlets used by farmers in the study seemed able to meet many of the marketing needs fairly adequately although all seemed to have some disadvantages, too. Producer oriented cooperatives such as the cooperative feeder pig sales and producer contract organizations appeared to be growing in importance in the feeder pig marketing system.