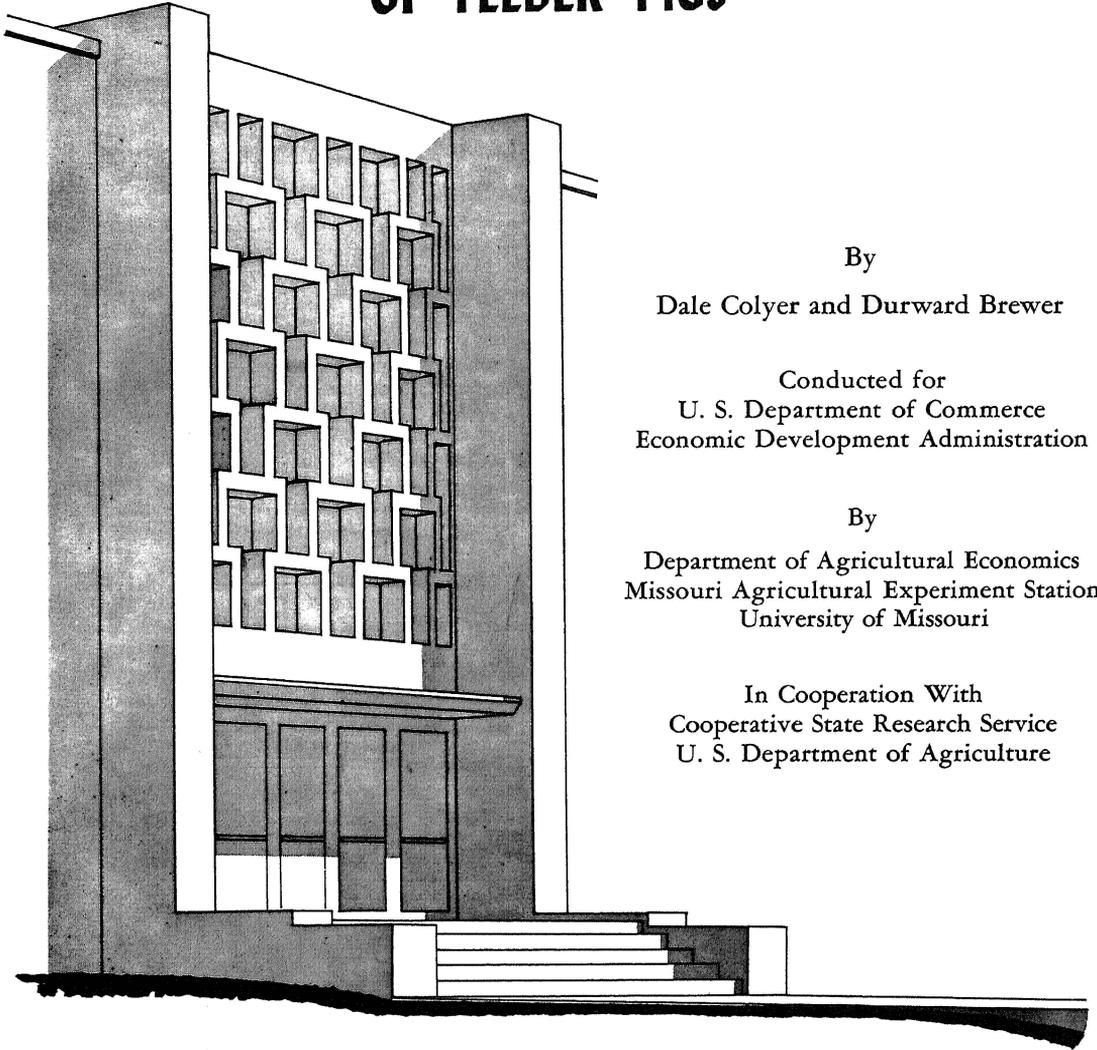


# RECENT DEVELOPMENTS AND PROPOSED IMPROVEMENTS IN THE MARKETING OF FEEDER PIGS



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# RECENT DEVELOPMENTS AND PROPOSED IMPROVEMENTS IN THE MARKETING OF FEEDER PIGS

## INTRODUCTION

Unlike beef cattle production, hog production has been primarily a vertically integrated process up to the point where the slaughter hogs are marketed. That is, a farmer kept sows, farrowed and raised pigs, and fed the pigs out to slaughter weights as a single enterprise on the same farm. Some feeders have purchased pigs to feed out instead of keeping a breeding herd but their production has not accounted for a very large proportion of the pork produced.

Data for 1940 and 1956 indicate that about 10 percent of the pigs fed out in each of those years were purchased feeder pigs, and that the proportion was relatively stable. In recent years, however, there has been a trend toward greater use of purchased pigs and, consequently, this has required changes in or development of new marketing agencies.

The major methods used to move feeder pigs from producers to hog finishers include direct transactions between farmers, dealers and/or order buyers, community auctions, and cooperative feeder pig sales (usually a type of auction). Other methods include terminal markets, local markets, and producer contract organizations. This last outlet is growing in importance but terminal and local markets handle relatively few feeder pigs and tend to be insignificant factors in the feeder pig marketing system. The relative importance of the various channels used to market feeder pigs was analyzed in a previous publication entitled "The Marketing System For Feeder Pigs."

Why a particular market outlet is chosen for the sale of a specific class or lot of livestock is not always clearly understood, even by the producer himself. Therefore, as might be expected, there are multiple economic factors involved in making decisions as to which type of market to use in selling feeder pigs. Some can be readily evaluated while others are more elusive and their influences can only be estimated. Economic factors--such as the competition which exists at different types of markets and among markets of like type at any given time, convenience of location and facilities, service rendered, and expected price--must all be balanced against one another before a rational final decision can be made. However, in a large number of instances the marketing by the producer at a particular type of market is the result of a choice made by habit or custom. For the producer of feeder pigs to shift back and forth between market outlets, either an economic or psychological gain must exist.

Historically, purchasers of feeder pigs have obtained the pigs from farmers in their own locality. The majority of the pigs were sold directly by one farmer to another although some moved through market outlets. By 1956 changes were occurring. More feeder pigs had begun to move through auction markets and fewer through local and terminal market outlets.

Since 1956 the separation of the two phases of hog production has tended to increase in both relative and absolute terms. Many feeders find that the extra labor, time, and management required to farrow pigs competes unfavorably with other alternatives, but that feeding pigs can be a profitable enterprise. This has increased the demand for feeder pigs and the proportion of feeder pigs purchased by finishers has increased.

Many of the feeder pigs still come directly from farmers in the grain producing area of the Corn Belt where they are fed out but an increasing portion of them is being supplied by areas on the fringes where grain is not as easily grown. These areas lie both to north and south of the principal grain growing regions. Thus a tendency toward regional as well as task specialization appears to be developing.

The separation of production and feeding areas makes personal contact between the producer and feeder more difficult and costly. Consequently, intermediary agencies have become more important in the movement of feeder pigs from the producer to the feeder. As greater distances are involved, the marketing chain becomes longer and more complex. Naturally, marketing costs may increase as the chain and distance lengthen. Other problems also are compounded as the separation becomes more pronounced. However, many problems are inherent to the nature of the product--a live animal subject to a long biological production process.

Purchasers and sellers alike express dissatisfaction with some aspects of the feeder pig marketing system. Purchasers complain about prices (too high), quality, health, handling, and availability of pigs. Because they usually can not go to see the pigs and do not have any knowledge of their background the purchaser must rely on limited previous experience and/or the reputation of the source from which the pigs are purchased. Because of great heterogeneity of the product and impossibility of accurate visual grading, even these guides cannot assure that the desires of the purchaser will be fulfilled. Producers of feeder pigs with limited sizes of enterprises have no easy method of checking the market. They complain about prices (too low), lack of buyers, poor handling, and other factors associated with the marketing agencies they used.

The marketing agencies used for feeder pigs developed rather haphazardly. Some meet part of the needs of purchasers and sellers part of the time but none seem to be completely adequate. The variability in the product as well as in the characteristics and personalities of the individuals involved may preclude the possibility of complete satisfaction of all parties. Nonetheless, the dissatisfactions have led to the development of new types of agencies to cope with the problems caused by separation of pig production and feeding and those caused by the regional specialization that consequently developed.

While at first glance it might appear that buyer and seller interests are divergent, their long run welfare is interdependent. The purchaser naturally wants to acquire good pigs at as low a cost as possible while the seller wants to obtain as high a price as he can regardless of the quality of his product. In the long run, however, pigs will not be purchased unless the fattening of feeder pigs is profitable and they will not be sold if the producer can not stay in business. Thus, mutual gain as a result of specialization or economies of scale must be part of the results of separating the pig production and feeding phases of the industry.

The basis of a satisfactory feeder pig system is a healthy, high quality pig which the feeder can feed profitably. Quality in this sense includes a genetic basis. Its inclusion can give greater reliability to estimates of several of the factors related to the genetic background of the breeding herd, such as thrift, uniformity, feed conversion, and possibly, lean meat yield of the slaughter hog. For a producer to be willing to invest the effort and capital required to produce the type of pigs most desired he must expect to be able to sell the pigs at prices which are sufficient to pay his costs and earn him an adequate income.

With the separation of the processes and the geographic location of the two groups--buyers and sellers--the intermediary or marketing agencies become important influences in the process and in total feeder pig movements. Historically, these agencies have acted as middlemen--merely go-betweens who did little more than bring sellers and buyers into contact (either directly or indirectly). However,

as the importance of feeder pig production increases and as quality becomes more crucial these agencies take on additional functions and importance. The purchaser has limited access to information about the product and thus looks to the agency to assure him of quality in the pigs he buys. Since the agency cannot assure that the type of pigs will be what is desired by their customers without some control over their production, there has been a tendency for new marketing agencies to develop which are producer-oriented and which are usually organizations of producers. These agencies have various degrees of control designed to provide a product that more nearly meets the needs of finishers; they try to see that the pigs are consistently available, and meet the desired requirements of homogeneity and health.

The following sections of this study report on some of the relatively recent developments in the marketing of feeder pigs as well as some newer agencies and techniques being used to try to solve some of the problems involved. Some of these innovations have had rapid growth and are producing lasting effects in the industry.

### COOPERATIVE FEEDER PIG SALES

Cooperative feeder pig sales were started in South Central Missouri in the early 1950's. The typical feeder pig producer in the area raised a small number of pigs and usually depended on a local buyer (feeder or dealer) or a community auction for his market outlet.

The pigs had a poor reputation and were usually referred to as South Missouri pigs or Southern pigs by farmers from other feeding areas. These terms were used to imply a low-quality, unthrifty pig.

At the time the cooperative sales were organized practically every county was served by a community auction and from one to 25 dealers. The auctions usually held a weekly sale but in most instances the volume was too low to attract buyers from the major feeding areas. Sales with sufficient volume to attract buyers sold most of the pigs in small lots which lacked uniformity of weight, quality, and breed. Therefore, it was next to impossible for a feeder to purchase the number of pigs of a given weight, breed, and quality he desired at any one time.

During the late '40's four counties in the South Central section of Missouri developed cooperative feeder calf sales. The results of these calf sales stimulated interest among pig producers to hold a similar type of sale. During the winter of 1949 and 1950, pig producers in two of the counties where calf sales were being held developed the necessary organization and made arrangements for holding pig sales. Spring and fall sales were held in Ripley County and a fall sale was held in Dent County in 1950. Since that time 22 other organizations have been developed that hold annual or semi-annual feeder pig sales.

From 1950 until 1959 each sale was an autonomous organization. The organizations did cooperate with one another on sale schedules, minimum standards for the sales, and a part of the advertising. In 1959 the Missouri Cooperative Feeder Livestock Association, Incorporated, was organized with membership consisting of the local organizations that operated feeder pig and calf sales. The objectives of the association are to: (1) Improve prices received by producers for their pigs. (2) Improve quality and type of pigs being produced. (3)

Encourage producers to improve their management practices. (4) Improve the reputation of feeder pigs from Missouri. (5) Provide a supply of pigs where feeders can purchase their specific needs at the same or lower total cost than other sources.

The organization has a prescribed set of rules and/or regulations under which it operates. The minimum rules and regulations necessary for local organizations to become a member of the state organization are primarily directed toward improvement in quality and health of pigs handled. The organization specifies that pigs consigned for sale must be vaccinated for cholera with modified live virus and serum and for erysipelas by a veterinarian at least 21 days prior to the date of sale. Pigs must be at least seven weeks old when vaccinated.

The organizations also require that all pigs marketed through them must pass veterinary inspection for health, both at the farm and on the day of sale. All pigs marketed must weigh at least 35 and not more than 150 pounds with all boars castrated and healed. Crippled, deformed, or generally unthrifty pigs are not accepted for sale.

All pigs received at the sales point to be marketed through the organization are sorted into uniform lots according to weight, quality, type, and breed. They are ear tagged and sold by the pound through the auction technique of selling.

Each consignor of pigs is required to make a consignment deposit prior to sale date, thus assuring a more effective volume count prior to sale for purposes of informing potential buyers as well as helping to maintain efficiency in handling livestock at the yards on sale day.

The success of the cooperative sales can be seen from several indicators. From the time they were organized in 1950 when two associations held three sales the number of associations has grown to 22, of which 20 have become members of the Missouri Cooperative Feeder Livestock Association, Inc. In 1950 only about 2,200 pigs were sold; during the 1960's the 50 or more sales held each year have sold a yearly average of more than 100,000 pigs.

The sales have contributed to the improvement of the reputation of Missouri feeder pigs. Buyers from as many as 30 states have purchased pigs at the sales and more than 90 percent of the buyers are repeats at particular sales.

Since the markets were organized there have been indications of price stabilizing effects because of the larger volume of pigs handled per sale and because of wider buyer participation. Through this pricing mechanism producers have received prices locally which were comparable to those paid for pigs in distant feeding areas. This, coupled with the services of the organization in grading and sorting pigs and with their health regulations, has encouraged producers to improve the quality of their breeding herds in order to continue receiving the higher prices.

The major limitation of the sales is that they provide a market only part of the year. The high investment per unit handled with the facilities and equipment results in some inefficiency because of the small number of sales held annually.

Most of the sales are held in April or May and in September or October. With the trend to larger units and specialization, more of the feeder pig producers are farrowing several times a year. Consequently, the sales are not providing an adequate market for these producers. In an effort to overcome this problem the state association is promoting the development of area sales with adequate facilities to market pigs throughout the year. In 1964 the Dent County organization constructed facilities which will permit that association to hold sales all months of the year. Six sales were held in 1964.

## PRODUCER CONTRACT ORGANIZATIONS

Producer contract organizations are a relatively recent innovation in the marketing of feeder pigs. Most of them were established after the mid-1950's. They now exist in several states including Wisconsin, Illinois, Indiana, and Missouri. Typically, they are cooperative organizations of feeder pig producers and their primary function or objective is to provide a method to improve the marketing of pigs by having an available, uniform supply of quality pigs. This objective is approached by obtaining marketing agreements (contracts) with members whereby the producer agrees to market all his pigs through the organization and agrees to meet certain other requirements in the production and handling of feeder pigs.

### The Marketing Agreement

A basic characteristic of the producer contract organization is the marketing agreement between the producer and the organization. In this contract the producer agrees, for a specified period of time, to let the organization market all of the pigs he produces. In some organizations penalties are provided for failure to comply with the agreement. The marketing organization agrees in turn to market all pigs for the producer--except those not meeting the standards of the organization because of quality or health deficiencies. Generally, provisions are written into the contract to provide for improved breeding, disease control, conditions of pickup and delivery, and other factors affecting the production and handling of the pigs. Many of these provisions arise from the necessity of the organization to sell only good quality pigs in order to develop and maintain an acceptable reputation among the purchasers of pigs. The success of such an organization depends upon repeat sales and a ready market demand for its pigs.

### Method of Operation

The contract organization gathers pigs at central points--either by having fieldmen pick up the pigs or by having the farmers deliver them. An organization may have one or more collection points which have fairly wide supply territories. Collection of pigs varies from one to several days per week depending on the organization and volume handled. Most of these organizations operate on a year-around basis.

Pigs are weighed, sorted, and graded, either at the farm or the assembly point, and are inspected by a veterinarian. All must have been vaccinated for cholera and erysipelas. Most organizations attempt to sell pigs at about 40 to 50 pounds of weight and base their prices on those weights. By having most pigs at a standard weight it is easier to negotiate prices with prospective purchasers on a sight unseen basis. Pigs which do not meet the health and quality standards are culled out. These culls may be sold to local people, fed by the cooperative until they do meet the standards, or returned to the farmer.

The pigs may be pooled with those from other farmers to attain desired sizes and uniformity of lots. Identification of the source of the pigs may or may not be maintained once they are pooled and sold. Charges are made to defray the expenses of marketing and handling the pigs, but the technique used varies from commission fees to dealer margins.

The majority of feeder pig marketing agencies of this type are located at points some distance from major hog feeding areas and thus a sales organization is required to market the pigs. Salesmen may be employed in the feeding areas or may contact purchasers by phone while remaining at the market site. They make contacts and sell pigs on a commission or some other basis. The pigs are

usually delivered by truck and at the time of delivery the purchaser can examine and reject any or all of the pigs if he so desires. Livability is guaranteed with compensation or replacement for losses greater than some predetermined percentage figure within a specified time period. These latter conditions make it easier to sell pigs on a sight unseen basis since they do not bind the purchaser until he has a chance to inspect the product. Auction sales or other procedures also may be used by the contract organization to sell the pigs.

#### Other Services of the Marketing Organization

Since the effectiveness of the marketing agency in maintaining an active market for feeder pigs depends on the satisfaction of its customers--which in turn is dependent on the quality and health of the pigs--the organizations typically have fieldmen who assist pig producers to achieve the required production standards. They may inspect the premises and operations periodically and make suggestions for improving the operations. There may be strict requirements for joining the cooperative or the organization may accept most applicants and then build up the quality of livestock through supervisory practices. This latter process results in attaining a large volume quickly but may be at the cost of reduced quality.

The organization may provide breeding stock or require approval of breeding stock used in order to raise the quality of pigs. In addition, the producer may be supplied with medicines, veterinary services, and other facilities through the marketing agency.

#### MISSOURI FARMERS LIVESTOCK ASSOCIATION

Like many livestock marketing agencies, the Missouri Farmers Livestock Association commenced their feeder pig marketing program with basic and obtainable objectives in mind: (1) To provide a year-around market for feeder pigs; (2) to establish for finishers a source of uniform quality pigs at the time they want them; and (3) to accomplish this at the lowest possible cost to both producer and finisher.

The Missouri Farmers Livestock Association feeder pig program was activated in February, 1963. The program is still young and problems have arisen but apparently they have been solved promptly and effectively by the management in cooperation with members.

A source of high quality feeder pigs was a primary objective of the program. To have reasonable assurance of attaining this goal, as well as assure some stability in supply, a contract arrangement between feeder pig producers and the association is used.

The contract signed by a producer of pigs upon joining the program is quite specific on a number of points. The agreement is made for a period of two years, and at the end of the two-year period it remains in effect on a year to year basis. Either party may cancel the agreement at any time upon giving the other party 90-day notice.

The producer who joins the program must farrow a minimum of ten sows at approximately the same time. In other words, the producer, to join and remain in the program, must have a minimum sow herd of ten.

He agrees to market all feeder pigs produced on the farm through the association with the exception of stock kept for breeding purposes. Violation of this means that he is automatically removed from the program.

The producer is obligated to inform the association seven days in advance of the date he expects to market his pigs, the approximate number and estimated average weight of pigs to be marketed, and to deliver the pigs to the market facility on the day designated by the association. Markets are operated one day per week.

The member producer of feeder pigs is not allowed to use other or additional breeding stock without first having approval of the Association.

These are the more basic obligations of the producer members of the feeder pig program. However, there are other practices agreed on relative to management, feeding, facilities, and health that the producer is obligated to follow while remaining a member of the program.

The principal obligation of the association is to market all pigs delivered weighing less than 100 pounds and over 38 pounds passing inspection and to pay the producer for the pigs at a price based on orders being filled.

The association obligates itself to inspect all breeding stock used by its members. It also agrees, at the request of the producers, to locate and arrange for breeding stock that meets the association's requirements, at a mutually agreed price, quality, and breed.

A primary endeavor of the feeder pig program is to supply top-grade uniform pigs to the buyer, thus making the program mutually advantageous to both the finisher and feeder-pig producer.

The member producer has the services of a fieldman available to him. The fieldman's duty is to visit each farm once a month not only for supervisory purposes but also to give advice on management problems and aid in decision making.

All pigs delivered for marketing through the program must be castrated, treated for mange and lice, and wormed. At the age of about seven weeks they are vaccinated against cholera and erysipelas. They must remain on the producer's farm for a minimum of three weeks after vaccination, before delivery to the market concentration point.

On arrival at the concentration point pigs are inspected individually by a veterinarian and a health certificate is signed on each member's pigs. Pigs are then weighed and sorted into uniform lots. Their ears are tagged and their numbers are recorded for future identification. When pigs are sold the buyer's name is recorded. With this information, future performances of pigs may be evaluated and compared.

Salesmen are used to contact prospective buyers and take orders for pigs at quoted prices. The association also delivers pigs to the purchaser's gate and gives a 48 hour livability guarantee (unless death is a result of poisoning or accident on buyer's farm). The 48 hour guarantee is followed by a replacement policy for any pigs, exceeding two percent of the total, lost between two and ten days after delivery because of injury, disease, or parasites present in the pigs at delivery, assuming they have been given recommended care.

The Missouri Farmers Livestock Association's feeder pig marketing program appears to have promise of success. The program as it is set up offers the producer and buyer most of those desired features and advantages offered partially by the other marketing agencies in the industry combined into one single marketing unit operating on a dealer margin.

The program at present is a little over two years old. Volume of business the

second year more than doubled that of the first year's operations and indications for the current year are for a substantial increase.

### TELEPHONE CONFERENCE AUCTION SALES

The telephone conference call is a technique which has been used in some areas--particularly in Virginia where the idea was first activated in the marketing of feeder pigs--to extend the range covered by certain markets. In Virginia the technique is called "Tel-O-Auction."\* It was developed to permit buyers who are unable to travel to the site of the market to participate in the bidding, hence widening the area of coverage. Participants in any state may become potential purchasers by a telephone hookup at the time of sale.

This encourages wider participation and bidding in the sales, resulting in regional as well as local competition, hence improving stability of demand.

The usual technique in the Tel-O-Auction is to use a regular auction market and at the time of the sale have prospective buyers in other areas connected to the proceedings via a conference telephone call. The persons connected by telephone bid for the livestock in competition with those at the ringside. By using amplifiers at the sale ring for the phone hookup anyone included in the conference call can bid--this usually is accomplished by assigning numbers to each phone bidder and he calls out his number in response to the auctioneer.

Since the phone bidder cannot see the pigs he must be given some indication of quality or grade. Thus pigs are sorted by weight and graded visually by live weight classifications. Frequently pigs from several producers are pooled to obtain an adequate volume of pigs, uniform in size, weight, general appearance, and as far as possible, quality. The prospective purchasers must, of course, be aware of the procedures used to sort and grade the pigs and have confidence in the ability of the marketing agency to do those tasks well. The dispersion of information relative to genetic quality, health, thrift, and uniformity of pigs to a buyer having no representative present appears to be a problem of significant importance for assuring success of the market to distant and out-of-state buyers. The same probably is true of other feeder pig marketing agencies. It is a general problem that must be solved if feeder pig production is to continue growing.

### SUMMARY AND CONCLUSIONS

The potential market for feeder pigs is a function of the proportion of farmers who choose the purchase method of acquiring pigs in preference to farrowing them. The maximum potential demand for feeder pigs is 100 percent of all hogs fattened for slaughter and the minimum is zero.

The opportunity for feeder pig producers to compete effectively will depend on the production of high quality feeder pigs, improvements in the existing market structure and/or development of new and adequate marketing and production techniques. The lack of an adequate grading system for feeder pigs in many instances has been a major problem in the marketing system. The attainment of a grading system comprehensive enough to at least indicate production performance is needed.

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\*"Virginia Tel-O-Auction," Virginia Department of Agriculture, Richmond, 1963. Since then the technique has been used for marketing slaughter hogs in Wisconsin and feeder pigs by the Missouri Farmers Association.

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. They are also concerned with a common objective, the objective being a supply of feeder pigs equivalent to demand--relative to quality, weight, and type--available at the time and place desired.

All individuals and agencies who are involved in the marketing of feeder pigs are performing certain desirable functions: otherwise their service could not exist. The problem of determining and improving demand for and marketing of quality feeder pigs concerns all of them. Those who do not concern themselves with upgrading quality can expect to handle a declining proportion of the total feeder pigs sold in the future.

In the past, most attempts to indicate the quality of pigs have been based on visual grading and/or sorting of the pigs. While these techniques have provided purchasers with pigs of greater uniformity they cannot assure either that the pigs will be efficient converters of feed to pork or that the final product will be of the desired meat type. Knowledge of these innate quality factors can only be achieved if the genetic backgrounds of the breeding herds are known.

Current trends in agriculture are toward larger sizes of businesses and increased specialization. In the pork industry, specialization in the pig production and finishing operations requires improved labor efficiency to handle the larger enterprises. These changes require larger capital investments and result in increased operating costs. Purchasing feeder pigs, in particular, increases cash costs relative to what they would be if the finisher raised his own pigs. With a greater proportion of cash costs it is essential that a high level of efficiency be maintained, not only in the use of labor and management but also in converting the feed to meat. Improvements in efficiency, perhaps, can be achieved better through the use of the market system than by attempting to influence producers by other means.

General management and environment of the breeding herd and pigs are of untold value in producing a quality pig product. The marketing procedure and the marketing structure relate quality to value. Many of the physical aspects and characteristics of the pig can be affected by the method in which it is marketed. The functions performed by a market affect the price of the feeder pig, not necessarily the real value. The market images of a particular market are past the farm stage of production, although the market exists primarily as a result of the farmer's own demand for a particular type of outlet. Therefore, the pig producer is not completely void of responsibility for the image and reputation of a market.

Quality pigs are being produced, but it is necessary for a large enough supply to come to market at any one time to encourage buyers to buy on quality and therefore pay higher prices than average.

To accomplish this, a system of production by specification may become necessary in the future. Moves in this direction have been made in recent years in Missouri and other states with an emphasis on quality. Attempts have been made toward a semi-approach to specification of production of pigs. Indications are that hog production will move toward fewer but larger units, which means that larger sized lots of uniform feeder pigs will be demanded by individual buyers.

The larger finishing operations are likely to be highly concerned with feed conversion rate, cost per pound of gain, and rate of gain as methods to lower production costs and are likely to be concerned with uniformity, cutout yields, and the ratio of lean to fat.

The awareness and importance of genetic quality will increase among buyers and producers of feeder pigs. Markets handling feeder pigs must adjust in order to keep quality identified. Pooling by quality and uniformity must become more prevalent if the small scale feeder pig producer is to avoid price discrimination.

There are, however, problems connected with pooling which will have to be overcome. Large lots and uniformity may not be compatible because of variation in the pigs. It appears that organized markets involved in handling feeder pigs, particularly auction markets and farmer cooperatives, must solve not only the quality identification problem but also the pooling problem.

A method which might be used is to grade pigs first on their genetic background and subsequently sort them on the basis of physical appearance. The background of the breeding herd could be used to make the genetic distinction. Records and production testing for both the boars and sows used in the breeding herds would be required to make meaningful genetic classifications.

Under such a system a producer's herd would be classified as belonging to a certain grade based on the actual performance and/or amount of records and tests available. All feeder pigs from the herd would then automatically belong to that genetic classification--so long as the producer followed approved breeding procedures to maintain the quality of his herd. When the feeder pigs were marketed they would be sorted and graded on the basis of weight and appearance, as is done in the better markets today. This latter type of grading accounts for management and factors other than heredity which affect the quality of feeder pigs. The main grade, however, would be the genetic classification since it would insure the prospective buyer of obtaining pigs which when properly handled should be efficient inputs into the production process. The current production and marketing system can be modified to provide the producer with the product he needs by extension and improvement of some recent developments. Most states which have a feeder pig marketing program are making improvements in their systems. They appear to be receptive to new ideas and methods with an alert awareness of problems in the marketing structure of the feeder pig industry.

Sales by telephone conference calls are gaining popularity. The proven success of the Virginia Tel-O-Auction in the sale of feeder pigs has made other pig producing areas aware of its advantages, particularly the potential increase in buyer audience.

Wisconsin, which has one of the older and more successful contract feeder pig market organizations, has adopted the telephone sales technique this year. The marketing agreement itself was a significant improvement in feeder pig handling because it allowed the market agency to influence the quality of feeder pigs by having some control over the breeding stock used. Contract organizations similar to Wisconsin's exist in several other states, including Illinois, Indiana, Iowa, Minnesota, and Missouri. All are attempting to adapt their feeder pig marketing systems by improving the volume of quality pigs marketed.

The Missouri feeder pig marketing system generally is believed to be comparable to that of other states and in some respects is superior. Most markets within the state are showing improvement in their services to buyers and sellers and are working toward developing better methods of grading through encouraging the production of quality pigs. At least one agency is moving toward control of the genetic base of its member producers' herds. These adjustments will enable Missouri feeder pig producers to remain competitive with those in other areas.

The endeavors to achieve the objective of quality control through the genetic base as well as management and maintaining identification through to slaughter weight offer opportunities for improvement on a broad scale. Grading may be done on a more knowledgeable base through identification back to the breeding herds of known high quality.