



EXTENSION TRANSPORTATION PROGRAM:

Increased
Emphasis
Needed

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Foreword

The following statement outlines the need for increased emphasis on transportation in national and state Extension marketing programs. It was prepared to assist administrators and specialists in evaluating the opportunities for new and expanded Extension educational programs in transportation.

The statement has been approved by the Extension Committee on Organization and Policy. It was prepared by a task force representing the four regional Extension marketing committees. Members of this interregional Extension transpor-

tation task force were: *Wesley R. Kriebel, Northeastern Extension Marketing Committee, David E. Moser, North Central Extension Marketing Committee, T. Everett Nichols, Southern Extension Marketing Committee, Charles H. Rust, Western Extension Marketing Committee.*

The task force is also preparing an Extension transportation handbook to assist present and future Extension staff with information and ideas for program development with emphasis on transportation.

Proportion of Destination Wholesale Value of Selected Farm Products Represented by Rail Transportation Cost (1959).

Wheat	10.1%
Corn	12.2
Sorghum grains	15.8
Soy beans	5.5
Soy bean oil, cake, and meal	10.2
Mill products, cereal, etc.	15.3
Barley and rye	17.1
Meats, fresh	4.2
Cattle and Calves (single deck)	4.5
Swine (single deck)	8.1
Eggs	6.4
Potatoes	27.5
Oranges and grapefruit	23.6
Apples, fresh	20.7
Watermelons	37.5

(Adapted from Ivon Ulrey, *The Economics of Farm Products Transportation*, ERS, USDA, Marketing Research Report 843, March, 1969, p. 3.)

EXTENSION TRANSPORTATION PROGRAM:

Increased Emphasis Needed

Transportation is a vital part of our marketing system. Tying together production, processing, and distribution, it serves as a critical link between the producer and consumer of goods and services.

In some agricultural industries the transportation cost far exceeds the value of the raw material being transported. In others, it represents a large share of the total cost of the finished product. Expenditures for food transportation alone exceed \$5 billion annually. When transportation of non-food agricultural products is added, the total exceeds \$10 billion.

Extension has long recognized that both improvement in agricultural income and the goal of reasonable food and fiber prices are heavily dependent upon an efficient and competitive transport system. There have been significant Extension accomplishments in some of the states in the area of transport and physical handling. However, these have dealt mostly on a piecemeal basis with specific and immediate problems encountered in the commodity marketing programs. Because of the importance of transportation to other areas of marketing and the rapid changes taking place in transportation, increased attention is being focused on a broader range of Extension educational opportunities. The goal is improvement in transportation facilities and services as a means of reducing costs and assisting in development of new markets.

Emphasis on transportation in Extension marketing programs could result in:

1. *Lower freight and handling costs for farm supplies and farm products, resulting in higher net income to the farm producer.*

2. *Enhancement of the competitive position of products in area, state, regional, national, and international markets.*
3. *Lower consumer prices of agricultural products.*

Basic changes in the organization and technology of agricultural production and marketing are resulting in increased emphasis in transportation. These changes include:

1. *Bypassing of many traditional markets for more direct movement of livestock, grain, and other agricultural commodities.*
2. *Processing of poultry, livestock, and fruits and vegetables at points of production, and decentralization of input processing operations such as feed mills.*
3. *Increased regional specialization in production and marketing.*
4. *Use of bulk handling equipment to reduce handling and terminal costs.*

In addition, many changes are taking place in the transportation sector. Application of new technology in containerization and coordinated transport (piggyback, fishyback and birdyback) will result in lower relative costs and a more advantageous competitive position for the adopter.

The rent-a-train concept, the use of jumbo hopper cars in multiple units and the further development of pipeline and inland waterway transport at greatly reduced volume rates will alter facilities locations, local assembly and distribution handling, and competitive transport pricing and marketing practices. Jet aircraft with increased

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cargo capacity and the resulting lower cost of air transport will open up new markets and alter existing competitive relationships.

Changes in assembly, physical handling, and delivery operations have generated rising costs of agri-business firms. Opportunities for lowering other costs exist through the application of sophisticated management tools including data processing, operations analysis, and inventory management and control systems.

Marketers of agricultural products need to interpret and adjust to these critical organizational

trends and changes in transportation. Because transportation is not their primary business, many companies have limited management knowledge and capabilities in this field. Also, the rate of adoption of transportation research findings to agriculture has been inadequate because of the lack of Extension specialists in this area. Extension can assist by identifying changes, analyzing transportation opportunities and pointing out the likely consequences of alternatives. Gearing up to do this is Extension's challenge.

Extension's Educational Objectives in Transportation

The principal thrust of Extension's program in transportation is to provide an educational basis for improving marketing performance and thus to enhance the efficiency and the competitive position of the state's agri-business sector.

The more specific Extension objectives are:

1. *To improve the level of performance in the*

movement and handling of agricultural products and supplies.

2. *To provide economic and technical assistance to shippers and carriers and related agencies in all matters related to transportation supply, price and policy.*

Clientele

The clientele emphasis will vary by state; generally it will be found primarily among the management personnel of common and contract carriers of freight and the physical distribution management personnel of agricultural supply, processing and marketing firms, including food wholesalers and retailers, and producer-shipper groups.

The Extension transportation specialist may find himself dealing with any or all of the following agencies and users of transportation and physical distribution facilities and services: cooperatives; shipper firms using for-hire transportation;

shipper firms operating private motor fleets or other transportation facilities; railroads; motor carriers; exempt commodity haulers; barge lines; airlines; public and private warehouses; rate bureaus; traffic associations; trade associations; chambers of commerce; and regulatory agencies.

An important responsibility will be to work with commodity marketing specialists, other Extension personnel, and their audience groups in identifying and programming special educational needs in the subject area of transportation and physical distribution.

The Cooperative Extension Service is committed to concern itself with the efficiency of all segments of agricultural enterprise from production on the farm to the retailer of agricultural products. In fulfilling this commitment, a major contribution can be made by Extension in the area of transportation and physical distribution.

**SOME EXAMPLES OF TYPICAL RESPONSIBILITIES OF EXTENSION
SPECIALISTS IN THE AREA OF TRANSPORTATION**

<u>Shippers</u> (Producers, <u>processors</u> , handlers, marketing firms)	<u>Carriers</u> (Common, contract, private, exempt)
1. Assess costs of getting products to market by various means of transport.	1. Effect liaison between shippers and carriers to improve understanding of each others' problems and needs.
2. Appraise alternatives of ownership of trucks vs. for-hire carriage.	2. Provide economic and technical information on mobile refrigeration equipment (i.e., mechanical, liquid nitrogen, controlled atmosphere, etc.)
3. Evaluate returns on investment from using new technology of loading and unloading.	3. Provide production and marketing information that will assist carriers in scheduling equipment and services.
4. Interpret transportation costs, arrangements and savings as related to volume purchase of inputs.	4. Provide assistance on transportation, operating management and control, (e.g., equipment purchase and replacement decisions, maintenance cost control, dispatching and routing problems, etc.)
5. Interpret commodity classification for possible adjustments to lower class rates.	5. Evaluate alternative physical facilities, equipment, labor and management for more efficient terminal operations.
6. Disseminate transportation information on agricultural exports.	6. Provide training for more systematic planning and decision making.
7. Provide information on legal matters with respect to transportation, i.e., liability for loss and damage, title transfer, movement of farm equipment on public highways, etc.	7. Undertake feasibility studies of plant and distribution facilities location in cooperation with development departments of carriers.
8. Provide information on procedure by which shippers can make themselves heard on transportation matters.	8. Maintain liaison with all segments of agriculture and carriers as to rates, services and technical advancements in transportation of agricultural products.
9. Evaluate alternative procedures for routing and scheduling deliveries.	
10. Evaluate the economics of back-haul costs (i.e., when is it desirable to dead-head rather than wait for a back-haul load).	
11. Analyze motor truck expenses and suggest ways of improving private fleet operations.	
12. Analyze impact of changes in rates and rate structure on various segments of the agricultural economy.	



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