

PERCEPTIONS OF AGRICULTURAL PRODUCERS TOWARDS
SERVICES OFFERED BY FARM SUPPLY COOPERATIVES
IN THREE MONTANA COUNTIES

by

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This professional paper has been read by each member of the graduate committee and has been found to be satisfactory regarding content, English usage, format, citations, bibliographic style, and consistency, and is ready for submission to the College of Graduate Studies.

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ABSTRACT

The purpose of this study was to determine the perceptions and attitudes of current agricultural member and non-member producers toward the services offered by their local Montana farm supply cooperatives in three chosen counties and provide necessary information for managers to target producer markets.

Data for this study were gathered by mailed questionnaire sent to ten (10) percent of the agricultural producers in each of three (3) counties: Flathead, Gallatin and Pondera. Of the 217 surveys sent, 112 were returned for an approximate response rate of 52%. Data were gathered in four areas: (1) demographics, (2) sales and service (cooperative functions and pricing), (3) advertising methods, and (4) purchasing habits and distribution of income.

Analysis of the data revealed that the majority of the respondents were over 50 years of age with no respondents under 30 years of age. There was even distribution by farm size with the exception of 55-99 acre operations which had only a small percent and all in one county. No noticeable differences were noted by farm size, based on gross farm sales, and respondents' perceptions of services offered by the local farm supply cooperative. Non-members were more supportive and loyal to cooperatives than were members in rating cooperative personnel and cooperative functions. Cooperatives handle a majority of fuel and fertilizer sales to producers but much less livestock feed and other equipment even in those areas displaying high volume potential.

The data further reveal that cooperatives are educating consumers to new products and services offered by (a) visits to the store, (b) word of mouth, (c) direct newsletters, (d) advertising circulars, and (e) newspaper advertisements. At the same time, cooperatives need to increase direct calls by sales staff, scheduled visits by field representatives, newspaper advertisements, direct newsletters and radio.

The data gathered for this study show many of the responses regarding sales and services gathered about the mean, which reveal a neutral response. However, data show that producers are price conscious and shop around for the best deals and that cooperative prices are more important than patron refunds.

CHAPTER 1

THE PROBLEM AND ITS SETTING

Introduction

According to Montana Agricultural Statistics (1989), Montana has 60.6 million acres of land in farms and ranches and ranks second in the nation behind Texas. As stated in a survey done by Mackey and Hartley (1987) four out of every five commercial farmers in the United States use cooperatives to obtain their supplies, procure needed services and market their products. In Montana, the potential for farm supply cooperatives to service agricultural producers is great.

In research done by Kraenzle, Richardson and Street (1985), cooperative business numbers have been declining nationwide due to dissolutions, mergers, consolidations and acquisitions. According to national data, from 1970 through 1984, 3,000 farm cooperatives were eliminated. Forty-five percent of this decline resulted from going out of business, 19 percent were merged or consolidated and 12 percent of the businesses were lost through acquisition. Research done by Mather and DeVille (1984) show there were

2,136 farm supply cooperatives in 1984, declining from a peak of 3,387 in 1959.

There were two problems that managers of farm supply cooperatives faced as they served the different sized farms. This study looked at both of these problems.

The first problem was the diversity of services and products required to serve both large and small scale farmers. The question of whether the cooperative should provide services in small amounts to a large number of farmers or in large amounts to a small number of farmers persisted.

The second problem was the difficulty in dealing with the different sized accounts. Mackey and Hartley (1987) reported that large farming operations often traded in low-dollar volume amounts with farm supply cooperatives. Farm size, therefore, was relevant in assessing policy decisions and in helping understand nonparticipation in cooperatives.

Statement of Problem

The purpose of this study was to determine the perceptions of current agricultural member and non-member producers toward the services offered by Montana farm supply cooperatives in three counties and provide necessary information for managers to target producer markets.

Need for the Study

To remain viable in the agricultural sector in Montana, farm supply cooperatives need to be competitive in agricultural products and services offered. A statewide distribution networking of products sold by farm supply cooperatives has allowed agricultural producers to produce efficiently and contribute significantly to Montana's economy. In 1989, 65% of land and land utilization in the state was in farms and ranches. There were 24.7 thousand farms and 60,600 thousand acres of land in farms, with the average size of farm 2,453 acres. (Montana Agricultural Statistics).

Income of the producer in terms of using them as a target market cannot be overlooked when determining products and services a farm supply cooperative should offer. According to Montana Agricultural Statistics (1989), ten counties in the state reported cash receipts between 40 and 97.5 million dollars from farm marketing in 1987. Despite a major drought in 1988, agricultural cash income increased over 4% from the previous year. When comparing the mining, gas and oil, and travel and lumber industries for the state, agriculture more than doubled in all areas except travel which was still 758.8 million dollars behind the others.

In Montana, agriculture has a major role in the economy of the state. The 1989 net farm income was over 242 million dollars. According to research done by Rust and Adair (1990), production agriculture contributed 1.5 billion to Montana's economy in 1987 in terms of products sold. Agricultural producers purchased almost one-half billion dollars worth of chemicals, fertilizer, feed and labor as inputs into the production process.

Today, as marketing costs increase and the market share of agriculture dollars to the cooperatives decrease, there needs to be more efficient and effective marketing for the agricultural producers. Farm supply cooperatives, as a supplier of inputs and materials to agricultural operations are still a critical component in the agricultural process. To better service Montana's farmer and rancher needs, an agricultural supply cooperative must offer both products and services to meet these needs. This study was an attempt to determine these needs.

Objectives

1. To determine the importance of farm supply cooperative services to member and non-member producers.
2. To determine the impact of farm size, based on gross farm sales, on the attitudes of member/

non-member producers towards services provided by Montana farm supply cooperatives.

3. To determine the effectiveness of different methods of advertising used by farm supply cooperatives to producer members and non-members.

Assumptions

The researcher realizes the following assumption in this study:

1. It was assumed that the farm supply cooperative will continue to provide necessary products and services as a necessary agricultural entity.

Limitations

The researcher recognizes the following limitations to this study:

1. The population of this study was limited to Montana agricultural producers in three counties who were in the 1987 Agricultural Farm Census and who were recorded in the Montana Agricultural Statistics Service data base.
2. The population was from counties having local farm supply cooperatives.
3. The time frame of the study was from May 3 to June 1, 1991.

Definition of Terms

1. Member: An individual or his/her family who was eligible for credit and shareholding in a local farm supply cooperative.
2. Non-member: An individual who was not eligible for credit and year-end patronage within a local farm supply cooperative.
3. Farm Supply Cooperative: A business voluntarily organized, operated at cost, which was owned, capitalized and controlled by member-patrons as users, with shared risks and benefits proportional to their participation.
4. Management: Process used to define objectives, direct the setting of goals and budgets, initiate action plans to reach goals and continuously review performance.
5. Cooperative Education: Included sponsorship of members to cooperative training, seminars, producer meetings, participation in FFA, 4-H and other community events.
6. Producer: An individual engaged in the production of plants and animals in Flathead, Gallatin and Pondera Counties.

Methodology

This study, classified as descriptive or survey research was done by using a mailed questionnaire. The researcher felt this would be the most accurate and effective instrument for data collection given time and resources available for the study.

Population Description

The population for this study consisted of a stratified random sample of agricultural producers within three chosen counties in Montana. The researcher chose three cooperatives in diversified agriculture areas within the state. Both member and non-member producers from these trade areas were selected through a confidential random sample provided by a statewide service. According to data by the 1989 Agricultural Farm Census, the county populations were distributed in the following ways: 1% less than 25 years of age, 12% 25 to 34 years of age, 24% 35 to 44 years of age, 23% 45 to 54 years of age, 22% 55 to 64 years of age and 18% over age 65. Results were concluded by county as representative of typical agricultural producers, given similar situations, throughout Montana.

Sample Size and Selection

Three prominent Montana cooperatives from different geographical areas of the state were selected for the

survey. These chosen areas were Flathead, Gallatin and Pondera Counties. The counties were chosen due to diversification in agricultural crops and livestock, geographic location, and each contained a major farm supply cooperative. The size of the sample from each of the three areas was determined by sampling ten (10) percent of the total farms per county. The U.S. Census shows 825 farms in Flathead County, 850 farms in Gallatin County and 491 farms in Pondera County. The sample was ten (10) percent of the farms or 83, 85 and 49 farms respectively. Producers were separated by farm size in total acreage, member/non-member standing, age and gross farm income.

The sample was confidentially drawn by a statewide service in Helena, Montana for a fee. The researcher felt this was the best way to assure a non-biased, random sample. Once the population selection procedure was secured, questionnaires were sent to the selected producers. The researcher travelled to Helena twice to address questionnaires and prepare mailings; again, this was to assure confidentiality. Names remained confidential by using only numbers to identify the reports. The survey instrument was pre-addressed and stamped so each questionnaire was returned directly to the researcher.

The Instrument and Data Collection

The instrument concentrated on four main areas of study, these were service and pricing, demographics, advertising methods, as well as producer purchasing habits and distribution of income. These areas were chosen by information gained in the review of literature as well as personal working knowledge of potential problems between cooperatives and producers. Assistance was also provided by Dr. Charles Rust, MSU Extension Marketing Specialist and graduate committee member, who recently conducted a similar study with cooperatives.

In the first section of the questionnaire, respondents were asked to use a Likert-type scale to indicate the degree to which they agreed or disagreed to statements about sales and services offered by the local farm supply cooperative; responses ranged from one (1) to five (5). One (1) indicated the producer strongly disagreed with the statement and five (5) indicated a strong agreement in response.

Participants then were asked to indicate how they found out about new products, sales and services offered by local farm supply cooperatives. They were also asked to select and rank their top five choices of advertising methods. This method was used in determining advertising methods currently being used and those that producers would like to see incorporated that were not being used. For producer purchasing habits and distribution of income by

source, respondents needed only to check the response that best applied. A final section allowed producers to voice their comments and/or concerns regarding their farm supply cooperative. These responses are reported in Appendix C.

The first mailing of the questionnaire was sent May 3, 1991. It included a cover letter of introduction and asked for producer response to the questionnaire. The package included a self-addressed, stamped return envelope to encourage a prompt response.

In two weeks, on May 17, 1991, a second follow-up letter and second survey instrument was sent to those who had not yet responded. The second cover letter reminded the respondents of the questionnaire and urged them to respond through a more personal approach. All respondents were to return the questionnaire by the week of June 1st. Data analysis began the second week in June. Response rates are shown in Table 1.

Table 1. Number of surveys instruments sent and number returned with response percentages for respondents in Flathead, Gallatin and Pondera Counties.

Population	Number Sent	Number Returned	Percent Returned
Flathead County	83	41	49
Gallatin County	85	42	49
Pondera County	<u>49</u>	<u>29</u>	<u>59</u>
Total	217	112	52

Data were compiled and recorded by using Dbase III Plus, MSUSTAT: Statistical Analysis Package, and Word Perfect data systems. Differences in responses between members and non-members were not looked at on the county level due to the small number of non-members per county. N-values varied by question and were different in each situation dependent on the number of total responses per question. Data were analyzed by looking specifically at the variables of member vs. non-member response, farm size based on gross farm sales, and advertising effectiveness, as derived from the objectives of the study (p. 4).

CHAPTER 2

REVIEW OF RELATED LITERATURE

Introduction

A great number of changes have taken place in the management styles, product mix, number and services offered by Montana's farm supply cooperatives in the last decade; however, minimal information has been available to help managers determine agricultural producer needs in Montana until recently.

In August of 1990, a study to assess the current situation of Montana supply cooperatives was conducted by the Montana Council for Cooperatives and the Department of Agricultural Economics and Economics at Montana State University. The Cooperative Firm Management Survey was designed to help managers of all cooperative supply firms access change in industry and make future management decisions (Fasbender, 1990).

A cooperative customer survey was conducted by Rust and Adair (Sept. 1990) through the Montana State University Extension Service. The survey was intended to collect information from customers of agribusiness firms "to be used to determine the current financial condition of the

agribusiness sector in Montana and changes in trade patterns that have occurred in recent years" (p. 1).

The researcher's study expanded upon Rust and Adair's results. The study looked more specifically at the farm supply cooperative segment of the agribusiness industry through customer perceptions.

To better understand the farm supply cooperative and the questions asked of producers, one must have insight as to what cooperatives are and the factors that currently affect the farm supply cooperative. This review provided such a background.

An Overview of the Farm Supply Cooperative

Farmer cooperatives were first organized in the early 1800's. By 1900, more than 1,000 farmer cooperatives were operating. By 1930 there was an all time high of 12,000 farmer cooperatives with 88% of these identified as marketing cooperatives. The number of farm supply cooperatives reached their peak at 3,387 in 1959 (Mather and DeVille, 1984).

Bakken and Schaars (1937) concluded that management in a cooperative differs from other businesses in that it rests with the membership. The directors, who are elected by members, formulate the broad policies underlying the operations. Managers are members of the board. These

three (members, directors, and manager) constitute the management.

Cooperatives can be classified in many ways according to the members wants and needs. Among the ways in which cooperatives can be differentiated from each other are as follows:

1. Commodities handled
 - a) Single commodity associations - related products
 - b) Multiple commodity associations - unrelated goods
2. Nature of operations
 - a) Marketing associations - processing and selling the products of members
 - b) Sales agencies - commission selling
 - c) Collective bargaining - brokerage operations
 - d) Purchasing associations
 - e) Service associations
3. Membership
 - a) Local, regional, national
 - b) Local, federated, centralized, combination
 - c) Producers, consumers, middlemen
 - d) Open or restricted
4. Size of Territory
 - a) Local
 - b) Regional, sectional, county, state, or interstate
 - c) National
 - d) International
5. Voting
 - a) Membership (one person - one vote)
 - b) Membership plus patronage, or acreage...
 - c) Stock voting (Blankertz, 1940)

Other classifications between cooperatives are incorporated/unincorporated, capital stock/non-stock,

contract/non-contract, voluntary volition/compulsory volition, and pooling/non-pooling (Blankertz, 1940).

Nilsestuen (1986) stated that cooperatives really began over 50 years ago in the last great agricultural depression (of the 1930's) when "a whole lot of smart people figured out that by combining together in one business unit called a Cooperative, they could achieve economics of scale, whether it be in obtaining credit, selling milk or buying feed or fertilizer" (p. 112).

Whether this is entirely how the cooperative was formed is left to the textbooks; however a useful definition by Roy (1981) in "Cooperatives" and one applicable to this study is as follows:

A cooperative can be defined as a "business voluntarily organized, operating at cost, which is owned, capitalized and controlled by member-patrons as users, sharing risks and benefits proportional to their participation" (p. 11).

The Importance of Education in Cooperatives

"A cooperative without an educational program will last a generation and a half - only understanding and knowledge can guarantee survival" (Vilstrup, 1986).

The anonymous quote above (Vilstrup, 1986) sums up the thinking of many of those involved in the cooperative system of agriculture by quoting a young Kansas farmer: "Anyone who feels young people are not important to the cooperative has done a lot of work building cooperatives

for nothing. Nothing has been accomplished if cooperatives die out and are not carried out through future generations" (p. 115). According to Vilstrup, teaching cooperatives is a basic responsibility of members, managers, leaders and employers in cooperation with our educational and Extension system.

A survey done by Simpson, Richardson and Wissman in 1985 attempted to identify cooperatives' educational needs including target audiences for cooperative education. The preliminary findings came from a stratified random mail survey of 8,146 cooperatives on educational needs. Questionnaires went to 1,772 cooperatives. Thirty-six percent, or 635 cooperatives, responded; 55 percent American Institute of Cooperation (AIC) members responded and 17 percent non-members responded. According to a follow-up article done by Kraenzle (1985), findings were as follows:

1. Cooperatives ranked young farmers, legislators, directors, members, employees, and managers, in that order, as the most important audiences for cooperative education.
2. Local and regional cooperatives should target their educational efforts on members and directors.
3. State cooperative organizations should be involved also in educating these audiences with priority to legislators and the media.
4. The American Institute of Cooperation (AIC) should give priority to the media,

legislators and university extension and research personnel.

5. The Agricultural Cooperative Service (ACS) in the USDA should also help educate university extension and research personnel, legislators and media but should have less responsibility for educational efforts than other organizations.
6. Extension service should give highest priority to educating its county agents and university personnel.
7. All groups should be involved in educating young farmers to some extent.

Along with education, effective "teamwork by agreement" is stressed by Pepper (1987). According to Pepper, most barriers to effective teamwork lie in the realm of human relations. The most popular of these are conflicts and lack of motivation, with the strongest barrier being lack of trust. Credibility, good communication, timely information, a cooperative attitude, a high degree of commitment and a level playing field are all factors to develop trust and break down barriers (Pepper, 1987).

The Importance of Purpose, Principles and Management

"Agriculture cooperatives are desperately in need of strategies to strengthen their weakening economic condition and their self-confidence if they are to remain a viable force in agriculture" (Sobering, 1986, p. 10).

According to Sobering (1986), cooperatives had serious problems in three areas: purpose, principles and management.

Sobering states that "the primary purpose of a cooperative is to make a profit for its patrons or users of the cooperative" (p. 10). Profit is defined as one of the best measures any business has for measuring performance rather than as a negative term.

Principles are the second weakness because of the connotation that a principle is a truth or law. According to Blankertz (1940), the basic principles of cooperative sales associations are:

- a) Fulfillment of a fundamental economic need
- b) A sufficient volume of business
- c) Commodity specialization
- d) Membership restriction or selection
- e) Democratic control
- f) A well-informed membership
- g) Political and religious neutrality
- h) Patronage dividends
- i) Services at cost
- j) Efficient management
- k) Proper financing
- l) Control of marketing facilities
- m) Normal operations and normal risks (pp. 120-121)

In the past, equal prices for all farmers was applicable; however, today's individual transactions and annual volume have increased to the degree that it is not uncommon to see, according to Sobering, 10% of the farmers account for 50% of the farm supply business at most local cooperatives. "Equal is no longer equitable" is the issue he states. "Service at cost" is another principle that many feel is outdated. Ingalsbe (1986) suggested that service at cost does not imply equal treatment in pricing

and other business relations. Equal treatment among part-time operators and extremely large operators has never been "locked in," according to Ingalsbe, and it is not the principle that is at fault, but rather interpretation and practice. Ingalsbe reported that farmers purchase only 27 percent of their major supplies and market only 31 percent of their products through cooperatives; he concluded that this was due to interpretation and misunderstanding of cooperative principles.

Management is the third problem facing cooperatives according to Sobering (1986). Although many industries believe that people are an organization's most valuable resource, it is suggested that cooperatives do not hire from the upper half of college graduates, if college graduates at all. A winning team cannot be built when the competition has the best recruits and players.

Steele (1986) disputed the statement that agriculture and cooperatives are at a crossroads. "A decision for change of course is upon us" and it must lead us towards the goal in which cooperatives were created. That goal is "to establish and maintain our cooperative as modern, efficient, forward thinking business institutions to serve...farmers and agriculture in today's situations and tomorrow's future" (p. 4).

According to Schmiesing (1986), a cooperative principle is a statement of conditions or ideal values that

uniquely identify organizations as cooperatives. They establish boundaries in which the cooperative can pursue its organizational objectives. He stressed that cooperative principles cannot stand alone; they must be linked to both rules and discipline, with rules translating the principles into actions by establishing what is acceptable and discipline involving the legitimate sanctions that an individual is subject to for violation of a rule.

Operation or selling at cost has two basic problems according to Schmiesing: 1) In a competitive market, firms compete at least partially on price. The question is, if cooperative prices are break-even prices, then what will other firms do and who will benefit? Patron owners have equity capital invested in the cooperative and this capital has an opportunity cost that must be accounted for. 2) As with any business, a cooperative must generate a net savings (profit). Cooperatives need net savings for expansion, facility replacements, improvements, capital reserves for the bad years and retirement of equities. Schmiesing states that "these objectives cannot be accomplished with a break-even attitude" (p. 42).

These are some of the principles as related to management that confront cooperatives today. They must be looked at in order for structural changes of any kind to

occur; these principles are the basis on which the cooperative is founded.

Cooperative Structure and Restructure

Strickler (1986) compared the cooperative structure to that of a building in which a good foundation is a must. The three components of cooperative structure are its members, board of directors, and employees. The members can be thought of as the foundation; the board of directors as the supporting walls and framework; and the employees as the roof and siding. Strickler's point was that all must work and grow together and that each was dependent upon the others for strength and support.

Torgerson (1986) named five factors that drive cooperative structure. They are "farm structure, structure of competing firms, capitalization, the influence of technology and transportation on cost structure, and policy initiatives that determine the rules by which the business operates" (p. 52).

Hofstad (1987) identified the following strategies for structural change that would allow cooperatives to take a proactive stance in becoming more efficient and competitive businesses:

1. Separate economic issues from all other dimensions of the cooperative.
2. Reduce the destructive competition among cooperatives.

3. Maximize profit-oriented thinking.
4. Carefully and selectively develop value-added marketing options.
5. Concentrate on acquiring global trading skills.
6. Pursue growth and profit by acquisition or consolidation to achieve a competitive size.
7. Review structure and tradition for conflict with current sound business practices.
8. Evaluate and select cooperative boards of directors in terms of leadership, contributions, and effectiveness (pp. 5-6).

According to Harling (1985), cooperatives need to apply the same "success formula" as Chrysler and many other business institutions and that is: recognizing + adapting = success. Many cooperatives have recognized the restructuring that has occurred and have adapted to that restructuring. They have done this to maintain position in the marketplace. According to Harling, two factors must be looked at: downsizing of capacity and marketing. In downsizing, emphasis should be on the most profitable, the most efficient and the facilities that best meet the long-term needs of the members (not necessarily the biggest). Marketing by new business development and also through an improved marketing program has been suggested. Harling recognized the importance of using a different marketing approach to obtain large volume producers through equability rather than equality standards.

Torgerson (1987) expressed the importance of keeping cooperative distinctiveness and stressed the importance of adapting up-to-date cooperative philosophies, values and ways of doing business. A list of these strategies has been completed by Schwendiman at the University of Nebraska.

Allen (1987) stated that "change and the need to adapt to it are nothing new for agriculture," and that tough business decisions involving mergers, and closer coordination are needed to preserve the cooperative structure (p. 25).

Restructuring Due to Mergers,
Consolidations and Joint Ventures

What makes an agricultural company a leading supplier of agriculture products and services? According to the 1989 Annual Report, Cenex had net sales of \$1.365 billion in 1989. Land O' Lakes, Inc. also had net sales of \$2,377 million according to their Annual Report. These operations included feed, seed, agronomy, dairy foods and "other" categories. In 1986, a joint venture began between the two companies. Johnson (1987) of Cenex/Land O' Lakes Ag Services defined joint venture as "two or more companies pooling their resources and complimentary strengths to increase productivity and competitive standing in ways that could not be accomplished on their own" (p. 240).

According to Johnson, "change is the key in (their) cooperative system's ability to meet the changing farm needs"...and he added that "no industry has changed more than farming over the past five decades" (p. 237). In 1989, refinements were made to streamline the Cenex/Land O' Lakes partnership. Land O' Lakes sold its petroleum assets to Cenex and Cenex sold its feed and seed assets to Land O' Lakes. As written in the Land O' Lakes Annual Report, this transaction did not alter the cooperative's unified product and service marketing programs. "The goal for the 90's is to more efficiently link the production and marketing needs of full-time farmers with the business operations of local cooperatives and those of Cenex/Land O' Lakes" (p. 5). Through the joint ventures the companies are allowed to strengthen each other and at the same time operate independently.

In May of 1985, a restructuring occurred between Landmark, Inc. and the Ohio Farmers Grain and Supply Association to form a new regional cooperative called Countrymark. When Countrymark was only 4 months old, they purchased assets of AgraLand, which added 40 member cooperatives to the Countrymark system. According to Benschneider (1985), the consolidation enabled them to develop more comprehensive programs. With over a billion dollars in sales, they have a wider distribution and more weight in the marketplace.

Many mergers, consolidations and joint ventures are still being negotiated in the agricultural industry. They seem to have a basic goal in common and that is to combine strengths in order to increase productivity and market share. Johnson (1985) stated that cooperatives in the future will need to decrease in number due to the shrinking farm population, yet still grow in market share. According to Johnson, "consolidation will reduce needless competition, provide more efficiency through centralized management of larger operational units, and spread risk over a larger geographic area or additional product base (p. 258).

Cooperative Marketing Strategies and Statistics

Former Secretary of Agriculture Richard E. Lyng (1988) stated his view on the relationship between marketing and agriculture in the following quote:

"Successful marketing is vital to the retention and expansion of markets for U.S. agriculture products" (i).

Fogg (1986) defines marketing as "end-user oriented - it is the perspective of the actual customer" (p. 192).

The benefits of end-user marketing include:

1. Further processing adds value to the farmer's product and brings him a greater return.
2. Income risk is spread out as with the example of dairy farming where the profitability of processing and marketing does not rise and fall together.

3. A producer-controlled but marketing-oriented cooperative can establish programs that better protect the interests and well-being of the member.
4. As in the food business, it is the tail-end of the marketing chain that cracks the whip for all the rest of the chain. It is the food products selected and eaten that determines what gets planted and what the farmer can effectively sell. This is one of the basic laws of economics (p. 194).

President Herbert Hoover once stated his view on agriculture and the cooperative system:

"I see no way out for the American farmer except by cooperative marketing and the development of cooperative action."

Mackey and Hartley (1986) surveyed both farmers and managers in Oregon to see if agricultural supply cooperatives are meeting farmer needs. Overall conclusions were as follows:

1. Farmers, both member and non-member, are concerned with price and will sacrifice other things first. The exception to this is service. Good service is important to farmers.
2. Farmers feel strongly that the cooperatives should serve non-members and that both large and small non-members should be sought.
3. Farmers want good service and new technologies and feel that cooperatives provide them, though not necessarily better than proprietary firms.
4. Cooperatives are viewed as being similar to noncooperative businesses by farmers, yet managers disagreed.
5. Farmers feel cooperatives are not managed efficiently, yet managers disagree.

6. Cooperative principles are not too important to farmers.
7. Small farmers feel their needs are not met by the cooperatives but managers feel they are meeting them.
8. Farmers, for the most part, answer as a group. Age and farm size did not show a significant difference to responses except that younger farmers are more price and service oriented and older farmers are more loyal to cooperative principles (p. 224).

According to the study, managers and farmers gave significantly different responses to answers on several different questions. "These differences require further analyzation and research to determine why they exist, if changes do need to be made, and, if so, the best way to go about it" (p. 224).

Another study was done in Oregon by Burt and Wirth (1990). This questionnaire had the following concentration areas: price, membership, service, cooperative management, patronage refunds, returns to farmers and competitive environment.

In general, the findings indicated no significance due to farm size and perceptions and attitudes about farm supply cooperatives; nor was farm size a significant factor with respect to farmer patronage. Age of the producer was not generally significantly associated with attitudes or with purchasing habits. Similar conclusions as described in the Mackey and Hartley study were also observed among these concentrated farmers in Oregon.

Leibbrandt (1987) discussed a survey conducted by Iowa State University. Iowa farmers, in general, felt cooperatives were necessary and as important now as in the past. However, they still felt that cooperatives were not keeping up with their needs in terms of services, pricing, helping farmers survive, and measuring up to agribusinesses competing for the cooperative's business.

A study done by Stern, under the supervision of Anderson (1987), at Cornell University was to determine and evaluate factors contributing to adaptation and implementation of a successful marketing program in agricultural marketing cooperatives. Results showed that successful marketing cooperatives are highly market-oriented and their primary goal is long-term profitability. To accomplish this goal, the cooperatives have made large investments in market research, development of new products, plants, advertising and promotion, and people. Employing highly competent management and marketing people is another key to their success.

According to Anderson, cooperatives have the primary marketing advantages of strong brand names, superior technology, assured supply and good people. Disadvantages included difficulties in obtaining sufficient equity capital for growth, their relatively small size, and slowness of decision-making.

Seaman (1987) stated that with sales averaging between 75-100 million and servicing approximately 3,000 members, West Central Cooperation (WCC) divided farmers into three categories: the sundowner, the family farm and the commercial operator. These can be generalized by small, medium and large producers, respectively. According to Seaman, the small producer has the future potential to make up a majority of membership but contributes very little to volume. The middle-sized family farm is currently the mainstay of WCC but is expected to become the minority in the future. The third group, the commercial operator, is a large family farm requiring additional hired labor. It is the commercial operator that cooperatives must reach and sell to in order to remain able to serve the other two groups. "Equitable vs. equal" pricing must again be looked at. Volume discounts must be applied by the cooperative also for the hard and true reason that it is what other businesses are doing. Volume is needed from the commercial farm to keep cooperative costs per unit low and to build in the efficiencies necessary in the future (p. 230).

According to Richardson and the USDA, in Montana in 1985 there were 120 cooperatives with 44,764 memberships. These consisted of 356,290 (in thousands of dollars) in business volume. To say that the farm supply cooperative is not a valid entity in agribusiness today would be false. Through such things as marketing strategies, possible

re-evaluation of cooperative structure, and service based on producer needs, the farm supply cooperative will continue to serve agricultural producers in the state of Montana for years to come.

CHAPTER 3

RESULTS OF THE STUDY

The results of this study are presented in four sections: (1) demographic data, (2) producer reaction to services and pricing, (3) distribution of income and producer purchasing habits through the local farm supply cooperative, and (4) the relative importance of advertising methods to agricultural producers in three counties.

Demographic Data

A total of 217 Montana agricultural producers in Flathead, Gallatin and Pondera Counties were sent survey instruments. Of the 217 sent, 112 were returned, for a 52% return rate. Eight instruments were returned unanswered, not completed or due to deceased addressee and were not utilized in data analysis. The number of useable returns equals 104 for 47.92% useable return rate. The number, or "N" figure, may also vary per table and per county due to the variations in the number of participants who answered each question. The N-value is determined by response to each particular question. Percentages may not equal 100 due to rounding.

Agricultural producers from the three counties were both members and non-members of their local farm supply cooperative. As can be observed from Table 2, the majority of respondents (91 or 87.5%) were cooperative members. The county with the highest percent of cooperative members was Pondera with 93% (27). Flathead County had the second highest percent of members with 89% (31) and Gallatin County had 83% (33) of producers surveyed as cooperative members. Due to the small number of non-members, and the non-significance of data derived, data dealing with member/non-member response was not distinguished from one another at the county level. Data were only summarized in member and non-member categories for the total population section.

Table 2. Number of member and non-member responses and percentages for Flathead, Gallatin and Pondera Counties.

	Flathead		Gallatin		Pondera		Total Population	
	N	%	N	%	N	%	N	%
Member Responses	31	89	33	83	27	93	91	87.5
Non-member Responses	<u>4</u>	11	<u>7</u>	17	<u>2</u>	7	<u>13</u>	12.5
Total	35		40		29		104	

Age of producer was another variable used to describe the sample population. As shown in Table 3, 72% (26+46) of respondents in Flathead County were over 50 years of age and 60% (25+35) of respondents in Gallatin County were over 50 years old. The exception was Pondera County where only 31% (21+10) of the participants were 50 years of age or older. It can be noted that there is a fairly even population distribution for those participants 30 years of age and older. No responses were received from respondents 30 years and younger. Reasons for this could be that those under 30 years either chose not to respond or were not involved in cooperatives.

Table 3. Respondents' age and percentage of age for the counties of Flathead, Gallatin and Pondera.

Age	Flathead		Gallatin		Pondera		Total	
	N	%	N	%	N	%	N	%
< 30 years	0	0	0	0	0	0	0	0
30-39 years	5	14	6	15	10	34	21	20
40-49 years	5	14	10	25	10	34	25	24
50-59 years	9	26	10	25	6	21	25	24
60+ years	16	46	14	35	3	10	33	32

Overall, 56% (24+32) of the respondents were age 50 or over, and 44% (0+20+24) were less than 50 years of age. On

the average, the population was comprised of agricultural producers who are members of their local farm supply cooperative. The data verify that the population is one of older producers (50+ years), except in Pondera County where the majority, 68% (0+34+34), of producers were less than 50 years of age but which incidentally had the highest percent of cooperative members (93%) (Table 2).

Farm size in total acres of cropland currently being farmed or used for agriculture was a final variable used to describe the sample. Data displayed in Table 4 show farm size varied by county. Flathead County respondents reveal that 15 (10+5) individuals operated farms with acreages of 0 to 99 acres, representing 43% (28.57+14.29) of respondents. Thirteen (37.14%) of Flathead producers operated farms of 100-499 acres. Gallatin County data reveal 40% (16) respondents farming 100-499 acres and 22.5% (9) respondents farming 500-1,000 acres. Pondera County had the most (21) producers deriving income from over 1,000 acres. Total data show fairly even percentage by farm size with the exception of the 50-99 acre operations, which are represented by 4.85% (5), all in Flathead County.

Table 4. Number of acres and percent of cropland being farmed or used for agriculture to derive an income by respondents in Flathead, Gallatin and Pondera Counties.

Acres	Flathead N=35		Gallatin N=40		Pondera N=28		Total N=103	
	N	%	N	%	N	%	N	%
1) 0-49	10	28.57	9	22.50	1	3.57	20	19.42
2) 50-99	5	14.29	0	0.00	0	0.00	5	4.85
3) 100-499	13	37.14	16	40.00	1	3.57	30	29.13
4) 500-1,000	4	11.43	9	22.50	5	17.86	18	17.48
5) Over 1,000	3	<u>8.57</u>	6	<u>15.00</u>	21	<u>75.00</u>	30	<u>29.13</u>
		100.00		100.00		100.00		100.01

Services and Pricing

Agricultural producers were asked to respond to cooperative services offered in the areas of pricing, cooperative functions and staff or personnel. They were asked to choose from a selection utilizing the Likert-type scale with one (1) representing a response of "strongly disagree" and five (5) representing a "strongly agree" response. These responses are included in Table 5. Member and non-member replies were not reported at the county level due to the small number of non-member responses. However, a non-member/member breakdown was depicted for the total sample of respondents in Table 5. Interpretation of the Likert-type scale responses are as follows: a score

Table 5. Mean scores and standard deviation for cooperative pricing, functions and staff statements asked of producers by county.

	Total Population											
	Flathead		Gallatin		Pondera		Member		Non-member		Total	
	Mean ^a	STD	Mean ^a	STD	Mean ^a	STD	Mean ₁	STD ₁	Mean ₂	STD ₂	Mean ^a ₁	STD ₁
<u>Cooperative Pricing</u>												
1. It is better to have lower cooperative prices than good service.	2.78	1.12	2.42	1.03	1.89	.80	2.37	1.05	2.33	1.12	2.29	1.11
2. It is better to have lower cooperative prices than patronage refunds.	3.62	1.08	3.38	1.21	3.25	1.30	3.42	1.19	3.40	1.35	3.31	1.32
3. It is better to have lower cooperative prices than easy credit.	3.55	1.12	2.78	1.21	3.00	1.20	3.14	1.24	2.80	.92	3.00	1.32
4. Cooperative prices are lower than other farm supply businesses.	2.46	.85	2.60	1.03	2.28	.89	2.41	.93	2.85	.90	2.40	1.00
5. Cooperative members should patronize the cooperative even if prices are higher than at other businesses.	2.23	1.06	2.15	1.10	2.00	1.04	2.08	1.04	2.39	1.12	2.07	1.10
6. Prices should be the same regardless of volume or quantity purchased.	2.37	1.17	2.73	1.13	3.35	1.37	2.81	1.30	2.62	.96	2.70	1.32

Table 5. Continued.

	Total Population											
	Flathead		Gallatin		Pondera		Member		Non-member		Total	
	Mean ^a	STD	Mean ^a	STD	Mean ^a	STD	Mean ₁	STD ₁	Mean ₂	STD ₂	Mean ^a ₁	STD ₁
<u>Cooperative Staff & Functions</u>												
1. Cooperatives offer better service than competing businesses.	3.06	.87	2.82	.97	3.14	.92	2.99	.94	3.00	.82	2.91	1.03
2. Cooperatives could improve patronage with friendlier personnel.	3.20	1.02	3.00	.97	3.56	.99	3.31	1.01	2.62	.77	3.13	1.13
3. Cooperatives hire knowledgeable, well-trained personnel.	3.09	1.10	3.05	.90	3.28	1.25	3.08	1.10	3.54	.78	3.05	1.17
4. Cooperatives are instrumental in introducing new products and technology to producers.	3.27	1.08	3.18	.97	3.24	.99	3.21	1.03	3.31	.85	3.13	1.12
5. Cooperatives do not serve small farmers' needs adequately.	2.46	.78	2.43	.87	2.25	1.08	2.38	.95	2.39	.51	2.32	.97
6. Cooperatives should do more advertising to increase business.	3.14	.94	3.00	.78	2.72	.96	2.93	.92	3.15	.69	2.89	1.01

Mean₁ is member response.Mean₂ is non-member response.STD₁ = Member response.STD₂ = Non-member response.

Mean^a based on 5 = Strongly agree; 4 = Agree; 3 = Neither agree nor disagree; 2 = Disagree; 1 = Strongly disagree.

of 1-1.49 represents strong disagreement, 1.50-2.49 represents disagreement, 2.50-3.49 represents neither agree or disagree, 3.50-4.49 represents agreement, and 4.50-5.00 denotes strong agreement.

Cooperative Pricing

When asked if "cooperative members should patronize the cooperative even if prices are higher than at other businesses," as shown in Table 5, all county means reveal a disagreement with the statement. The county means varied from 2.00 to 2.23. Both non-members and members disagreed with the statement ($\bar{x}=2.39$, $\bar{x}=2.07$).

Variations among counties came when asked whether "it is better to have lower cooperative prices than easy credit." Flathead County data show a mean of 3.55, or agreement with the statement, while Gallatin County data show $\bar{x}=2.78$, which represents a neutral position. When asked if "lower prices are more important than good service," Pondera and Gallatin County respondents were in disagreement ($\bar{x}=1.89$, $\bar{x}=2.42$) with the statement, while Flathead County respondents took a more neutral stance ($\bar{x}=2.78$).

The standard deviation and mean scores between member and non-member views on pricing questions were close to one another. Non-members had a higher mean than members for four of the six questions. Non-members had a higher mean

when asked "if cooperative prices are more important than good service" ($\bar{x}=2.33$, disagree vs. $\bar{x}=2.29$, disagree), "if lower prices are more important than patronage refunds" ($\bar{x}=3.40$, neutral vs. $\bar{x}=3.31$, neutral), "if cooperative prices are lower than competing business prices" ($\bar{x}=2.85$, neutral vs. $\bar{x}=2.40$, disagree), and "if members should patronize their cooperative even if prices are higher than at competing businesses" ($\bar{x}=2.39$, disagree vs. $\bar{x}=2.07$, disagree). Members were in higher agreement when asked if it were better to have lower prices than easy credit ($\bar{x}=3.00$ vs. $\bar{x}=2.80$) and if prices should be the same regardless of volume or quantity purchased ($\bar{x}=2.70$ vs. $\bar{x}=2.62$). Overall, pricing averages were gathered about the median score of 3.00 with the means varying from 2.07 to 3.31.

Cooperative Staff and Functions

According to data presented in Table 5, the statement receiving a disagreement response by all three counties was that "cooperatives do not service small farmer's needs adequately" (Flathead $\bar{x}=2.46$; $\bar{x}$ =Gallatin $\bar{x}=2.43$; Pondera $\bar{x}=2.25$). All respondents took a neutral position ($\bar{x}=3.27$, $\bar{x}=3.18$, $\bar{x}=3.24$) to the statement that "cooperatives are instrumental in introducing new products and technology to producers." Pondera County respondents rated the following statements highest: "that cooperatives offer better service

than competing businesses," "could improve patronage with friendlier personnel," and tend to "hire knowledgeable, well-trained personnel" ($\bar{x}=3.14$, $\bar{x}=3.56$, $\bar{x}=3.28$ respectively). Gallatin County respondents remained neutral ($\bar{x}=2.82$ - $\bar{x}=3.18$) on most staff and cooperative function questions. However, they disagreed ($\bar{x}=2.43$) with the statement that "cooperatives do not service small farmer's needs adequately."

Differences between member and non-member responses were the greatest when asked "if cooperatives could improve patronage with friendlier personnel" and that "cooperatives tend to hire knowledgeable, well-trained personnel." Non-members ($\bar{x}=2.62$) and members ($\bar{x}=3.13$) were neutral about the statement that "cooperatives could improve patronage with friendlier personnel." Non-members agreed that "cooperatives hire knowledgeable, well-trained personnel" ($\bar{x}=3.54$), while members remained neutral ($\bar{x}=3.05$). According to the data in Table 5, non-members often rated statements higher than members when ranking cooperative staff and personnel.

Member and Non-member Response Based on Farm Size

When examining the responses of producers by non-member and member and comparing the questions on services and pricing while adding the variable of farm size based on gross farm sales some differences occurred. When

Table 6. Farm size based on gross farm sales by county.

Gross Farm Sales	Flathead N=34		Gallatin N=39		Pondera N=27		Total N=100	
	N	%	N	%	N	%	N	%
1) 0-\$9,999	10	29.41	7	17.95	1	3.70	18	18.00
2) \$10,000- \$19,999	8	23.53	6	15.38	0	0.00	14	14.00
3) \$20,000- \$39,999	2	5.88	5	12.82	1	3.70	8	8.00
4) \$40,000- \$99,999	4	11.76	7	17.95	5	18.52	16	16.00
5) Over \$100,000	10	<u>29.41</u>	14	<u>35.90</u>	20	<u>74.07</u>	44	<u>44.00</u>
		99.99		100.00		99.99		100.00

comparing non-member responses presented in Table 7 with the member responses displayed in Table 8, over 65% (16+41=57) of the member producers had a gross farm income over \$40,000 with 47% (41) of those producers having gross farm sales of \$100,000 and above. These data are also represented in Table 6, which shows data on farm size based on gross farm sales for each of the counties. According to data included in Table 7, non-members tended to be smaller-scale farmers with 9 respondents (69%) grossing less than \$20,000 in farm sales. Due to the small population of non-members, the data do not allow the researcher to make further generalizations among the non-member and member responses by county.

Table 7. Non-member responses to statements on cooperative pricing, functions and staff in relation to farm size, based on gross farm sales for the respondents of Flathead, Gallatin and Pondera Counties.

Statements	Farm Size Based on Gross Farm Sales									
	(5 cases) 0 to 9,999		(4 cases) 10,000-19,999		(1 case) 20,000-39,999		(0 cases) 40,000-99,999		(3 cases) Over 100,000	
	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD
<u>Cooperative Pricing</u>										
1. It is better to have lower cooperative prices than good service.	2.00	1.00	3.00	1.73	2.00	0.00			2.00	0.00
2. It is better to have lower cooperative prices than patronage refunds.	3.60	1.52	4.00	1.41	2.00	0.00			3.00	1.41
3. It is better to have lower cooperative prices than easy credit.	3.00	1.00	3.00	1.00	2.00	0.00			2.67	1.16
4. Cooperative prices are lower than other farm supply businesses.	2.80	.84	3.00	1.41	3.00	0.00			2.67	.58
5. Cooperative members should patronize the cooperative even if prices are higher than at other businesses.	2.40	1.52	2.50	1.00	2.00	0.00			2.33	1.16
6. Prices should be the same regardless of volume or quantity purchased.	2.40	.89	3.00	1.16	2.00	0.00			2.67	1.16

Table 7. Continued.

Statements	Farm Size Based on Gross Farm Sales									
	(5 cases) 0 to 9,999		(4 cases) 10,000-19,999		(1 case) 20,000-39,999		(0 cases) 40,000-99,999		(3 cases) Over 100,000	
	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD
<u>Cooperative Staff & Functions</u>										
1. Cooperatives offer better service than competing businesses.	2.60	.55	3.25	.96	3.00	0.00			3.33	1.16
2. Cooperatives could improve patronage with friendlier personnel.	2.80	.45	2.50	1.29	2.00	0.00			2.67	.58
3. Cooperatives hire knowledgeable, well-trained personnel.	3.40	.55	3.25	.96	4.00	0.00			4.00	1.00
4. Cooperatives are instrumental in introducing new products and technology to producers.	2.60	.89	3.75	.50	4.00	0.00			3.67	.58
5. Cooperatives do not serve small farmers' needs adequately.	2.80	.45	2.25	.50	2.00	0.00			2.00	0.00
6. Cooperatives should do more advertising to increase business.	3.20	.84	3.00	.82	3.00	0.00			3.33	.58

*Mean score rounded to nearest hundredth.

Table 8. Member responses to statements on cooperative pricing, functions and staff in relation to farm size, based on gross farm sales for the respondents of Flathead, Gallatin and Pondera Counties.

Statements	Farm Size Based on Gross Farm Sales									
	(13 cases) 0 to 9,999		(10 cases) 10,000-19,999		(7 cases) 20,000-39,999		(16 cases) 40,000-99,999		(41 cases) Over 100,000	
	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD
<u>Cooperative Pricing</u>										
1. It is better to have lower cooperative prices than good service.	3.13	1.36	2.00	.71	2.67	.82	2.33	.90	2.19	1.08
2. It is better to have lower cooperative prices than patronage refunds.	3.63	1.41	3.70	1.25	3.57	.98	3.13	1.25	3.36	1.22
3. It is better to have lower cooperative prices than easy credit.	3.00	1.00	3.44	1.51	3.83	1.17	3.13	1.31	3.00	1.26
4. Cooperative prices are lower than other farm supply businesses.	2.85	.99	2.10	.74	1.71	.95	2.69	.79	2.34	.96
5. Cooperative members should patronize the cooperative even if prices are higher than at other businesses.	2.31	.95	2.60	1.51	1.57	.53	1.88	.81	2.02	1.04
6. Prices should be the same regardless of volume or quantity purchased.	2.77	1.01	2.90	1.52	2.71	1.38	2.75	1.29	2.73	1.36

Table 8. Continued.

Statements	Farm Size Based on Gross Farm Sales									
	(13 cases) 0 to 9,999		(10 cases) 10,000-19,999		(7 cases) 20,000-39,999		(16 cases) 40,000-99,999		(41 cases) Over 100,000	
	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD	Mean*	STD
<u>Cooperative Staff & Functions</u>										
1. Cooperatives offer better service than competing businesses.	3.31	.63	3.10	.88	3.00	.89	3.13	.62	2.83	1.14
2. Cooperatives could improve patronage with friendlier personnel.	2.92	.86	3.60	.97	3.00	.63	3.12	1.09	3.46	1.10
3. Cooperatives hire knowledgeable, well-trained personnel.	3.62	.87	2.90	.88	2.86	.69	3.25	1.00	2.95	1.24
4. Cooperatives are instrumental in introducing new products and technology to producers.	3.23	.93	3.60	1.08	3.43	.79	3.56	.89	2.98	1.10
5. Cooperatives do not serve small farmers' needs adequately.	2.42	1.08	2.20	.64	2.57	1.51	2.33	.62	2.34	1.02
6. Cooperatives should do more advertising to increase business.	3.31	.95	3.20	.92	3.14	.90	2.88	.72	2.76	1.00

*Mean score rounded to nearest hundredth.

According to data presented in Table 7, non-members grossing less than \$20,000 were in agreement that "cooperative prices are more important than patronage refunds" ($\bar{x}=3.60$ and $\bar{x}=4.00$). The three non-members grossing \$100,000 and above reported high means ($\bar{x}=4.00$ and $\bar{x}=3.67$ respectively) to the statements that "cooperatives hire knowledgeable, well-trained personnel" and that "cooperatives are instrumental in introducing new products and technology to local farmers." Many non-member responses were neutral ($\bar{x}=3.49$ - $\bar{x}=2.50$).

According to data presented in Table 8, those member producers grossing \$100,000 and above felt strongest ($\bar{x}=3.46$) about the statement that "cooperatives would be improved with friendlier personnel" and members disagree ($\bar{x}=2.02$) that "cooperative members should patronize their cooperatives even if they must pay higher prices." Those member producers who gross \$40,000 to \$99,999 agreed ($\bar{x}=3.56$) that "cooperatives are instrumental in introducing new products and technology to local farmers" and disagreed ($\bar{x}=1.88$) that "cooperative members should patronize the cooperative even if prices are higher than at competing businesses."

Member producers whose income varied from 0 to \$39,999 agreed ($\bar{x}=3.63$, $\bar{x}=3.70$, $\bar{x}=3.57$) with the statement "it is better to have lower cooperative prices than patronage refunds," according to data in Table 8. Member producers

whose income ranged from \$20,000-\$39,999 disagreed with the statements that "prices at the cooperatives are lower than at competing businesses" ($\bar{x}=1.71$) and that "cooperative members should patronize the cooperative even if they must pay higher prices" ($\bar{x}=1.57$). Disagreement with the statement that "cooperatives do not serve small farmer's needs adequately" was revealed by data from all respondents ($\bar{x}=2.42$, $\bar{x}=2.20$, $\bar{x}=2.33$), except those with income between \$20,000-\$39,999 ($\bar{x}=2.57$).

Distribution of Income and Producer Purchasing Habits

Based on gross income, agricultural producers were asked to indicate the percent of income derived from livestock, wheat and barley, and "other" crops. They were also asked to indicate the total amount of feed, fertilizer, fuel and other equipment and supplies that they purchased through their local farm supply cooperative.

Distribution of Income

Of the counties listed, the data in Table 9 show that Gallatin County has the largest percentage (27.5%) of respondents deriving 75% or more of their income from livestock based on gross farm sales. The lowest percentage of income derived from livestock was in Pondera County where 35.71% (10) of the respondents receive 0% of their income from livestock sales. This is followed closely by

Flathead County respondents who report that 34.29% (12) derive 0% income from livestock. Overall, 53.4% (31.07+22.33) of the respondents derive 24% or less of their gross farm income from livestock sales.

Table 9. Respondents' income from livestock based on gross farm sales in Flathead, Gallatin and Pondera Counties.

Percent of Income	Flathead N=35		Gallatin N=40		Pondera N=28		Total N=103	
	N	%	N	%	N	%	N	%
1) 0	12	34.29	10	25.00	10	35.71	32	31.07
2) 1-24	7	20.00	7	17.50	9	32.14	23	22.33
3) 25-49	3	8.57	5	12.50	7	25.00	15	14.56
4) 50-74	6	17.14	7	17.50	1	3.57	14	13.59
5) 75+	7	<u>20.00</u>	11	<u>27.50</u>	1	<u>3.57</u>	19	<u>18.45</u>
		100.00		100.00		99.99		100.00

Data displayed in Table 10 show that 60.71% (20) of Pondera County respondents receive 75% or greater gross income from wheat and barley sales. Flathead County data show 54.29% (19) of respondents receive 0% of their income from these cereal grain crops while Gallatin County is close behind with 46.15% (18) of respondents earning 0% income from wheat and barley sales.

Table 10. Respondents' income from wheat and barley based on gross farm sales in Flathead, Gallatin and Pondera Counties.

Percent of Income	Flathead N=35		Gallatin N=39		Pondera N=28		Total N=102	
	N	%	N	%	N	%	N	%
1) 0	19	54.29	18	46.15	2	7.14	39	38.24
2) 1-24	8	22.86	7	17.95	0	0.00	15	14.71
3) 25-49	2	5.71	10	25.64	2	7.14	14	13.73
4) 50-74	5	14.29	2	5.13	7	25.00	14	13.73
5) 75+	1	<u>2.86</u>	2	<u>5.13</u>	17	<u>60.71</u>	20	<u>19.61</u>
		100.01		100.00		99.99		100.02

Upon examination of the data displayed in Table 11, it can be ascertained that over 75% (42.27+32.99) of all

Table 11. Respondents' income from other crop sources based on gross farm sales in Flathead, Gallatin and Pondera Counties.

Percent of Income	Flathead N=33		Gallatin N=38		Pondera N=26		Total N=97	
	N	%	N	%	N	%	N	%
1) 0	11	33.33	14	36.84	16	61.54	41	42.27
2) 1-24	13	39.39	10	26.32	9	34.62	32	32.99
3) 25-49	5	15.15	6	15.79	1	3.85	12	12.37
4) 50-74	1	3.03	5	13.16	0	0.00	6	6.19
5) 75+	3	<u>9.09</u>	3	<u>7.89</u>	0	<u>0.00</u>	6	<u>6.19</u>
		99.99		100.00		100.01		100.01

respondents derive 25% or less from "other" crops, based on gross farm sales. A total of 12.38% (6.19+6.19) of producer respondents gain 50% or more income from these other crops. A listing of these sources, by county, can be found in Appendix C.

Data arrayed in Table 12 show that 52.88% (25.96+26.92) of respondents earn less than 25% of their income from non-farm sources. Further review of the data shows that 25.96% (11.54+14.42) of respondents earn 25% to 75% from non-farm sources while 21.15% (22) of those surveyed earn 75% or more of their household income from non-farm sources.

Table 12. Respondents' income that is derived from non-farm sources for Flathead, Gallatin and Pondera Counties.

Percent of Income	Flathead N=35		Gallatin N=40		Pondera N=29		Total N=104	
	N	%	N	%	N	%	N	%
1) 0	7	20.00	11	27.50	9	31.03	27	25.96
2) 1-24	4	11.43	10	25.00	14	48.28	28	26.92
3) 25-49	4	11.43	5	12.50	3	10.34	12	11.54
4) 50-74	8	22.86	6	15.00	1	3.45	15	14.42
5) 75+	12	<u>34.29</u>	8	<u>20.00</u>	2	<u>6.90</u>	22	<u>21.15</u>
		100.01		100.00		100.00		99.99

Of the counties represented, Pondera respondents earn the least from non-farm sources with 79.31% (31.03+48.28)

respondents indicating that less than 25% of their income was from non-farm sources. Gallatin County data show 52.5% (29.5+25.00) of the respondents earned less than 25% of their income from non-farm sources. The exception to this was Flathead County where 57.15% (22.86+34.29) of the respondents earned over 50% of their income from non-farm sources.

The data recorded in Table 13 show that of the feed purchased for livestock, over 80% (52.94+27.45) of the respondents purchase less than 25% through the local farm supply cooperative. The county with the highest response to feed purchased through the local farm supply cooperative was Flathead County where 7 respondents or 21.21% purchased

Table 13. Percent of total livestock feed purchased by respondents through the local farm supply cooperative in Flathead, Gallatin and Pondera Counties.

% Purchased Through Co-op	Flathead N=33		Gallatin N=40		Pondera N=29		Total N=102	
	N	%	N	%	N	%	N	%
1) 0	16	48.48	23	57.50	15	51.72	54	52.94
2) 1-24	7	21.21	11	27.50	10	34.48	28	27.45
3) 25-49	3	9.09	1	2.50	1	3.45	5	4.90
4) 50-74	0	0.00	3	7.50	1	3.45	4	3.92
5) 75+	7	<u>21.21</u>	2	<u>5.00</u>	2	<u>6.90</u>	11	<u>10.78</u>
		99.99		100.00		100.00		99.99

75% or more of their feed from the cooperative. It was noted that Gallatin County had the highest livestock sales, yet only 5 (3+2) or 12.5% (7.5+5) purchased over 50% of their feed from the cooperative.

Upon examination of the data in Table 14, the percent of total fertilizer purchased through the local farm supply cooperative varied. Nearly 50% (49.51%) of total producers purchased 75% of their fertilizer through the cooperative. The leading county was Flathead County where 23 respondents or 67.65% purchased over 75% of their fertilizer through the local farm supply cooperative. Fifty-one percent (51.72%) of Pondera County respondents and 32.5% of Gallatin County respondents purchased over 75% of fertilizer through

Table 14. Percent of total fertilizer purchased by respondents through the local farm supply cooperative in Flathead, Gallatin and Pondera Counties.

% Purchased Through Co-op	Flathead N=34		Gallatin N=40		Pondera N=29		Total N=103	
	N	%	N	%	N	%	N	%
1) 0	5	14.71	16	40.00	6	20.69	27	26.21
2) 1-24	4	11.76	6	15.00	4	13.79	14	13.59
3) 25-49	0	0.00	2	5.00	2	6.90	4	3.88
4) 50-74	2	5.88	3	7.50	2	6.90	7	6.80
5) 75+	23	<u>67.65</u>	13	<u>32.50</u>	15	<u>51.72</u>	51	<u>49.51</u>
		100.00		100.00		100.00		99.99

the cooperative. Forty percent (16) of Gallatin County respondents purchased 0% of their fertilizer through the cooperative.

When asked what percent of total fuel purchased was obtained through the local farm supply cooperative, 47.57% (49) of respondents indicated they purchased 75% or greater through the cooperative. These results are displayed in Table 15. The county with the highest response rate was Pondera where 68.97% (20) of respondents purchased 75% or more of their fuel through the cooperative. Pondera County data also displayed the lowest number of producers purchasing 0% fuel through the cooperative with only 3 respondents, or 10.34%, making that selection. Flathead and Gallatin Counties had 41.18% and 37.5%, respectively,

Table 15. Percent of total fuel purchased by respondents through the local farm supply cooperative in Flathead, Gallatin and Pondera Counties.

% Purchased Through Co-op	Flathead N=34		Gallatin N=40		Pondera N=29		Total N=103	
	N	%	N	%	N	%	N	%
1) 0	9	26.47	13	32.50	3	10.34	25	24.27
2) 1-24	5	14.71	4	10.00	3	10.34	12	11.65
3) 25-49	1	2.94	3	7.50	3	10.34	7	6.80
4) 50-74	5	14.71	5	12.50	0	0.00	10	9.71
5) 75+	14	<u>41.18</u>	15	<u>37.50</u>	20	<u>68.97</u>	49	<u>47.57</u>
		100.00		100.00		99.99		100.00

of respondents purchasing over 75% of their fuel through the local farm supply cooperative.

As shown in Table 16, 63.10% (4.85+58.25) of respondents said they purchased less than 25% of other equipment and supplies through their local farm supply cooperative. Pondera County had the highest response, although not a very significant number, with 13.79% (4) of participants stating they purchased over 75% of their equipment and supplies through the local farm supply cooperative. Seventy-five percent (30) of Gallatin County respondents purchased 1-24% of their equipment and supplies through the local farm supply cooperative.

Table 16. Percent of other equipment and supplies purchased by respondents through the local farm supply cooperative in Flathead, Gallatin and Pondera Counties.

% Purchased Through Co-op	Flathead N=34		Gallatin N=40		Pondera N=29		Total N=103	
	N	%	N	%	N	%	N	%
1) 0	2	5.88	2	5.00	1	3.45	5	4.85
2) 1-24	19	55.88	30	75.00	11	37.93	60	58.25
3) 25-49	6	17.65	6	15.00	6	20.69	18	17.48
4) 50-74	4	11.76	2	5.00	7	24.14	13	12.62
5) 75+	3	<u>8.82</u>	0	<u>0.00</u>	4	<u>13.79</u>	7	<u>6.80</u>
		99.99		100.00		100.00		100.00

Producer Purchasing Habits

Agricultural producers were asked how often they frequented their local farm supply cooperative: 1-2 times per week, 3-4 times per week, 5-6 times per week, 1-2 times per month, less than once a month or "other." The data presented in Table 17 show that 40.38% of producers (33.65+6.73) frequented their local farm supply cooperative 1-2 times per month. Data also show that 58.62% (17) of producers in Pondera County visited the cooperative 1-2 times per week, 31.43% (11) of respondents in Flathead County frequent the cooperative 1-2 times a week and 17.5%

Table 17. Frequency of visits by respondents to the local farm supply cooperative for Flathead, Gallatin and Pondera Counties.

Frequency of Visits	Flathead N=35		Gallatin N=40		Pondera N=29		Total N=104	
	N	%	N	%	N	%	N	%
1) 1-2 times per week	11	31.43	7	17.50	17	58.62	35	33.65
2) 3-4 times per week	3	8.57	1	2.50	3	10.34	7	6.73
3) 5-6 times per week	0	0.00	0	0.00	2	6.90	2	1.92
4) 1-2 times per month	18	51.43	18	45.00	6	20.69	42	40.38
5) < once per month	2	5.71	12	30.00	1	3.45	15	14.42
6) Other	1	<u>2.86</u>	2	<u>5.00</u>	0	<u>0.00</u>	3	<u>2.89</u>
		100.00		100.00		100.00		99.99

(7) of producers in Gallatin County visited 1-2 times per week. Without further data, the researcher cannot make inference as to why the differences between counties.

When asked how many contacts for price quotes on major farm supplies and equipment the producers made to various farm supply businesses, 83.33% (85) of respondents said they contacted 2-4 dealers (Table 18). As depicted in Table 18, no respondents made over 10 contacts, and only one (1) respondent contacted 8-10 dealers for price quotes. Ten (9.8%) producers contacted only one dealer for price quotes, while 6 (5.88%) of the respondents said they contacted 5-7 dealers.

Table 18. Number of contacts for price quotes on major farm supplies and equipment by county respondents.

Number of Dealers Contacted	Flathead N=34		Gallatin N=39		Pondera N=29		Total N=102	
	N	%	N	%	N	%	N	%
1) 1	6	17.65	1	2.56	3	10.34	10	9.80
2) 2-4	27	79.41	34	87.18	24	82.76	85	83.33
3) 5-7	1	2.94	3	7.69	2	6.90	6	5.88
4) 8-10	0	0.00	1	2.56	0	0.00	1	.98
5) > 10	0	<u>0.00</u>	0	<u>0.00</u>	0	<u>0.00</u>	0	<u>0.00</u>
	100.00		99.99		100.00		99.99	

Importance of Advertising Methods to Producers

Respondents were asked to indicate how they found out about new products, sales and services from their local farm supply cooperative, and they were asked to rank their five top choices by order of importance. Finally, participants were asked to check those advertising methods that were not currently being used, to their knowledge, that they would like to see used by their local farm supply cooperative.

The first question listed twelve advertising methods that could be used to inform producers of new products, sales and services and asked the participants to check as many of those methods as applied. There were no limits set to the number of responses a participant could select, therefore, the N-values varies for each county and for the total population. These responses are arrayed in Table 19.

Responses varied by county as to how producers found out about new products, sales and services through their local farm supply cooperative, however, the number one response was by a visit to the store. As seen in Table 19, 74.53% or 79 respondents felt by visiting the store, they found out about new products, sales and services. Other popular responses were (a) word-of-mouth (52.83%),

Table 19. Frequency of responses to how respondents found out about new products, sales and services from their local farm supply cooperatives in Flathead, Gallatin and Pondera Counties.

Advertising Source	Flathead N=37		Gallatin N=40		Pondera N=29		Total N=106	
	N	%	N	%	N	%	N	%
Visit to store	27	72.97	29	72.50	23	79.31	79	74.53
Word-of-mouth	21	56.76	17	42.50	18	62.07	56	52.83
Direct newsletter	18	48.65	14	35.00	20	68.97	52	49.06
Advertising circular	12	32.43	24	60.00	13	44.83	49	46.23
Newspaper ad	10	27.03	20	50.00	11	37.93	41	38.68
Radio	9	24.32	12	30.00	12	41.38	33	31.13
Direct call by sales staff	7	18.92	9	22.50	8	27.59	24	22.64
Magazines	7	18.92	7	17.50	6	20.69	20	18.87
Booth at fair or trade show	6	16.22	8	20.00	2	6.90	16	15.10
Television	1	2.70	6	15.00	3	10.34	10	9.43
Scheduled field rep. visit	3	8.11	1	2.50	3	10.34	7	6.60
Other	2	5.41	0	0.00	1	3.45	3	2.83

(b) direct newsletter (49.06%), (c) advertising circular (46.23%), and (d) newspaper ad (38.68%). Radio, television and magazines were less popular (31.13, 9.43, 18.87). Data show 24 participants (22.64%) chose a direct call by sales staff, 15.10% (16) selected a booth at the fair or trade show, and 6.60% (7) chose a scheduled visit by a field representative as a way of finding out about new products, sales and services. Three producers wrote in "other" preferred methods of advertising and their comments can be seen in Appendix C.

Of the twelve advertising methods listed in Table 19, agricultural producers in each of the three counties were then asked to rank their five top choices by order of importance. Upon examination of the data in Tables 20-22, the lower the mean score, the more important the advertising method to respondents. However, frequency must be looked at as well as mean score. For example, only two responses were chosen for #12, "other," as shown in Table 20 for Flathead County responses. Although those two responses were second choice, they produced a mean score of 2.0, a very low and therefore significantly important number. Of those who chose #12, it was important enough to rank second place, however, not many respondents made this selection therefore the frequency of response must be taken into account. In Table 20, direct newsletter had the highest

Table 20. Frequency of responses to the five most popular advertising methods for Flathead County.

Advertising Method	Number of Responses					Total	
	1st N=30	2nd N=37	3rd N=25	4th N=20	5th N=18	Frequency N=120	Mean
Direct newsletter	6	9	5	0	2	22	2.22
Visit to store	5	2	5	4	0	16	2.50
Word-of-mouth	2	5	4	1	1	13	2.54
Newspaper ad	2	6	2	1	2	13	2.61
Radio	4	0	1	4	3	12	3.17
Advertising circular	3	1	5	1	2	12	2.83
Direct call by sales staff	2	2	1	4	1	10	3.00
Scheduled field rep. visit	2	0	0	2	2	6	3.33
Magazines	2	0	0	2	2	6	3.33
Television	2	0	1	0	1	4	2.50
Booth at fair or trade show	0	0	1	1	2	4	4.25
Other	0	2	0	0	0	2	2.00

Table 21. Frequency of responses to the five most popular advertising methods for Gallatin County.

Advertising Method	Number of Responses					Total	
	1st N=37	2nd N=35	3rd N=33	4th N=29	5th N=27	Frequency N=161	Mean
Advertising circular	7	6	5	6	3	27	2.70
Visit to store	6	8	6	2	0	22	2.18
Direct newsletter	8	1	2	5	3	19	2.68
Newspaper ad	5	6	1	1	5	18	2.72
Word-of-mouth	2	4	6	1	5	18	3.17
Radio	4	4	2	7	0	17	2.71
Magazines	1	3	2	3	2	11	3.18
Television	0	3	4	1	3	11	3.36
Direct call by sales staff	3	0	3	2	1	9	2.78
Booth at fair or trade show	0	0	2	1	4	7	4.29
Scheduled field rep. visit	1	0	0	0	1	2	3.00
Other	0	0	0	0	0	0	0.00

Table 22. Frequency of responses to the five most popular advertising methods for Pondera County.

Advertising Method	Number of Responses					Total	
	1st N=37	2nd N=35	3rd N=33	4th N=29	5th N=27	Frequency N=161	Mean
Direct newsletter	14	2	0	2	2	20	1.80
Visit to store	1	8	3	3	4	19	3.05
Advertising circular	1	3	6	4	1	15	3.07
Newspaper ad	1	3	5	2	2	13	3.08
Word-of-mouth	1	1	2	4	3	11	3.64
Direct call by sales staff	3	2	1	2	2	10	2.80
Radio	3	2	3	1	0	9	2.22
Magazines	1	2	3	0	1	7	2.71
Scheduled field rep. visit	3	0	0	2	0	5	2.20
Booth at fair or trade show	0	2	1	0	0	3	2.33
Television	1	0	0	1	0	2	2.50
Other	0	0	0	0	0	0	0.00

frequency of response with 22 participants choosing it as one of the five top responses. The mean score for direct newsletter is 2.22 which is the second lowest score and therefore a significantly important selection when taking into account the high frequency score that accompanies it.

Mean scores can also be used to distinguish between a tie in frequency count such as is the case with word-of-mouth and newspaper ad, both found in Table 20 for Flathead County. As depicted in the table, newspaper ad is slightly more popular than word-of-mouth, although both received 13 responses, due to the frequency of rating resulting in a mean score 2.61 and 2.54 respectively.

A review of data presented in Table 21 show that Gallatin County respondents (27) chose advertising circulars as the most popular response and 22 selected a visit to the store as the second most popular response. Pondera County participants, as shown in Table 22, chose direct newsletter as their most popular choice with a frequency of 20 and visit to the store as their second choice with a frequency of 19.

Overall, the ways in which producers found out about new products, sales and services can be concluded from data in Table 23. The top choices are as follows: direct newsletter (61), visit to store (57), advertising circular (54), newspaper ad (44) and word-of-mouth (42). These results were fairly consistent with individual county choices.

Table 23. Total frequency of responses for the five most popular advertising methods in Flathead, Gallatin and Pondera Counties.

Advertising Methods	Flathead N=120		Gallatin N=161		Pondera N=114		Total N=395	
	Freq.	$\bar{x}$	Freq.	$\bar{x}$	Freq.	$\bar{x}$	Freq.	$\bar{x}$
Direct newsletter	22	2.22	19	2.68	20	1.80	61	2.23
Visit to store	16	2.50	22	2.18	19	3.05	57	2.58
Advertising circular	12	2.83	27	2.70	15	3.07	54	2.87
Newspaper ad	13	2.61	18	2.72	13	3.08	44	2.80
Word-of-mouth	13	2.54	18	3.17	11	3.64	42	3.12
Radio	12	3.17	17	2.71	9	2.22	38	2.29
Direct call by sales staff	10	3.00	9	2.78	10	2.80	29	2.86
Magazines	6	3.33	11	3.18	7	2.71	24	3.07
Television	4	2.50	11	3.36	2	2.50	17	2.79
Booth at fair or trade show	4	4.25	7	4.29	3	2.33	14	3.62
Scheduled field rep. visit	6	3.33	2	3.00	5	2.20	13	2.84
Other	2	2.00	0	0.00	0	0.00	2	.66

In response to those methods of advertising that producers felt were not currently being used by their local farm supply cooperative that they would like to see being used, 23.96% (23) of the respondents indicated direct calls by sales staff as their number one choice (Table 24). As shown by the data in Table 19, 22.64% responded that they found out about new products, sales and service by direct sales calls. Upon further examination of the data in Table 24, 17.71% of respondents are not receiving and would like a scheduled visit by a field representative, which coincides with only 6.60% currently receiving this service (Table 19). Data displayed in Table 24 show that 14.58% of respondents would like to be receiving a newspaper ad and are currently not, 13.54% are not currently receiving a direct newsletter and would like to be, and 12.5% chose radio as a method that was not currently being used for advertising but that they would like to see used.

A review of the data in Table 24 shows that 21.74% (5) Gallatin County respondents would like more radio advertising as well as more direct newsletter advertising. Ten Flathead County respondents favored a direct call by sales staff (20.5%) and 8 respondents requested advertising by newspaper ad (22.86%) as their most preferred advertising method. Pondera County followed suit with their highest request being a direct call by sales staff (26.32% or 10) and their second choice, a scheduled visit

Table 24. Response to advertising methods not currently being used that respondents would like to see used by their local farm supply cooperative in Flathead, Gallatin and Pondera Counties.

Advertising Source	Flathead N=35		Gallatin N=23		Pondera N=38		Cooperative Total N=96	
	N	%	N	%	N	%	N	%
Direct call by sales staff	10	28.57	3	13.04	10	26.32	23	23.96
Scheduled field rep. visit	7	20.00	3	13.04	7	18.42	17	17.71
Newspaper ad	8	22.86	3	13.04	3	7.89	14	14.58
Direct newsletter	5	14.29	5	21.74	3	7.89	13	13.54
Radio	3	8.57	5	21.74	4	10.53	12	12.50
Magazines	2	5.71	3	13.04	4	10.53	9	9.38
Booth at fair or trade show	0	0.00	1	4.35	6	15.79	7	7.29
Other	0	0.00	0	0.00	1	2.63	1	1.04
Advertising circular	0	0.00	0	0.00	0	0.00	0	0.00

by field representative (18.42% or 7). Again, the researcher cannot determine from the data if these methods of advertising are currently being used, but the data does verify an interest by agricultural producers that they receive these services from their local farm supply cooperative.

Upon concluding the questionnaire, respondents were given the opportunity to list any product or service that their local farm supply cooperative was not providing that they felt should be provided and indicate what would encourage them to increase patronage at their local farm supply cooperative. Responses are listed in Appendix C. The researcher's analysis reveals that lower, more competitive prices was a consistent response to the question, "What would encourage increased patronage at the local farm supply cooperative?" Comments vary from "friendlier staff" to "more money back" to "they serve my needs," all dependent upon the county. The researcher makes no further generalizations from the data.

CHAPTER 4

CONCLUSIONS, IMPLICATIONS, RECOMMENDATIONS AND SUMMARY

The purpose of this study was to determine the perceptions of current agricultural member and non-member producers toward the services offered by Montana farm supply cooperatives in three counties and provide necessary information for managers to target producer markets. Objectives of the study were to determine the importance of farm supply cooperative services to members and non-members; to determine the impact of farm size, based on gross farm sales, on the attitudes of members and non-members toward services provided by the local farm supply cooperative; and to determine the effectiveness of different methods of advertising used by farm supply cooperatives to members and non-members.

Data for this study were gathered by a mailed questionnaire sent to ten (10) percent of the agricultural producers in each of three (3) counties: Flathead, Gallatin and Pondera. Of the 217 surveys sent, 112 were returned for an approximately 52% response rate. Data were gathered in four areas: (1) demographics, (2) sales and service (cooperative functions and pricing), (3) advertising

methods, and (4) purchasing habits and distribution of income.

Based on data analysis, the following conclusions have been drawn:

1. A large majority (85%) of respondents in these counties were members of cooperatives. This is similar to what Mackey and Hartley (1987) reported.
2. Young people, under the age of 30 years, appear not to be utilizing the local farm supply cooperative.
3. Data show fairly even distribution by farm size, with the exception of the 50-99 acre operations which had only a small percent (4.85% or 5) and all in one county (Flathead). There were no noticeable differences by farm size based on gross farm sales and producers' perceptions of services offered by the local farm supply cooperative. This is similar to what was found by Burt and Wirth (1990) and Mackey and Hartley (1986) in studies done in Oregon when comparing farm size and producer perception.
4. Non-members tended to be more positive towards services and pricing than members.
5. Cooperatives handled a majority of fuel and fertilizer sales but much less livestock feed and other equipment even in those areas displaying high volume potential.
6. Cooperatives were introducing consumers to new products and services offered by (a) visit to store,

(b) word of mouth, (c) direct newsletter, (d) advertizing circular, and (e) newspaper advertisements. However, at this time cooperatives are not viewed as being instrumental in introducing new products and technology.

7. According to respondents in Flathead, Gallatin and Pondera Counties, cooperatives need to increase (a) direct calls by sales staff, (b) scheduled visits by field representatives, (c) newspaper advertisements, (d) direct newsletters, and (e) radio.
8. Respondents were price conscious and do shop around for the best deals. Produce prices were viewed as more important than patronage refunds.

Implications

The following implications are offered as a result of this study:

1. Cooperatives need to become more consumer conscious and more personalized.
2. It appears that younger people, under the age of 30 years, were not cooperative oriented. This implies a need for more cooperative education training.
3. It appears that cooperative members would like to be treated more personally.

Recommendations

As a result of this study, the following recommendations are offered for cooperatives serving similar audiences in Montana.

1. The cooperative board of directors should assign the general manager or a specific person to assume the leadership role in incorporating any needed changes to better meet producer needs in areas of advertising, sales and service.
2. The "Plan of Action" to be developed by the person assuming the leadership role should include a situational analysis and a continual method of evaluation. As a result of this, customer service, sales and promotional workshops should be initiated for cooperative personnel followed by an incentive program.
3. To create a stronger, more united cooperative structure smaller local cooperatives should work together with larger, successful cooperatives to find those advertising methods and sales and service to best meet producers needs for their areas. Tours or training seminars should be set up.
4. Cooperative education programs should be conducted by public education institutions, cooperatives and

industry targeting people working in agriculture, especially younger individuals.

Recommendations for Further Study

1. Research should be conducted on a larger group of non-members to better understand their perceptions and use of their local farm supply cooperative.
2. Research should be conducted among younger agriculture producers in each county to determine perceptions toward the local farm supply cooperative.
3. Research should be conducted among cooperatives of smaller size and scale to see differences in advertising methods and agricultural producers within the more rural areas.

Summary

The data from this study reveal the perceptions of agricultural producers in Flathead, Gallatin and Pondera Counties towards the services offered by their local farm supply cooperative as well as the most effective advertising methods. The data show that there are areas where change should be implemented.

The information contained in this study will be useful to cooperative managers for planning and implementation of change within the cooperative system. This study will assist universities and colleges when planning workshops

and educational programs and will help local cooperatives better target the needs of their customers.

This study reveals the perceptions of respondents towards services offered by the local farm supply cooperative and can be used as a guideline for change. Further study of the producers by trade area would be beneficial to determine which, if any, changes need to be made. If change is necessary, managers should realize that it is a process that occurs over time and must be updated regularly to meet a changing society. Once this fact is accepted, managers can begin to make change an integral part of decision making.

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APPENDICES

APPENDIX A
COVER LETTERS



Department of Agricultural and Technology Education

Cheever Hall
Montana State University
Bozeman, Montana 59717
406-994-3201 or 994-3691

May 3, 1991

Dear Agricultural Producer:

As a graduate student in Agricultural Education at Montana State University, I am conducting a study to determine agriculture producers' attitudes and perceptions toward their local farm supply cooperative. Realizing that the busy season is already upon us, I hope you will be able to take 10-15 minutes to complete and return the enclosed questionnaire.

It is my intent that by determining what agriculture producers want for prices and services from their local farm supply cooperative, as well as the most preferred methods of advertising, producer needs can be better met.

Your response to this questionnaire will be recorded by number only, with individual responses kept in strict confidence. The code number on the top of the survey is used for follow-up purposes and encoding information only. Please feel free to add any additional comments that you feel may be important.

I want to thank you in advance for your prompt, honest responses. Please return the completed questionnaire in the enclosed self-addressed, stamped envelope by May 15, 1991.

Thank you again for your valuable time and assistance.

Sincerely,

A handwritten signature in cursive script that reads "Sandra Thibault".

Sandra Thibault
Graduate Student

A handwritten signature in cursive script that reads "Dr. Van Shelhamer".

Dr. Van Shelhamer
Committee Chairman

Encl.



1893 • CENTENNIAL • 1993

Department of Agricultural and Technology Education

Cheever Hall
Montana State University
Bozeman, MT 59717-0374
406-994-3201 or 994-3691

May 17, 1991

Dear Agricultural Producer,

About two weeks ago you should have received, I hope, a questionnaire from me to be completed by yourself responding to your perceptions and attitudes towards your local farm supply cooperative. Perhaps you have completed it or it may have gotten buried on your desk; any number of things could have happened. Just in case it was misplaced, I have enclosed another questionnaire.

Your response is necessary for me to complete my professional paper which is a major part of my graduate program. Also, you are part of a small sample of producers chosen to represent your county and that makes your participation in this study that much more important.

If you have not already done so, please take 10 minutes to fill out the enclosed questionnaire and return it in the self-addressed, stamped envelope. All questionnaires must be returned by May 30, 1991 to be included in the study.

If you already completed and returned the questionnaire, thank you for your participation in this study.

Sincerely,

Sandra Thibault

Sandra Thibault
Graduate Student

Dr. Van Shelhamer

Dr. Van Shelhamer
Committee Chairman

encl.

APPENDIX B
SURVEY INSTRUMENT

FARM SUPPLY COOPERATIVE SURVEY

Please read the following statements about farm supply cooperatives' service and pricing, and indicate with a checkmark in the appropriate box whether you:

- 5 — Strongly agree
4 — Agree
3 — Neither agree nor disagree
2 — Disagree
1 — Strongly disagree

	5	4	3	2	1
(1) Cooperatives offer better service than competing businesses	☐	☐	☐	☐	☐
(2) Cooperative patronage would be improved with friendlier personnel	☐	☐	☐	☐	☐
(3) Cooperatives tend to hire knowledgeable, well-trained personnel	☐	☐	☐	☐	☐
(4) Cooperatives are instrumental in introducing new products and technology to local farmers	☐	☐	☐	☐	☐
(5) Cooperatives do not serve small farmers' needs adequately	☐	☐	☐	☐	☐
(6) It would be better to have lower cooperative prices instead of:					
(a) good service	☐	☐	☐	☐	☐
(b) patronage refunds	☐	☐	☐	☐	☐
(c) easy credit	☐	☐	☐	☐	☐
(7) Prices at the local farm supply cooperative are generally lower than at other farm supply businesses	☐	☐	☐	☐	☐
(8) Generally, cooperative members should patronize their cooperatives even if they must pay higher prices than at competing businesses	☐	☐	☐	☐	☐
(9) Prices at your cooperative for services and products should be the same regardless of quantity or volume purchased	☐	☐	☐	☐	☐
(10) Cooperatives would get more business if they did more advertising	☐	☐	☐	☐	☐

Please read the following statements about farm supply cooperatives and advertising, and check all those responses that apply.

- (11) How do you find out about new products, sales, and services from your local farm supply cooperative? (Place a checkmark in the appropriate box for all those sources that apply.)

- ☐ 1. radio
- ☐ 2. television
- ☐ 3. magazines
- ☐ 4. direct newsletter
- ☐ 5. word-of-mouth
- ☐ 6. visit to store
- ☐ 7. newspaper ad
- ☐ 8. advertising circular
- ☐ 9. booth at fair or trade show
- ☐ 10. direct call by sales staff
- ☐ 11. scheduled field representative visits
- ☐ 12. other (please state): _____

- (12) Which of the advertising methods listed above are the most important to you? Please rank the five most important (by order of importance) in the spaces below. (Use *numbers* from question 11 above, if you wish.)

- (13) To your knowledge, which of the following advertising methods are not being used by your local farm supply cooperative that you would like to see used? (Check all those that apply.)

- ☐ 1. radio
- ☐ 2. advertising circular
- ☐ 3. direct newsletter
- ☐ 4. booth at fair or trade show
- ☐ 5. direct call by sales staff
- ☐ 6. scheduled field representative visits
- ☐ 7. newspaper ad
- ☐ 8. magazines
- ☐ 9. other (please state): _____

(14) How often do you visit your local farm supply cooperative? (Check appropriate box.)

- | | |
|---|---|
| ☐ (a) 1-2 times per week | ☐ (d) 1-2 times per month |
| ☐ (b) 3-4 times per week | ☐ (e) less than once per month |
| ☐ (c) 5-6 times per week | ☐ (f) other: _____ |

(15) What percentage of your total household income is non-farm income? (Check appropriate box.)

- | | |
|--|---|
| ☐ (a) zero | ☐ (d) 50 to 74% |
| ☐ (b) 1 to 24% | ☐ (e) 75% or greater |
| ☐ (c) 25 to 49% | |

(16) Based on gross farm sales, what is your farm size? (Check appropriate box.)

- | | |
|---|---|
| ☐ (a) 0 to \$9,999 | ☐ (d) \$40,000 to \$99,999 |
| ☐ (b) \$10,000 to \$19,999 | ☐ (e) \$100,000 and above |
| ☐ (c) \$20,000 to \$39,999 | |

(17) Based on gross farm sales, what percentage of your income comes from live-stock? (Check appropriate box.)

- | | |
|--|---|
| ☐ (a) zero | ☐ (d) 50 to 74% |
| ☐ (b) 1 to 24% | ☐ (e) 75% or greater |
| ☐ (c) 25 to 49% | |

(18) Based on gross farm sales, what percentage of your income comes from wheat and barley? (Check appropriate box.)

- | | |
|--|---|
| ☐ (a) zero | ☐ (d) 50 to 74% |
| ☐ (b) 1 to 24% | ☐ (e) 75% or greater |
| ☐ (c) 25 to 49% | |

(19) Based on gross farm sales, what percentage of your income comes from "other" crops? Please specify "other": _____

(Check appropriate box.)

- | | |
|--|---|
| ☐ (a) zero | ☐ (d) 50 to 74% |
| ☐ (b) 1 to 24% | ☐ (e) 75% or greater |
| ☐ (c) 25 to 49% | |

(20) How many acres of cropland are you currently farming or using for agriculture to derive an income? (Check appropriate box.)

- | | |
|---|---|
| ☐ (a) 0 to 49 acres | ☐ (d) 500 to 1,000 acres |
| ☐ (b) 50 to 99 acres | ☐ (e) over 1,000 acres |
| ☐ (c) 100 to 499 acres | |

(21) What percentage of the total livestock feed you purchase is obtained through your local farm supply cooperative? (Check appropriate box.)

- ☐ (a) zero ☐ (d) 50 to 74%
☐ (b) 1 to 24% ☐ (e) 75% or greater
☐ (c) 25 to 49%

(22) What percentage of the total fertilizer you purchase is obtained through your local farm supply cooperative? (Check appropriate box.)

- ☐ (a) zero ☐ (d) 50 to 74%
☐ (b) 1 to 24% ☐ (e) 75% or greater
☐ (c) 25 to 49%

(23) What percentage of the total fuel you purchase is obtained through your local farm supply cooperative? (Check appropriate box.)

- ☐ (a) zero ☐ (d) 50 to 74%
☐ (b) 1 to 24% ☐ (e) 75% or greater
☐ (c) 25 to 49%

(24) What percentage of your other equipment and supplies are purchased through your local farm supply cooperative? (Check appropriate box.)

- ☐ (a) zero ☐ (d) 50 to 74%
☐ (b) 1 to 24% ☐ (e) 75% or greater
☐ (c) 25 to 49%

(25) How many farm supply businesses do you usually contact for a price quote on major farm supplies and equipment? (Check appropriate box.)

- ☐ (a) 1 dealer ☐ (d) 8 to 10 dealers
☐ (b) 2 to 4 dealers ☐ (e) more than 10 dealers
☐ (c) 5 to 7 dealers

Please read the following personal questions and check the box containing the best choice for you.

(26) Which county are you located in?

- ☐ Flathead ☐ Gallatin ☐ Pondera

(27) What is your age?

- ☐ (a) less than 30 years ☐ (d) 50 to 59 years
☐ (b) 30 to 39 years ☐ (e) 60 or over
☐ (c) 40 to 49 years

(28) Are you a member of a local farm supply cooperative?

- ☐ Yes ☐ No

(29) Please list below any product or service that your local farm supply cooperative is not providing that you believe it should be providing.

(30) What would encourage you to increase your patronage at your local farm supply cooperative?

**THANK YOU FOR TAKING THE TIME TO
COMPLETE THIS QUESTIONNAIRE.**

***Using the enclosed self-addressed,
stamped envelope, please return this
questionnaire to:***

**Sandra Thibault
Dept. of Ag & Technology Education
Cheever Hall
Montana State University
Bozeman, Montana 59717**

APPENDIX C
RESPONSES TO OPEN-ENDED SURVEY QUESTIONS

Comments - Flathead County

Question #11. How do you find out about new products, sales, and services from your local farm supply cooperative?

Responses to "other" ways producers find out about new products, sales and services from their local farm supply cooperative are as follows:

- educational seminars
- information meetings
- informative dinner meetings with product representative present

Question #19. Based on gross farm sales, what percentage of your income comes from "other" crops? Please specify "other."

"Other" income crops than those given are as follows:

- nursery stocks
- government payments
- potatoes (3 responses)
- hay (9 responses)
- alfalfa hay (2 responses)
- pulse crops
- garden produce
- mint (2 responses)
- lentils and trees
- social security
- Christmas trees
- pasture

Question #29. Please list below any product or service that your local farm supply cooperative is not providing that you believe it should be providing.

1. Machinery dealership.
2. They need more knowledgeable sales people on the floor. They can still have inexperienced cashiers, but they still need skilled people on the floor. In general, I see a trend toward lower paid (I presume), lower skilled people at all positions I deal with at the co-op. This trend is causing me to seek assistance at other outlets or buy more out-of-state. Price is not a major consideration, although it is not irrelevant.

3. More hardware products.
4. I don't know of any.
5. Overall, our co-op is very diversified.
6. Auto parts.
7. Liquid feed supplement (ie: Prolix, Rumliq).
8. Products and services are fine. Public relations are inadequate. Prices are not competitive with private business.
9. Skilled mechanics and a repair shop.

Question #30. What would encourage you to increase your patronage at your local farm supply cooperative?

1. Our local farm cooperative is small and in a very small community; the only improvement would be for it to get bigger and carry more things, and that's not likely to happen.
2. Competitive prices.
3. Better price competitiveness on some items that I purchase. Generally speaking, most of my purchases are from my co-op.
4. A strong recognition that specialty crops are a vital source of future business rather than traditional farm crops. Any attempt to help me with my special farming needs.
5. Need a larger supply store with more resources to choose from.
 - Have a list in full view of pasture mixes, the percent of each grass and price per pound.
 - The ease of making the selection encourages making the purchase while having it read to you from a catalog doesn't work very well.
6. More disposable income. I am fairly satisfied with our farm and home store.
7. More need for the products the co-op supplies.
8. Lower prices than at other stores.

9. Friendlier clerks and lower prices.
10. Change in manager.
11. Lower prices.
12. Lower prices.
13. Lower prices and better staff.
14. Probably more newspaper ads.
15. Change of manager.
16. More advertised sales.
17. Nothing, they serve my needs.
18. Get more money back.
19. If they carried more of what I need. In our area the co-op mostly caters to gardeners.
20. The dismissal of the manager and the Board of Directors. Have patronage dividends paid at an earlier age and not in installments.
21. Rearrange the top executives. Pay the employees a better wage. Have a more concerned Board of Directors.
22. Lower their prices on quite a few items. They generally have the highest prices in town.

Comments - Gallatin County

Question #19. Based on gross farm sales, what percentage of your income comes from "other" crops? Please specify "other."

"Other" income crops besides those given are as follows:

- hay (13 responses)
- potatoes (2 responses)
- straw
- milk
- pasture rent (3 responses)
- game birds

Question #29. Please list below any product or service that your local farm supply cooperative is not providing that you believe it should be.

1. They handle most everything I need!
2. Product information.
3. It seems a well rounded store.
4. Satisfactory.
5. Basic honest service with honest prices and adequate inventory. They cater to the hobby farmer more than to the professional farmer/rancher.
6. Implement tires and batteries.

Question #30. What would encourage you to increase your patronage at your local farm supply cooperative?

1. Higher income for the products we sell to them with not so much dockage.
2. More accessible.
3. Lower prices.
4. Have a store closer to where I live.
5. More competitive prices, better prices.

6. Lower prices; bulk fuel is usually cheaper at other dealers.
7. Lower prices.
8. Better refunds.
9. Better service with lower prices.
10. Lower prices.
11. Too far to the store.
12. Dissatisfaction with the co-op's competitors. Lower prices than the competitors.
13. Efficiency at loading and having on hand general dairy feeds.
14. Lower prices.
15. More involvement in agriculture.
16. Different location relative to where I live and more competitive prices.
17. Lower prices.
18. Extended credit period.
19. Good prices and more available items. If items are not in stock I go to a private business.
20. Satisfactory.
21. Give a discount for bulk fuel purchases over pump price. Due to this it is impossible for us to do business with the co-op. There is a problem with unpleasant help in the store and there is only enough of one thing in the store to "get you into trouble."
22. Closer location.
23. Lower prices.
24. Closer store.
25. More friendliness and more ambition among employees. Cooperatives generally have hired help who have a careless attitude. Need better help in the tire shop.

- 26. Just good low prices - fair prices.
- 27. More knowledgeable sales staff.
- 28. A larger inventory.

Comments - Pondera County

Question #11. How do you find out about new products, sales, and services from your local farm supply cooperative?

Responses to "other" ways producers find out about new products, sales and services from their local farm supply cooperative:

- machine representative
- chemical company rep.
- Special-Event Days with store
- informational meetings

Question #19. Based on gross farm sales, what percentage of your income comes from "other" crops? Please specify "other."

"Other" income crops besides those given are as follows:

- hay (6 responses)
- flax
- alfalfa hay
- government programs/ASCS
- pasture

Question #29. Please list below any product or service that your local farm supply cooperative is not providing that you believe it should be.

1. I feel it is adequate as is.
2. Nuts and bolts, pipe fittings, and engine tune-up kits.
3. They aren't price competitive in hardware, welding items, feed and fertilizer at times. I think it depends on inventory changeover between dealers for differences in prices, especially oil products which vary 1 to 5 cents per quart.
4. I believe our co-op is pretty well diversified at this time.
5. None, it even has a clothing department: jeans, shirts, etc.

6. Better choice of truck and implement tires.
7. I think they handle all agriculture needs.
8. Trained, efficient, ambitious help.
9. A better chemical and fertilizer rep.
10. None, they have a large enough inventory.
11. Need better service, prices too high.

Question #30. What would encourage you to increase your patronage at your local farm supply cooperative?

1. Change to qualified help that is not anti-farmer.
Confidentiality of accounts.
2. I patronize the local co-op for most of my needs now,
i.e., grain sales, fertilizer, chemicals and fuel.
3. Lower prices.
4. Price competitiveness.
5. I do most business with them.
6. The management is a little too much "by the book."
7. Friendlier and more knowledgeable service by two of
the local employees. The manager and other employees
are excellent.
8. I do already.
9. Better grain prices, times are tough and farmers and
ranchers are not spending unless absolutely necessary.
10. Higher patronage refunds.
11. Lower, more competitive prices on hardware.
12. The co-op should not be forced to buy from other
cooperative suppliers rather than other reliable
suppliers that can supply products at lesser cost and
be competitive with other businesses in the same town.
The dividends are better used in my pocket rather than
have them use that money from 1 to 20 years and then
give part of it back.

13. Competitive prices.
14. Trained, efficient, ambitious help.
15. More money!
16. Lower prices.
17. Friendlier staff, a more one-on-one relationship.
18. More competitive prices.