



Cooperative Marketing: New Generation Cooperatives and Agriculture

John C. Allen, Ph.D.

Director, Western Rural Development Center
Professor, Dept. of Sociology, Social Work and
Anthropology
Utah State university

- 
- Agriculture is at a crossroads in America
 - Globalized and centralized food clusters control a majority of food production and sales in the world.
 - Urbanization is absorbing agricultural lands.
 - Young adults are moving to other areas of employment.
 - Agricultural policy seems to support this trend.

- Opportunities do exist for sustaining family farms and ranches.
 - Value added niche markets
 - Capitalizing on geographic specific qualities of food and fiber produced
 - Community supported agriculture
 - Including additional activities within the farm enterprise- agri-tourism, hunting, fishing, non-farm businesses

- 
- The background of the slide is a solid dark brown color with a pattern of lighter brown, semi-transparent autumn leaves scattered across it. The leaves vary in size and orientation, creating a textured, organic feel.
- One mechanism for sustaining family farms and ranches may be organizational.
 - New Generation Cooperatives may be able to play an important role in maintaining the viability of family farms.

- What's driving the need for new structures to support agriculture?
 - 1) Grower returns for raw commodities as a percent of the consumer's food dollar have been declining.
 - 2) Access to markets for growers has become more difficult as concentration among food processors and retailers has accelerated.
 - 3) Independent family farms feel threatened by the so-called "industrialization" of agriculture.

- Trends (cont.)

- 4) Technological advances continue to result in increased production.
- 5) Exports were curtailed by the downturn in Asian markets, by globalization of markets and the strong dollar.
- 6) Growers have been looking for a way to share any increase in the value of their cooperative, especially when they approach retirement.

- What are New Generation Cooperatives?
 - 1) Defined membership- it is able to control supply or access to NGC
 - 2) Delivery rights
 - 3) Upfront equity required from producers- often 50% of the project must be raised
 - 4) Delivery rights are transferable and may fluctuate in value
 - 5. Marketing agreement entered into between member and cooperative; generally evergreen contracts- time specific

- Cooperative Marketing has a potential positive impact.
 - 1) Aggregating supply to meet demand
 - 2) Shares the risk of new ventures
 - 3) Provides a forum for political input.
 - 4) Provides a platform for innovation
 - 5) Allows farmers and ranchers to work together and share the benefits

John C. Allen, Ph.D.
Director, Western Rural Development Center
Professor, Dept. of Sociology, Social Work
and Anthropology

Utah State University
8335 Old Main Hill
Logan, UT 84322-8335
(435) 797-9732
(435) 797-9733 (fax)
johna@ext.usu.edu
<http://extension.usu.edu/wrdc>