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BOOK REVIEW: Rhodes, V. James, and Jan L. Dauve. *The Agricultural Marketing System*, 5th edition. Scottsdale AZ: Holcomb Hathaway, Publishers, 1998, xi + 420 pp., \$53.95 paper. ISBN 1-890871-01-X.

The Agricultural Marketing System, 5th edition, is an excellent text for an undergraduate core course in agribusiness marketing. The text has been updated substantially from the previous edition and comes with an instructor's manual. The authors use two approaches in their presentation of the agricultural marketing system, encompassing a macro or big picture view as well as a micro or managerial view of the system.

The text is divided into three parts. Part 1 is an introduction to the agricultural marketing system comprising an overview of the book, a sound review of economic theory as it pertains to agricultural marketing, a good explanation of the uniqueness of agribusiness (especially in terms of the dynamic complexities of the agricultural sector due to biological lags and weather phenomena), and overviews of the U.S. domestic and international markets. Part 2 covers the U.S. agricultural marketing system in detail from commodities and services to products and services. It focuses on transportation and storage, the use of futures and options to transfer price risk, price determination, pricing methods and exchange systems, grades and standards, marketing and procurement channels, group marketing methods for farmers, processor procurement and marketing, and wholesale-retail and food service procurement and marketing. Part 3 is devoted to policy issues in agricultural marketing and procurement. This segment of the book deals with consumer interests, food prices, adequacy of supply, farmers' income, and maintaining competition. Each of the book's three parts can stand alone. The text also includes a glossary and an index.

Succinctly stated, the book is excellent. Some of the publication's more salient features are discussed below, as well as some mild criticisms where appropriate. A logical place to start, of course, is Part 1.

All of the foundation chapters of Part 1 are exceptional. The economic theory chapter on market structure, conduct, and performance sets the stage for the kind of rigor sorely lacking in most core undergraduate marketing texts. Economic theory at an appropriate level of rigor is used very effectively to tie virtually all of the contents of the book together into a logical whole. The previous edition of *The Agricultural Marketing System* contained another chapter in Part 1 which provided important background information on the characteristics of U.S. farms, especially as such characteristics relate to market strategy opportunities. The insight provided from the compelling background material of Part 1 is lessened with the absence of the old chapter on farmers and their marketing choices. However, the essential foundation material which encompasses the characteristics that make the agricultural sector unique has not been lost. The discussion on the complex and dynamic nature of agricultural production has been preserved in the first part of the chapter which deals largely with agribusiness. The discussion includes an excellent description of biological lags, the impacts of such lags and weather phenomena on supply response, and the ripple effects throughout agricultural markets and beyond. The chapter that provides an overview of the international market, although noteworthy, could have benefitted from a stronger theoretical base. Further, given the rapid pace of globalization, inclusion of an additional chapter offering greater depth in this important area might have been helpful. This chapter might have included (in some depth) important topics such as market expansion through foreign direct investment, competitive advantage through global outsourcing, and the impacts of uniform international quality, food safety, and environmental standards and procedures through, for example, ISO 9000, ISO 1400, and Hazard Analysis Critical Control Points (HACCP).

Part 2 is extremely important, as it encompasses the core material for the agribusiness marketing system. In sequential fashion, the chapters of Part 2 provide, for the most part, comprehensive coverage from all that is involved in the marketing of raw commodities to that of final products. The first high point of Part 2 is the introduction to futures markets. This chapter is truly exceptional, though it was more so in the book's previous edition. In the earlier edition, futures and options were covered in the same chapter. In the 5th edition, however, the material on options has been moved to an additional chapter along with coverage of futures, market regulation, speculation, trading strategies for farmers and grain handlers, and cautions for potential futures market traders. While the authors were right to include an additional chapter here, I believe the added chapter should have been devoted to an in-depth coverage of options and their uses as hedging tools. Instead, most of the new chapter is devoted to important material that is applicable generally to both futures and options. The second high point of Part 2 is the chapter examining price determination. The coverage is superb, masterfully illustrating the complexities introduced by biological lags and weather phenomena in supply response and volatile and unpredictable changes in export demand. The explanation of price movements moment to moment, day to day, week to week, month to month, year to year, and beyond—at all stages of the marketing channel—is meticulously and insightfully accomplished. The reader does not need to venture far for the next high point—it is the very next chapter, which deals with pricing and exchange systems. Again, the coverage is invaluable, encompassing a thorough explanation of pricing systems, their uses, and comparative performance, as well as an extraordinary review of contractual arrangements, vertical integration, and pricing alternatives for farmers. The next high point is the chapter pertaining to marketing by farmer groups. Although the entire chapter is outstanding, the exceptional component is the skillful use of economic theory to bring a sense of precision, clarity, and importance to the presentation of marketing orders. The remaining high point of Part 2 is the chapter on processor marketing. The authors

adroitly present the vital aspects of marketing branded products in a clear, logical, and interesting manner.

Coverage of public policy issues relevant to food and fiber can be found in a myriad of agriculturally related texts. Most of these sources approach the germane issues of public policy from a production standpoint or from the more abstract purview of welfare economics. In Part 3 of their book, the authors of *The Agricultural Marketing System*, in a very comprehensive and logical fashion, address the important policy issues by focusing instead on a marketing or agribusiness approach. The challenges posed by the important policy issues for marketing and agribusiness are presented in a thought-provoking manner from both a macro and a micro perspective.

Concerning the book as a whole, a few cautionary notes probably should be sounded. First, ancillary materials such as test banks, student tutorials, and color transparencies/PowerPoint slides on CD ROM or online are not available with *The Agricultural Marketing System*. The instructor's manual for the 5th edition includes responses to study questions, teaching ideas, and a limited assortment of true/false and multiple-choice questions and answers by chapter. The instructor resource limitations, however, are not unique to this text. Most agriculturally related texts appear to share these same deficiencies. Another caution pertains to errors—there are a few mistakes in the book. For example, the narrative in the text on page 134 pertaining to Table 7-6 does not match the data in the table. Though extraordinary efforts are made before a major work goes to press, it is all but impossible to catch every error.

In summary, the authors of *The Agricultural Marketing System*, 5th edition, are to be commended for their outstanding contribution. I judge their book to be the best agribusiness marketing core text on the market today.

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Reference

- Rhodes, V.J. *The Agricultural Marketing System*, 4th ed. Scottsdale AZ: Gorsuch Scarisbrick, Publishers, 1993.