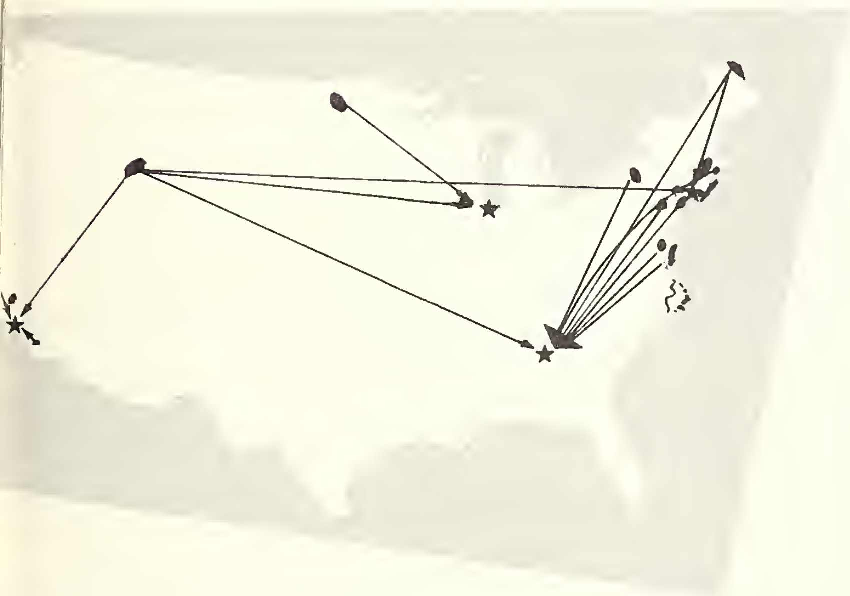
Marketing Research Report No. 450



# Marketing Margins for Fall Potatoes



UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Marketing Economics Research Division
Washington, D. C.

## PREFACE

Much public attention has focused on rising food prices as part of the overall rise in the cost of living. This report on marketing margins for fall potatoes is part of a broad program of continuing research designed to provide information on components of farm-retail price spreads for food products. The marketing margin is the difference between the price the grower receives and the price the consumer pays for potatoes. This total margin consists of the costs for packing, transporting, wholesaling, and retailing potatoes and the profits of firms engaged in marketing them.

Data for this report were obtained from regular price reports issued by the Agricultural Marketing Service and from special pricing information provided by the Bureau of Labor Statistics. Rail freight rates were supplied by the Transportation and Storage Services Division of the Commodity Stabilization Service, U. S. Department of Agriculture. Truck transportation charges were obtained from various market sources.

## CONTENTS



Washington, D. C.

Growth Through Agricultural Progress

February 1961

SUMMARY

This report presents the marketing margins for fall potatoes sold in Atlanta, Chicago, Los Angeles, and New York City during the seasons 1955-56, 1956-57, 1957-58, and 1958-59. The margins are given for (1) Idaho Russet Burbank potatoes, (2) Round Whites, (3) Pontiacs from the Red River Valley of North Dakota-Minnesota, (4) California Long Whites, and (5) potatoes of the Katahdin-Chippewa type (referred to in this report as Katahdin-Chippewa potatoes) from Long Island and from Maine.

Farm prices varied sharply from season to season, but on an average the marketing margin increased each season over the preceding season. The marketing margin was higher for Idaho Russets than for other varieties of fall potatoes sold in each of the four cities during the four seasons and lowest for Long Island potatoes of the Katahdin-Chippewa type sold in New York City. The marketing margin ranged from a low of $3.13 per hundredweight for Long Island Katahdin-Chippewa potatoes sold in New York City during the 1955-56 season to a high of $7.47 per hundredweight for Idaho Russets sold in New York City during the 1958-59 season.

California growers received greater returns than growers in other producing areas, but in no producing area were grower returns consistently lower than in all other areas. Returns to growers ranged from a low of 81 cents per hundredweight in the Red River Valley of North Dakota and Minnesota for the 1956-57 season to a high of $2.77 in California for the 1957-58 season.

Packers' margins ranged from a low of 51 cents per hundredweight for Maine shippers for the 1958-59 season to a high of 93 cents per hundredweight for Idaho shippers for the 1955-56 season.

Transportation charges were highest for Idaho shipments to New York City and lowest for Long Island shipments to New York City. In general, transportation charges increased during the 1955-56 and 1956-57 seasons, reached a peak in the 1957-58 season, and declined in the 1958-59 season.

The wholesale-retail margin was the largest component of the marketing margin, ranging from a low of $1.96 per hundredweight for Maine Katahdin-Chippewa potatoes sold in New York City during the 1955-56 season to a high of $5.15 for Idaho Russets sold in Los Angeles during the 1958-59 season.

# MARKETING MARGINS FOR FALL POTATOES

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## INTRODUCTION

The fall potato crop averaged 164 million hundredweight for the seasons 1955 through 1958, comprising two-thirds of total United States potato production. Leading producing areas for this crop are Idaho, Maine, North Dakota-Minnesota, and New York. Production in these four areas averaged 66 percent of the total fall crop for the four seasons.

Marketing of fall potatoes begins in the harvesting season of September through November and continues until the following June. Most of the fall crop is stored for consumption during the winter and spring months when current production does not supply market needs. From 1955 through 1958, storage holdings on December 1 averaged 70 percent of total fall production.

### Marketing Channels for Fall Potatoes

In the major commercial producing areas, potatoes move from farms to packers or country shippers. Many of these packers are grower-shippers: In addition to purchasing potatoes for shipment or acting as agents for other growers, they produce potatoes and may finance the production of other growers. Some large chainstore organizations operate potato packinghouses in producing areas, but such houses handle only a small percentage of total commercial shipments. In general, potatoes are distributed through three main channels: (1) Shipper directly to chainstore warehouses, (2) shipper to terminal market wholesaler to retail outlet, (3) shipper to terminal market prepackager to retail outlet.

The packer or shipper is the first link in the marketing chain. He usually provides facilities for storing, washing, grading, sizing, packaging, and loading potatoes for shipment to market. The shipper assembles potatoes from many farms. He is a source of capital for production and marketing, and he bears the risk of price changes on purchased stocks. He is a source of market information, interpreting market conditions to farmers.

In the terminal market, potatoes must be purchased and received at the terminal facility, unloaded from rail cars or trucks, placed in temporary storage, warehoused or sold, delivered to retail outlets, placed in temporary storage at the retail store, displayed, often weighed and packaged, checked out, and often delivered to the customer's car. Previously, all the functions between receipt in the terminal market and delivery to the retail outlet were performed by one or more independent handlers in the wholesale market. The role of these handlers, however, has declined with the increase in direct buying by chain organizations and the rise in terminal market prepackaging. Some prepackaging is done by wholesale firms that have added this function to those they previously performed. Also, a new and distinctly different type of firm, whose primary function is prepackaging, has come into being. Most large chain organizations (both corporate and voluntary) maintain their own central warehouses and to a large degree purchase directly from shippers. They also purchase potatoes from independent handlers and prepackagers in the terminal market and sometimes prepackage in their own warehouses and retail stores.

## Trends in Marketing Margins for All Potatoes

Potato prices and marketing margins have had three distinctly different trends in the past 40 years (fig. 1). From 1919 to 1930, while farm prices of potatoes fell about one-third, average marketing margins dropped less than one-tenth. In the 1930's farm prices and marketing margins increased in about the same proportion. Since the beginning of World War II, however, farm prices for potatoes have fluctuated widely about a slightly declining average price level; at the same time average marketing margins have more than doubled. Farm prices have not reflected the sharp increase in retail prices, and the farmer's share of the retail price for potatoes dropped from 54 percent in 1942 to 31 percent in 1959.

Much of the increase in marketing margins since 1942 has resulted from rising costs of goods and services used by marketing firms. Marketing margins for potatoes, however, have increased more rapidly than cost rates of marketing firms. This rise has been due in part to additional marketing services, such as washing and prepackaging, and to higher transportation costs (in addition to ordinary rate increases) resulting from further concentration of production in areas more distant from major consuming markets.

## Selection of Markets for Study

Markets covered in this report were selected on the basis of geographic location, producing areas represented in each market, and availability and completeness of price data throughout each of the four seasons. Data presented are for a large city in each of four major geographic regions; these cities are not necessarily representative of all markets in the United States. However, total rail and truck unloads of potatoes in these four cities represented 31 percent of the total 1958 potato unloads in the 38 cities for which truck unload information is available.

# MARKETING MARGINS

Changes in marketing margins for fall potatoes do not parallel changes in farm and retail prices (Appendix, tables 4-12). Although average farm prices were lower in 1956-57 and 1958-59 than in the preceding seasons, marketing margins generally increased each season over the preceding season. This effect was especially evident for potatoes sold in Chicago in 1956-57 (table 9). The larger-than-normal supply of Red River Valley potatoes in 1956-57 was reflected in lower Chicago prices. Although retail prices for potatoes from the Red River Valley averaged 89 cents per hundredweight lower, the average marketing margin was 33 cents per hundredweight higher than in the preceding season. The lower average retail price and higher marketing margin was also evident for Idaho Russets marketed in Chicago during the same season.

The Idaho Russet Burbank is the only variety of fall potatoes marketed in substantial quantities in all four cities. Retail prices and marketing margins were higher for Idaho Russets than for other varieties of fall potatoes sold in each of the four cities during the four seasons. The marketing margin for Idaho Russets was lowest in Chicago and highest in New York City during each of the four seasons, ranging from a low of $5.21 per hundredweight for Chicago for 1955-56 (table 5) to a high of $7.47 for New York City for 1958-59 (table 7 and fig. 2).

Retail prices and marketing margins were lowest for Long Island Katahdin-Chippewa potatoes sold in New York City; the margins ranged from $3.13 per hundredweight for 1957-58 to $3.58 per hundredweight for 1958-59 (table 11 and fig. 3).

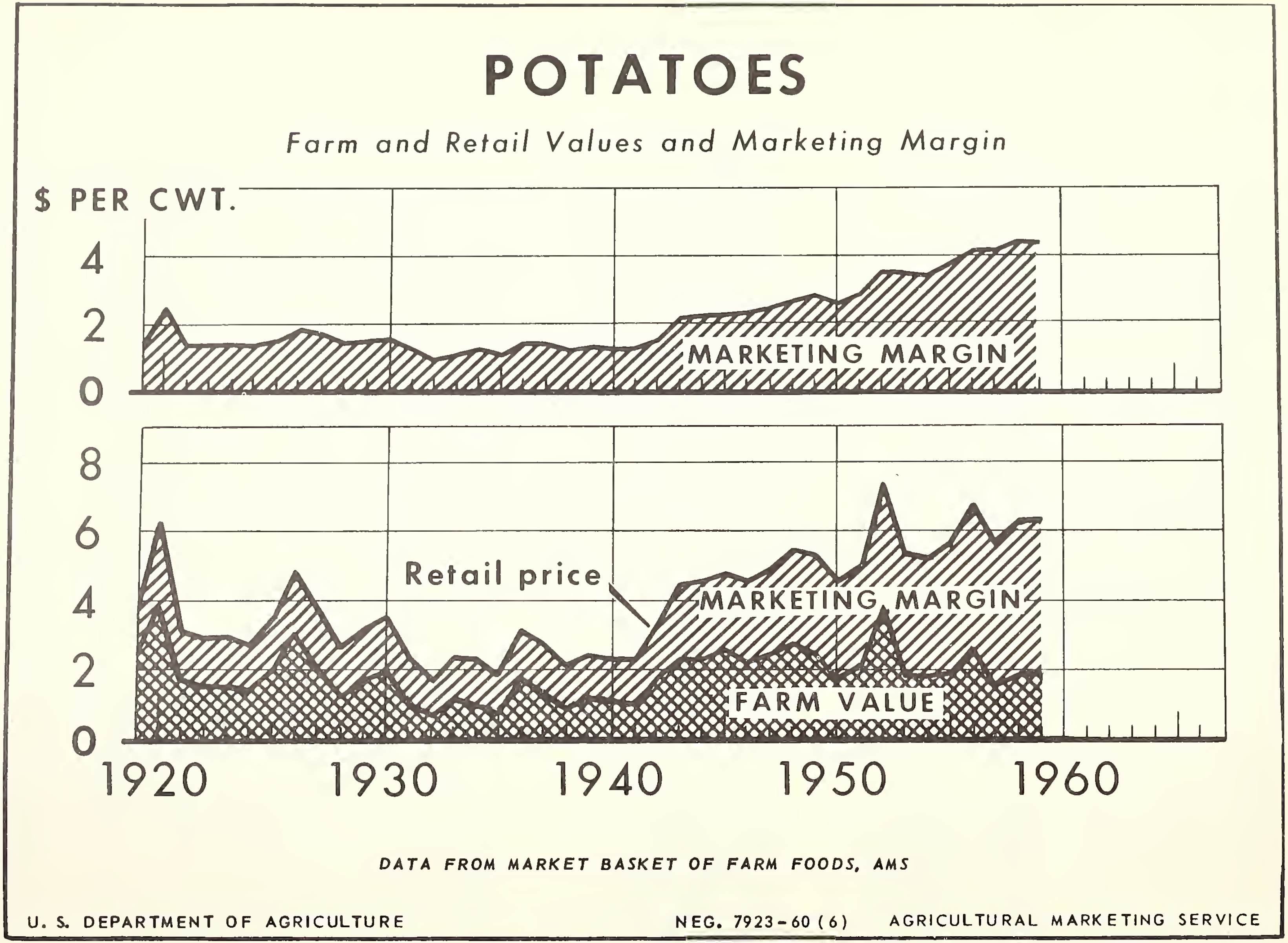
POTATOES
Farm and Retail Values and Marketing Margin
$ PER CWT.
4
2
0
MARKETING MARGIN
8
6
4
2
0
Retail price
MARKETING MARGIN
FARM VALUE
1920
1930
1940
1950
1960
DATA FROM MARKET BASKET OF FARM FOODS, AMS
U. S. DEPARTMENT OF AGRICULTURE
NEG. 7923-60 (6)
AGRICULTURAL MARKETING SERVICE

Figure 1

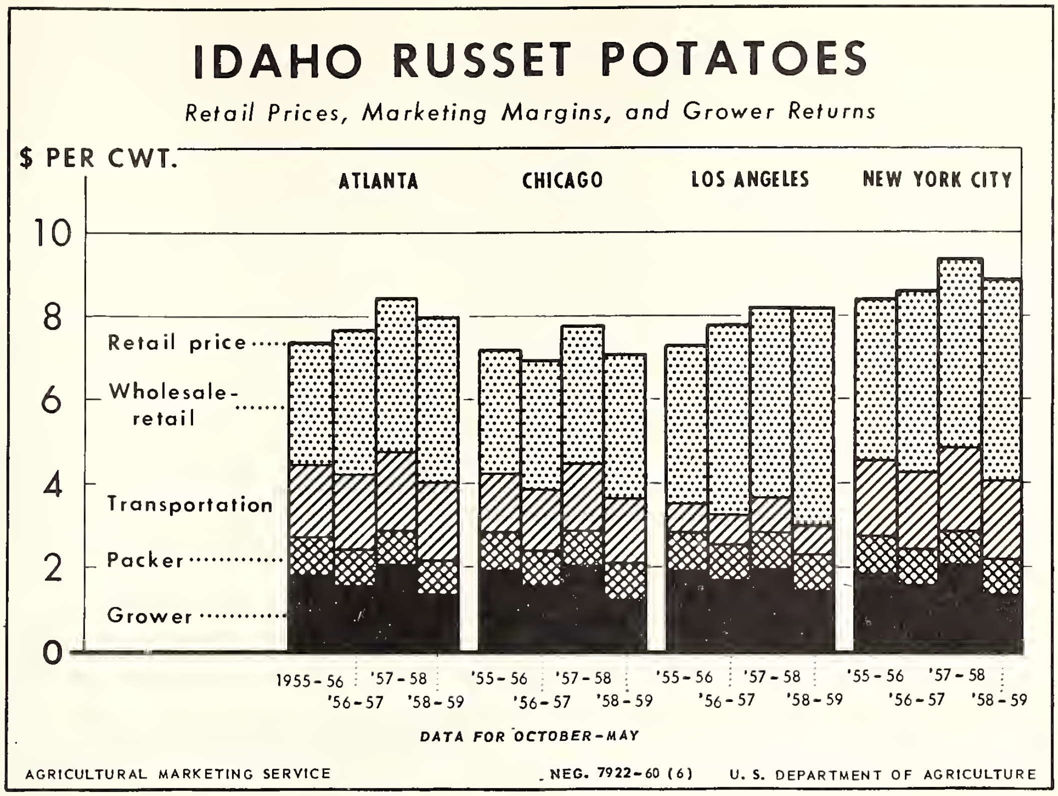


Figure 2

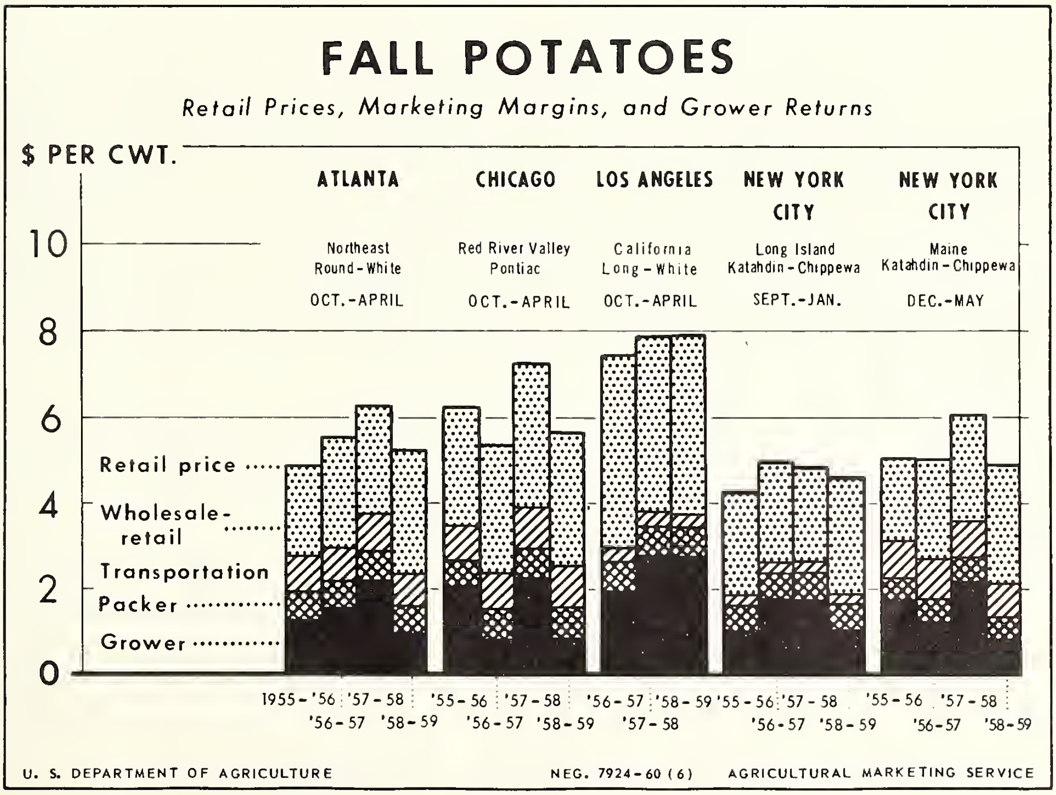


Figure 3

## Returns to Growers

Returns to California growers were higher than returns to growers in the other producing areas during all four seasons. Returns for California Long Whites ranged from $1.97 per hundredweight for the 1956-57 season to $2.77 per hundredweight for the 1957-58 season. 1/

There was no producing area for which growers' returns were consistently lower than for all other areas during the four seasons. Returns to Long Island growers were lower than returns to growers in the other producing areas in 1955-56 and 1957-58, but were lower to Red River Valley growers in 1956-57 and to Maine growers in 1958-59. The lowest returns of the four seasons (81 cents per hundredweight) were returns to growers in the Red River Valley in 1956-57.

During harvest, fall potatoes compete in the market with potatoes from late summer producing areas. Later in the season, storage holdings are marketed in competition with the winter and early spring crops. The major factors affecting potato prices are (1) production of the fall crop and competing crops, (2) disposable personal income, and (3) merchantable stocks in storage. Shuffett, in an analysis of factors that affect price, found that production and disposable income explained 90 percent of the year-to-year variation in returns received by producers for fall potatoes (7, pp. 53-55). 2/

The 1955 fall crop and the competing winter and early spring crops were only slightly larger than those of previous years. Low prices had delayed harvesting and marketing of summer potatoes, and farm prices for fall potatoes were below those a year earlier at the beginning of the 1955-56 season. Disappearance of storage stocks was larger than normal prior to February 1, 1956, and farm prices, although low at the beginning of the season, generally rose throughout the season to record high levels in May.

Fall production in 1956 was 12 percent above 1955 and 11 percent above the preceding 10-year average. Record high prices during the summer brought heavy early movement of late summer potatoes, and much of the crop was marketed as rapidly as maturity and harvesting operations permitted. Farm prices for fall potatoes were higher than a year earlier at the beginning of the 1956-57 season and increased further during the first half of the season. Although disappearance from time of harvest to February 1, 1957, exceeded that for any of the eight seasons for which records were available, storage stocks were still 18 percent above a year earlier and 11 percent above the preceding 7-year average. These large holdings, combined with the unusually large winter and early spring crops, brought a sharp price decline during the last half of the 1956-57 season.

Farm prices in the Red River Valley were especially low during the 1956-57 season (table 9). The 1956 fall crop in Minnesota and North Dakota was 48 percent above that for 1955 (10 percent above the 10-year average), and prices to growers were less than $1 per hundredweight during most of the season.

Fall production for 1957 was 6 percent below 1956, but 3 percent above the 10-year average, and farm prices at the beginning of the 1957-58 season were slightly higher than a year earlier. Disappearance of fall crop potatoes was at record levels during January and February 1958. In addition, several freezes and heavy rains in Florida reduced the winter crop, and cold, wet weather delayed development and harvest of the

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1/ Data for California were incomplete for the 1955-56 season.
2/ Underscored numbers in parentheses refer to Literature Cited, page 15.

early spring crop. The reduced stocks of fall potatoes, Florida's small winter crop, and the delayed early spring crop were reflected in price advances beginning in February. Advancing prices attracted larger imports of Canadian potatoes and reduced the diversion of potatoes to starch and stock feed. It soon became apparent that supplies were not as short as had been expected. This realization, plus increasing shipments of the delayed early spring crop and the impending late spring crop, contributed to a sharp price decline during the latter part of April.

The 1958 fall production was 15 percent above 1957 and 19 percent above the 10-year average. Low prices during the summer of 1958 retarded harvest of the larger-than-usual late summer crop, causing a heavy overlap with fall crop movement and resulting in the lowest farm prices since the 1953-54 season. Farm prices increased slowly during the first part of the season, but declined during the latter part of the season. Disappearance from time of harvest to February 1, 1959, was the largest for this period in 9 years. Production of winter potatoes in Florida and California was lower than a year earlier, but in February, when the winter crop was beginning to move in quantity, storage stocks were 16 percent above a year earlier and 14 percent above the preceding 9-year average.

## Packers' Margins

Packers' margins were higher for Idaho potatoes and lower for Maine potatoes than for potatoes from other producing areas during each of the four seasons (tables 4-12). In Idaho, packers' margins ranged from 82 cents per hundredweight in 1958-59 to 93 cents per hundredweight in 1955-56. For Maine potatoes, packers' margins ranged from 51 cents per hundredweight for the 1958-59 season to 60 cents per hundredweight for the 1957-58 season.

Differences between producing areas in packers' margins are largely due to differences in packing materials used and services rendered by shippers (table 1). For example, two 50-pound paper bags used by Maine and Long Island shippers are cheaper than the 100-pound burlap sack used by Red River Valley and Idaho shippers. In addition, Idaho shippers provide the crew, equipment, and trucks to remove ungraded potatoes from farm storages and deliver them to the packinghouse; in Maine, on Long Island, and in the Red River Valley shippers usually purchase potatoes at trackside storages or after delivery to the packinghouse. Also, most Idaho and Red River Valley potatoes are washed before shipment, while most Maine and Long Island potatoes are marketed unwashed.

Quality of the potatoes also affects a packer's margin. For example, early frosts in Idaho during the 1955-56 harvest and frosts and flooding rains in the Red River Valley during the 1957-58 harvest impaired the storability of potatoes. In addition to decay losses in storage, the extra labor required to grade and wash from damaged stock contributed to higher packing costs in these areas.

Another factor affecting packers' margins is the proportion of potatoes packed in consumer-size packages (that is, packages usually sold in retail stores). Consumer-size bags are more expensive than 50- and 100-pound bags. Also, labor requirements to fill, weigh, and handle small packages are substantially higher on a hundredweight basis than for 50- and 100-pound bags. During the 1957-58 season approximately 40 percent of the Maine and Long Island potatoes were packed in 5-, 10-, and 15-pound packages. In the Red River Valley and in Idaho consumer packages were less important. Only 6 percent of the Red River Valley and 18 percent of the Idaho potatoes were prepackaged at shipping point during the 1957-58 season.

Table 1.--Packers' margins for fall potatoes in selected producing areas, by variety and by size of bag, 1955-56 through 1958-59

| Size of bag and kind of potatoes | 1955-56 | 1956-57 | 1957-58 | 1958-59 |
|---|---|---|---|---|
| | Dollars | Dollars | Dollars | Dollars |
| 100-lb. bag: | | | | |
| Idaho Russets | 0.79 | 0.71 | 0.76 | 0.69 |
| Red River Valley Pontiacs | .61 | .64 | .68 | .60 |
| Two 50-lb. bags: | | | | |
| Long Island Katahdin-Chippewa | .38 | .40 | .40 | .40 |
| Maine Katahdin-Chippewa | .37 | .41 | .45 | .38 |
| Ten 10-lb. bags: | | | | |
| Idaho Russets | 1.66 | 1.41 | 1.50 | 1.43 |
| Red River Valley Pontiacs | 1.24 | 1.66 | 1.75 | 1.66 |
| Long Island Katahdin-Chippewa | .95 | .92 | 1.00 | .90 |
| Maine Katahdin-Chippewa | .78 | .78 | .82 | .70 |

## Transportation

The use of railroads and trucks in shipping fall potatoes to Atlanta, Chicago, Los Angeles, and New York City varies widely among producing areas. In general, the longer the haul, the larger the proportion that rail shipments are of the total. Nearly all unloads of Idaho potatoes in Atlanta, Chicago, and New York City were from rail cars, but trucks handled nearly all shipments from Long Island to New York City and from California points to Los Angeles.

In this report rail transportation charges were used for Idaho shipments to all four cities, for Red River Valley shipments to Chicago, and for Maine shipments to New York City. These charges include heater service and the 3-percent Federal tax when applicable. Congress repealed the transportation tax effective August 1, 1958. Charges for heater service remained unchanged on Red River Valley and Idaho shipments during the four seasons. They averaged 4 cents per hundredweight on shipments from the Red River Valley to Chicago. For Idaho shipments, this charge averaged 3 cents per hundredweight to Los Angeles, 6 cents to Atlanta and Chicago, and 9 cents to New York City. For Maine shipments to New York City charges for heater service averaged 3 cents per hundredweight during the 1955-56 season and 4 cents for the 1956-57 season. Heavier loading of rail cars reduced the average charge to 3 cents per hundredweight for the 1957-58 and 1958-59 seasons.

The Interstate Commerce Commission allowed railroads to make four rate increases, amounting to 23 percent, during the 1955-56, 1956-57, and 1957-58 seasons. Rates on shipments from Idaho to Los Angeles and from the Red River Valley to Chicago increased the full 23 percent. "Hold downs," that is, maximum limitations on increases regardless of distance, prevented rates on shipments from Idaho to Atlanta, Chicago, and New York City from increasing the full 23 percent. Rates on Idaho shipments increased 21 cents per hundredweight (17 percent) on shipments to Chicago and 22 cents (14 percent) on shipments to Atlanta and New York City. Rates on Maine shipments to New York City increased by the full amount of the percentage increases during 1955-56 and 1956-57 (14 percent), but unit transportation charges were reduced during the 1957-58 season.

During the 1957-58 season, railroads began making selective rate reductions to regain traffic lost to truckers. In December 1957, an incentive rate was established for more heavily loaded Maine shipments. The rate to New York City was 76 cents per hundredweight for cars loaded to 50,000 pounds, compared with the former rate of 92 cents per hundredweight for cars loaded to 30,000 pounds. This was an increase in the rate per car, but a reduction in the charge per unit. Similar reductions were also made for Idaho shipments to Los Angeles and New York City during the 1958-59 season.

Truck freight rates for fresh farm products, unlike rail freight rates, are exempt from ICC rate regulation. Few trucking firms publish rate schedules, but rates to nearby markets are known to the trade and are relatively stable. Truck rates to distant markets, however, are often subject to negotiation between trucker and shipper. Major factors affecting these rates are (1) the number of trucks from distant areas desiring backhauls, and (2) the ease with which local trucks can obtain a backhaul from a distant market.

Riverhead, Long Island, and Perris Valley and Bakersfield, Calif., are close to primary markets, and there is little competition among truckers from distant areas for these short hauls. Truck rates for potatoes from Riverhead, Long Island, to New York City and from Perris Valley and Bakersfield, Calif., to Los Angeles remained unchanged for the four seasons.

On the other hand, truck rates for potatoes from northeastern producing areas to Atlanta vary considerably within and between seasons. Atlanta is on the route for truckers delivering Florida citrus fruit and vegetables to eastern markets; the result is aggressive competition for potatoes for a backhaul to Atlanta. Transportation charges shown in table 8 do not reflect the full rate variation known to exist because charges are so variable. In general, charges shown are typical rates from producing areas to Atlanta, weighted by unloads from these areas. The sharp increase in transportation charges toward the end of each season was due to increases in the proportion of Maine potatoes entering the Atlanta market.

## Wholesale-Retail Margins

The Idaho Russet was the only fall potato for which a series of price data was available for each of the four cities. In all four cities, the wholesale-retail margin was higher for Idaho Russets than for other varieties of fall potatoes for each of the four seasons. The wholesale-retail margin for Idaho Russets was highest in New York City for the 1955-56 season (table 7) but was highest in Los Angeles for the 1956-57 through 1958-59 seasons (table 6).

The wholesale-retail margin was lowest for Katahdin-Chippewa potatoes in New York City during all four seasons. Maine potatoes had the lowest margin for the 1955-56 and 1956-57 seasons (table 12), but Long Island potatoes had the lowest margin for the 1957-58 and 1958-59 seasons (table 11).

The wholesale-retail margin for potatoes cannot be divided into its wholesale and retail components on the basis of information presently available. Margins for independent wholesalers, and to some extent those of prepackers can be determined, but the proportion of total potato volume in each city represented by these sales is not known (table 2).

Table 2.--Wholesale margin for fall potatoes sold by independent handlers, four cities, by variety and by size of bag, 1955-56 through 1958-59

| Size of bag, variety of potatoes, and market | 1955-56 | 1956-57 | 1957-58 | 1958-59 |
|---|---|---|---|---|
| | Dollars | Dollars | Dollars | Dollars |
| 100-lb. bag: | | | | |
| Idaho Russet: | | | | |
| Atlanta | 0.42 | 0.38 | 0.36 | 0.34 |
| Chicago | .33 | .42 | .34 | .41 |
| Los Angeles | .37 | .33 | .38 | .30 |
| New York City | .42 | .43 | .40 | .50 |
| Red River Valley Pontiacs: | | | | |
| Chicago | .34 | .47 | .43 | .46 |
| California Long White: | | | | |
| Los Angeles | --- | .29 | .28 | .26 |
| Two 50-lb. bags: | | | | |
| Northeast Round White: | | | | |
| Atlanta | .26 | .22 | .16 | .16 |
| Long Island Katahdin-Chippewa: | | | | |
| New York City | .14 | .10 | .12 | .11 |
| Maine Katahdin-Chippewa: | | | | |
| New York City | .23 | .21 | .26 | .32 |

It is likely that New York City wholesalers' margins for Long Island potatoes were larger than those shown in table 2. These margins are based on transportation charges from Riverhead, Long Island, but much of the Long Island production is closer to New York City. Farmers' markets account for about one-fifth of the Long Island unloads in New York City, and most of these receipts are direct sales by growers to wholesalers. Prices in the farmers' markets are higher than Riverhead prices, but less than Riverhead prices plus transportation charges. Then too, there is a large movement from the production area directly to chain warehouses and to individual retail stores. In season, some of the larger retail and wholesale organizations use trucks which service retail stores on Long Island to transport potatoes on a backhaul. Also, merchant truckers whose primary business is hauling supply many retail stores in New York City with Long Island potatoes. Risks of price changes and losses from quality deterioration are negligible for the short distances and time involved; thus merchant truckers' margins are little more than transportation charges. To a lesser extent, these same factors tend to reduce wholesale margins for Round White potatoes in Atlanta, for Long White potatoes in Los Angeles, and for Maine Katahdin-Chippewa potatoes in New York City.

For potatoes packaged at the shipping point, there was little difference between the wholesale margin for 100 pounds of potatoes in 50-pound or 100-pound bags and those in 10-pound bags. The wholesale margin was slightly higher for ten 10-pound bags of Idaho Russets sold in Chicago and for Long Island Katahdin-Chippewa potatoes sold in New York City, but was slightly lower for ten 10-pound bags of Maine Katahdin-Chippewa potatoes sold in New York City.

The increase in terminal prepackaging has been an important development since World War II. A national survey by a trade publication of 90 companies controlling 2,290 retail stores found that some potatoes in each store were prepackaged (1, p. 62):

| Percentage of stores displaying potatoes which were prepackaged at level indicated 3/ | |
|---|---|
| Retail store | 42.9 |
| Chain warehouse | 8.9 |
| Terminal prepacker | 53.0 |
| Shipping point | 56.4 |

The terminal prepacker usually specializes in prepackaging, but many firms which act primarily as wholesalers also do some prepackaging. The terminal prepacker performs the functions of a wholesaler and also many of the usual functions of the country shipper, such as washing, grading, and packaging. By buying in carlots and selling consumer-size packages in quantities desired by retail stores, the prepacker combines the margins of wholesaler and shipper (table 3).

Table 3.--Terminal wholesalers' margins for fall potatoes prepackaged at shipping point, and prepackers' margins for potatoes prepackaged in the terminal market, ten 10-pound bags, Chicago, Ill., 1955-56 through 1958-59

| Handler and variety of potatoes | 1955-56 | 1956-57 | 1957-58 | 1958-59 |
|---|---|---|---|---|
| | Dollars | Dollars | Dollars | Dollars |
| Wholesaler: | | | | |
| Idaho Russets | 0.36 | 0.44 | 0.45 | 0.41 |
| Red River Valley Pontiacs | .34 | .47 | .43 | .46 |
| Prepacker: | | | | |
| Idaho Russets | 1.05 | 1.05 | 1.17 | 1.08 |
| Red River Valley Pontiacs | 1.00 | 1.51 | 1.46 | 1.33 |

The basic function of the retailer is to provide service. He must estimate the type, quantity, and quality of potatoes the consumer wants and display them at competitive prices. In addition to buying potatoes in consumer-size packages, retailers prepackage a large volume of potatoes before displaying them. Potatoes selected from bulk displays by consumers must be weighed and priced by store personnel. The retail outlet must also absorb losses from spoilage and quality deterioration.

Retail margins cannot be determined accurately from price data available for this study. Other studies, however, indicate their magnitude. In Denver, Colo., in 1949-50 the average margin for 50 retail stores ranged from 29 to 32 percent of the retail price for fall potatoes (3, p. 8). Margins at 30 retail stores in Pittsburgh, Pa., in 1949-50 averaged 17.2 percent for Maine potatoes and 22 percent for Idaho potatoes (4, p. 10). Likewise, in Cleveland, Ohio, during 1950 margins in 20 retail stores averaged 15.7 percent for Maine and 21.3 percent for Idaho potatoes (5, p. 10). In a similar study in

3/ Percentage adds to more than 100 because many stores sell potatoes prepackaged at more than one level.

Charlotte, N. C., during 1951 the retail margin for potatoes by size of store ranged from 27.7 percent to 29.2 percent (2, p. 22). A trade publication study of sales and margins for 6 supermarkets in Minnesota during the 12 weeks from February 25 to May 18, 1957, found that retail margins for potatoes averaged 24.6 percent (6, p. 9).

## CONCLUSIONS

Potato prices at each level in the marketing system depend on supply and demand for that product, while marketing charges depend similarly on supply and demand for marketing services. Demand for potatoes at the farm level and demand for associated marketing services result from consumers' demand for potatoes. Prices paid to farmers for potatoes depend on prices at which they can be sold to the consumer, less payments for marketing services. Marketing charges, however, are affected by many factors largely unrelated to consumer demand for potatoes and, therefore, do not necessarily change with potato prices. Wage rates, transportation and protective service charges, rents, taxes, construction costs, and prices of equipment, materials, and utilities, and costs of other services used by marketing firms affect marketing charges. Marketing firms must often absorb losses for short periods of time or on specific lots of potatoes, but in the long-run their charges must cover operating costs plus a normal profit if they are to remain in business. Thus, the marketing margin for potatoes is more nearly related to operating costs of marketing firms than to farm and retail prices and is relatively rigid in comparison with prices. This rigidity contributes to wider percentage fluctuations in prices at the farm level than at retail.

Potato prices vary considerably from one section of the country to another, both within and between seasons. Regional supply is the major factor responsible for these differences. In areas where production exceeds consumption, prices are considerably lower than in deficit areas. For example, the 1956 fall potato crop in Minnesota-North Dakota was 48 percent above that for 1955 (10 percent above the 10-year average), and prices to growers were especially low, averaging less than \$1 per hundredweight most of the season.

Distance of producing areas from consuming markets affects the marketing margin for potatoes. Transportation charges to each of the four cities were higher for Idaho Russets than for other varieties of fall potatoes usually marketed in these cities. Retail prices in New York City for Idaho Russets were higher than for Maine or Long Island Katahdin-Chippewa potatoes of comparable grade, because of consumers' preference for Idaho Russets for certain uses. The costs of supplying Idaho potatoes in New York City were much higher than for Maine or Long Island potatoes, but marketing firms would not undertake these additional costs unless consumers were willing to pay the higher price.

Differences between producing areas and terminal markets in wage rates, operating efficiency, costs of goods and services, and profits account for differences in the marketing margin. Also, retailers and other multiproduct marketing firms look upon their entire operation as a unit. Pricing policies of these firms are geared to net returns from the sale of all products and do not necessarily reflect changes in the cost of handling individual items. There are indications that margins on Idaho Russets are higher because marketing firms can take advantage of the demand for Idaho potatoes to offset lower margins on other varieties of potatoes. Each of these factors affects the marketing margin for potatoes, but their relative importance cannot be determined from data available for this study.

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## APPENDIX

Table 4.--Idaho Russet potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in Atlanta, Ga., 1955-56 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | | |
| Retail price 1/ | 6.34 | 6.83 | 7.23 | 7.33 | 7.72 | 7.33 | 8.51 | 7.33 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.54 | 3.01 | 3.10 | 2.72 | 3.02 | 2.61 | 3.14 | 2.88 |
| Transportation charges 3/ | 1.68 | 1.68 | 1.68 | 1.68 | 1.68 | 1.68 | 1.74 | 1.69 |
| Packers' margin 4/ | .92 | .89 | 1.00 | 1.03 | .84 | .86 | .88 | .92 |
| Total margin | 5.14 | 5.58 | 5.78 | 5.43 | 5.54 | 5.15 | 5.76 | 5.49 |
| Return to grower 5/ | 1.20 | 1.25 | 1.45 | 1.90 | 2.18 | 2.18 | 2.75 | 1.84 |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 6.73 | 7.42 | 7.72 | 7.92 | 8.22 | 8.02 | 7.42 | 7.64 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.62 | 3.03 | 3.29 | 3.55 | 3.98 | 4.00 | 3.56 | 3.43 |
| Transportation charges 3/ | 1.74 | 1.74 | 1.74 | 1.81 | 1.81 | 1.81 | 1.81 | 1.79 |
| Packers' margin 4/ | .87 | .75 | .84 | .76 | .83 | .79 | .97 | .83 |
| Total margin | 5.23 | 5.52 | 5.87 | 6.12 | 6.62 | 6.60 | 6.34 | 6.05 |
| Return to grower 5/ | 1.50 | 1.90 | 1.85 | 1.80 | 1.60 | 1.42 | 1.08 | 1.59 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 7.82 | 8.12 | 7.92 | 7.92 | 8.51 | 8.71 | 9.70 | 8.39 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.57 | 3.89 | 3.60 | 3.43 | 4.04 | 3.56 | 3.23 | 3.62 |
| Transportation charges 3/ | 1.86 | 1.86 | 1.86 | 1.86 | 1.86 | 1.91 | 1.91 | 1.87 |
| Packers' margin 4/ | .87 | .87 | .84 | .83 | .76 | .86 | .91 | .85 |
| Total margin | 6.30 | 6.62 | 6.30 | 6.12 | 6.66 | 6.33 | 6.05 | 6.34 |
| Return to grower 5/ | 1.52 | 1.50 | 1.62 | 1.80 | 1.85 | 2.38 | 3.65 | 2.05 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 8.32 | 8.02 | 7.52 | 7.82 | 7.92 | 8.02 | 8.02 | 7.95 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.49 | 3.93 | 3.44 | 3.73 | 3.76 | 4.00 | 4.21 | 3.94 |
| Transportation charges 3/ | 1.85 | 1.85 | 1.85 | 1.85 | 1.85 | 1.85 | 1.85 | 1.85 |
| Packers' margin 4/ | .92 | .86 | .78 | .73 | .81 | .82 | .84 | .82 |
| Total margin | 7.26 | 6.64 | 6.07 | 6.31 | 6.42 | 6.67 | 6.90 | 6.61 |
| Return to grower 5/ | 1.06 | 1.38 | 1.45 | 1.51 | 1.50 | 1.35 | 1.12 | 1.34 |

1/ Average price first 3 days of the week containing the 15th of each month (less 1-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.
2/ Retail price less transportation charges and f.o.b. shipping-point price.
3/ Rail freight, heater service, and 3-percent Federal transportation tax prior to August 1, 1958, Idaho Falls, Idaho, to Atlanta, Ga.
4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for week preceding the week containing the 1st of each month.
5/ Price to grower, bulk per cwt., packout basis, Idaho Falls, Idaho.

Table 5.--Idaho Russet potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in Chicago, Ill., 1955-56 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | | |
| Retail price 1/ | 6.44 | 6.73 | 6.93 | 6.73 | 7.52 | 7.52 | 8.12 | 7.14 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.94 | 2.95 | 3.26 | 2.39 | 2.84 | 3.15 | 2.76 | 2.90 |
| Transportation charges 3/ | 1.37 | 1.37 | 1.37 | 1.37 | 1.37 | 1.37 | 1.43 | 1.38 |
| Packers' margin 4/ | .96 | .98 | 1.02 | .94 | .92 | .85 | .86 | .93 |
| Total margin | 5.27 | 5.30 | 5.65 | 4.70 | 5.13 | 5.37 | 5.05 | 5.21 |
| Return to grower 5/ | 1.17 | 1.43 | 1.28 | 2.03 | 2.39 | 2.15 | 3.07 | 1.93 |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 6.63 | 6.93 | 6.93 | 7.13 | 7.03 | 6.83 | 6.83 | 6.90 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.83 | 2.84 | 3.01 | 3.06 | 2.99 | 3.03 | 3.34 | 3.01 |
| Transportation charges 3/ | 1.43 | 1.43 | 1.43 | 1.50 | 1.50 | 1.50 | 1.50 | 1.47 |
| Packers' margin 4/ | .87 | .84 | .80 | .76 | .83 | .83 | .88 | .83 |
| Total margin | 5.13 | 5.11 | 5.24 | 5.32 | 5.32 | 5.36 | 5.72 | 5.31 |
| Return to grower 5/ | 1.50 | 1.82 | 1.69 | 1.81 | 1.71 | 1.47 | 1.11 | 1.59 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 6.93 | 7.33 | 7.42 | 7.52 | 7.52 | 8.42 | 9.31 | 7.78 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.05 | 3.25 | 3.46 | 3.45 | 3.48 | 3.10 | 3.43 | 3.32 |
| Transportation charges 3/ | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 | 1.59 | 1.59 | 1.55 |
| Packers' margin 4/ | .91 | .93 | .78 | .88 | .75 | .98 | 1.02 | .89 |
| Total margin | 5.50 | 5.72 | 5.78 | 5.87 | 5.77 | 5.67 | 6.04 | 5.76 |
| Return to grower 5/ | 1.43 | 1.61 | 1.64 | 1.65 | 1.75 | 2.75 | 3.27 | 2.01 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 6.93 | 7.13 | 6.53 | 6.73 | 7.13 | 7.33 | 7.33 | 7.02 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.59 | 3.37 | 2.98 | 2.98 | 3.53 | 3.82 | 3.43 | 3.39 |
| Transportation charges 3/ | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 |
| Packers' margin 4/ | .82 | .91 | .77 | .80 | .77 | .80 | .84 | .82 |
| Total margin | 5.95 | 5.82 | 5.29 | 5.32 | 5.84 | 6.16 | 5.81 | 5.75 |
| Return to grower 5/ | .98 | 1.31 | 1.24 | 1.41 | 1.29 | 1.17 | 1.52 | 1.27 |

1/ Average price first 3 days of the week containing the 15th of each month (less 1-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.

2/ Retail price less average carlot track price (weighted by container size) for the week containing the 8th of each month.

3/ Rail freight, heater service, and 3-percent Federal transportation tax prior to August 1, 1958, Idaho Falls, Idaho, to Chicago, Ill.

4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for week containing the 1st of each month.

5/ Average carlot track prices at Chicago less transportation charges and packers' margin.

Table 6.--Idaho Russet potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in Los Angeles, Calif., 1955-56 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | | |
| Retail price 1/ | 6.53 | 6.53 | 6.53 | 7.03 | 6.93 | 8.12 | 9.21 | 7.27 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.78 | 3.42 | 3.57 | 3.37 | 3.23 | 4.26 | 4.65 | 3.75 |
| Transportation charges 3/ | .68 | .68 | .68 | .68 | .68 | .68 | .72 | .69 |
| Packers' margin 4/ | .96 | .98 | 1.02 | .94 | .92 | .85 | .86 | .93 |
| Total margin | 5.42 | 5.08 | 5.27 | 4.99 | 4.83 | 5.79 | 6.23 | 5.37 |
| Return to grower 5/ | 1.11 | 1.45 | 1.26 | 2.04 | 2.10 | 2.33 | 2.98 | 1.90 |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 7.62 | 7.72 | 7.72 | 7.92 | 8.02 | 7.92 | 7.52 | 7.78 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.42 | 4.16 | 4.36 | 4.39 | 4.72 | 4.93 | 4.62 | 4.51 |
| Transportation charges 3/ | .72 | .72 | .72 | .75 | .75 | .75 | .75 | .74 |
| Packers' margin 4/ | .87 | .84 | .80 | .76 | .83 | .83 | .88 | .83 |
| Total margin | 6.01 | 5.72 | 5.88 | 5.90 | 6.30 | 6.51 | 6.25 | 6.08 |
| Return to grower 5/ | 1.61 | 2.00 | 1.84 | 2.02 | 1.72 | 1.41 | 1.27 | 1.70 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 7.92 | 7.82 | 7.23 | 7.62 | 7.72 | 8.81 | 9.90 | 8.15 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.66 | 4.32 | 4.05 | 4.23 | 4.59 | 4.74 | 4.73 | 4.47 |
| Transportation charges 3/ | .80 | .80 | .80 | .80 | .80 | .82 | .82 | .81 |
| Packers' margin 4/ | .91 | .93 | .78 | .88 | .75 | .98 | 1.02 | .89 |
| Total margin | 6.37 | 6.05 | 5.63 | 5.91 | 6.14 | 6.54 | 6.57 | 6.17 |
| Return to grower 5/ | 1.55 | 1.77 | 1.60 | 1.71 | 1.58 | 2.27 | 3.33 | 1.98 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 7.72 | 8.12 | 8.02 | 8.42 | 8.32 | 8.22 | 8.22 | 8.15 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.85 | 4.85 | 5.16 | 5.19 | 5.33 | 5.44 | 5.24 | 5.15 |
| Transportation charges 3/ | .69 | .69 | .69 | .69 | .69 | .69 | .69 | .69 |
| Packers' margin 4/ | .82 | .91 | .77 | .80 | .77 | .80 | .84 | .82 |
| Total margin | 6.36 | 6.45 | 6.62 | 6.68 | 6.79 | 6.93 | 6.77 | 6.66 |
| Return to grower 5/ | 1.36 | 1.67 | 1.40 | 1.74 | 1.53 | 1.29 | 1.45 | 1.49 |

1/ Average price first 3 days of the week containing the 15th of each month (less 1-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.

2/ Retail price less average carlot broker sales at Los Angeles (weighted by container size) for the week containing the 8th of each month.

3/ Rail freight, heater service, and 3-percent Federal transportation tax prior to August 1, 1958, Idaho Falls, Idaho, to Los Angeles, Calif.

4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for week containing the 1st of each month.

5/ Average broker sales delivered at Los Angeles less transportation charges and packers' margin.

Table 7.--Idaho Russet potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in New York City, 1955-56 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | | |
| Retail price 1/ | 7.82 | 7.92 | 7.92 | 8.42 | 8.71 | 8.51 | 9.11 | 8.34 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.94 | 4.02 | 3.71 | 3.73 | 3.93 | 3.71 | 3.66 | 3.81 |
| Transportation charges 3/ | 1.76 | 1.76 | 1.76 | 1.76 | 1.76 | 1.76 | 1.82 | 1.77 |
| Packers' margin 4/ | .92 | .89 | 1.00 | 1.03 | .84 | .86 | .88 | .92 |
| Total margin | 6.62 | 6.67 | 6.47 | 6.52 | 6.53 | 6.33 | 6.36 | 6.50 |
| Return to grower 5/ | 1.20 | 1.25 | 1.45 | 1.90 | 2.18 | 2.18 | 2.75 | 1.84 |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 8.22 | 8.32 | 8.61 | 8.51 | 8.61 | 8.91 | 8.61 | 8.54 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.03 | 3.85 | 4.10 | 4.05 | 4.28 | 4.80 | 4.66 | 4.25 |
| Transportation charges 3/ | 1.82 | 1.82 | 1.82 | 1.90 | 1.90 | 1.90 | 1.90 | 1.87 |
| Packers' margin 4/ | .87 | .75 | .84 | .76 | .83 | .79 | .97 | .83 |
| Total margin | 6.72 | 6.42 | 6.76 | 6.71 | 7.01 | 7.49 | 7.53 | 6.95 |
| Return to grower 5/ | 1.50 | 1.90 | 1.85 | 1.80 | 1.60 | 1.42 | 1.08 | 1.59 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 9.11 | 8.71 | 8.91 | 9.01 | 8.91 | 9.60 | 10.89 | 9.31 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.78 | 4.40 | 4.51 | 4.44 | 4.36 | 4.36 | 4.33 | 4.45 |
| Transportation charges 3/ | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 | 2.00 | 2.00 | 1.96 |
| Packers' margin 4/ | .87 | .87 | .84 | .83 | .76 | .86 | .91 | .85 |
| Total margin | 7.59 | 7.21 | 7.29 | 7.21 | 7.06 | 7.22 | 7.24 | 7.26 |
| Return to grower 5/ | 1.52 | 1.50 | 1.62 | 1.80 | 1.85 | 2.38 | 3.65 | 2.05 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 8.61 | 8.51 | 8.61 | 8.91 | 9.11 | 8.81 | 9.11 | 8.81 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.69 | 4.33 | 4.44 | 4.73 | 4.86 | 4.70 | 5.37 | 4.73 |
| Transportation charges 3/ | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 | 1.78 | 1.92 |
| Packers' margin 4/ | .92 | .86 | .78 | .73 | .81 | .82 | .84 | .82 |
| Total margin | 7.55 | 7.13 | 7.16 | 7.40 | 7.61 | 7.46 | 7.99 | 7.47 |
| Return to grower 5/ | 1.06 | 1.38 | 1.45 | 1.51 | 1.50 | 1.35 | 1.12 | 1.34 |

1/ Average price first 3 days of the week containing the 15th of each month (less 1-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.

2/ Retail price less transportation charges and f.o.b. shipping-point price.

3/ Rail freight, heater service, and 3-percent Federal transportation tax prior to August 1, 1958, Idaho Falls, Idaho, to New York City.

4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for week preceding the week containing the 1st of each month.

5/ Price to grower, bulk per cwt., packout basis, Idaho Falls, Idaho.

Table 8.--Round White potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in Atlanta, Ga., 1955-56 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | | |
| Retail price 1/ | 3.98 | 4.18 | 4.38 | 4.97 | 4.88 | 5.17 | 6.57 | 4.88 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 1.92 | 1.95 | 1.99 | 2.26 | 1.86 | 1.94 | 2.75 | 2.10 |
| Transportation charges 3/ | .73 | .60 | .70 | .72 | .87 | 1.14 | 1.19 | .85 |
| Packers' margin 4/ | .61 | .64 | .61 | .65 | .65 | .70 | .80 | .67 |
| Total margin | 3.26 | 3.19 | 3.30 | 3.63 | 3.38 | 3.78 | 4.74 | 3.62 |
| Return to grower 5/ | .72 | .99 | 1.08 | 1.34 | 1.50 | 1.39 | 1.83 | 1.26 |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 4.88 | 5.27 | 5.57 | 5.77 | 6.07 | 5.77 | 5.37 | 5.53 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.14 | 2.46 | 2.52 | 2.59 | 2.93 | 2.83 | 2.47 | 2.56 |
| Transportation charges 3/ | .74 | .61 | .68 | .70 | .83 | .89 | 1.16 | .80 |
| Packers' margin 4/ | .64 | .64 | .65 | .63 | .68 | .60 | .65 | .64 |
| Total margin | 3.52 | 3.71 | 3.85 | 3.92 | 4.44 | 4.32 | 4.28 | 4.01 |
| Return to grower 5/ | 1.36 | 1.56 | 1.72 | 1.85 | 1.63 | 1.45 | 1.09 | 1.52 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 5.67 | 5.67 | 5.67 | 5.87 | 5.97 | 7.26 | 7.76 | 6.27 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.62 | 2.58 | 2.42 | 2.55 | 2.51 | 2.47 | 2.49 | 2.52 |
| Transportation charges 3/ | .70 | .68 | .77 | .83 | .95 | .99 | 1.16 | .87 |
| Packers' margin 4/ | .65 | .68 | .64 | .65 | .63 | .87 | .70 | .69 |
| Total margin | 3.97 | 3.94 | 3.83 | 4.03 | 4.09 | 4.33 | 4.35 | 4.08 |
| Return to grower 5/ | 1.70 | 1.73 | 1.84 | 1.84 | 1.88 | 2.93 | 3.41 | 2.19 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 5.27 | 5.37 | 5.37 | 5.47 | 5.07 | 4.97 | 5.17 | 5.24 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.03 | 2.98 | 2.88 | 2.97 | 2.71 | 2.75 | 2.94 | 2.90 |
| Transportation charges 3/ | .69 | .64 | .74 | .75 | .77 | .83 | .86 | .75 |
| Packers' margin 4/ | .65 | .63 | .67 | .67 | .67 | .53 | .60 | .63 |
| Total margin | 4.37 | 4.25 | 4.29 | 4.39 | 4.15 | 4.11 | 4.40 | 4.28 |
| Return to grower 5/ | .90 | 1.12 | 1.08 | 1.08 | .92 | .86 | .77 | .96 |

1/ Average price first 3 days of the week containing the 15th of each month (less 0.5-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.

2/ Retail price less transportation charges and f.o.b. shipping-point price.

3/ Weighted average truck freight charges from selected northeastern shipping points to Atlanta.

4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for the last 2 days of week containing the 1st of each month and the first 3 days of the week containing the 8th.

5/ Weighted average price to grower, bulk per cwt., packout basis; eastern Pennsylvania points, central and south New Jersey points, Rochester, N. Y., Riverhead, N. Y., Connecticut Valley of Massachusetts, Hartford, Conn., and Presque Isle, Maine.

Table 9.--Red River Valley Pontiac potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in Chicago, Ill., 1955-56 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | | |
| Retail price 1/ | 5.05 | 5.64 | 6.04 | 5.74 | 6.63 | 6.63 | 8.02 | 6.25 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.65 | 2.70 | 3.13 | 2.66 | 2.69 | 2.63 | 2.84 | 2.76 |
| Transportation charges 3/ | .81 | .81 | .81 | .81 | .81 | .81 | .85 | .81 |
| Packers' margin 4/ | .65 | .65 | .65 | .65 | .65 | .65 | .65 | .65 |
| Total margin | 4.11 | 4.16 | 4.59 | 4.12 | 4.15 | 4.09 | 4.34 | 4.22 |
| Return to grower 6/ | .94 | 1.48 | 1.45 | 1.62 | 2.48 | 2.54 | 3.68 | 2.03 |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 5.15 | 5.15 | 5.64 | 5.64 | 5.64 | 5.15 | 5.15 | 5.36 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 2.69 | 2.42 | 3.10 | 3.10 | 3.25 | 3.09 | 3.17 | 2.98 |
| Transportation charges 3/ | .85 | .85 | .85 | .89 | .89 | .89 | .89 | .87 |
| Packers' margin 4/ | .70 | .70 | .70 | .70 | .70 | .70 | .70 | .70 |
| Total margin | 4.24 | 3.97 | 4.65 | 4.69 | 4.84 | 4.68 | 4.76 | 4.55 |
| Return to grower 6/ | .91 | 1.18 | .99 | .95 | .80 | .47 | .39 | .81 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 6.24 | 6.73 | 6.73 | 7.03 | 7.23 | 8.42 | 8.42 | 7.26 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.05 | 3.09 | 3.38 | 3.36 | 3.53 | 3.32 | 3.52 | 3.33 |
| Transportation charges 3/ | .95 | .95 | .95 | .95 | .98 | .98 | .98 | .96 |
| Packers' margin 5/ | .78 | .76 | .67 | .69 | .70 | .88 | .72 | .74 |
| Total margin | 4.78 | 4.80 | 5.00 | 5.00 | 5.21 | 5.18 | 5.22 | 5.03 |
| Return to grower 6/ | 1.46 | 1.93 | 1.73 | 2.03 | 2.02 | 3.24 | 3.20 | 2.23 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 5.35 | 5.54 | 5.44 | 5.54 | 5.94 | 5.64 | 6.24 | 5.67 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.14 | 3.14 | 2.96 | 3.16 | 3.60 | 3.30 | 2.70 | 3.14 |
| Transportation charges 3/ | .95 | .95 | .95 | .95 | .95 | .95 | .95 | .95 |
| Packers' margin 5/ | .67 | .84 | .74 | .69 | .69 | .63 | .69 | .71 |
| Total margin | 4.76 | 4.93 | 4.65 | 4.80 | 5.24 | 4.88 | 4.34 | 4.80 |
| Return to grower 6/ | .59 | .61 | .79 | .74 | .70 | .76 | 1.90 | .87 |

1/ Average price first 3 days of the week containing the 15th of each month (less -percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.
2/ Retail price less average carlot track price (weighted by container size) for the week containing the 8th of each month.
3/ Rail freight, heater service, and 3-percent Federal transportation tax prior to August 1, 1958, Grand Forks, N. Dak., to Chicago, Ill.
4/ Estimated.
5/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for week containing the 1st of each month.
6/ Average carlot track prices at Chicago less transportation charges and packers' margin.

Table 10.--California Long White potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in Los Angeles, Calif., 1956-57 through 1958-59

| Item | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Season |
|---|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1956-57: | | | | | | | | |
| Retail price 1/ | 6.89 | 7.48 | 7.28 | 7.68 | 7.87 | 7.77 | 7.28 | 7.46 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 3.74 | 4.13 | 4.18 | 4.18 | 4.87 | 5.17 | 5.03 | 4.47 |
| Transportation charges 3/ | .50 | .50 | .30 | .30 | .30 | .30 | .30 | .36 |
| Packers' margin 4/ | .66 | .66 | .66 | .66 | .66 | .66 | .66 | .66 |
| Total margin | 4.90 | 5.29 | 5.14 | 5.14 | 5.83 | 6.13 | 5.99 | 5.49 |
| Return to grower 5/ | 1.99 | 2.19 | 2.14 | 2.54 | 2.04 | 1.64 | 1.29 | 1.97 |
| 1957-58: | | | | | | | | |
| Retail price 1/ | 7.58 | 7.48 | 6.99 | 7.38 | 7.28 | 8.27 | 10.23 | 7.89 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.43 | 4.13 | 4.09 | 4.48 | 4.03 | 4.17 | 3.23 | 4.08 |
| Transportation charges 3/ | .50 | .50 | .30 | .30 | .30 | .30 | .30 | .36 |
| Packers' margin 4/ | .68 | .68 | .68 | .68 | .68 | .68 | .68 | .68 |
| Total margin | 5.61 | 5.31 | 5.07 | 5.46 | 5.01 | 5.15 | 4.21 | 5.12 |
| Return to grower 5/ | 1.97 | 2.17 | 1.92 | 1.92 | 2.27 | 3.12 | 6.02 | 2.77 |
| 1958-59: | | | | | | | | |
| Retail price 1/ | 7.18 | 7.48 | 7.87 | 8.17 | 8.46 | 8.56 | 7.58 | 7.90 |
| Marketing margin: | | | | | | | | |
| Wholesale-retail margin 2/ | 4.43 | 4.03 | 4.17 | 4.22 | 3.46 | 4.06 | 4.53 | 4.13 |
| Transportation charges 3/ | .50 | .30 | .30 | .30 | .30 | .30 | .30 | .33 |
| Packers' margin 4/ | .70 | .70 | .70 | .70 | .70 | .70 | .70 | .70 |
| Total margin | 5.63 | 5.03 | 5.17 | 5.22 | 4.46 | 5.06 | 5.53 | 5.16 |
| Return to grower 5/ | 1.55 | 2.45 | 2.70 | 2.95 | 4.00 | 3.50 | 2.05 | 2.74 |

1/ Average price first 3 days of the week containing the 15th of each month (less 1.6-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.
2/ Retail price less average carlot broker sales at Los Angeles for the week containing the 8th of each month.
3/ Average truck freight charges from selected California points to Los Angeles.
4/ Estimated.
5/ Average broker sales delivered at Los Angeles less transportation charges and packers' margin.

Table 11.--Long Island Katahdin-Chippewa type potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in New York City, 1955-56 through 1958-59

| Item | Sept. | Oct. | Nov. | Dec. | Jan. | Season |
|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | |
| Retail price 1/ | 3.88 | 3.78 | 4.48 | 4.38 | 4.68 | 4.24 |
| Marketing margin: | | | | | | |
| Wholesale-retail margin 2/ | 2.33 | 2.32 | 2.38 | 2.52 | 2.32 | 2.38 |
| Transportation charges 3/ | .25 | .25 | .25 | .25 | .25 | .25 |
| Packers' margin 4/ | .60 | .61 | .60 | .61 | .61 | .60 |
| Total margin | 3.18 | 3.18 | 3.23 | 3.38 | 3.18 | 3.23 |
| Return to grower 5/ | .70 | .60 | 1.25 | 1.00 | 1.50 | 1.01 |
| 1956-57: | | | | | | |
| Retail price 1/ | 5.47 | 4.68 | 4.68 | 4.98 | 5.07 | 4.98 |
| Marketing margin: | | | | | | |
| Wholesale-retail margin 2/ | 2.58 | 2.58 | 2.13 | 2.39 | 2.21 | 2.38 |
| Transportation charges 3/ | .25 | .25 | .25 | .25 | .25 | .25 |
| Packers' margin 4/ | .64 | .60 | .60 | .59 | .61 | .61 |
| Total margin | 3.47 | 3.43 | 2.98 | 3.23 | 3.07 | 3.24 |
| Return to grower 5/ | 2.00 | 1.25 | 1.70 | 1.75 | 2.00 | 1.74 |
| 1957-58: | | | | | | |
| Retail price 1/ | 4.68 | 4.78 | 4.78 | 4.97 | 5.17 | 4.88 |
| Marketing margin: | | | | | | |
| Wholesale-retail margin 2/ | 2.19 | 2.29 | 2.14 | 2.23 | 2.33 | 2.24 |
| Transportation charges 3/ | .25 | .25 | .25 | .25 | .25 | .25 |
| Packers' margin 4/ | .64 | .64 | .64 | .64 | .64 | .64 |
| Total margin | 3.08 | 3.18 | 3.03 | 3.12 | 3.22 | 3.13 |
| Return to grower 5/ | 1.60 | 1.60 | 1.75 | 1.85 | 1.95 | 1.75 |
| 1958-59: | | | | | | |
| Retail price 1/ | 4.58 | 4.48 | 4.58 | 4.68 | 4.78 | 4.62 |
| Marketing margin: | | | | | | |
| Wholesale-retail margin 2/ | 2.83 | 2.74 | 2.63 | 2.68 | 2.78 | 2.73 |
| Transportation charges 3/ | .25 | .25 | .25 | .25 | .25 | .25 |
| Packers' margin 4/ | .60 | .59 | .60 | .60 | .60 | .60 |
| Total margin | 3.68 | 3.58 | 3.48 | 3.53 | 3.63 | 3.58 |
| Return to grower 5/ | .90 | .90 | 1.10 | 1.15 | 1.15 | 1.04 |

1/ Average price first 3 days of the week containing the 15th of each month (less 0.5-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.
2/ Retail price less transportation charges and f.o.b. shipping-point price.
3/ Truck transportation charges from Riverhead, L. I., to New York City.
4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers, for the week containing the 8th of each month.
5/ Price to grower, bulk per cwt., packout basis, Riverhead, L. I.

Table 12.--Maine Katahdin-Chippewa type potatoes: Retail prices, marketing margins, and grower returns for 100 pounds sold in New York City, 1955-56 through 1958-59

| Item | Dec. | Jan. | Feb. | Mar. | Apr. | May | Season |
|---|---|---|---|---|---|---|---|
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1955-56: | | | | | | | |
| Retail price 1/ | 4.38 | 4.68 | 4.78 | 4.78 | 5.37 | 6.47 | 5.08 |
| Marketing margin: | | | | | | | |
| Wholesale-retail margin 2/ | 2.11 | 1.99 | 1.86 | 1.89 | 1.96 | 1.92 | 1.96 |
| Transportation charges 3/ | .83 | .83 | .83 | .83 | .88 | .88 | .85 |
| Packers' margin 4/ | .43 | .58 | .45 | .58 | .71 | .46 | .53 |
| Total margin | 3.37 | 3.40 | 3.14 | 3.30 | 3.55 | 3.26 | 3.34 |
| Return to grower 5/ | 1.01 | 1.28 | 1.64 | 1.48 | 1.82 | 3.21 | 1.74 |
| 1956-57: | | | | | | | |
| Retail price 1/ | 4.98 | 5.07 | 5.07 | 4.98 | 4.98 | 5.17 | 5.04 |
| Marketing margin: | | | | | | | |
| Wholesale-retail margin 2/ | 2.40 | 2.03 | 2.35 | 2.30 | 2.34 | 2.68 | 2.34 |
| Transportation charges 3/ | .88 | .95 | .95 | .95 | .95 | .95 | .94 |
| Packers' margin 4/ | .56 | .57 | .56 | .52 | .57 | .57 | .56 |
| Total margin | 3.84 | 3.55 | 3.86 | 3.77 | 3.86 | 4.20 | 3.84 |
| Return to grower 5/ | 1.14 | 1.52 | 1.21 | 1.21 | 1.12 | .97 | 1.20 |
| 1957-58: | | | | | | | |
| Retail price 1/ | 4.98 | 5.17 | 5.37 | 6.67 | 7.46 | 6.87 | 6.09 |
| Marketing margin: | | | | | | | |
| Wholesale-retail margin 2/ | 2.12 | 2.21 | 2.31 | 2.41 | 2.53 | 3.35 | 2.49 |
| Transportation charges 3/ | 1.00 | .82 | .83 | .83 | .81 | .81 | .85 |
| Packers' margin 4/ | .50 | .56 | .48 | .83 | .54 | .71 | .60 |
| Total margin | 3.62 | 3.59 | 3.62 | 4.07 | 3.88 | 4.87 | 3.94 |
| Return to grower 5/ | 1.36 | 1.58 | 1.75 | 2.60 | 3.58 | 2.00 | 2.15 |
| 1958-59: | | | | | | | |
| Retail price 1/ | 4.68 | 4.78 | 4.88 | 4.68 | 4.88 | 5.77 | 4.94 |
| Marketing margin: | | | | | | | |
| Wholesale-retail margin 2/ | 2.58 | 2.74 | 2.96 | 2.83 | 2.92 | 2.89 | 2.82 |
| Transportation charges 3/ | .79 | .79 | .79 | .79 | .79 | .79 | .79 |
| Packers' margin 4/ | .55 | .49 | .46 | .45 | .43 | .70 | .51 |
| Total margin | 3.92 | 4.02 | 4.21 | 4.07 | 4.14 | 4.38 | 4.12 |
| Return to grower 5/ | .76 | .76 | .67 | .61 | .74 | 1.39 | .82 |

1/ Average price first 3 days of the week containing the 15th of each month (less 0.5-percent allowance for waste and spoilage). U. S. Bureau of Labor Statistics.

2/ Retail price less transportation charges and f.o.b. shipping-point price.

3/ Rail freight, heater service, and 3-percent Federal transportation tax prior to August 1, 1958, Presque Isle, Maine, to New York City.

4/ Average f.o.b. shipping-point price (weighted by container size) less price to growers for the last 3 days of the week containing the 1st of each month, and the first 2 days of the week containing the 8th.

5/ Price to grower, bulk per cwt., packout basis, Presque Isle, Maine.



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