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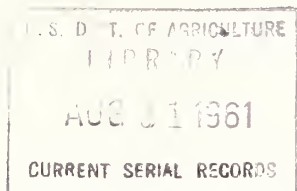
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Coordinated Marketing for Florida Fresh Citrus Shippers

Views on Its Need and Feasibility

by Fred E. Hulse

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U. S. Department of Agriculture

FARMER COOPERATIVE SERVICE
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Washington 25, D.C.

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The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies, confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

This study was conducted under authority of the Agricultural Marketing Act of 1946 (RMA, Title II).

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Highlights

This report examines marketing problems faced by Florida fresh citrus shippers. It places special emphasis on the need and feasibility of a coordinated marketing program.

Farmer Cooperative Service undertook the study at the request of a group of shippers interested in alternative opportunities for solving their marketing problems.

The 120 shippers interviewed represented substantially all the packinghouses in Florida handling more than 50,000 boxes of certified fruit annually. These 120 shippers accounted for 93 percent of the certified fresh citrus shipped in the 1957-58 season. Smaller shippers were interviewed on a sample basis.

About one-third -- or 41 -- of the shippers interviewed were affiliated with a sales organization that handled all or some part of their sales. The other two-thirds -- or 79 -- were unaffiliated for fresh sales purposes.

The report emphasizes the views of the 79 unaffiliated shippers because it is within this group that the need for additional joint sales activity will actually be determined.

About 7 out of every 10 -- or 83 out of 120 -- shippers viewed the present number of sales organizations as unfavorably affecting the Florida fresh citrus industry. About the same number -- or 84 out of 120 -- saw a need for more joint sales effort.

Forty-six of the 79 unaffiliated shippers saw a need for more joint sales activity; and 37 -- or about half -- expressed a willingness to participate with other shippers in some form of joint activity if a plan were developed.

The strongest expressions of both need and willingness for joint sales efforts were found among all types of shippers in the south Florida area and among cooperative organizations in all areas.

Only about 6 out of 10 shippers claimed to have a fresh fruit specialty; but those who specialized in grapefruit showed more interest in joint activity than those who specialized in oranges or in tangerines and lemons.

Shippers who pooled growers' fruit and those who processed it, in addition to packing it, showed more interest in joint activity than those who just packed it or those who did not pool it. Shippers who were not affiliated for fresh sales purposes, but were affiliated for processing, showed more interest in joint activity than those who were not affiliated for processing.

As a group, shippers handling more than 300,000 boxes of certified fresh citrus annually showed a little more interest in participation than smaller operators. When the volume of certified fruit shipped over a 6-year period was considered, shippers with decreasing volume showed more interest in joint activity than shippers with increasing volume.

Shippers whose fresh shipments were small -- 25 percent, or less, of the fruit they handled -- and those whose shipments were large -- 75 percent, or more, of the fruit they handled -- showed considerably less interest in joint activity than shippers in the middle group.

Shippers who indicated a need for more adequate financing showed a little more interest in joint activity than those who indicated no need.

All the shippers who used various methods of sale had practically the same feeling about joint activity except two groups: those who depended more heavily on auction sales and those who depended more heavily on direct sales to buyers other than chain stores. Proportionately fewer shippers using these methods expressed a willingness to engage in joint activity.

Although many shippers claimed to be reasonably well satisfied with their present fresh fruit sales operations, a majority indicated that sales problems in the preceding 5 years had become more difficult. The most important problems centered around specification buying practices which have been adopted by large-volume buyers. Shippers also frequently mentioned problems of price, competition, and buyers' bargaining power as contributing to more difficult selling.

A large majority of unaffiliated shippers willing to participate in joint activity thought sales problems were becoming more difficult, while a third of those unwilling to participate in joint activity saw little change in sales problems.

The majority of shippers thought the increased use of processed citrus products had unfavorably affected the fresh fruit industry. They felt the same about the concentration of retail outlets into fewer hands and about the surplus supply situations of individual shippers.

More than half the shippers interviewed expressed the belief that selling for shipper's account was the method of operation most likely to be successful for a joint sales organization. Other methods considered were pooling of all sales, various forms of a price and shipment information service, and complete merger of shipping and sales organizations.

All groups thought restricted membership in joint sales activities was preferable to open membership. This thinking is in line with the frequent argument that participation on the basis of production area, type of business organization, or type of operation would bring together shippers with common interests and objectives.

Shippers agreed on the importance of two other operational policies: participation on a firm contract basis and an arrangement where all fresh fruit of the members would be handled by the sales agency. More than two-thirds of those interviewed thought it necessary to have a contract requiring the sales agency to determine when sales would be made. Two-thirds also thought a brand or trademark advertising program necessary.

Shippers in all groups gave wide support to the idea of using one brand or trademark for all fruit sold by the agency; but only slightly more than half of those interviewed saw the necessity for establishing a quality program with a special quality brand.

In their responses to the question on improvements that could be expected from more joint sales activity, the shippers mentioned greater stability by far the most frequently and then mentioned better market distribution, increased efficiency, and improved returns. Twelve shippers -- or 10 percent of those interviewed -- saw no possible improvements from more joint sales activity.

The problems which shippers said could be expected fell into two main categories: operations and human relations. Those interviewed mentioned operational problems, both physical and marketing, most frequently; but they followed these

closely with problems in human relations, including member relations and personnel relations. Two shippers thought the legal aspect was a problem area; and 37 -- or about 30 percent -- saw no problem areas.

Most of the shippers thought the biggest obstacles to joint sales activity were in the human relations area. Seventy-six of the 120 pointed to the independence of shippers as the primary obstacle. Others thought personnel adjustments arising from realignment of sales activity was an obstacle. Some mentioned operational, economic, and legal considerations. Only two shippers saw no real obstacles.

The four organizations -- The Florida Citrus Exchange, The Fruitman's Club, The Clearinghouse Association, and Florida Citrus Mutual -- which have worked to stabilize the citrus industry in Florida have all faced problems. Some have had inadequate support from growers and shippers, and some have had the problems of changing economic circumstances. But each of the organizations has contributed in some way to the ultimate objective of a more coordinated and stabilized industry.

Growers and grower organizations in Florida can join together under the Capper-Volstead Act to jointly market their products; but supply and price control involving nonproducer groups has been attacked as price fixing. Similarly, a sales organization formed by a group of excelsior manufacturers was accused of price fixing and subsequently ordered by the courts to disband its operations. Thus, joint sales activity, short of complete mergers of selling units, would appear to have its strongest legal basis, and probably its best chance for success, through an agency composed of growers or grower organizations, or both.

COORDINATED MARKETING FOR FLORIDA FRESH CITRUS SHIPPERS

Views on Its Need and Feasibility

by Fred E. Hulse
Fruit and Vegetable Branch
Marketing Division

Some fresh citrus shippers and other industry leaders concerned about the future of the industry in Florida have considered coordinated marketing or joint selling as a means of giving growers and shippers more bargaining strength.

At the request of a group of shippers, Farmer Cooperative Service made a study of fresh citrus marketing problems and placed special emphasis on a coordinated marketing program. The field work was begun on this study in the spring of 1959. At that time, packinghouse managers and sales managers were meeting frequently to discuss industry problems. In these discussions, they showed interest in joint sales activity.

This report is the second in the study. The first, a preliminary report,¹ was issued to provide industry an immediate analysis of shippers' responses to certain key questions.

Shippers' concern for the future of the Florida fresh fruit industry can be traced to changes in production, technology, and market structure. The

changes require that shippers adjust their operations or modify their business methods. These are difficult requirements for many shippers.

Sales of fresh fruit have declined both in actual volume and as a percentage of total volume since 1954-55 in the case of oranges, and since 1951-52 in the case of grapefruit. The past season, 1959-60, reversed this trend somewhat, but not substantially.

According to the Florida Department of Agriculture's Citrus and Vegetable Inspection Division, fresh citrus packinghouse registrations had been declining since 1947-48, when they numbered 410, until the 1959-60 season, when they numbered 196. This decline occurred while Florida citrus production generally had been increasing rapidly.

No less important are the shifts from terminal market sales to f.o.b. selling. Buyers have established procurement offices or appointed procurement agents in the production areas. Sellers have used direct telephone contact with customers all over the country.

Direct procurement has become practical with the continuing expansion of retail outlets and mass merchandising techniques. These, in turn, have promoted specification buying by type, variety, grade, package, and size of fruit to assure uni-



New citrus groves, such as these, are coming in every year. This increased production stimulates growers' and shippers' interest in joint sales activity.

¹Hulse, Fred E. The Need and Feasibility of Developing a Joint Marketing Program for Fresh Citrus Fruit. Service Report 50, Farmer Cooperative Service, U.S. Dept. of Agr. Dec. 1959.

formity in retail display and promotional or advertising programs.

Other innovations, ranging from fruit procurement practices to prepackaging developments, are occurring in the fresh segment of the Florida citrus industry. Some changes have been initiated by shippers themselves while others were the outgrowth of activity in other parts of the marketing system.

All of these changes cause concern among shippers that the present marketing methods may be inadequate to serve their needs as total Florida production increases beyond prefreeze (1957-58) levels. Some shippers -- including cooperatives, grower-shippers, and cash buyers -- see the absence of a well coordinated fresh fruit sales program as a threat to stable prices.

About 10 years ago, increasing production and low prices stimulated growers' and shippers' interest in joint activity to the point of establishing Florida Citrus Mutual, with headquarters at Lakeland. Growers became less interested in coordinated selling as prices improved and the rapid

growth of demand for frozen orange concentrate developed a new market for fruit. Mutual became a successful grower-controlled cooperative providing marketing information and many other services to its members and the citrus industry generally. However, it has not operated as a marketing organization.

Because of this interest a decade ago, the U.S. Department of Agriculture -- at the request of Florida members of the Citrus Advisory Committee -- made a study² in 1949 of industry attitudes toward coordinated marketing.

The 1949 study and the present one are similar in many respects; but after a lapse of 10 years, changing market conditions again emphasized the need for shippers to consider these problems.

Coordinated selling of fresh citrus fruit in Florida is well established. Three organizations now operating in the State have a long record of selling for shippers' accounts. Approximately one-third of the shippers use these organizations to sell their fruit, while two-thirds sell independently.

Method and Scope of Study

This study is based on interviews with 120 Florida fresh citrus shippers. Using reports of the Citrus and Vegetable Inspection Division of the Florida Department of Agriculture, shippers were selected for interview if (1) there was a record of certified fresh shipments in the 1957-58 season, and (2) the average annual volume of these shipments for the three seasons, 1954-55 to 1956-57, exceeded 50,000 boxes. Also, every third shipper with an average volume of 10,000 to 49,999 boxes was interviewed. The three seasons used to determine shippers' average volume of certified fresh fruit excluded the 1957-58 season affected by the freeze.

This method of selecting shippers provided a list of 139 packinghouses to be contacted; but, for various reasons, 19 of these were unavailable for interviews. The 120 shippers contacted accounted for 84 percent of the certified fresh citrus shipped in the three seasons ending in 1956-57. In the 1957-58 season, this proportion had increased to 93 percent.

Among certain groups of shippers, there has been much discussion of sales problems in general and joint sales in particular; but, on an industry-wide basis, no such general discussion has been

undertaken. As a result, individuals interviewed showed varying degrees of interest in the problems discussed. Some had not given them thoughtful consideration before the interview. Consequently, some shippers admitted their inability to answer some questions and others declined to answer a particular inquiry. Such responses were included in a "no response" category as data were tabulated.

For this study, shippers were divided into two groups -- those affiliated for fresh sales and those unaffiliated. Of the 120 shippers interviewed, 41 were affiliated with a sales organization responsible for marketing all or a considerable portion of their fresh fruit. The remaining 79 shippers were unaffiliated with any such group for fresh sales purposes.

Analysis of responses to certain key questions showed that affiliated shippers strongly favored joint sales activity. In fact these shippers, by their affiliation with a sales organization, have demonstrated what they think about joint sales activity.

Other characteristics of the shippers interviewed in this study will be examined in relation to key questions.

Views on Number of Sales Organizations

About 7 out of every 10 shippers interviewed -- or 83 out of 120 -- expressed the opinion that the present large number of sales organizations affected

the Florida fresh citrus industry unfavorably (appendix table 1).

Among the 79 unaffiliated shippers interviewed,

²Goldsborough, G.H. Coordinating the Marketing of Florida Citrus Fruit. Miscellaneous Report 143, Farm Credit Administration, Oct. 1950. (Now distributed by Farmer Cooperative Service, U.S. Dept. of Agr.)

48 viewed the present number as affecting the industry unfavorably,

3 viewed the present number as affecting the industry favorably,

23 viewed the present number as having no effect, and

5 made no response.

The proportion of affiliated shippers who considered the present number of sales organizations as unfavorable was higher than the proportion of unaffiliated shippers. Of 41 affiliated shippers,

35 viewed the present number as affecting the industry unfavorably,

4 viewed the present number as having no effect, and

2 made no response.

No affiliated shipper saw the present number of sales organizations as favorably affecting the Florida fresh citrus industry.

Eighty-four of the 120 shippers interviewed -- or 7 out of 10 -- saw a need for more joint sales activity (appendix table 2). The proportion of affiliated shippers taking this view was considerably higher than the proportion of unaffiliated shippers.

4 were undecided, and

8 made no response.

These views on the need for more joint sales activity can be contrasted with those of the 41 affiliated shippers. In the affiliated group,

38 saw the need extended to all sales,

1 saw no need, and

2 made no response.

Since a coordinated or joint sales program effectively reduces the number of individual sellers in the market, answers to the question about the present number of sales organizations were compared with those on need for more joint sales activity. In their answers to the question about the number of sales organizations, some shippers implied there was too much undesirable competition in the fresh fruit industry; but not all agreed that more joint sales activity was desirable.

All 35 affiliated shippers who replied that the present number of sales organizations was unfavorable indicated a need for more joint sales activity (appendix table 3). Of the 48 unaffiliated shippers who viewed the present number of sales organizations as unfavorable, 38 saw a need for more joint sales activity. Some shippers holding



Sales Department of the Florida Citrus Exchange, Tampa, operating as Seald-Sweet Sales, Inc. A joint sales program reduces the number of individual sellers in the market. Salesmen of the Exchange maintain personal contact with buyers all over the country, representing 33 individual shippers in Florida.

The reaction of the 79 unaffiliated shippers to the question of need for more joint sales activity was as follows:

40 saw a need for handling all sales,

6 saw a need limited to some part of sales,

21 saw no need,

other views, particularly those seeing no effect on the industry from the present number of sales organizations, also favored more joint sales activity. In total, 46 unaffiliated shippers favored more joint sales activity.

Willingness To Participate in Joint Activity

While all shippers interviewed were asked if there was a need for more joint sales activity, only unaffiliated shippers were asked if they would

be willing to participate with other shippers in some kind of joint activity if a plan were developed along the lines discussed in the interview (appendix

table 4).

Types of joint activity outlined ranged from a voluntary shipping and price information service for shippers to a joint sales organization and finally to complete merger of facilities and assets. Various possibilities were discussed, and some shippers suggested activities in which they had a particular interest.

Answers to the question on willingness to participate showed the 79 unaffiliated shippers with

- 37 willing,
- 30 unwilling,
- 6 undecided, and
- 6 making no response.

Need Versus Participation

Comparison of replies to the questions on need and participation showed 37 unaffiliated shippers who were willing to participate in some form of joint activity and 46 who saw a need for more joint sales activity (appendix table 4). Not all of these 37 shippers who expressed a willingness to participate with others were in the group of 46 who expressed a need for more joint sales activity. The results of this comparison show that

- 31 of the 46 who saw a need expressed a willingness to participate,
- 4 of the 21 who saw no need expressed a willingness to participate, and
- 2 of the 8 who made no response on need expressed a willingness to participate.

All those who were undecided on the need for more joint sales activity expressed unwillingness to participate with other shippers in any of the various types of programs suggested in the interview.

It is apparent from this comparison that expressions of willingness to participate were less numerous than expressions of need for more joint sales activity.

Comparisons made in our preliminary report on this study showed that these responses were generally parallel when the analysis considered the various characteristics of shippers. The number of responses indicating willingness were always smaller than the number indicating need; and in some analyses, such as those for production areas, the responses showed considerable variation between need and willingness to participate. However, if both need and participation were to be examined in detail for all characteristics there would be much duplication.

Analysis of responses to the question of willingness to participate is used in the report because it is the most precise standard for judging the possibilities for more joint activity among Florida fresh fruit shippers. This type of analysis also provides an opportunity to examine more closely various factors related to fresh citrus shippers' attitudes on participation. Although the question of participation was asked only of unaffiliated shippers, tables in both the text and appendix show the position of affiliated shippers. Factors affecting both groups are discussed in detail.

Factors Influencing Willingness

Many factors influenced shippers' willingness to participate with others in any kind of joint activity. The following discussion considers those characteristics and viewpoints which showed some relationship to shippers' willingness to participate.

Production Area

Of the 79 unaffiliated shippers interviewed, the strongest expression of willingness to participate in some form of joint activity was among those from the south Florida area (figure 1 and appendix table 5). Unaffiliated shippers expressing a willingness to participate numbered

- 3 out of 4 in the west coast area,
- 17 out of 25 in the south Florida area,
- 16 out of 43 in the north Florida area, and
- 1 out of 7 in the Indian River area.

Least interest was expressed among unaffiliated shippers in the Indian River area, where more than two-thirds of all shippers were already associated in a joint sales effort.

The north Florida area had the largest number of unaffiliated shippers, but only 16 of the 43 expressed a willingness to participate in some form of joint activity. This area also accounted for the smallest proportion of shippers, 12 out of 55, presently associated in joint sales activity. Of 8 west coast shippers, 4 were affiliated with a joint sales organization and 3 of the remaining unaffiliated shippers expressed interest in some form of joint activity.

Organization

Florida fresh fruit shippers can be classified in several ways, all of which help to describe the organization of the industry as well as the individual shipping organizations.

Ownership. -- Type of organization ownership provides a measure of interest in joint activity participation (appendix table 6). Unaffiliated shippers willing to participate with others made up

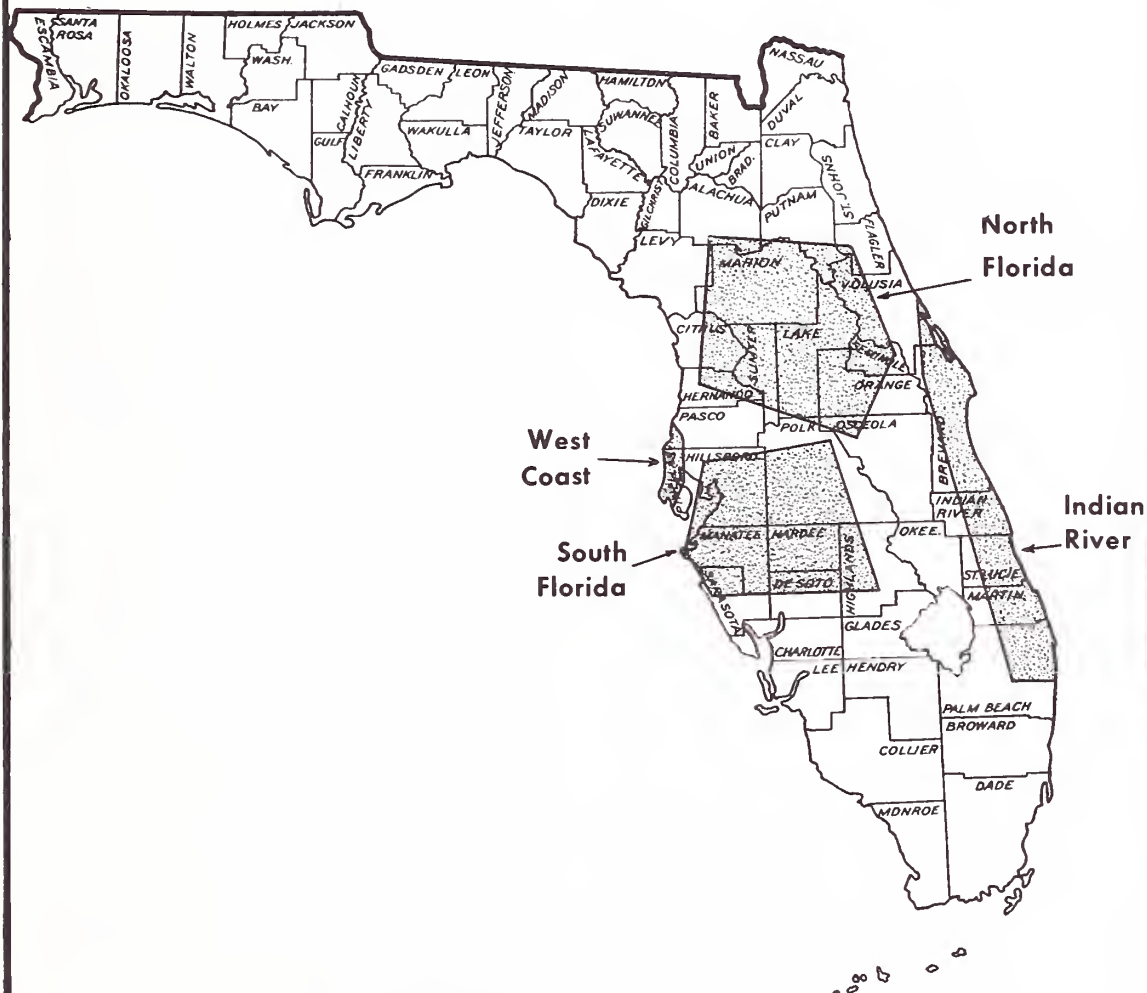
- 7 out of 11 cooperative corporations,
- 2 out of 3 grower-owned corporations,
- 4 out of 8 individually owned operations,
- 4 out of 8 partnerships, and
- 20 out of 49 other corporations.

A higher proportion of unaffiliated cooperative organizations showed interest in participation than any other form of business ownership showed. This should not come as a surprise since joint activity is basically an extension of the cooperative principle. Nineteen cooperatives accounted for the largest ownership group among the 41 affiliated shippers but were closely followed by 18 in the other corporation category.

Type of Operation. -- The unaffiliated fresh fruit shippers who were also engaged in a processing operation showed more interest in joint activity than other shippers (appendix table 7). On the

Figure 1

Production Areas Served by 120 Fresh Citrus Shippers, 1958-59 Season



basis of type of operation of the 37 unaffiliated shippers, willingness to participate was expressed by 6 out of 8 who were also engaged in processing,

26 out of 56 who confined their operations primarily to packing and selling fresh fruit, and

5 out of 14 who included as a specific objective of their operation the procurement of fruit for processors.

Among affiliated shippers, 34 confined their operations to packing and 5 packed and sold some part of their pack. None of the affiliated shippers were directly engaged in processing.

Fresh Fruit Speciality. -- Although 51 of the 120 shippers interviewed claimed no fresh fruit speciality, the remaining 69 could be divided into 3 groups specializing to some extent in either grapefruit, oranges, or tangerines and temples (appendix table 8). Among unaffiliated shippers claiming one of these specialities, willingness to participate was expressed by

11 out of 17 grapefruit houses,

5 out of 16 tangerine and temple houses, and

4 out of 10 orange houses.

Lack of an expanding processing market for grapefruit and low returns on it as compared to returns on oranges might have been factors in the higher proportion of grapefruit shippers willing to participate with others in some form of joint activity.

Fruit Procurement Method. -- Unaffiliated shippers pooling growers' fruit showed more interest in joint activity than shippers using other procurement methods (appendix table 9). Willingness to participate was expressed by

10 out of 13 using growers' pools,

7 out of 13 handling primarily their own fruit,

18 out of 42 using the cash purchase method, and

2 out of 11 handling for grower's account.

Those unaffiliated shippers handling for grower's account showed considerably less interest in joint activity than shippers using other procurement methods.

This is in contrast to the situation among the 41 affiliated shippers, where 21 pooled growers' fruit, 10 handled for grower's account, 6 were primarily cash buyers, and 4 handled primarily their own fruit.

Processing Affiliation. -- While only 8 of the 120 fresh citrus shippers interviewed operated processing plants, another 61 shippers were affiliated in some way with a processing organization (appendix table 10). All 8 fresh shippers that operated their own processing plants were unaffiliated for fresh sales purposes, but 6 of these expressed an interest in some form of joint activity.

The 37 shippers unaffiliated for fresh sales purposes and affiliated with a processing organization were about evenly split on the question of participation in joint activity, with 19 willing to participate. Of the 34 who did not operate a processing plant or have any processing affiliation,

12 were willing to participate in joint activity. Of the 41 shippers affiliated for fresh sales purposes, none were processors, but 24 had processing affiliations.

Volume of Shipments

At least three aspects of volume influence management decisions of Florida fresh citrus shippers. These include the volume of fruit shipped to fresh markets, the shipper's volume as compared to past seasons, and the total amount of fruit handled.

Certified Fresh Shipments. -- Shippers were classified into seven groups according to average volume of certified fresh citrus shipped in the three prefreeze seasons 1954-55 to 1956-57. On this basis, unaffiliated shippers handling an average of more than 300,000 boxes annually showed proportionately more interest in joint activity than smaller shippers (appendix table 11).

With 28 of these shippers averaging 300,000 boxes or more annually,

15 expressed a willingness to participate, and 13 were unwilling or undecided.

Of the other 51 unaffiliated shippers averaging less than 300,000 boxes annually,

22 expressed a willingness to participate, and 29 were unwilling or undecided.

Affiliated shippers showed more concentration in the 200,000- to 299,999-box class, while unaffiliated shippers fell more heavily in the 50,000- to 99,999-box and 100,000- to 199,999-box classes. This indicates a larger average volume of shipments for shippers now engaged in joint sales activity and is paralleled by the greater interest in joint activity by larger unaffiliated shippers.

Volume Compared to Past Seasons. -- By comparing the certified fresh fruit shipments of each shipper in the three seasons just before the freeze, 1954-55 to 1956-57, with the previous three seasons, 1951-52 to 1953-54, it was possible to determine how many shippers had increased or decreased fresh sales (appendix table 12). Fifty-two of the 120 shippers interviewed showed increases in shipments, 60 showed decreases, and 8 had not operated in all seasons being compared and could not be included.

Of 41 affiliated shippers, 22 showed increased sales, 17 showed decreased sales, and 2 did not operate in all seasons compared. Among the 79 unaffiliated shippers, 30 showed increased sales, 43 showed decreased sales, and 6 did not operate in all seasons compared.

Among the 43 unaffiliated shippers that showed some decrease in sales,

23 were willing to participate in joint activity, and

20 were unwilling.

This indicated more interest in joint activity than expressed by the 30 unaffiliated shippers with increased sales. In the unaffiliated group,

12 were willing to participate in joint activity, and

18 were unwilling.

Fresh Shipments Compared With Total Citrus Handled. -- When fresh fruit shipments were compared with the total volume of fruit a shipper handled, wide variation in shippers' operations became apparent. Data on total fruit handled were available from more than 100 of the shippers interviewed, with about a quarter of these having to estimate fruit they handled for processing.

Classifying shippers into 4 groups according to percentage of total fruit handled for fresh market, shows the largest group, or 45, in the 51 to 75 percent group (appendix table 13). Seventy-seven of the 104 shippers who furnished data put from 26 to 75 percent of their total volume through fresh market channels.

Among unaffiliated shippers, willingness to participate in some form of joint activity was expressed by

- 16 out of 29 shipping 51 to 75 percent as fresh,
- 11 out of 23 shipping 26 to 50 percent as fresh,
- 3 out of 7 shipping 1 to 25 percent as fresh, and
- 2 out of 9 shipping 76 to 100 percent as fresh.

The largest number of affiliated shippers was in that group shipping 51 to 75 percent of their volume to fresh markets. There were 16 shippers in this group and 9 in the 26 to 50 percent group, accounting for 25 of the 36 affiliated shippers for which these data were available.

Financing Needs

Sales organizations frequently provide or arrange for credit for their patron members. Accordingly, shippers' attitudes toward participation in joint activity, particularly joint sales, could be influenced by their need for financing. Only 21 of the 120 shippers interviewed indicated a need for financing, and most of these said the need was for financing fruit procurement operations (appendix table 14). This of course did not mean that other shippers in all groups did not have and use credit sources, but that only 21 had a need for new or more adequate credit opportunities.

About the same proportion of affiliated shippers and unaffiliated shippers who were unwilling to participate in joint activity indicated a need for financing. The 10 unaffiliated shippers willing to participate in joint activity represented about twice the number in either of the other two groups that indicated a need.

Sales and Marketing Problems

Sales are as essential to a shipping organization as a supply of fruit to be packed. The success or failure of a particular sales practice or method of selling may have important influences on a shipper's views toward his own problems or those of the industry. Some of these practices are examined here.

Method of Sale. -- Shippers were asked to give

the percent of fresh sales moved by each method of sale. With direct sales, they were further asked to distinguish between sales to chain store buyers and sales to other buyers. In most cases, the percentages indicated were shippers' estimates of their distribution of sales by various methods, with only a few answering on the basis of data taken from sales records. This assumed a close familiarity with the actual sales desk operation. But, affiliated shippers did not usually have much familiarity here except the knowledge that fruit was moving to auction or to nonauction customers. Thus, no data for affiliated shippers was included in this analysis.

Analysis of the unaffiliated shippers' estimates of their sales methods showed that 28 houses made direct sales to chain stores and 20 houses made direct sales to other types of buyers for 26 percent or more of their total fresh fruit sales (appendix table 15). This was followed by 15 houses using brokers, 13 using auctions, 8 using buying brokers, and 7 using consignment sales for 26 percent or more of their fresh sales.

Unaffiliated shippers grouped in these sales classifications showed relatively similar interest in joint activity with two exceptions, the auction group and the direct to others (than chains) group. Proportionately fewer shippers in these two groups showed interest in joint activity. Willingness to participate was expressed by

- 5 out of 13 using auctions,
- 15 out of 28 using direct sales to chains,
- 6 out of 20 using direct sales to others,
- 9 out of 15 using brokers,
- 4 out of 8 using buying brokers,
- 4 out of 7 using consignment sales, and
- 3 out of 5 who did not respond to the question on sales methods.

Having been asked to estimate the percentage distribution of fruit to various sales methods, shippers were then asked if they planned or anticipated any change from these methods of selling fresh fruit. Most shippers, including those who lacked information on method of sale, responded to this question.

Of 23 shippers who anticipated some change in methods of selling, 8 were affiliated and 15 were unaffiliated (appendix table 16). Of the 15 unaffiliated, 11 also expressed a willingness to participate in joint activity. This compares with the 63 unaffiliated shippers who foresaw no change in sales methods. Twenty-six of these indicated a willingness to participate in joint activity.

Among the 15 unaffiliated shippers who anticipated a change in methods of selling,

- 7 foresaw more direct business with chains,
- 2 were interested in cutting auction or consignment sales, or both,
- 2 were giving up the fresh fruit business,
- 1 was going to handle his own sales rather than use a sales agency, and
- 3 had indefinite plans.

The 8 affiliated shippers who anticipated a change were divided, with

- 5 planning to cut auction or consignment

- sales, or both,
- 1 planning to cut broker sales, particularly local or buying broker sales,
- 1 planning to work toward increased direct sales, and
- 1 having indefinite plans.

Shippers who foresaw more sales to chain buyers frequently said this was inevitable or beyond their control. Shippers who planned to cut auction or consignment sales were of two varieties: those who used these methods to a considerable extent, especially auctions, and those whose sales by these methods already represented a very small proportion of their total volume.

Sales Problems

There was no clear-cut single sales problem on which all Florida fresh fruit shippers interviewed were agreed. In fact, some shippers either did not see any sales or marketing problems or were unwilling to discuss them.

Discussion of marketing problems was opened with shippers by asking first if they were reasonably well satisfied with all the features of their fresh fruit sales operations. After exploring this question, they were next asked if their selling problems in the last 5 years had become less or more difficult. Following these general questions, shippers were asked how certain marketing practices or conditions affected their selling operations. Each of these questions was more specific than the previous one, and each in turn drew more responses from shippers than the previous one.

Attitude toward fresh fruit sales operation. -- It could be argued that everything was right with a shipper's individual sales operation but at the same time external problems were affecting sales. In fact, this may have been the position of the 68 shippers who said they were reasonably well satisfied with their fresh sales operations (appendix table 17).

However, practically all of the 50 shippers who said they were somewhat less than satisfied with their fresh fruit sales operations named unsatisfactory features which stemmed from outside sources and about which they as individuals working alone could do very little (appendix table 18). Of these 50 shippers, 19 were affiliated for fresh sales purposes and 31 were unaffiliated. Among the 31 unaffiliated shippers, 19 -- or nearly two-thirds -- were willing to participate in some form of joint activity. Also, these 19 shippers named 25 unsatisfactory features in their present sales operation as compared with 13 unsatisfactory features named by the 12 shippers who did not indicate an interest in joint activity.

The 61 unsatisfactory features of present fresh fruit sales operations indicated by these 50 shippers were divided into 8 categories. In order, these included: specification, mixed load or quality problems -- 13; price, price formulation, cost-price squeeze or price adjustments -- 12; competition from shippers or processors or other products -- 9; buyers or buyers' bargaining power -- 6; buying, local or in-state brokers -- 6; inadequate advertising -- 4; growers -- 1; and miscellaneous -- 10.

Some of these features overlap and combine to complicate what seem to be simple problems. For example, large buyers whose bargaining positions may be excellent because of their volume purchases can be difficult customers for a shipper who has trouble supplying specified sizes of fruit but whose superior quality fruit should merit a premium price.

When these shippers were asked for remedies to the unsatisfactory features of their sales operations, some made no suggestions while the suggestions of others would be very difficult to implement. On some unsatisfactory features, such as specification problems or competition, there was a good bit of agreement as to remedies. With 13 shippers finding buyers' specifications, mixed loads, or quality problems to be unsatisfactory features of their sales operations, 5 saw a remedy in cutting the number of containers or number of fruit sizes; 3 advocated some kind of attack on the quality problem, 1 with growers, 1 with grading, and 1 with consumer education; 1 advocated a service charge for mixed loads; and 4 offered no suggestions. On price problems, 4 shippers advocated some variation of sales coordination or a reduction in number of sales organizations, 3 advocated an elimination of auction or consignment sales or undesirable brokers, 1 saw quality improvement as the answer, 1 replied that economic conditions would bring some adjustments, and 3 suggested no remedies.

On the problem of competition, 7 shippers suggested remedies which were variations of sales coordination, 1 wanted relief from the pressure of growers picking dates, and 1 said that trouble-some shippers would go out of business. Of 6 shippers who saw buyers as their problem, 3 suggested some variation of sales coordination, 1 suggested that we need to change buyers' habits, and 2 suggested no remedy.

Of 6 shippers who saw buying (in-state or field) brokers as a problem, 2 said the remedy was to eliminate them, 1 said they needed to be regulated, 1 said the need was for centralized selling, 1 said we should sell more direct and 1 offered no remedy. Of the 4 shippers who were dissatisfied with advertising, 2 saw the remedy in a revised advertising program, and 2 made no suggestions.

³Some action has been taken on problems of fruit size and number of containers. Joint recommendations of the Packinghouse Managers Association and the Florida Sales Managers Club to the Florida Citrus Commission have resulted in Commission action to reduce the number of containers and to cut the number of orange sizes. Undoubtedly, not all shippers were or could be satisfied with the first results of these changes; but this action demonstrates that an industry problem will yield to joint action by a substantial number of shippers.

Among those 10 shippers whose dissatisfaction was either so general or so different from those placed in other categories that it was classed as miscellaneous, only 3 suggested remedies for their dissatisfaction. One of these shippers was dissatisfied with sales expenses and saw rebudgeting as the remedy. Another wanted more realistic market and price information, while the third saw centralized selling as the answer.

Changes in selling problems. -- The question on satisfaction with fresh fruit sales operations was followed by a more specific question in the same general area. What was the shipper's view of his selling problems over the last five years -- had they become more difficult, less difficult, or changed very little?

In response to this question,

76 shippers said selling problems over the last 5 years had become more difficult, 24 said there was little change, and

14 said these problems were less difficult.

One shipper said selling problems had become both more and less difficult depending on the problem, while 5 shippers did not respond to the question (appendix table 19).

Among the 37 unaffiliated shippers who expressed willingness to participate in some form of joint activity, all answered this question on changes in selling problems. Among them,

27 said selling problems were more difficult, 6 said there was little change,

3 said selling problems were less difficult, and

1 said selling problems were both more and less difficult depending on the problem.

This is in contrast to the 42 unaffiliated shippers who were unwilling to participate in some form of joint activity and whose responses to this question on changes showed that

17 thought selling problems were more difficult,

14 thought there was little change, and

9 thought selling problems were less difficult.

2 made no response.

Affiliated shippers gave about the same answers as unaffiliated shippers that were willing to participate in joint activity. Of those 41 shippers,

32 said selling problems were more difficult,

4 said there was little change,

2 said selling problems were less difficult, and

3 made no response.

When asked why selling problems had become more difficult, 76 shippers supplied a list of reasons which were very similar to those given by shippers who expressed some dissatisfaction with their fresh fruit sales operation. In fact, these reasons could be divided into the same eight categories used to classify the sources of dissatisfaction with sales operations (appendix table 20). However, there seemed to be a shift in emphasis, with this larger group of shippers putting more emphasis on buyers as the reason for more selling problems.

Buyers were cited 23 times as a reason for more difficult sales problems, and specification problems, cited by 18 shippers, ranked next. These were followed by competition, cited by 13 shippers;

price problems and miscellaneous reasons, each cited by 7 shippers; buying brokers, cited by 2 shippers; and advertising and grower problems each cited by 1 shipper. Unaffiliated shippers cited specification problems as sources of difficulty more frequently than they cited buyers; but affiliated shippers cited buyers more frequently. Also, shippers enumerating changes in selling problems put more emphasis on product competition than shippers pointing to unsatisfactory features of these fresh fruit sales operations.

Only 14 shippers said their selling problems had become less difficult in the last 5 years. The reasons suggested could be grouped into three classifications (appendix table 21). Concentrated citrus products were credited by three shippers with lessening sales problems through market stabilization and alternative outlets for fruit. Another group of three shippers cited changes within their own organizations that they said were responsible for less difficulty in selling. Still another group of three shippers experienced less difficult sales problems because of industry changes in selling or because the industry was more cooperative than in the past. Five of the 14 shippers who thought that selling was less difficult did not give any reasons for their views.

The shipper who viewed his selling problems as less difficult in some respects and more difficult in others based his contention on increased f.o.b. selling, which made things easier, and on the multiplicity of packages (a specification problem), which made things more difficult.

In general, we can see that nearly two-thirds of the shippers interviewed saw selling problems becoming increasingly difficult, and most of these shippers were able to quickly point to some specific reason for change. In asking a third question in this general area, we were much more specific, asking how some of these changing practices or conditions were affecting shippers' problems.

Specific conditions or practices. -- Shippers were asked if these specific conditions or practices made their selling problems less difficult, more difficult, or affected them very little (appendix table 22). Among the 120 shippers, sales problems were considered more difficult by

92 because of fruit sizes specified,

65 because of fewer buyers,

64 because of type of pack specified,

46 because some buyers require larger volumes,

46 because of quality standards,

42 because of varieties specified,

38 because of the increase in direct buying, and

28 because of market services requested by buyers (such as promotional material, merchandising services, cooperative advertising, and hydrocooling).

The shippers who considered sales problems less difficult accounted for a very small proportion of the total. In only 2 cases did the number of shippers exceed 10, and these included

28 who found sales less difficult because of the increase in direct buying, and

17 who found sales less difficult because of

some buyers' requirements for larger volumes.

In total, the 120 shippers' responses to all 8 conditions showed nearly as many who believed selling was not affected as believed that it had become more difficult. Out of a possible 120 shippers, no effect on sales was seen by

- 73 in varieties specified,
- 62 in quality standards,
- 62 in market services requested,
- 51 in type of pack specified,
- 50 in some buyers requiring larger volumes,
- 44 in increases in direct buying,
- 39 in fewer buyers, and
- 24 in fruit sizes specified.

When all these conditions or practices are considered as parts of one problem, which might be called market environment, responses to the individual practices can be totaled and a percentage distribution obtained showing the aggregate view by type of shipper (appendix table 23). In those two categories which drew most of the 120 shippers' responses, 44 percent more difficult and 42 percent no effect, point of view appeared directly related to interest in joint activity.

For example, shippers who said these practices made their selling problems more difficult made up 56 percent of those now affiliated for fresh sales purposes,

45 percent of the unaffiliated shippers who were willing to participate in joint activity, and

31 percent of those who were unwilling to participate.

Shippers who said these practices did not affect their sales problems made up only

- 30 percent of the affiliated group,
- 41 percent of the unaffiliated who were willing to participate in joint activity, and
- 55 percent of those who were unwilling to participate.

Seven percent of the shippers held the view that selling problems were less difficult because of these practices. Only 4 percent of the responses of affiliated shippers indicated a lessening of problems, while unaffiliated shippers willing to participate in joint activity showed a 10 percent response and those unwilling a 6 percent response in this category. Only 1 percent of the responses showed a split point of view on sales problems, with some increasing while others decreased. Nearly as many (6 percent) of the shippers made no response as said their problems were less difficult.

Shippers were asked to give the reasons these practices or conditions had affected their selling problems, but responses were very sketchy. Many shippers said the reasons were self evident. When reasons were suggested, they showed much simi-



Citrus fruit receives an initial washing before entering Plymouth Citrus Growers Association packinghouse at Plymouth, Florida. The fruit has not yet been separated according to size. Some shippers said that their small-volume operation made buyer's specifications for one fruit size difficult to fill.

larity. Specification buying generally caused problems for shippers which extended beyond selling into the packing and picking operations. Some shippers claimed their small volume operations put them at particular disadvantage.

On fruit sizes specified by buyers, some shippers complained that their small-volume operation made requirements for one size of fruit next to impossible to fill. Furthermore, if such orders could be filled, the remaining and less desirable sizes presented a sales problem. If supplies of these less desirable sizes of fruit became burdensome for a shipper they were frequently moved by discounting or price cutting, a practice unsatisfactory to the shipper and demoralizing to the industry price structure.

The various types of packs specified by buyers imposed requirements for large and varied package inventories on shippers who attempted to supply these demands. In addition, there was much uncertainty involved by packing in advance of a buyer's actual order, and possibly much delay in filling orders if there was no advance packing. This was particularly true if the specifications called for a combination of two or more types of containers. Large-volume houses did not find these problems as severe as small houses.

The shippers interviewed felt that the quality of fruit had been affected by the increased demand of processors for fruit which stressed interior quality rather than the exterior quality emphasized by fresh fruit buyers. Some shippers viewed specification requirements of buyers as attempts to achieve price concessions.

Buyers frequently express preferences for particular varieties of fruit or for fruit from different production areas. Such preferences are frequently reflected in prices offered or discounts requested.

Changing market conditions have resulted in fewer buyers, a condition which 65 shippers agreed made their selling problems more difficult. Many of these shippers said the reasons for this were obvious. Those shippers that suggested reasons pointed to several related factors. Fewer buyers bought larger volumes of fruit and were better informed on quality, condition, and supplies of fruit. This placed the buyer in a particularly good bargaining position and frequently led to specification buying. Some shippers characterized the situation under these conditions as organized buying versus disorganized selling. Here again it was claimed that the smaller shippers and those who had been shipping fruit primarily to wholesalers, jobbers, or auction markets were the ones feeling the pinch.

Two conditions which a substantial number of shippers viewed as contributing to less difficult sales problems were also conditions on which opinions were well divided.

The first of these -- the increase in direct buying -- was considered by 28 shippers to have made selling less difficult. Slightly more than half of these offered reasons which could be summarized in three general categories: (1) Personal contact with buyers, particularly between fieldmen and houses with high quality fruit, lessens sales

problems; (2) large houses find direct sales with their characteristically large volume orders most desirable; and (3) direct sales are an improvement over other types of sales.

With 44 shippers, the increase in direct buying made selling problems more difficult. More than three-quarters of these shippers suggested a reason for this which usually could be placed in one of three categories: (1) Direct buying frequently meant specification buying, a problem for many shippers; (2) the increase in direct buying hurt other types of sales or other customers, such as auction sales or wholesale and jobber customers; and (3) the increase in direct buying cut the number of buyers or otherwise contributed to an undesirable buyer situation. Those few shippers that split their view on this question, saying selling problems were both less and more difficult, suggested reasons similar to those offered by both groups.

The second condition which a number of shippers said lessened sales problems was the requirement of some buyers for larger volumes of fruit. About half of the 17 shippers who took this view pointed to the ease with which larger volumes could be sold, supplied, or serviced to one customer. Other shippers in this group offered no reasons for their views or said the reasons were obvious.

Fifty shippers, 25 of them unaffiliated and expressing no interest in joint activity, said buyers' requirements for large volumes had no effect on their selling problems. Forty-six shippers saw buyers' requirements for larger volumes of fruit increasing their selling problems. About half of these generally offered one of three reasons for their views. First, small houses frequently had difficulty in meeting larger volume requirements. Second, but not unrelated, there usually was some relationship between larger volume requirements and specification buying of fruit sizes, a problem for large numbers of shippers. Third, some shippers saw increased volume requirements as a part of the larger problem of changing market environment.

Industry Problems

The sales and marketing problems discussed thus far have generally been in terms of their effect on the individual shipper and his operations. Shippers' views show that their control over many of these problems is limited and that these are in fact industry problems. However, one group of conditions discussed with shippers in these interviews was specifically considered from an industry point of view.

Among these industry problems was the present number of sales organizations, a condition which has already been discussed in this report (page 2 and appendix table 1). Opinion about other conditions having broad industry impact showed much variation (appendix table 24) -- with increased consumer use of processed citrus products and individual shippers' surplus supply situations generally considered unfavorable to fresh shippers' interests. On the other hand, the effects on the industry of the

increase in direct sales to buyers located in Florida showed a wide divergence of opinion.

Opinions about the effect on the industry from the concentration of retail outlets into fewer hands were mostly unfavorable but with a number of shippers maintaining this had no effect. Among the 120 shippers interviewed,

- 9 saw this concentration as favorable to the industry,
- 69 saw it as unfavorable,
- 3 saw it as both favorable and unfavorable,
- 25 saw no effect, and
- 14 made no response.

These responses were quite similar to those shown when shippers were asked if fewer buyers affected their individual selling problems. Those responses showed 65 shippers giving fewer buyers as a reason for more difficult selling problems (appendix table 22).

On another condition, individual shippers' short supply situations, the 120 shippers were divided, with 42 saying this was favorable to the industry, 6 saying it was unfavorable, 21 saying it could be favorable or unfavorable, 44 saying it had no effect, and 7 making no response.

Turning this around, shippers were asked how individual shippers' surplus supply situations affected the industry. Shippers' responses fell into 3 categories:

- 97 said these surpluses were unfavorable to the industry,
- 17 said they had no effect, and
- 6 made no response.

This was a problem for which shippers had much feeling. Although no extended comment was solicited on this problem, comment was almost spontaneous. The shippers' comments might be summarized as follows: An individual shipper with a surplus supply will frequently resort to price cutting to move his fruit. If one shipper resorts to this practice buyers will immediately attempt to get similar price adjustments from other shippers, although total supplies may not be in surplus and a downward adjustment of prices may not be justified. Thus one shipper's problem becomes the problem of the industry.

Another condition which most shippers agreed was unfavorable to the fresh fruit segment of the industry was the increased use of processed citrus products. Of the 120 shippers,

- 105 said this was unfavorable,
- 4 said it was favorable,
- 7 said it had no effect, and
- 4 made no response.

Many shippers commented that increased processed product consumption had been at the expense

of fresh consumption but in general had helped to utilize increased citrus production, particularly the increase in orange production.

The increase in direct sales to buyers located in Florida (buyers who had established buying offices in Florida where they had an opportunity to inspect fruit) was a condition on which shippers were well divided. Of the 120 shippers interviewed,

- 34 said this development was favorable to the industry,
- 24 said it was unfavorable,
- 2 said it was both favorable and unfavorable,
- 45 said it had no effect, and
- 15 made no response.

This question corresponded to the one on the effect of the increase in direct buying on individual selling problems (appendix table 22). Although not precisely the same, these questions brought similar numbers of responses from shippers. About the same number responding to each question said there was no effect while the remaining shippers were divided, though less similarly, in their views on favorable and unfavorable aspects of these conditions.

By totaling the number of favorable, unfavorable, and other responses given on individual conditions it is possible to compare the percentage distribution of responses by type of shipper (appendix table 25). This shows an inverse relationship between the percentage of responses supporting the two major views on these conditions. The two opposing views -- that these conditions unfavorably affect the industry and that they have no effect on the industry -- accounted for 73 percent of all responses. Responses of affiliated shippers were divided as follows:

- 54 percent considered direct selling unfavorable, and
- 12 percent said it had no effect on the selling problem.

Responses of unaffiliated shippers willing to participate in joint activity were divided on the direct sales method:

- 51 percent thought it was unfavorable, and
- 28 percent thought it had no effect on selling problems.

Responses of unaffiliated shippers unwilling to participate in joint activity were divided on the method:

- 45 percent thought it was unfavorable, and
- 30 percent thought it had no effect on selling problems.

No such relationship existed between any of the other response categories, and none of the other categories accounted for a very substantial share of the responses.

Characteristics Essential to Joint Sales Activity

If any new joint sales effort were undertaken, or if one of the present joint sales organizations were to expand, the views of the membership on operational problems would be extremely important.

Accordingly, a group of questions was asked to see what characteristics shippers thought were most desirable in a joint sales operation.

Method of Operation

Six alternative methods of operation were suggested to persons interviewed, with the request that they pick the one they believed would be most successful for a joint sales operation. If they wished, they could suggest an alternative method (appendix table 26).

Of all 120 shippers interviewed,

- 4 favored voluntary reporting of daily shipment and price data for dissemination to participants,
- 2 favored contractual reporting of daily shipment and price data for dissemination to participants,
- 4 favored contractual reporting of daily shipment and price data to be analyzed for price determination for member shippers,
- 63 favored sales for shipper's account,
- 11 favored pooling of all sales,
- 1 favored consolidation or merger into one central organization of all firms or organizations by transfer of assets to the central organization,
- 2 favored some other method of operation, and
- 33 made no response to this question.

Not all of the six alternatives involved strictly sales functions, but those that did not -- that is, the information services -- could be considered as supporting functions to a sales operation. These alternatives started with a method of operation that requires the least in the way of forfeiting of individual management decision and ended with complete integration of the business. Each method of operation listed included essentially most of the features of the previous one; for example, an organization making sales for shipper's account would also collect information from its shipper members, and others, on daily shipments and prices for the purpose of determining prices.

Affiliated shippers strongly favored the method of operation used in present joint sales operations in Florida, 34 of the 41 indicating that sales for shipper's account would be the most successful method of operation (table 20). Four of these shippers made no response to this question, and the three others favored three separate alternatives.

Of the 37 unaffiliated shippers that were willing to join with other shippers in some kind of joint activity,

- 18 favored sales for shipper's account,
- 7 favored pooling all sales,
- 4 favored contractual reporting of daily shipment and price data to be analyzed for price determination for member shippers,
- 2 favored voluntary reporting of daily shipment price data for dissemination to participants,
- 2 favored some other method of operation, and
- 4 made no response.

Among 42 other unaffiliated shippers that were unwilling to participate in joint activity, 25 made no response to this question on method of operation. Of the remaining 17 that favored some definite method of operation, 11 favored sales for shipper's account.

Membership Provisions

There are two prevailing ideas about membership in a joint selling organization for Florida fresh citrus shippers. To get shippers' opinions on this problem, all those interviewed were asked for their views on membership restriction in a joint sales organization for Florida fresh citrus shippers (appendix table 27).

Of all 120 shippers interviewed,

- 25 viewed membership open to all as probably contributing most to a successful joint sales organization,
- 77 viewed a restricted membership as probably more successful, and
- 18 made no response.

The 41 affiliated shippers were also divided in their opinions on this question, with

- 11 viewing membership open to all as probably contributing most to a successful joint sales organization,
- 27 viewing a restricted membership as probably more successful, and
- 3 making no response.

Of the 37 unaffiliated shippers that indicated a willingness to participate with others in some form of joint activity,

- 8 favored membership open to all, and
- 29 favored a restricted membership.

Of the 42 other unaffiliated shippers,

- 6 favored membership open to all,
- 21 favored a restricted membership, and
- 15 made no response.

In general, those that supported the open membership idea looked toward an organization that would include all shippers -- or perhaps enough shippers to control 75 percent or more of the fresh tonnage. One argument advanced in support of this idea was that it would provide bargaining strength necessary to deal effectively with big buyers.

Shippers supporting the restricted membership idea claimed that by grouping those with common interests, a joint sales organization could be expected to function most effectively. Differences in production area, form of business, and volume of business, were just a few of the reasons cited for expecting a more successful operation if membership were limited. The proponents of a joint sales organization for select or similar groups of shippers believed any reduction in competition at the sales level would strengthen the bargaining power of every element of the Florida fresh citrus industry.

Operational Policies

Sales organizations, like most business enterprises, must set up operational policies for the conduct of their business. In our interviews with shippers we asked about a few of the more important policies which could affect operations.

More than two-thirds of the shippers thought that these policies as a group were necessary to the success of a joint sales organization (appendix table 28). Individual policies were rated necessary by as few as one-half to as many as four-

fifths of the shippers interviewed. Among the 120 shippers rating these policies as necessary,

- 64 favored the establishment of a quality program with a special quality brand,
- 78 favored the use of one trademark or brand for all fruit sold by the sales agency,
- 80 favored the use of a brand or trademark advertising program,
- 85 favored the requirement that the sales agency determine when members would sell their fruit,
- 92 favored the requirement that members sell all their fresh fruit through the agency, and
- 99 favored participation in such a program on a firm contract basis.

Shippers who rated these policies unnecessary ranged in number from 26 to 6 in the order listed above. Shippers who were undecided ranged in number from 17 to 4 in the order listed above.

No special comments were solicited on these policies, but some that were volunteered provide a clue to the favor or lack of favor of particular policies.

The relatively low rating given the establishment of a quality program with a special quality brand may be related in part to the problem of defining quality. What may be quality fruit for a shipper in one area of Florida may not necessarily be quality fruit for a shipper in another area. Production practices within areas and fruit handling methods from grove through packinghouse are sources of quality difference.

Most shippers will express concern over the quality problem but few will agree on its solution. As a result, the mechanics of establishing a quality program suitable to all shippers would be a difficult task.



Some sales organizations have been successful in establishing a brand or trademark with the consuming public. Seald-Sweet is one of these. Florigold is a trademark used by the Indian River Citrus Sub Exchange.

Use of a special brand in a quality program would have some definite advantages, such as the identification of that quality with consumers, but shippers who have built a quality brand of their own have some reservations about association with a program that might not be able to match their specifications. Other shippers feel that the policing of such a program could be discriminatory and, at best, very difficult.

The policy of using one trademark or brand for all fruit sold by a sales agency embodies the problems just discussed but is not necessarily tied to quality problems. Some shippers with a well established brand are unwilling to forego its use or to use it with another brand or trademark. While it is difficult for an individual shipper to effectively establish a brand or trademark with the consuming public, some sales organizations have been particularly successful in this endeavor. Use of a sales organization trademark does not preclude the use of a packinghouse brand name. The two are frequently used together, both in Florida and California, the trademark to imprint the fruit and the house brand on the box or container label.

Most shippers who favored the sale of all fruit under one brand or trademark also favored a brand or trademark advertising program to support it. This is to be distinguished from a commodity advertising program such as that now supported by the advertising tax levied in Florida and administered by the Florida Citrus Commission.

The requirement that a sales agency determine when to sell a member's fruit is a critical policy decision. Failure to have such a requirement puts a burden on the sales organization which can be overcome only with difficulty. In some federated sales organizations this is accomplished when growers delegate authority to the local association as to time of picking. In turn, the local association delegates authority to the sales agency to determine the method or place of sale.

An agreement on control of delivery would be an essential policy for any joint sales organization. Shippers strongly favored a policy requiring members to place all fresh fruit sales with the sales agency. This presumably would be spelled out in a contract which shippers also strongly favored as a basis for membership in such a joint sales agency.

In addition to questions on these specific policies, shippers were asked if there were any other characteristics essential to the success of a joint sales organization. Seven shippers indicated additional features, including more exact grading standards, policing of fruit quality, top quality personnel, equal voice in sales policy for all members, close coordination between packinghouse and sales desk, thorough understanding of consumer preferences, and control of a major proportion of the State's fresh fruit. The last of these features obviously envisions one large organization to serve the State.

These suggestions by shippers deserve more discussion than space permits here. However, they indicate a need to consider in detail the operational policies of such a joint sales operation to insure that it will fill the needs of shippers who desire to use such services.

If responses to these six operational policies are considered as a group they can be totaled and a percentage distribution obtained for comparing in a general way the attitudes of the three groups of shippers (appendix table 29). For instance, affiliated shippers favored these policies in 82 percent of their responses as compared with 78 percent for unaffiliated shippers who were willing to participate in joint activity and with 48 percent for unaffiliated shippers who were unwilling to participate. Affiliated shippers said these policies

were unnecessary in 11 percent of their responses as compared with 13 percent for unaffiliated shippers who were willing to participate and 18 percent for unaffiliated shippers unwilling to participate. Only 2 percent of the responses of affiliated shippers were in the undecided category compared with 9 percent for unaffiliated shippers willing to participate and 10 percent for unaffiliated shippers unwilling to participate in joint activity. This last group was also characterized by a relatively large number of shippers making no responses.

A Critical View of Joint Activity

Shippers were asked to appraise the possible improvements or problems that would come from more joint sales activity. They were also asked to list the obstacles to more joint sales.

Additional Activities Desired by Affiliated Shippers

Affiliated shippers were asked if there were other services they would like to undertake with other shippers that were not now provided through their affiliated group. Of the 8 affiliated shippers who made suggestions,

- 3 suggested some sort of central warehouse for truck or "drugstore" orders (loads of mixed produce, fruits, and vegetables) or for consolidating odd lots of fruit to truck-load size,
- 1 suggested formation of a group of shippers who would use the now optional "U.S. Grade AA Juice (Double A)" that is based on internal fruit quality,
- 1 suggested a consolidated advertising and merchandising program for shippers in his production area,
- 1 suggested a consolidation of packinghouses,
- 1 suggested a supply purchasing operation, and
- 1 suggested a processing operation.

These last two suggestions, supply purchasing and processing operations, are examples of services now provided by some groups of shippers and might be available to the shippers suggesting them.

A central warehousing operation for truck shipments would have advantages, but the advantages would have to be weighed against operational costs. If costs could be kept down, support for such an operation might be found among other groups of shippers.

Support for the use of grades based on internal fruit quality could be found among a number of shippers. However, to be effective such a program would probably require a far reaching, and probably expensive, effort to educate consumers. This, in turn, would need broad industry support which seems unlikely until wider agreement is reached among shippers on what constitutes quality fruit.

A consolidated advertising and merchandising program for the shippers in a given production area would seem to have some possibilities. But here

again there would have to be broad agreement on the extent of the effort and an organization to do the job. In the Indian River area, where industry working relations are conceded to be very good, such a program would appear to have its best opportunity for success.

Consolidation of packinghouses offers some opportunity for shippers in areas where production is declining or where volume of business is not adequate to meet the needs of larger buyers. Consolidation could lead to economies resulting from more efficient use of facilities and personnel services or permit improvements in facilities or operations which none of the parties to the consolidation could reasonably expect to achieve alone.

Joint Activity Attractive to Unaffiliated Shippers

The important question in these interviews with unaffiliated shippers was, "If some plan is developed, do you think you would be willing to participate with other shippers in any kind of joint activity . . . ?" We have shown in a previous section of this report that 37 shippers answered this question affirmatively, "Yes," they would. To these shippers the question then became, "To what extent?" In effect, "In what kind of activity and to what degree would you want to participate?"

Activities attractive to these 37 shippers varied like this:

- 14 shippers made no specific suggestion except to say that the nature of the planned activity would determine their decision to join,
- 16 suggested a joint sales plan of some sort--10 of these favored a sales organization, some describing limitations on a production area or operational basis, and 6 favored a sales organization but would limit their participation to certain fruit or certain sales situations,
- 2 suggested plans that would preserve the basic selling function of the individual shipper but would facilitate the exchange of supplies between shippers to the advantage of the participants,
- 2 suggested a volume prorate,
- 2 suggested a price information service, and
- 1 suggested a master brand program.

No particular plans were suggested to shippers for which they could show favor or disfavor. However, the setting for this question was clearly one suggesting some kind of joint sales operation or some closely related activity such as the price information service or master brand program suggested by a few shippers.

The 14 shippers who indicated a willingness to participate in some kind of joint activity but were unable or declined to suggest an activity seemed to indicate dissatisfaction -- some with their positions in the fresh citrus industry, and some with the industry in general. Perhaps they had not given enough thought to the problem and to a solution for it through some kind of joint action.

The 16 shippers who suggested a joint sales plan were divided in their opinions about how such a plan would operate. Ten shippers in this group favored a joint sales program which they would limit on the basis of production area, method of selling, or in some operational detail. Examples of the limitations included here are a sales organization for all Indian River shippers, an organization selling 90 percent or more on an f.o.b. basis, an organization that would pool receipts, and an organization that would sell for shipper's account. As these ideas indicate, shippers generally agreed on the type of activity they would support, and showed little agreement on the specific details of a plan.

The other six shippers said they would join a sales organization, but their participation would be limited to certain kinds of fruit or certain sales situations. Examples of these conditions were found where a shipper wanted to continue sales at roadside stands or where a shipper was a tangerine specialist but would be willing to sell his oranges and grapefruit through such a sales organization. One shipper in this group of six said he would be interested in a joint sales organization but only on a voluntary basis. These, of course, would be serious limitations for any sales organization.

Two shippers suggested plans to facilitate the exchange of supplies to fill out orders. Under both plans each shipper would make his own sales. One of the suggested plans was a clearinghouse arrangement which could contact shippers and list their inventories. The other suggestion was a "one-room selling" plan. Under it, each participating shipper would have a desk in the room; and from the desk his representative would sell fruit. In addition, all participating shippers would post a list of their available supplies on a prominently displayed board. This would facilitate the exchange of supplies on short notice. While such a plan would operate to keep participants up to date on changing market conditions, it would also necessitate precautions against any appearance of price fixing.

As Florida fresh citrus shippers now operate, the exchange of supplies to fill out orders is a common practice. The suggestions made here would formalize the procedure.

The volume prorate suggested by two shippers is used by the California citrus industry. A program of a voluntary nature has been urged from

time to time by Florida Citrus Mutual. This program provides guidelines on an overall industry basis for the orderly movement of fruit during holiday seasons or when supplies are heavier than normal. At an early stage in its history, Mutual had a program for allocating interstate shipments on the basis of each shipper's past performance. This was also a voluntary program except for 3 weeks in 1952, and proved unworkable primarily because of its voluntary nature.

If the Florida fresh citrus industry is interested in a mandatory prorate program, such a program might be worked out under the authority of the Agricultural Marketing Agreement Act of 1937, as amended. The possibilities and problems involved in such a program are too involved to examine fully here, but we can be sure that growers and shippers would have to make many adjustments in their operations before such a program could operate successfully.

The suggestion, made by two shippers, for a price information service implies a desire for more adequate information. All shippers would be in general sympathy with this desire. Available price and shipment data has two inadequacies, either there is a time lag between the establishment of the price and the time such information can be made available or it is based on voluntary reporting which some shippers feel is not completely reliable. However, much of the price information presently available represents an improvement over that known 10 years ago.

Improvement on price information, particularly at the shipping point level, will take a great deal of cooperation and mutual trust among shippers and between shippers and the informational organization that would provide the service.

One shipper recommended a master brand program. In actual practice, this would be very much like the voluntary program promoted recently to encourage shippers to use the word "Florida" on their labels and on their fruit. Whatever the master brand might be, it would need some life injected into it, by promotion or advertising, which in turn would entail some expense and probably some organizational effort.

Reasons for Joint Activity Being Unattractive

Of the 27 shippers unwilling to participate in some form of joint activity,

- 11 referred to past or present sales organization activity as unworkable or unfavorable for their operation,
- 5 expressed concern that such participation would result in loss of independence,
- 4 said their own operations were superior to any that could be offered by a joint sales organization,
- 3 said a joint sales operation would be too costly,
- 1 expressed reluctance to join any organization that did not have the support of large shippers, and
- 3 gave no reason.

The reasons offered by the 11 shippers who

referred to sales organization operations as unfavorable to their interest included concern for methods of distributing sales among shipper members, coordination of picking operations with sales, inability of sales organizations to move fruit, and the more general charge that such a system just would not work.

Most of these problems could be solved by good organization. Many of the problems exist on a smaller scale in independent organizations or have been worked out through sound judgment and good management practices. The five shippers who expressed concern over possible loss of independence would have to weigh the advantages of joint activity against maintenance of independence. Although participation in an organization whose objectives would include a strengthening of shippers' bargaining power might require certain commitments, it could also provide a means for prescribing the type of business environment which would basically assure the independence of shippers.

The four shippers who said their own operations were superior to those which could be offered by a joint sales organization may be saying essentially the same thing as their five competitors who saw a loss of independence in joint activity, but their reason seems more tangible. For example, one of these shippers was a relatively small operator who handled only bulk fruit. Another shipper in this group handled a relatively large volume and could much more efficiently use his sales department than some of his competitors with one-fifth, or less, of his volume. But both of these shippers would, presumably, be pleased with any activity which would strengthen the industry.

While three shippers said a joint sales operation would be too costly, this appears to be a matter of comparative costs and alternative opportunities for that part of the work force devoted to the sales operation. Conceivably, membership in a joint sales organization could lead to cost reduction and better allocation of management resources.

The shipper who expressed reluctance to try any form of joint activity without that effort having first the support of the large shippers may have had a point. Large shippers may not be necessary to the success of a program, sales or other type of joint activity, but adequate support for the activity is a prime requisite for success.

Even though many of these reasons for being unwilling to participate in joint activity can be countered with equally good reasons for participation, they should not be treated lightly. They do represent problem areas which should be considered by those who promote and those who operate such joint ventures.

Improvements Expected

To round out this appraisal of joint sales activity, three broad questions were asked. The first of these was, "What improvements would you expect from more shipper participation in joint sales programs?"

All groups of shippers saw some areas of activity in which they would expect improvement as a result of more joint sales activity. Affiliated shippers and those unaffiliated shippers who indicated a willingness to participate in joint activity expected improvement to a much greater degree than unaffiliated shippers who were unwilling to participate in joint activity (appendix table 30). While only 1 shipper of the 78 in the first two groups said there would be no improvement, 11 of the 42 unaffiliated shippers unwilling to participate in joint activity took this view. In addition, the number of shippers making no response in this latter group was much higher than in the other groups.

Shippers were not limited in any way in the suggestions they could make for improvement that could be expected or foreseen, and there was considerable range in their answers. Classification of answers to this question was made on a basis of performance criteria. For example, in the view of some shippers, creditable performance by a joint sales organization would work toward increased efficiency. Some shippers could see more than one area of improvement, and this was reflected in the greater number of responses than shippers responding.

Responses on improvements expected from more joint sales activity included many views --

- 50 for greater stability,
- 29 for better market distribution,
- 17 for increased efficiency,
- 17 for improved returns,
- 12 for no improvement, and
- 17 in a no-response category.

All the areas of improvement would help shippers toward their ultimate goal, increased profits, or in the case of grower organizations greater savings for members.

Among affiliated shippers and unaffiliated shippers willing to participate in joint activity, greater stability ranked high as an area of improvement. Nearly half of the shippers responding talked of price stability. Of the remaining responses classed in this group, half talked of market stability. The other responses in this stability category included reduction in unjustifiable competition and reduction in price cutting.

Price stability would reflect market stability or vice versa. In a broad sense, market stability would be affected by price, volume, and distribution of supplies, and related factors. Undoubtedly, some shippers may have been thinking primarily of the price factor when they talked of market stability, but the broader aspects of the problem have been of much concern to many in the industry.

Fresh fruit shippers are not alone when they voice a need for more market and price stability. Buyers have also indicated a desire for stable markets, markets characterized by a steady flow of supplies, and a minimum of price fluctuation. Uniform predictable prices are so important to mass merchandising retail food outlets that buyers have attempted, for some commodities, to make purchase agreements which protect against ad-

verse price fluctuations. Market stability and price stability are important to all groups engaged in the production and marketing processes.

Next most important category of responses from all shippers and especially from affiliated shippers and unaffiliated shippers willing to participate in joint activity, was better market distribution. This included primarily the elimination of market gluts but with some attention directed toward the development of markets and increased sales.

Increased efficiency and improved returns showed equal numbers of responses from affiliated shippers with efficiency rating higher among unaffiliated shippers. The efficiency category included responses citing cost reduction; ability to fill orders; and improved quality, grades, and packs. The improved return category included increased bargaining power and higher prices.

Possible Problems Created

Second of the three broad questions concerning an appraisal of joint sales activity was, "What problems would be created by more shipper participation in a joint sales program?"

Responses to this question followed a pattern, with affiliated shippers seeing relatively few problems as compared with unaffiliated shippers and with unaffiliated shippers willing to participate in joint activity seeing proportionately fewer problems than those who were unwilling to participate (appendix table 31). All suggestions dealt with problems for individual shipping organizations or for a joint sales organization in which shippers would participate. No one, in answering this question, suggested that any problem would be created for the industry generally through more shipper participation in a joint sales program.

The shippers' responses can be grouped into three general problem areas; Operations, human relations, and legal considerations. Their views on possible problems were as follows:

- 19 suggested operating problems of a physical nature,
- 16 suggested operating problems of a marketing nature,
- 24 suggested problems in member relations,
 - 9 suggested problems in personnel relations,
 - 2 suggested problems of a legal nature,
- 37 suggested only minor problems, or no problems, and
- 20 made no response.

Affiliated shippers showed more concern for problems in human relations, while unaffiliated shippers were more concerned about operational problems. Operational problems of a physical nature included such things as quality and brand differences, loading coordinated shipments, coordinating sales with picking and packing, and the separation of selling and packing operations. The marketing aspects of operational problems included such things as market development and allocation of sales to the various participating members.

Problems of human relations involved (1) membership relations, including such things as policing the program and working with the personalities involved, and (2) personnel relations, including adequate or competent management and problems arising over displaced personnel.

Problems of a legal nature centered around the need to avoid price fixing. The legal aspects of joint sales activity is discussed in another part of this report.

Of the 12 shippers who saw no possible improvement by more participation in joint sales activity, 10 cited possible problems in the operational area. Three of these cited physical type and 7 cited marketing type operational problems. The other 2 shippers made no response to this question.

Chief Obstacles

The last of the three questions which called for a critical appraisal of joint sales activity concerned obstacles to more coordinated sales effort. In other words, what keeps shippers from working together to sell their fruit through a common sales agency? In the responses to this question we find a comparatively large measure of agreement, with 76 out of 120 shippers pointing to a very human problem, independence of their fellow shippers (appendix table 32).

Views on obstacles to more joint sales activity were as follows:

- 76 suggested shippers' independence,
- 15 suggested personnel adjustments,
- 14 suggested operational problems,
- 10 suggested economic problems,
 - 1 suggested legal problems,
 - 2 suggested that there were no real obstacles, and
- 18 made no response.

Affiliated shippers cited human relations problems more frequently than unaffiliated shippers cited them. Shippers willing to participate in joint activity cited these problems more frequently than those unwilling to participate.

Unaffiliated shippers who were unwilling to participate in joint activity saw obstacles primarily in shippers' independence and in operational problems. Most of the other unaffiliated shippers in this group made no response. Shippers in the other two groups cited a wider range of obstacles.

In addition to the independence of shippers, examples of other obstacles to more joint sales activity that were grouped in the human relations category included leadership and management requirements and personnel displacement resulting from realignment of selling operations. Obstacles classed in the operational problem area included doubts about the effectiveness of joint effort, allocation of sales to participating shippers, the expense involved, and other miscellaneous problems.

Obstacles of an economic nature included several miscellaneous problems, but the relative prosperity of the industry and competitive products were most frequently mentioned.

Other Considerations

History and current problems combine to affect shippers' views toward joint sales activity. In evaluating the desirability for more joint sales activity, shippers have shown an awareness of previous attempts to promote coordinated activity; but none discussed these at any great length.

An attempt is made here to outline very briefly the organizational effort which is evidence of a continuing recognition of the need for a stabilized Florida fresh citrus industry.

Past Attempts at Coordination

Several attempts to coordinate the marketing efforts of Florida fresh citrus shippers have resulted in organizations that are no longer active.

Among these organizations was the Fruitman's Club, formed in 1925 and supported by about 60 shippers who represented a large proportion of the State's growers. This group felt that the industry should be better organized and that there was a need for some form of control.

Through the efforts of the Fruitman's Club, the Florida Citrus Growers Clearinghouse Association was organized as a grower organization. It included in its membership both growers who agreed to market through or to shippers who were also members and shippers who agreed to be bound by the regulations of the association in picking, packing, and marketing. A salient feature of the Clearinghouse program provided for a fresh fruit shipping proration program. Operating from mid 1928 to late 1933, its control over shipments from the State reached a peak of about 77 percent of the total in 1929-30.

Many factors led to abandonment of the Clearing-

house organization. Chief among these were the ineffectiveness of the proration program and the declining economic conditions of the early 1930's. However, the objectives and progress of the Clearinghouse were carried forward by other groups.

Present Efforts

The Florida Citrus Commission, Lakeland, Florida, was established in 1935 by State statute almost on the heels of the Clearinghouse. Today it has an advertising and merchandising program and administers certain acts leading to standardization of grades and packs. All of these were objectives of the Clearinghouse. The first Federal Marketing Agreement was actively supported by the Clearinghouse. Subsequent Agreements have shown the wisdom of many Clearinghouse practices, including shipping or picking holidays and restriction of certain fruit sizes from interstate movement.

In 1949, Florida Citrus Mutual, Lakeland, Fla., began operation as a grower marketing cooperative. It now has more than 10,000 grower members.

Mutual has never acted in the capacity of a marketing or sales agent for its members. However, it has provided valuable service to growers and the industry generally, in the form of field service to members, price and supply information, representation in citrus legislative and administrative matters, promotional activities, and in many other ways. Its program emphasis has changed from time to time as industry problems have changed, but its membership has shown continuous growth.

The Florida Citrus Exchange, Tampa, Fla., is the outstanding example of coordinated market-



The relatively new prepackaging operation of Florida Citrus Exchange has shown promise of becoming an increasingly important channel of distribution. Here, workers in the prepackaging plant at South Kearney, New Jersey, put into bags the fruit that has been shipped there, in bulk, from Florida.

ing in Florida. Organized in 1909 to deal with the problems involved in marketing a 6 million-box crop of Florida citrus, the Exchange has for over 50 years continued to fill an important role, not only in marketing, but in all citrus affairs.

As a sales agency for its 33 member associations and shippers, it is an important factor in fresh markets. In recent years, the Exchange has turned more attention toward problems associated with the development of mass merchandising food retailing. It has moved to increase its share of f.o.b. sales while its relatively new prepackaging operation has shown promise of becoming an increasingly important channel of distribution.

Over the years, the Exchange and others have been successful in marketing Florida citrus and effective in providing leadership as the industry has grown. However, these organizations have never had the support of a majority of growers and shippers. The reasons for this are at least partly apparent in the attitudes of shippers outlined in this report, particularly their attitudes of independence.

Legal Problems

Some shippers have questioned the legality of any joint effort designed to stabilize the Florida citrus industry. Where the joint effort takes the form of a cooperative marketing organization composed of growers or their associations there is no question about the legal basis for operation. This has been established in the Capper-Volstead Act and other related Federal statutes.

The question of legality of joint activity is usually raised in reference to the Sherman Anti-Trust Act and the Federal Trade Commission Act, and particularly to provisions of these Acts which relate to price fixing and restraint of trade.

One reason for this concern is the experience Florida Citrus Mutual had with their attempts to establish minimum prices and a prorate program. These activities brought a complaint from the Federal Trade Commission charging that Mutual agreed "with shippers, canners, packers and concentrators of citrus fruits to fix the prices and control the interstate shipments of said fruits, and to restrain the trade of other growers."⁴

After extended proceedings, this complaint resulted in an order by the Federal Trade Commission, entered May 6, 1957, and an accompanying opinion. The opinion held that Mutual, as a Capper-Volstead cooperative, could continue to use

its supply adjustment program to relieve and prevent market gluts in citrus fruit. It also upheld the right of Mutual to contract with any purchaser concerning prices to be paid the grower-members for oranges, grapefruit, and tangerines, even though the association did not take title to or actually market the fruit of its members.

However, the order forbade resumption of the association's pre-1952 attempts to control the price or interstate shipment of fruit after grower-members had sold it to handlers and processors.⁵ This decision points up the limitations that a cooperative has in attempting to control supply and in working with other groups or organizations outside its membership in an effort to affect price levels beyond the prices to be paid to its grower-members by handlers.

In a nonagricultural, but related case, the Federal Trade Commission in 1957 charged a group of 12 northern Virginia excelsior manufacturers with fixing prices, fixing production quotas, classifying excelsior for pricing purposes, restricting sales, and designating conditions under which manufacturers could sell their mills or machines.

These manufacturers had formed a sales organization known as Virginia Excelsior Mills, and in so doing entered into contracts with the sales organization providing for (1) orders to be allocated on the basis of manufacturing capacities of the stockholder members, (2) shipments to be made to customers in the name of the sales organization, (3) establishment of sales fees, (4) allocation of sales quotas, (5) standardization of product, (6) damages for breach of contract, (7) prohibiting stockholder members from increasing their production capacity, and (8) referring all sales inquiries to the sales organization and further prohibiting the quoting of prices or making direct sales to parties other than the sales agency. In actual practice prices were set by the sales agency.⁶

The Federal Trade Commission handed down an order forbidding this group to operate Virginia Excelsior Mills or any other sales agency. It went on to forbid fixing prices for excelsior, fixing production quotas, and restricting these manufacturers in their selling and production operations. The case was carried to the United States Court of Appeals, Fourth Circuit, which sustained the findings of the Commission.⁷

"However, the Commission's order prohibiting the producers from operating or maintaining a specified corporation or any other organization as

⁴ Federal Trade Commission vs. Florida Citrus Mutual (Press Release dated May 14, 1954, Docket 6074, and attached copy of opinion of Commissioner Lowell B. Mason remanding the case for trial).

⁵ The proceedings terminated when Florida Citrus Mutual filed its compliance report on August 7, 1957.

⁶ In the Matter of Virginia Excelsior Mills, Inc. vs. the Federal Trade Commission, Docket No. 6630.

⁷ Virginia Excelsior Mills, Inc. vs. FTC. 256 F. 2d 538 (1958).

a common selling agency was modified to prohibit only the utilization of a common selling agent in aid of a purpose that could not be lawfully accomplished under the order by direct agreement among the participating producers. The court noted that 'in some businesses, it is common practice for several producers to utilize the services of one sales agency, and there is nothing unlawful in such an arrangement where each producer preserves, and exercises, independence in pricing, acceptance of orders, production, and other material matters.'"⁸

The Virginia Excelsior Mills case points up some potential problem areas for sales agencies, particularly those whose operations would not qualify as organizations of agricultural producers under the provisions of the Capper-Volstead Act. Both the Virginia Excelsior Mills and the Mutual cases suggest the need for careful study and competent legal counsel before any type of joint activity can be established for the purpose of bringing about an improved market situation for Florida citrus.

The Federal Agricultural Marketing Agreement Act of 1937, as amended, should be reviewed at this point because it provides (1) a means for achieving some measure of market stability and (2) the legal machinery for its operation is already provided. In addition, the Florida fresh citrus

industry now operates under a Federal marketing order which regulates the sizes and grades of fruit which can be shipped in interstate commerce.

In addition to authority for regulation of quality by grade and size, as in the Florida order, other types of control provided for in the Act include regulation of the quantity marketed, reserve pools, surplus control, regulation of containers, and provision for research projects. Methods can be provided for prohibiting unfair trade practices. Also provisions can be made for price posting, which provides that handlers file their prices for commodities of a particular description. Such price would then become the only price at which that particular commodity could be sold without adequate notice of a change.

To use any of these additional methods or provisions, it would be necessary to amend the Florida Marketing and Agreement Order program. The program probably provides about the only method for prorating supplies which would be both effective and within legal bounds. Price posting might provide some measure of price stability which many shippers saw as an objective of joint sales activity. However, all of these measures would mean broad regulation of the industry as compared with joint sales activity where the extent of the regulation is limited to and governed by the participants.

Conclusions

Changes which have occurred in food marketing over the last several years have produced among Florida fresh fruit shippers an awareness of a need for consolidating or coordinating sales efforts. It is impressive that 7 out of 10 shippers interviewed in this study said more joint sales activity was needed.

Nearly half of those shippers not now engaged to some degree in joint sales activity expressed a willingness to participate in joint activity. However, the precise kind or type of joint activity that these shippers would be willing to undertake was not as sharply defined. Some of them thought in terms of a sales organization, others in terms of a type of plan designed to assist the selling operation but reserving to the individual shippers the actual sales function. Still other shippers, while expressing interest in joint activity, were unprepared to make any suggestion as to a definite type of activity that would be of interest.

These views suggest that many Florida fresh citrus shippers have not fully considered the organizational opportunities for dealing with their increasing sales problems. They may feel some pressures to make changes, but so long as reason-

able returns can be attained they prefer to continue their customary method of operation.

There can be no doubt that the desire for independence by shippers is a large factor in the continuance of what is frequently described as "organized buying versus disorganized selling." Nearly two-thirds of all shippers interviewed said that the independence of shippers was the chief obstacle to more joint sales effort.

There appears to be a need for taking a long-range view of marketing and sales problems. It would seem particularly important for small and medium-sized shippers to assess their positions in meeting the requirements of large-volume buyers -- with such requirements being on a specification basis of size, grade, container, and variety. Specification buying, which shippers rated among their most difficult marketing problems, is well established as a procurement practice. A joint marketing program should help shippers meet this type of problem, particularly where two or more houses can combine lots of fruit to meet volume requirements which could not otherwise be satisfied.

Another contribution of a joint marketing pro-

⁸ Mischler, Raymond J. Summary of Cooperative Cases. F.C.S. Legal Series No. 6, Farmer Cooperative Service, U.S. Dept. of Agr. Sept. 1958, p. 37.

gram would also be in the area of industry stabilization. An individual shipper with a supply of packed fruit for which he has no prospective sale is recognized as a potentially disruptive influence in the fresh fruit market, even though the quantity of that fruit is not burdensome compared with available supplies. Joint sales activity would reduce the probability of such supply situations. At the same time, buyers would be provided with a measure of market and price stability. Joint sales broaden market contacts over those possible for individual shippers, thus furthering the opportunity for a more stabilized market.

Most shippers favored a joint sales organization that would sell for shipper's account and restrict its membership to those in a common production area or those with a common form of business or other common tie. A cooperative type of organi-

zation would best satisfy the legal requirements for such an endeavor.

Sales organizations presently marketing Florida fresh citrus could well serve additional shippers. These organizations have experience in establishing market contacts and in product promotion. No new organizational machinery would be necessary to accommodate additional shippers. Some shippers that would not join with any existing organization might well be brought together on the basis of their common problems or some other mutual interest basis. However, too many such organizations could result in more segmentation of sales effort than would be theoretically desirable. Yet, any joint effort should be helpful and profitable to the participants and should help bring about a steady industry growth.

Appendix

APPENDIX TABLE 1. -- Views of 120 Florida fresh citrus shippers on the present number of sales organizations, 1959

Views	Type of shipper		
	Affiliated	Unaffiliated	Total
	<i>Number of shippers</i>		
Favorably affect.		3	3
Unfavorably affect.	35	48	83
No effect.	4	23	27
No response.	2	5	7
Total.	41	79	120

APPENDIX TABLE 2. -- Views of 120 Florida fresh citrus shippers on need for more joint sales activity, 1959

Views	Type of shipper		
	Affiliated	Unaffiliated	Total
	<i>Number of shippers</i>		
Needed for all sales	38	40	78
Needed for some part of sales	-	6	6
Undecided.	-	4	4
No more needed	1	21	22
No response.	2	8	10
Total.	41	79	120

APPENDIX TABLE 3. -- Relationship between the views of 120 Florida fresh citrus shippers on present number of sales organizations, and their views on need for more joint sales activity, 1959

Views on need	How present number of sales organizations affect the Florida fresh citrus industry				
	Favorably	Unfavorably	No effect	No response	Total
	<i>Number of shippers</i>				
	<i>Affiliated</i>				
Needed for all sales	-	35	3	-	38
Needed for some part of sales	-	-	-	-	-
Undecided.	-	-	-	-	-
No more needed	-	-	1	-	1
No response.	-	-	-	2	2
Total	-	35	4	2	41
	<i>Unaffiliated</i>				
Needed for all sales	1	33	5	1	40
Needed for some part of sales	-	5	1	-	6
Undecided.	-	2	2	-	4
No more needed	2	6	12	1	21
No response.	-	2	3	3	8
Total.	3	48	23	5	79
	<i>All</i>				
Needed for all sales.	1	68	8	1	78
Needed for some part of sales	-	5	1	-	6
Undecided.	-	2	2	-	4
No more needed	2	6	13	1	22
No response	-	2	3	5	10
Total.	3	83	27	7	120

APPENDIX TABLE 4. -- Relationship between the attitude of 79 unaffiliated Florida fresh citrus shippers toward participation in some form of joint activity and their views on the need for more joint sales activity, 1959

Views on need	Attitude toward participation				
	Willing	Undecided	Unwilling	No response	Total
<i>Number of shippers</i>					
<i>Unaffiliated</i>					
Needed for all sales	26	6	8	-	40
Needed for some part of sales	5	-	1	-	6
Undecided	-	-	4	-	4
No more needed	4	-	14	3	21
No response	2	-	3	3	8
Total	37	6	30	6	79

APPENDIX TABLE 5. -- Production areas served by 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Production area ¹	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ²	
<i>Number of shippers</i>				
North Florida.....	12	16	27	55
South Florida.....	10	17	8	35
Indian River.....	15	1	6	22
West coast.....	<u>4</u>	<u>3</u>	<u>1</u>	<u>8</u>
Total.....	41	37	42	120

¹For area boundaries, see figure 1.

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 6. --Ownership of 120 Florida fresh citrus shipping organizations, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Ownership	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
<i>Number of shippers</i>				
Individually owned	-	4	4	8
Partnership	4	4	4	12
Cooperative corporation	19	7	4	30
Grower-owned corporation	-	2	1	3
Other corporations	18	20	29	67
Total	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 7. -- Type of operation of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Type of operation	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
		<i>Number of shippers</i>		
Pack only	34	-	1	35
Pack and sell	5	26	30	61
Pack, sell, and handle specifically for processing	-	5	9	14
Pack, sell, and process	-	5	2	7
Pack and process	-	1	-	1
Pack and handle specifically for processing	2	-	-	2
Total	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 8. -- Fresh fruit specialties of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Fresh fruit specialty	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
		<i>Number of shippers</i>		
Grapefruit	13	11	6	30
Oranges	8	4	6	18
Tangerine and temples	5	5	11	21
No speciality	15	17	19	51
Total	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 9. -- Fruit procurement methods used by 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Procurement method ¹	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ²	
		<i>Number of shippers</i>		
Cash purchase	6	18	24	48
Handle for grower's account	10	2	9	21
Growers' pool	21	10	3	34
Own groves	4	7	6	17
Total	41	37	42	120

¹Based on that method most used by individual shippers.

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 10. -- Processing affiliations of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Processing affiliation	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
<i>Number of shippers</i>				
Affiliated	24	19	18	61
Operate own plant	-	6	2	8
All others	17	12	22	51
Total	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 11. -- Average volume of certified fresh citrus shipments of 120 Florida shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Certified fresh shipments ¹	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ²	
<i>1,000 boxes</i>				
<i>Number of shippers</i>				
10 – 49	2	3	6	11
50 – 99	6	9	7	22
100 – 199	6	10	6	22
200 – 299	13	4	6	23
300 – 499	8	8	6	22
500 – 699	3	4	4	11
700 or more	3	2	4	9
Total.	41	40	39	120

¹Tabulated from average of three season's shipments, 1954-55 to 1956-57.

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 12. -- Increases or decreases in certified fresh citrus shipments¹ by 120 Florida shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Fresh volume	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ²	
<i>Number of shippers</i>				
Increased	22	12	18	52
Decreased	17	23	20	60
Other ³	<u>2</u>	<u>2</u>	<u>4</u>	<u>8</u>
Total	41	37	42	120

¹Based on a comparison of two 3-season periods, 1954-55 to 1956-57 compared with 1951-52 to 1953-54.

²Includes those unwilling, undecided, and making no response.

³These shippers did not operate in all seasons under comparison.

APPENDIX TABLE 13. -- Certified fresh shipments as a percentage of total fruit handled by 120 Florida fresh citrus shippers by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Percent handled fresh	Type of shipper			Total ¹
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
Number of shippers				
1 — 25.....	5	3	4	12
26 — 50.....	9	11	12	32
51 — 75.....	16	16	13	45
76 — 100.....	6	2	7	15
No data.....	5	5	6	16
Total.....	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 14. -- Financing needs of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Need for financing	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
<i>Number of shippers</i>				
Shippers expressing need ²	5	10	6	21
For fruit procurement	4	9	6	19
For plant or equipment	2	1	1	4
For financing buyers drafts	2	2	-	4
Shippers expressing no need	35	27	31	93
No response.	<u>1</u>	<u>-</u>	<u>5</u>	<u>6</u>
Total.	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

²Number of shippers needing financing for individual operations will not total because some shippers had financing needs for more than one operation.

APPENDIX TABLE 15. -- Sales methods used to market an estimated 26 percent, or more, of a shipper's fresh fruit -- 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Sales method	Type of shipper			Total
	Affiliated ¹	Unaffiliated		
		Willing to participate	Unwilling to participate ²	
<i>Number of shippers³</i>				
Auction	-	5	8	13
Direct to cbains	-	15	13	28
Direct to others	-	6	14	20
Broker (seller's agent)	-	9	6	15
Buying broker (buyer's agent)	-	4	4	8
Consignment	-	4	3	7
Other ⁴	-	-	2	2
No response	-	3	2	5

¹Many affiliated shippers were unable to give detailed data on sales methods used by the sales organization to sell their fruit except to distinguish between auction and nonauction sales. Available summary data of the sales organization were not suitable for this analysis.

²Includes those unwilling, undecided, and making no response.

³Number of firms shown will add to more than the 79 unaffiliated shippers represented because the methods of sale shown were used as follows:

55 shippers used 1 method
19 shippers used 2 methods
5 shippers made no response.

⁴Includes joint account sales and sales to wholesale house owned by shipper.

APPENDIX TABLE 16. -- Anticipated or planned changes in use of sales methods -- responses of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Anticipated or planned changes	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
<i>Number of shippers</i>				
Yes	8	11	4	23
No	33	26	37	96
No response	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total.	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 17. -- Opinions of 120 Florida fresh citrus shippers on present sales operations, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Opinions	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
<i>Number of shippers</i>				
Satisfied	22	18	28	68
Dissatisfied.	19	19	12	50
No response.	-	-	2	2
Total.	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 18. -- Unsatisfactory features of fresh fruit sales operations cited by 50 Florida fresh citrus shippers,¹ by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Unsatisfactory features	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ²	
<i>Number of shippers</i>				
Specification problems (including containers, sizes, mixed loads and quality)	4	6	3	13
Price problems (including price formulation, cost-price squeeze and price adjustments)	4	5	3	12
Competition (including the practices of other shippers and processors and product competition)	2	5	2	9
Buyers (including problems arising from large buyers bargaining power . . .	2	3	1	6
Buying brokers (including the practices of those called local or instate brokers) . .	1	3	2	6
Inadequate advertising	3	-	1	4
Growers bargaining power	-	-	1	1
Miscellaneous	7	3	-	10
Unsatisfactory features	23	25	13	61
Unsatisfied shippers	19	19	12	50

¹These are the 50 shippers who expressed dissatisfaction with their present fresh fruit sales operations (see appendix table 16).

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 19. -- Changes in selling problems over the last 5 years as viewed by 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Views	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
<i>Number of shippers</i>				
Less difficult.	2	3	9	14
More difficult.	32	27	17	76
Little change.	4	6	14	24
More and less difficult	-	1	-	1
No response	3	-	2	5
Total.	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 20. -- Reasons for selling problems becoming more difficult over the last 5 years as viewed by 76 Florida fresh citrus shippers,¹ by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Reasons	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ²	
<i>Number of shippers</i>				
Specification problems (including containers, sizes, mixed loads and quality)	5	7	6	18
Price problems (including price formulation, cost-price squeeze and price adjustments)	—	5	2	7
Competition (including the practices of other shippers and processors and product competition).	7	4	2	13
Buyers (including problems arising from large buyers bargaining power)	12	4	7	23
Buying brokers (including the practices of those called local or in-state brokers).	1	1	—	2
Inadequate advertising	1	—	—	1
Growers' bargaining power	—	1	—	1
Miscellaneous	3	4	—	7
No reason	6	5	2	13
Number of reasons	29	26	17	72
Number of shippers giving reasons	26	22	15	63
Total number of shippers	32	27	17	76

¹These are the 76 shippers who said selling had become more difficult over the last 5 years (see appendix table 18).

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 21. -- Reasons for selling problems becoming less difficult over the last 5 years as viewed by 14 Florida fresh citrus shippers,¹ by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Reasons	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ²	
<i>Number of shippers</i>				
Concentrate (stabilized market and provided alternative outlet for fruit) . . .	1	—	2	3
Individual sales organization changes (improved quality, new sales manager or better established) . . .	—	1	2	3
Industry changes (fewer consignment sales and more industry cooperation). . . .	—	2	1	3
No reason	1	—	4	5
Number of reasons	1	3	5	9
Number of shippers giving reasons	1	3	5	9
Total number of shippers	2	3	9	14

¹These are the 14 shippers that said selling had become less difficult over the last 5 years (see appendix table 18).

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 22. -- Practices or conditions which may have affected the individual selling problems of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Practices or conditions	Selling problems					
	Less difficult	More difficult	No effect	Less and more difficult	No response	Total
Responses						
Affiliated shippers						
Increase in direct buying	6	21	10	2	2	41
Fewer buyers	2	30	6	1	2	41
Some buyers requiring larger volumes	5	24	9	—	3	41
Quality standards	—	19	20	—	2	41
Varieties specified by buyers	—	21	18	—	2	41
Type of pack specified by buyers	1	21	17	—	2	41
Fruit sizes specified by buyers	—	34	6	—	1	41
Market services requested ¹	—	14	13	—	14	41
Total	14	184	99	3	28	328
Unaffiliated shippers willing to participate in joint activity						
Increase in direct buying	12	9	14	2	—	37
Fewer buyers	7	18	11	1	—	37
Some buyers requiring larger volumes	7	12	16	2	—	37
Quality standards	2	13	20	1	1	37
Varieties specified by buyers	—	14	22	—	1	37
Type of pack specified by buyers	—	25	12	—	—	37
Fruit sizes specified by buyers	—	34	3	—	—	37
Market services requested ¹	1	8	23	—	5	37
Total	29	133	121	6	7	296
Unaffiliated shippers unwilling to participate in joint activity ²						
Increase in direct buying	10	8	20	2	2	42
Fewer buyers	—	17	22	1	2	42
Some buyers requiring larger volumes	5	10	25	—	2	42
Quality standards	4	14	22	—	2	42
Varieties specified by buyers	—	7	33	—	2	42
Type of pack specified by buyers	—	18	22	—	2	42
Fruit sizes specified by buyers	1	24	15	—	2	42
Market services requested ¹	—	6	26	—	10	42
Total	20	104	185	3	24	336
All shippers						
Increase in direct buying	28	38	44	6	4	120
Fewer buyers	9	65	39	3	4	120
Some buyers requiring larger volumes	17	46	50	2	5	120
Quality standards	6	46	62	1	5	120
Varieties specified by buyers	—	42	73	—	5	120
Type of pack specified by buyers	1	64	51	—	4	120
Fruit sizes specified by buyers	1	92	24	—	3	120
Market services requested ¹	1	28	62	—	29	120
Total	63	421	405	12	59	960

¹Market services include supplying promotional material, merchandising services, cooperative advertising schemes, and allowances, and hydrocooling.

²Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 23. -- Distribution of 120 Florida fresh citrus shippers' views on 8 specific practices or conditions which may have affected their individual selling problems, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Views	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
<i>Percent of responses²</i>				
Less difficult	4	10	6	7
More difficult	56	45	31	44
No effect.	30	41	55	42
Less and more difficult	1	2	1	1
No response	9	2	7	6
Total	100	100	100	100

¹Includes those unwilling, undecided, and making no response.

²These percentages represent a total of 960 responses to 8 specific practices or conditions including, (1) increase in direct buying, (2) fewer buyers, (3) some buyers requiring larger volumes, (4) quality standards, (5) varieties specified by buyers, (6) type of pack specified by buyers, (7) fruit sizes specified by buyers, and (8) market services specified by buyers. For detail data see appendix table 21.

APPENDIX TABLE 24. -- Conditions which may have affected the Florida fresh citrus industry -- as viewed by 120 shippers -- by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Conditions	Conditions affecting industry					Total
	Favorably	Un-favorably	Favorably and unfavorably	No effect	No response	
Responses						
Affiliated shippers						
Concentration of retail outlets into fewer hands	1	27	1	7	5	41
Individual shipper's short supply situation	14	3	21	—	3	41
Individual shipper's surplus supply situation	—	33	—	5	3	41
Increased consumer use of processed citrus products	1	36	—	2	2	41
Increase in direct sales to buyers located in Florida	10	12	1	11	7	41
Total	26	111	23	25	20	205
Unaffiliated shippers willing to participate in joint activity						
Concentration of retail outlets into fewer hands	7	20	1	8	1	37
Individual shipper's short supply situation	11	2	—	23	1	37
Individual shipper's surplus supply situation	—	35	—	2	—	37
Increased consumer use of processed citrus products	2	34	—	1	—	37
Increase in direct sales to buyers located in Florida	14	4	—	17	2	37
Total	34	95	1	51	4	185
Unaffiliated shippers unwilling to participate in joint activity ¹						
Concentration of retail outlets into fewer bands	1	22	1	10	8	42
Individual shipper's short supply situation	17	1	—	21	3	42
Individual shipper's surplus supply situation	—	29	—	10	3	42
Increased consumer use of processed citrus products	1	35	—	4	2	42
Increase in direct sales to buyers located in Florida	10	8	1	17	6	42
Total	29	95	2	62	22	210
All shippers						
Concentration of retail outlets into fewer hands	9	69	3	25	14	120
Individual shipper's short supply situation	42	6	21	44	7	120
Individual shipper's surplus supply situation	—	97	—	17	6	120
Increased consumer use of processed citrus products	4	105	—	7	4	120
Increase in direct sales to buyers located in Florida	34	24	2	45	15	120
Total	89	301	26	138	46	600

¹Includes those unwilling, undecided and making no response.

APPENDIX TABLE 25. -- Distribution of 120 Florida fresh citrus shippers' views on 5 conditions which may have affected the fresh citrus industry, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Views	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
		<i>Percent of responses²</i>		
Favorably	13	18	14	15
Unfavorably	54	51	45	50
Favorably and unfavorably	11	1	1	4
No effect.	12	28	30	23
No response.	10	2	10	8
Total.	100	100	100	100

¹Includes those unwilling, undecided, and making no response.

²These percentages represent a total of 600 responses to 5 conditions including, (1) the concentration of retail outlets into fewer hands, (2) individual shippers short supply situation, (3) individual shippers surplus supply situation, (4) increased consumer use of processed citrus products and (5) the increase in direct sales to buyers located in Florida. For detailed data see appendix table 23.

APPENDIX TABLE 26. -- Method of operation most likely to be successful for a joint sales organization, -- views of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Method of operation	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
		<i>Number of shippers</i>		
Voluntary reporting of daily shipment and price data for dissemination to participants	-	2	2	4
Contractual reporting of daily shipment and price data for dissemination to participants	1	-	1	2
Contractual reporting of daily shipment and price data to be analyzed for price determination for member shippers	-	4	-	4
Sales for shipper's account.	34	18	11	63
Pooling all sales	1	7	3	11
Consolidation or merger into one central organization of all firms or organizations by transfer of assets to central organization	1	-	-	1
Other	-	2	-	2
No response.	4	4	25	33
Total.	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 27. -- Membership provisions most likely to be successful in a joint sales organization, -- views of 120 Florida fresh citrus shippers, by sales affiliation and willingness of unaffiliated shippers to participate in joint activity, 1959

Membership	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
		<i>Number of shippers</i>		
Open to all shippers	11	8	6	25
Restricted to shippers with common characteristics	27	29	21	77
No response	3	-	15	18
Total.	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 28. -- Operational policies which might affect success of a joint sales organization -- views of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Operational policy	To be successful this policy is --				
	Necessary	Unnecessary	Undecided	No response	Total
<i>Responses</i>					
<i>Affiliated shippers</i>					
Establish a quality program with special quality brand . . .	28	8	3	2	41
Use one trademark or brand for all fruit sold	34	5	-	2	41
Use a brand or trademark advertising program	36	3	-	2	41
Participation in program should be on firm contract basis .	37	2	-	2	41
All fresh fruit of members should be handled by sales agency .	36	2	1	2	41
Sales agency should determine when to sell member's fruit	32	6	1	2	41
Total	203	26	5	12	246
<i>Unaffiliated shippers willing to participate in joint activity</i>					
Establish a quality program with special quality brand . . .	24	7	6	-	37
Use one trademark or brand for all fruit sold by sales agency .	28	4	5	-	37
Use a brand or trademark advertising program	27	5	5	-	37
Participation in program should be on firm contract basis .	33	2	2	-	37
All fresh fruit of members should be handled by sales agency .	31	5	1	-	37
Sales agency should determine when to sell member's fruit	30	6	1	-	37
Total	173	29	20	-	222
<i>Unaffiliated shippers unwilling to participate in joint activity¹</i>					
Establish a quality program with special quality brand . . .	12	11	8	11	42
Use one trademark or brand for all fruit sold	16	14	3	9	42
Use a brand or trademark advertising program	17	13	3	9	42
Participation in program should be on firm contract basis .	29	2	2	9	42
All fresh fruit of members should be handled by sales agency	25	3	3	11	42
Sales agency should determine when to sell member's fruit	23	2	6	11	42
Total	122	45	25	60	252
<i>All shippers</i>					
Establish a quality program with special quality brand . . .	64	26	17	13	120
Use one trademark or brand for all fruit sold	78	23	8	11	120
Use a brand or trademark advertising program	80	21	8	11	120
Participation in program should be on a firm contract basis	99	6	4	11	120
All fresh fruit of members should be handled by sales agency .	92	10	5	13	120
Sales agency should determine when to sell member's fruit	85	14	8	13	120
Total	498	100	50	72	720

¹Includes those who were unwilling, undecided, and making no response.

APPENDIX TABLE 29. -- Distribution of 120 Florida fresh citrus shippers' views on 6 policies which might affect the success of a joint sales organization, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Views	Type of shipper			
	Affiliated	Unaffiliated		Total
		Willing to participate	Unwilling to participate ¹	
		<i>Percent of responses²</i>		
Necessary.....	82	78	48	69
Unnecessary	11	13	18	14
Undecided.....	2	9	10	7
No response.....	5	-	24	10
Total.....	100	100	100	100

¹Includes those unwilling, undecided, and making no response.

²These percentages represent a total of 720 responses to 6 policies including, (1) establishing a quality program with a special quality brand, (2) use of 1 trademark or brand for all fruit sold by the sales agency, (3) use of a brand or trademark advertising program, (4) participation in a joint sales organization should be on a firm contract basis, (5) all fresh fruit of members should be handled by sales agency, and (6) sales agency should determine when to sell member's fruit. For detailed data see appendix table 27.

APPENDIX TABLE 30. -- Improvements expected from more joint sales activity, - views of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Improvements expected	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ^I	
		<i>Number of responses</i>		
Greater stability	25	18	7	50
Better market distribution	11	11	7	29
Increased efficiency	7	7	3	17
Improved returns	7	5	5	17
No improvement	1	-	11	12
No response	2	3	12	17
Total responses	53	44	45	142
Number of shippers	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 31. -- Possible problems from more shipper participation in joint sales programs -- views of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Shippers toward participation in joint activity, 1959				
Possible problems	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
<i>Number of responses</i>				
Operational problems --				
Physical	2	9	8	19
Marketing	3	6	7	16
Human relations --				
Membership relations	6	10	8	24
Personnel relations	4	3	2	9
Legal considerations	1	1	-	2
Minor or no problems	23	10	4	37
No response	3	2	15	20
Total responses	42	41	44	127
Number of shippers	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

APPENDIX TABLE 32. -- Chief obstacles to more coordinated sales effort among fresh citrus shippers -- views of 120 Florida fresh citrus shippers, by sales affiliation and attitude of unaffiliated shippers toward participation in joint activity, 1959

Obstacles	Type of shipper			Total
	Affiliated	Unaffiliated		
		Willing to participate	Unwilling to participate ¹	
<i>Number of responses</i>				
Human relations --				
Independence of shippers.	31	22	23	76
Personnel adjustment	8	6	1	15
Operational problems	2	5	7	14
Economic problems	6	3	1	10
Legal considerations	-	1	-	1
No real obstacles	1	1	-	2
No response	2	3	13	18
Total responses.	50	41	45	136
Number of shippers	41	37	42	120

¹Includes those unwilling, undecided, and making no response.

Other FCS Publications Available

Analysis of Returns and Practices of Florida Fresh Citrus Sales Organizations. Marketing Research Report 345. Fred E. Hulse.

Pooling and Other Grower Payment Methods as Used by Local Fruit, Vegetable, and Tree Nut Cooperatives. General Report 67. Clyde B. Markeson.

Fresh Fruit and Vegetable Marketing Organizations in the Northeastern and Central States. General Report 84. Martin A. Blum.

Fruit and Vegetable Bargaining Cooperatives. Circular 25. Wendell M. McMillan.

Sunkist Growers, Inc. -- A California Adventure in Agricultural Cooperation. Circular 27. Irwin W. Rust and Kelsey B. Gardner.

Farmer Cooperatives in the United States. Bulletin 1.



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