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**PRICES,  
MARKETING  
MARGINS,  
AND USES OF  
PEANUTS IN...**



**PEANUT  
BUTTER**

A large, stylized illustration of a peanut butter jar. The jar is shown in a three-quarter view, with a wide, flat lid. The body of the jar is shaded in a light gray color. A white rectangular label is affixed to the front of the jar, containing the words "PEANUT BUTTER" in a bold, serif, all-caps font.



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As used in this report, the marketing margin or price spread is the difference between the retail store price to consumers for a 12-ounce jar of peanut butter and the payment received by farmers for the average amount of peanuts required to produce 12 ounces of peanut butter (farm value). The overall marketing margin includes all charges for processing and distributing farm products after they are sold by farmers.

Washington, D. C.

December 1963



## SUMMARY

Peanut butter is the principal food product made from peanuts. In 1961-62, of the total 4.5 pounds per person of shelled peanuts used for food, 2.5 pounds were used in making peanut butter.

Peanuts are produced principally in the Virginia-North Carolina area and in southeastern and southwestern United States. The three major commercial types grown ( Virginia, Runner, and Spanish) are all used in the manufacture of peanut butter. In 1961-62, about 55 percent of the peanuts utilized were Runners, 35 percent Southeast and Southwest Spanish, and 10 percent Virginias. The proportions of the different types used vary substantially among peanut butter processing areas.

Almost 70 percent of the peanut butter produced in the United States is manufactured outside the peanut-growing areas. The Northeast and East North Central States account for about 50 percent of production. Product differentiation by brand and sales promotion through advertising plays a prominent role in peanut butter marketing. Manufacturers package under the labels of other firms as well as under their own brand names.

Close to 65 percent of the value of U. S. peanut butter sales is accounted for by sales through retail grocery stores. The 12-ounce jar of peanut butter is the container size most frequently purchased by consumers, but sales vary over a wide range of sizes from less than 5 ounces to over 5 pounds.

In 1960-61, consumers paid an average of 41.8 cents for a 12-ounce jar of peanut butter. Average retail prices varied only 0.4 cents per jar during the 3 crop years 1958-59 through 1960-61.

Average prices for peanut butter are derived from a wide range in retail prices representing different marketing situations. In 1960-61, reported prices ranged from 29 to 53 cents per 12-ounce jar. Noticeable price differences were associated with type of retail outlet, brand name, location of consuming area, and size of container.

Chainstores usually sell peanut butter at a lower price than independent stores. The price most frequently observed in chainstores was 2 cents per 12-ounce jar below the price in independent stores in the 3 crop years 1958-59, 1959-60, and 1960-61.

The nationally advertised brands of leading manufacturers are generally higher priced than other brands. In 1960-61, the modal price of a group of four such major brands was 45 cents per 12-ounce jar--8 cents more than the modal price of 37 cents for a group of minor brands.

Portland, the market farthest from the peanut-producing areas, had modal prices as high or higher than the 7 other major U. S. cities studied. Prices in Baltimore and Philadelphia were consistently lower. Price spreads in these two cities also were lower whereas Portland price spreads were higher.

The foregoing comparisons were based on prices of peanut butter in 12-ounce jars. However, the retail price of a given quantity of peanut butter is much higher in small containers than in large. For example, in 1960, 12-ounces of peanut butter in 8-ounce jars averaged 46.9 cents compared with 35.1 cents for the same quantity in 18-ounce jars, a difference of 11.8 cents. The savings, however, in purchasing peanut butter in containers larger than 30 ounces were small.

Retail prices paid by consumers for peanut butter are distributed among various marketing agencies and peanut growers. The farm value of a sufficient quantity of farmers' stock peanuts to produce a jar of peanut butter represents the share of the retail price accruing to peanut producers. The average farm cost of a quantity of peanuts equivalent to a 12-ounce jar of peanut butter was 11.8 cents in 1960-61 compared with 11.3 cents in 1959-60 and 12.5 cents in 1958-59.

In 1960-61, shellers averaged 13.9 cents for the shelled peanut equivalent of a 12-ounce container. The shellers' margin, the difference between the value of shelled peanuts at the plant and the farm value of peanuts, was 2.1 cents.

During the same period, the manufacturers' margin averaged 15 cents a jar, the difference between the manufacturers' selling price of 28.9 cents and the shellers' price of 13.9 cents for peanuts. The payment to manufacturers for services includes the cost of other ingredients and packaging material, as well as costs of processing and distributing the finished product to wholesale and retail agencies.

The wholesaling-retailing spread for peanut butter averaged 12.9 cents per jar in 1960-61. The cost of wholesaling and retailing services was combined because manufacturers sell a large part of their production directly to retail grocers.

Average market shares of 11.8 cents to farmers for peanuts, 2.1 cents to shellers, 15 cents to manufacturers and 12.9 cents to wholesaling and retailing agencies totaled to an average retail price of 41.8 cents per 12-ounce jar of peanut butter in 1960-61. Similarly, in 1959-60 the farm value of 11.3 cents, shellers' share of 2.3 cents, manufacturers' share of 15.3 cents, and wholesale-retail share of 12.7 cents totaled to 41.6 cents per jar. For 1958-59, the farm value of 12.5 cents and shares of shellers of 1.8 cents, manufacturers 14.7 cents, and wholesale-retail agencies 13.0 cents totaled 42.0 cents to consumers.

Over the 3 years, changes in market shares were centered mostly in the farm value of peanuts and shellers' margins. Changes in the farm value of peanuts resulting from changes in support prices were partly offset by compensating changes in shellers' margins.



# PRICES, MARKETING MARGINS, AND USES OF PEANUTS IN PEANUT BUTTER

By

Virginia M. Farnworth, Agricultural Economist  
Economic Research Service  
Marketing Economics Division

## INTRODUCTION

This study of returns from marketing peanuts in peanut butter has been made in response to the continued and growing interest of consumers and public and private agencies in farmers' returns and marketing margins for agricultural products. This is one of several studies of farm-to-retail price spreads for important food products by the Economic Research Service as a part of a broad program of research on the economics of marketing agricultural commodities.

Peanuts, a major cash crop in certain areas of the South, have been under the U. S. Department of Agriculture's price-support program almost continuously since the early 1930's. Acreage allotments, marketing quotas, and minimum prices to growers have been established under the program for each crop since 1949. Sales of the 1961 peanut crop returned about \$188 million to growers.

During the 1961-62 marketing year, 4.5 pounds of raw shelled peanuts per person were processed for food, excluding shelled peanuts crushed for oil. Of this amount, about 2.5 pounds per person, or over 451.0 million pounds, were used in the manufacture of peanut butter.

Peanut butter consists largely of ground roasted peanuts. Other ingredients frequently added are sweeteners, processed vegetable oils, and salt, but these other ingredients usually are not more than 10 percent of the total weight of the peanut butter. The proposed Federal Standards for peanut butter would prohibit use of other ingredients in excess of 10 percent of weight.

The objectives of this study were to measure and summarize returns to farmers for peanuts used in peanut butter and to various processing and marketing agencies for manufacturing and distributing peanut butter to consumers under different market situations. The analyses delineate variations in marketing margins or price spreads associated with type of retail outlet, brand, market location, and size of container.

The analysis is based on price and other economic information obtained from records and publications of the U. S. Bureau of Labor Statistics, the U. S. Bureau of the Census, and the U. S. Department of Agriculture.



# PEANUT PRODUCTION AND UTILIZATION

## Production Areas and Types of Peanuts

Farmers harvested more than 1.8 billion pounds of peanuts, farmers' stock basis, in 1962. The principal commercial producing areas are (1) southeastern Virginia and northeastern North Carolina with about 33 percent of U. S. production, (2) southwestern Georgia, southeastern Alabama and adjacent areas in Florida with 45 percent, and (3) central and eastern Texas and Oklahoma, and eastern New Mexico with 22 percent (appendix table 11).

The three leading types of peanuts in commercial trade channels are: (1) the Virginia (large podded) type grown principally in the Virginia-North Carolina area; (2) the Runner type grown principally in the southeastern area; and (3) the Spanish (a round, dark-skinned kernel) type grown in both the southeastern and southwestern areas. In addition, a small quantity of Valencia-type peanuts is produced in the Southwest.

## Utilization of Peanuts

Peanut butter is by far the most important food product made from peanuts. Other products made from peanuts, in order of quantity of peanuts utilized, are peanut oil (and meal), salted peanuts, candy, peanuts roasted in the shell, and miscellaneous uses (mostly peanut toppings). Peanut meal, a joint product with oil of the peanut-crushing industry, is used for animal feed. Generally, only the low quality component of peanuts shelled commercially are crushed for oil and meal. However, since 1957 as much as 25 to 30 percent of the peanuts crushed have been surplus peanuts largely of edible grade.

Certain characteristics in peanuts are preferred over others for specific food uses. Peanuts roasted in the shell are mostly of the large pod Virginia and Valencia types. Salted peanuts are usually the large kernel, or Virginia type, but a substantial quantity of the round Spanish type is also salted. Virginia and Spanish types and lesser quantities of Runners are used in candy.

In 1961-62, close to 80 percent of shelled Virginia peanuts used for food were salted or used in candy and peanut toppings, leaving about 20 percent for peanut butter (fig. 1). In the same year almost 88 percent of Runners and 54 percent of Spanish went into butter.

While all three types of peanuts are used to make peanut butter, higher prices and suitability of Virginia and Spanish peanuts for other food uses tend to divert most of the Virginias and a large part of the Spanish from this market (appendix table 12).

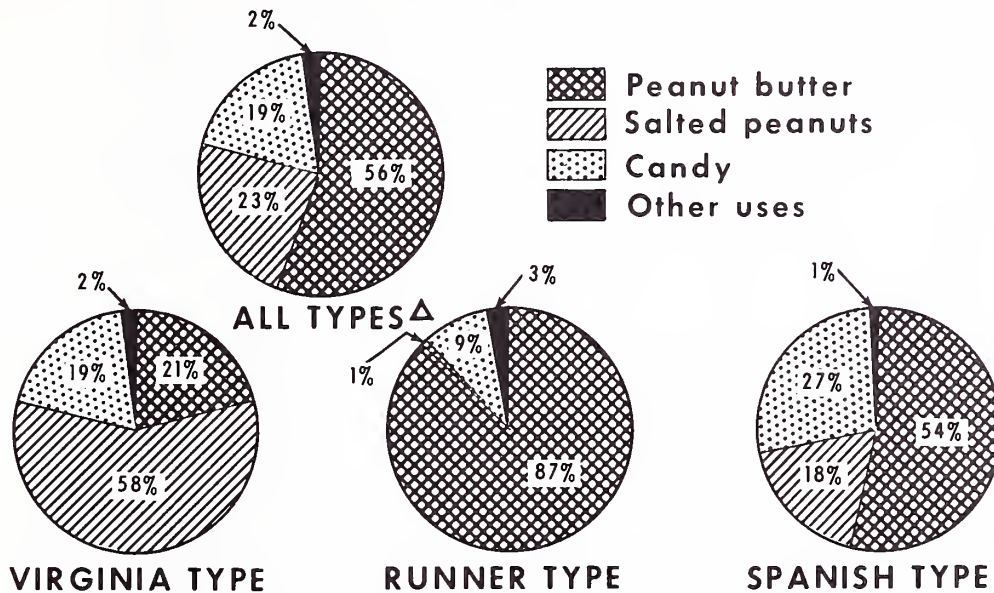
## THE PEANUT BUTTER INDUSTRY

### Peanut Shelling

Except for those roasted in the shell, all farmers' stock peanuts used for food require shelling. Of 1,743 million pounds of peanuts produced in 1961, about 1,442 million pounds, or about 83 percent, were shelled during the 1961-62 milling season.

# SHELLED PEANUTS USED IN FOOD PRODUCTS

By Types, 1961-62\*



\* YEAR BEGINNING AUGUST.

△ EXCLUDES SHELLED PEANUTS CRUSHED FOR OIL AND MEAL.

DATA FROM STATISTICAL REPORTING SERVICE, PEANUT STOCKS AND PROCESSING REPORT.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2125-63 (6) ECONOMIC RESEARCH SERVICE

Figure 1

The peanut-shelling industry is located in the peanut-growing areas (table 1). About 100 shelling establishments were in operation in 1960-61 with an average milling volume of about 16 million pounds of farmers' stock peanuts per plant.

As market intermediaries, shellers perform several important functions and services, including buying, assembling, cleaning, shelling, storing, and selling peanuts. The shelled kernels, converted from farmers' stock peanuts, are sold to peanut butter manufacturers and other food processors.

Table 1.--Farmers' stock peanuts: Quantity milled and percentage outturn of shelled peanuts by type and geographic region, crop years 1958-59 to 1961-62 <sup>1/</sup>

Type of peanut	1958-59		1959-60		1960-61		1961-62		
	Shelling plants <sup>2/</sup>	Farmers' stock milled : Percentage outturn	Farmers' stock milled : Percentage outturn	Farmers' stock milled : Percentage outturn	Farmers' stock milled : Percentage outturn	Farmers' stock milled : Percentage outturn	Farmers' stock milled : Percentage outturn	Farmers' stock milled : Percentage outturn	
	Number	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent	Million pounds	Percent
All types.....	99	1,583.2	72.44	1,443.3	72.36	1,578.0	72.65	1,531.3	72.65
Virginia <sup>5/</sup> .....	25	546.5	6/69.50	464.5	6/70.23	495.4	6/70.82	480.3	6/70.82
				Virginia-North Carolina Area <sup>4/</sup>					
				Southeast Area <sup>7/</sup>					
Runner <sup>8/</sup> .....	52	{ 484.8 232.1 }	72.62	487.2	71.45	557.6	72.27	539.4	72.27
Spanish <sup>9/</sup> .....			77.11	187.7	75.83	189.8	76.43	190.3	76.43
				Southwest Area <sup>10/</sup>					
Spanish.....	22	319.8	73.79	303.9	74.91	335.1	73.86	321.3	73.86

<sup>1/</sup> August-July crop year.

<sup>2/</sup> Approximate number of plants operating. There are minor differences in numbers among seasons.

<sup>3/</sup> Not available.

<sup>4/</sup> Includes Virginia, North Carolina, and Tennessee.

<sup>5/</sup> Includes Virginia and Valencia-type peanuts. A small volume of Virginia peanuts are milled in the Southeast region and a few Valencias in the Southwest.

<sup>6/</sup> Reported shelled goods divided by weight of milled farmers' stock minus weights of in-shell jumbos and fancies.

<sup>7/</sup> Includes South Carolina, Georgia, Florida, Alabama, and Mississippi.

<sup>8/</sup> Includes small quantity shelled in Virginia-Carolina and Southwest regions.

<sup>9/</sup> Includes small quantity shelled in the Virginia-Carolina region.

<sup>10/</sup> Includes Arkansas, Oklahoma, Texas, and New Mexico.

From unpublished official statistics of the U. S. Department of Agriculture; and Crop Reporting Board, Peanut Stocks and Processing, annual report, October 1962.

## Peanut Butter Manufacturing

In contrast with the shelling operation, processing peanuts into peanut butter is largely carried on outside the producing areas. In 1958, the East North Central region (Region II) was the most important peanut butter producing area in the United States (table 2). <sup>1/</sup> During that year, more than half of U. S. peanut butter production was processed in the Northeast and East North Central Regions which have about 50 percent of the population of the United States. Somewhat over 30 percent was processed in the peanut-growing areas where about 26 percent of the population resides.

Ninety-two manufacturers reported production of peanut butter to the U. S. Bureau of the Census in 1958. Their outturn per plant averaged 3.6 million pounds per year. Production was highest in the East North Central Region, averaging 6.7 million pounds per plant.

The volume and importance of peanut-butter production varies widely among firms. For some, it is only a minor side line; for others, it is the principal product.

Various types of firms have entered into peanut butter production, but the leaders in the industry are the large manufacturing firms that produce several lines of food and sundry consumer items. A few large retail food chains also make peanut butter. Several manufacturers that distribute peanut butter nationally operate plants in two or more consuming areas.

Although manufacturers may prefer one type or combination of types of peanuts in making peanut butter, the location of processing facilities in relation to raw shelled supplies appears to influence strongly regional utilization by type.

In 1960-61, the Virginia-type peanut accounted for about 40 percent of the peanuts used in Region I compared with 14 percent for the United States. (fig. 2). Utilization in Region IV, the producing area for the Virginia type, was also close to 40 percent. Only small amounts of Virginias were used in making peanut butter in other regions.

Runners comprised about 80 percent of total peanuts used in peanut butter in Region II and almost as large a proportion in Region V, the area of production. Spanish peanuts were predominant in Regions VI, VII, and VIII. In Region VIII, almost 95 percent of the peanuts utilized were Spanish.

Since 1958-59 there have been some shifts among types used. Total quantity of peanuts used in butter rose about 73 million pounds between 1958-59 and 1961-62. Corresponding to this increase was a use of 60 million pounds more Runners, 23 million pounds more Spanish, but 10 million pounds less Virginias. Use of Runners increased in Regions I-IV, VI, and VII. In Region V, some Runners were replaced by the Spanish variety. Of the total quantity of peanuts used in the manufacture of peanut butter in 1961-62, 55 percent were Runners, 35 percent Spanish, and 10 percent Virginias.

In the peanut butter plant the raw shelled peanuts are roasted, and the seed coats and germs are removed. Although removing the germ is not required, it is a good commercial practice to do so to insure good keeping qualities. The roasted kernels along with salt and other ingredients are then ground or milled to one of three textures: (1) a very fine "smooth" texture, (2) a "medium" texture, or (3) a "chunky"

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<sup>1/</sup> The various States of the United States have been classified into 8 peanut butter processing areas for use in this study. Three of these are also peanut-producing areas.



Table 2.--Peanut butter: Production by designated regions, United States, 1958

Region <u>1</u> /	Plants	Production		Population
		Total	Percentage of production	
	<u>Number</u>	<u>1,000 pounds</u>	<u>Percent</u>	<u>Percent</u>
United States.....	92	333,213	100.0	100.0
Region I				
Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia.....	21	29,994	9.0	27.4
Region II				
Ohio, Indiana, Illinois, Michigan, Wisconsin, Kentucky, West Virginia:	21	139,703	41.9	23.3
Region III				
Minnesota, North Dakota, South Dakota, Iowa, Missouri, Kansas, Nebraska.....	7	21,279	6.4	8.7
Region IV				
Virginia, North Carolina, South Carolina, Tennessee.....	11	54,118	16.2	8.2
Region V				
Georgia, Florida, Alabama, Mississippi.....	8	30,651	9.2	8.0
Region VI				
Arkansas, Oklahoma, Louisiana, Texas, New Mexico.....	8	18,642	5.6	10.0
Regions VII and VIII				
Montana, Idaho, Wyoming, Colorado, Utah, Nevada, Washington, Oregon, California, Arizona.....	16	38,826	11.7	14.4

1/ Regions IV, V and VI are the 3 leading peanut-producing regions.

From unpublished official statistics of the U. S. Bureau of the Census.

or "crunchy" texture. Following grinding, the mixture is chilled and packed into containers.

Identification by brand name is much emphasized in peanut butter marketing. Manufacturers not only package under their own brand names but under the private labels of other firms as well. Since peanut butter is sold by brand rather than by grade, prices may not necessarily reflect quality.

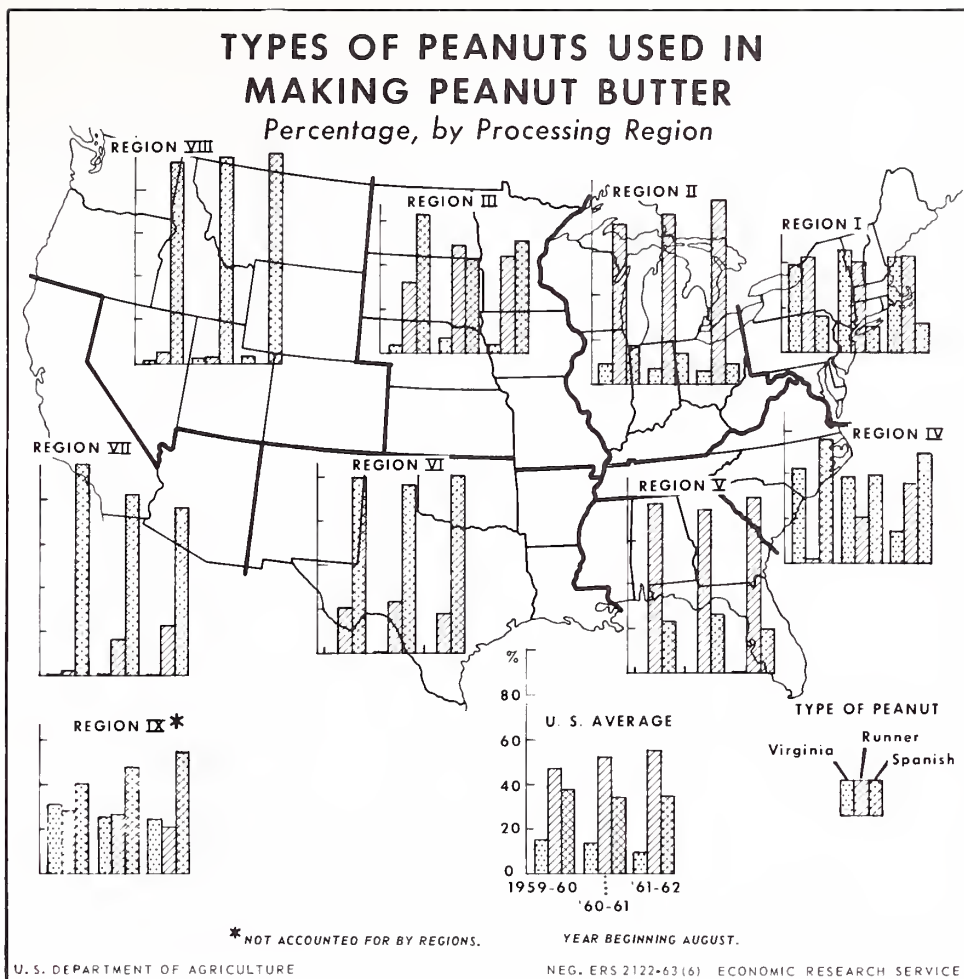


Figure 2

In 1958, about 333.2 million pounds of peanut butter were produced in the United States, according to manufacturers' reports to the Bureau of the Census. Of this amount sizable quantities were used as ingredients in candy, baked goods, and other food products, and some was distributed through the school lunch and welfare programs. However, it is estimated that consumer purchases in retail grocery stores accounted for about 65 percent of the total quantity produced. <sup>2/</sup>

#### PRICES AND PRICE SPREAD

The average price paid by consumers for 12 ounces of peanut butter was 41.8 cents in 1960-61 (table 3). This price was 0.2 cent above the 1959-60 average price and 0.2 cent below the 1958-59 price. In 1960-61, consumer payments for marketing services, other ingredients used in peanut butter and supplies were 30 cents per 12-ounce jar, or 71.8 percent of the average retail price. For each of the 3 seasons, 1958-59 through 1960-61, marketing and processing costs were over 70 percent of retail prices.

<sup>2/</sup> Food Field Reporter. Consumer Expenditures in Supers, Grocery Stores in 1961. Aug. 27, 1962.

Table 3.--Peanut butter: Average retail price and farm-to-retail price spreads per 12-ounce jar, United States, crop years 1958-59 to 1960-61

Crop year	Farm value <u>1/</u>	Retail price <u>2/</u>	Farm-to-retail spread	Spread as percentage of retail price
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>
1958-59...	12.5	42.0	29.5	70.2
1959-60...	11.3	41.6	30.3	72.8
1960-61...	11.8	41.8	30.0	71.8

1/ From unpublished official statistics of the U. S. Department of Agriculture. (See p. 13 for method used to compute farm values.)

2/ U. S. Bureau of Labor Statistics. Retail Prices by Cities. Monthly. 1958-61.

### Variations in Retail Prices and Farm-to-Retail Margins

Some important sources of variability in prices and margins of peanut butter are considered below.

Type of retail outlet. Pricing policies of retail agencies give rise to material differences in the retail price of peanut butter. Differences presumably occur primarily because of differences in procurement costs and retailing markups.

Chain prices of comparable brands generally are lower than prices in independent stores and, consequently, so are farm-to-retail marketing margins for peanut butter retailed through chains. For all 3 crop years considered in the analysis, the price of major brands most frequently observed in chains was 2 cents per jar below the price in independent stores (table 4). Modal prices in chains were 43 cents compared with 45 cents in independent stores. 3/

In 1960-61, total farm-to-retail marketing margins averaged 31.2 cents per jar for chains compared with 33.2 cents for independents. Most of the slight variations in margins among marketing years appear to be related to year-to-year differences in the farm value of peanuts. Modal retail prices of both chain and independent stores remained at 43 and 45 cents, respectively, for the 3 crop years.

Brand groups. Brand names and advertising are used extensively in merchandizing peanut butter by some manufacturers. Although about 90 firms produce peanut butter, the 4 major concerns manufacturing nationally distributed brands account for over 95 percent of the peanut butter advertising in newspapers, magazines, and television. 4/ In 1960-61, total expenditures on these media averaged about 4.7 percent of the retail value of all peanut butter sold in grocery stores. Measured against the retail sales value of advertised brands only, advertising expenditures as a percentage of retail value would have been somewhat higher. Moreover, if expenditures on media other than those cited above for which estimates were not available had been included, the proportion of the retail value indentified with advertising expense would have been increased further.

3/ Refer to appendix table 13 for comparisons of retail prices by type - of - retail outlet by city and for 8 cities combined.

4/ Based on trade sources.

Table 4.--Peanut butter: Prices and price spreads per 12-ounce jar, by retail outlet, crop years 1958-59 to 1960-61

Retail outlet	1958-59		1959-60		1960-61	
	Price, 12-ounce jar <u>1/</u>	Farm-to- retail spread <u>2/</u>	Price, 12-ounce jar <u>1/</u>	Farm-to- retail spread <u>2/</u>	Price 12-ounce jar <u>1/</u>	Farm-to- retail spread <u>2/</u>
	Cents	Cents	Cents	Cents	Cents	Cents
Chains.....	43.0	30.5	43.0	31.7	43.0	31.2
Independents.....	45.0	32.5	45.0	33.7	45.0	33.2

1/ Based on unpublished quarterly (Oct., Jan., Apr., and July) prices of the U. S. Bureau of Labor Statistics in 8 U. S. cities; special and sale prices are excluded.

2/ Derived from farm values of 12.5 cents in 1958-59, 11.3 cents in 1959-60, and 11.8 cents in 1960-61 for the amount of peanuts required to make a 12-ounce jar of peanut butter.

The use of brand names and variable promotional emphasis in merchandising peanut butter is conducive to a wide range in retail prices. For the 1960-61 crop year, retail prices as low as 29 cents and as high as 53 cents per 12-ounce jar were noted in 8 U. S. cities (appendix tables 13 and 14). 5/ Because peanut butter sales are distributed over a large number of brands and a wide range of prices, brands were classified into price groups.

The nationally advertised brands generally are higher priced than others. A group of 4 such leading brands were designated "major brands," chainstore brands and other lesser known brands were designated "minor brands."

Prices of major and minor brands are compared in table 5. For 1958-59, 1959-60, and 1960-61, the modal price of minor brands was 4 to 8 cents per 12-ounce jar below the prices of major brands. Low, modal, and high prices of minor brands fell below the same respective categories for major brands except in 1959-60, when the lowest price of minor brands was 1 cent above the lowest price of major brands.

The farm-to-retail price spread of major brands in 1960-61 was 33.2 cents compared to 25.2 cents for minor brands (table 6). 6/ Many manufacturing and marketing practices affect the size of marketing margins, including differences in product quality, advertising, merchandising and retail pricing policies. The necessary data are not available for precise determination of the proportions of the foregoing 8-cent difference that are properly attributable to the various possible causes of variations in margins. However, in this study the use of modal retail prices for both brand groups tends to minimize differences in price spreads resulting from such factors as variations in quality of shelled peanuts used. In other words, unless one group consistently uses more expensive peanuts than the other group, the price spreads will not be materially

5/ Prices used were for the largest selling brand by retail outlet. Special and sale prices were excluded.

6/ The price spread shown for minor brands is derived from the simple average of the bimodal prices of 35.0 and 39.0 cents per jar.



Table 5.--Peanut butter prices: Range and modal retail prices per 12-ounce jar, by brand, crop years 1958-59 to 1960-61 1/

Crop year and modal price	Major brands <u>2/</u>	Minor brands <u>3/</u>	Difference
	Cents	Cents	Cents
<u>1958-59</u>			
Retail price:			
Low.....	37	32	5
Modal.....	43	39	4
High.....	53	45	8
<u>1959-60</u>			
Retail price:			
Low.....	31	32	-1
Modal.....	45	39	6
High.....	53	45	8
<u>1960-61</u>			
Retail price:			
Low.....	31	29	2
Modal.....	45	<u>4/</u> 37	8
High.....	53	45	8

1/ Based on unpublished quarterly prices (Oct., Jan., April, and July) of the U. S. Bureau of Labor Statistics in 8 U.S. cities. Prices reported are for largest selling brand by retail outlet; special and sale prices are excluded.

2/ 4 selected nationally distributed brands.

3/ Chainstore brands and other lesser known brands.

4/ Average of bimodal prices of 35 and 39 cents.

Table 6.--Peanut butter: Prices and price spreads of major and minor brands per 12-ounce jar, crop years 1958-59 to 1960-61

Brands	1958-59		1959-60		1960-61	
	Price, 12-ounce jar <u>1/</u>	Farm-to-retail spread <u>2/</u>	Price, 12-ounce jar <u>1/</u>	Farm-to-retail spread <u>2/</u>	Price 12-ounce jar <u>1/</u>	Farm-to-retail spread <u>2/</u>
	Cents	Cents	Cents	Cents	Cents	Cents
Major <u>3/</u> .....	43.0	30.5	45.0	33.7	45.0	33.2
Minor <u>4/</u> .....	39.0	26.5	39.0	27.7	<u>5/</u> 35.0	23.2
					39.0	27.2

1/ Based on unpublished quarterly prices (Oct., Jan., April, and July) of the U. S. Bureau of Labor Statistics in 8 U. S. cities; special and sale prices are excluded.

2/ Derived from farm values of 12.5 cents in 1958-59, 11.3 cents in 1959-60, and 11.8 cents in 1960-61 for the amount of peanuts required to make a 12-ounce jar of peanut butter.

3/ 4 selected nationally distributed brands.

4/ Chainstore and other brands not so widely known.

5/ Frequency bimodal.

affected. And at most, only a small part of the 8-cent difference between major and minor brands probably can result from the differences in prices of shelled peanuts. The balance derives from average differences in other factors, principally advertising and merchandising costs and retail mark-up policies.

Market Location. Variability in retail prices for peanut butter among consuming areas are shown in table 7. Modal prices in Portland, the market farthest from the peanut-producing areas, were as high or higher than prices in the other 7 cities. Baltimore and Philadelphia prices were consistently below modal prices of the other cities. The most frequent price of 43 cents for the 8 cities combined remained unchanged for the 3 seasons.

Table 7.--Peanut butter: Prices and price spreads of major brands per 12-ounce jar, specified cities, crop years 1958-59 to 1960-61

City	1958-59		1959-60		1960-61	
	Price, 12-ounce jar <u>1</u> / Cents	Farm-to- retail spread <u>2</u> / Cents	Price, 12-ounce jar <u>1</u> / Cents	Farm-to- retail spread <u>2</u> / Cents	Price 12-ounce jar <u>1</u> / Cents	Farm-to- retail spread <u>2</u> / Cents
Philadelphia.....	41.0	28.5	41.0	29.7	39.0	27.2
Chicago.....	43.0	30.5	43.0	31.7	43.0	31.2
Kansas City.....	43.0	30.5	43.0	31.7	43.0	31.2
Baltimore.....	39.0	26.5	<u>3</u> /39.0	27.7	<u>3</u> /39.0	27.2
Atlanta.....	43.0	30.5	41.0	29.7	41.0	29.2
Houston.....	43.0	30.5	43.0	31.7	<u>3</u> /43.0	31.2
San Francisco.....	43.0	30.5	43.0	31.7	45.0	33.2
Portland, Oregon....	45.0	32.5	45.0	33.7	43.0	31.2
8 cities.....	43.0	30.5	43.0	33.7	45.0	33.2
	43.0	30.5	43.0	31.7	43.0	31.2

1/ Based on unpublished quarterly retail prices (Oct., Jan., April, and July) of the U. S. Bureau of Labor Statistics; special and sale prices are excluded.

2/ Derived from farm values of 12.5 cents in 1958-59, 11.3 cents in 1959-60, and 11.8 cents in 1960-61 for the amount of peanuts required to make a 12-ounce jar of peanut butter.

3/ Frequency bimodal.

Marketing margins in Portland were higher than for the 8 cities, but were lower in Baltimore and Philadelphia. The comparisons of prices by area have been limited to chainstore prices of the same 4 nationally distributed brands in order to provide comparisons that more clearly indicate price differences resulting from market location. 7/

Size of container. In the foregoing sections, variations in prices and price spreads for peanut butter were identified with types of retail outlets, brand groups, and market areas using the popular 12-ounce container as a basis of comparison. However, peanut

7/ Chainstore sales comprise somewhat over 40 percent of retail grocery sales.

butter is retailed in a large variety of container sizes. Forty different sized containers ranging in content from less than 5 ounces to over 5 pounds were priced in the 1960 Survey of Prices Paid by Farmers. The curve in figure 3, derived from these prices, summarizes estimates of retail prices and marketing margins for 12 ounces of peanut butter marketed in various sized containers. This curve shows substantial reductions in price and marketing margins for increases in container sizes up to about 25 ounces. In 1960, for example, 12 ounces of peanut butter in 8-ounce jars cost 46.9 cents compared with 35.1 cents in 18-ounce jars, or 11.8 cents more.

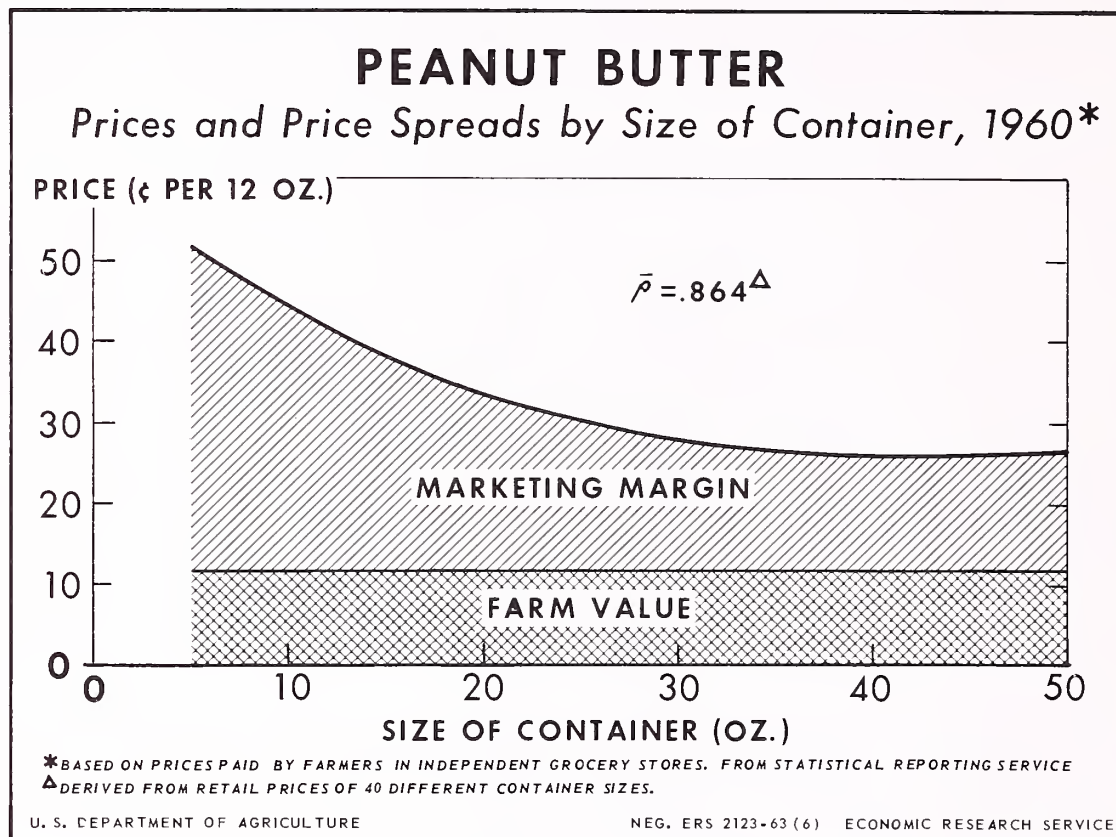


Figure 3

The shaded areas separating the retail price curve and farm value in figure 3 show estimates of farm-to-retail marketing margins for 12 ounces of peanut butter in relation to container size. According to these estimates, packaging and merchandizing in smaller containers contribute substantially to the retail price of peanuts marketed as peanut butter. In 1960, the marketing margin for 12 ounces of peanut butter packaged in 18-ounce jars was about 23.6 cents compared with about 35.4 cents for an equivalent amount packaged in 8-ounce jars. This meant that the marketing margin included in the retail price paid for 12 ounces of peanut butter packed in 8-ounce jars was one and one-half times as large as that on 12 ounces when packed in 18-ounce jars. However, for 30-ounce containers or larger, further reductions in marketing margins from increases in container sizes are relatively insignificant.

#### Farm Value and Components of the Farm-to-Retail Margin

Prices of peanut butter at retail may be viewed as an accumulation of marketing charges and cost including the farm value of the amount of peanuts required in manufacture. Average prices and values are used in the following analysis to provide a



general notion of the shares of the price paid by consumers accruing to retailers, to market intermediaries, and to farmers. However, as pointed out in the preceding section, various marketing conditions and circumstances bring about appreciable differences in prices and farm-to-retail price margins. These divergencies should be borne in mind in interpreting the margins and market shares.

Growers' returns. Because Runner, Virginia, and Spanish-type peanuts are all utilized in peanut butter, average returns to growers necessarily consist of the combined returns from all types. About 0.885 pound of raw shelled peanuts are required to make a 12-ounce jar of peanut butter. In 1960-61, the average quantity of the various kinds of peanuts used was 0.120 pound of Virginia, 0.461 pound Runner, and 0.304 pound Spanish. That season, the average return to U. S. growers for the peanut equivalent of a 12-ounce jar of peanut butter was 11.78 cents, or 1.83 cents from Virginias, 6.00 cents from Runners and 3.95 cents from Spanish types (table 8).

Growers returns in 1960-61 were somewhat higher than in 1959-60 but lower than returns in 1958-59. These differences arose largely from changes in price support rates for the different types of farmers' stock peanuts and changes in the proportion of the various types used in peanut butter. Farm price supports for peanuts are announced each marketing year. Minimum prices differ somewhat by type of peanut. Because of surplus production in each of the 3 marketing years analyzed, prices to farmers have been close to support levels.

Shellers' returns and margins. Shellers and integrated sheller-processor operations make up the buying side of the commercial market for farmers' stock peanuts. In addition to shelling, shellers perform other important functions and services including storing both the farmers' stock and the shelled peanuts. Maintaining a continuous flow of peanuts for consumption throughout the marketing year requires a considerable amount of storage and involves the concurrent risks of spoilage and price changes.

Average returns to shellers are reflected by the difference between average payments to farmers for peanuts in the shell and the average f.o.b. value of shelled goods. However, across-the-board shellers' margins are not the same as returns realized from peanuts marketed for use in peanut butter because all grades of shelled peanuts are not used in this product.

For the grades of peanuts commonly used in peanut butter, shellers received an average of 13.87 cents for the peanut equivalent to a 12-ounce jar of peanut butter in 1960-61 (table 8). Comparison of this return with the average payment to farmers of 11.78 cents gives an average sheller margin of 2.09 cents for the season. Shellers' margins averaged 2.32 cents in 1959-60 and 1.83 cents in 1958-59.

Manufacturers' returns and margins. At the manufacturing level, marketing margins contrast the value of the processed product, peanut butter, with that of the raw shelled peanut equivalent. Because of the changeover from raw peanuts to the processed product, marketing margins for peanuts used in peanut butter are more complex and include more costs at the manufacturer than at the sheller level. Besides ground peanuts, most peanut butter contains some combination of minor amounts of other ingredients, ordinarily salt, sweeteners, and processed oils. Costs of these ingredients and container costs of between 3.0 and 4.0 cents a 12-ounce jar enter into the manufacturers' margin along with physical processing, handling, and marketing costs. 8/ Marketing costs are particularly significant for some firms because of large outlays made for brand advertising.

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8/ Estimates of container costs based on information obtained from trade sources.



Table 8.--Value of peanut equivalents per 12 ounces of peanut butter and sheller's margins, 1958-59, 1959-60, and 1960-61 <sup>1/</sup>

Type of peanut	1958-59 <sup>2/</sup>			1959-60 <sup>2/</sup>			1960-61 <sup>2/</sup>		
	Farm value	Shellers' margin	Cents	Farm value	Shellers' margin	Cents	Farm value	Shellers' margin	Cents
Virginia (share).....	1.89	--	1.91	1.91	--	1.83	1.83	--	1.84
Runner (share).....	6.19	--	5.28	5.28	--	6.00	6.00	--	7.20
Spanish (share).....	4.43	--	4.13	4.13	--	3.95	3.95	--	4.83
Total value.....	12.51	1.83	11.32	11.32	2.32	11.78	11.78	2.32	13.87
									2.09

<sup>1/</sup> August-July crop year.

<sup>2/</sup> Based on average farm and sheller prices of peanut butter grades of peanuts, kernel basis, appendix table 15 and average number of pounds of peanuts utilized per 12-ounce jar by type of peanut.

From unpublished official statistics of U. S. Department of Agriculture.

For the 1960-61 season, manufacturers' margins averaged about 15.0 cents per 12-ounce jar of peanut butter (table 9). This estimate corresponds to the difference between the manufacturers' selling price of 28.9 cents for peanut butter and the cost of 13.9 cents for the shelled peanut equivalent. The 1960-61 spread averaged 0.3 cent below that of 1959-60 and 0.3 cent above the 1958-59 spread. For all 3 crop years, manufacturers' price spreads averaged somewhat over one-third of retail prices.

Table 9.--Manufacturers' average prices and price spreads per 12 ounces of peanut butter, crop years 1958-59 to 1960-61

Crop year	Shellers' return <u>1/</u>	Manufacturers' price <u>2/</u>	Manufacturers' price spread	Spread as percentage of retail price
	Cents	Cents	Cents	Percent
1958-59.....	14.3	29.0	14.7	35.0
1959-60.....	13.6	28.9	15.3	36.8
1960-61.....	13.9	28.9	15.0	35.9

1/ Unpublished official statistics of the U. S. Department of Agriculture.

2/ Projected from unpublished official statistics of the U. S. Bureau of Labor Statistics.

Wholesaling and retailing price spreads. Wholesaling and retailing complete the series of marketing activities between the peanut grower and the peanut butter consumer. In some instances, wholesaling and retailing are clearly delineated marketing functions performed by separate agencies, while in others, the two functions merge and cannot be separately identified. Some retail grocery firms continue to rely on wholesale marketing agencies for supplies; however, the larger food retailing firms tend to bypass wholesalers and make their own peanut butter or buy directly from manufacturers. Because of the problem of identity, costs of wholesaling and retailing functions are covered under a combined margin in this report.

The difference between an average retail price of 41.8 cents and a manufacturer's average price of 28.9 cents placed the combined wholesale-retail margin at 12.9 cents per 12-ounce jar of peanut butter in the 1960-61 crop year (table 10). The wholesale-retail margin changed only slightly over the 3-year period, 1958-59 through 1960-61, remaining between 30 and 31 percent of the retail price each year.

The stability of average peanut butter prices and margins throughout the 3-year period is illustrated in figure 4. Minor changes shown in farm-to-retail price spreads were largely due to changes in the farm value of peanuts. Reductions in support rates for farmers' stock peanuts between 1958-59 and 1959-60 were accompanied by average decreases of 1.2 cents in the farm value of peanuts and 0.4 cent in retail prices of peanut butter. Following the increase in 1960-61 support rates, farm value increased 0.5 cent and retail prices 0.2 cent.

Thus, changes in the farm value of peanuts, apparently, were registered only partly in retail prices. The portions of the changes in the farm value of peanuts not reflected in retail prices of peanut butter seemed to be absorbed mostly by the shellers'

Table 10.--Average retail prices and wholesale-retail price spreads per 12 ounces of peanut butter, crop years 1958-59 to 1960-61

Crop year	Manufacturers' price <u>1/</u>	Retail price <u>2/</u>	Wholesale-retail price spread	Spread as percentage of retail price
	Cents	Cents	Cents	Percent
1958-59.....	29.0	42.0	13.0	30.9
1959-60.....	28.9	41.6	12.7	30.5
1960-61.....	28.9	41.8	12.9	30.9

1/ Projected from unpublished official statistics of the U. S. Bureau of Labor Statistics.

2/ U. S. Bureau of Labor Statistics. Retail Food Prices by Cities. Monthly. 1958-61.

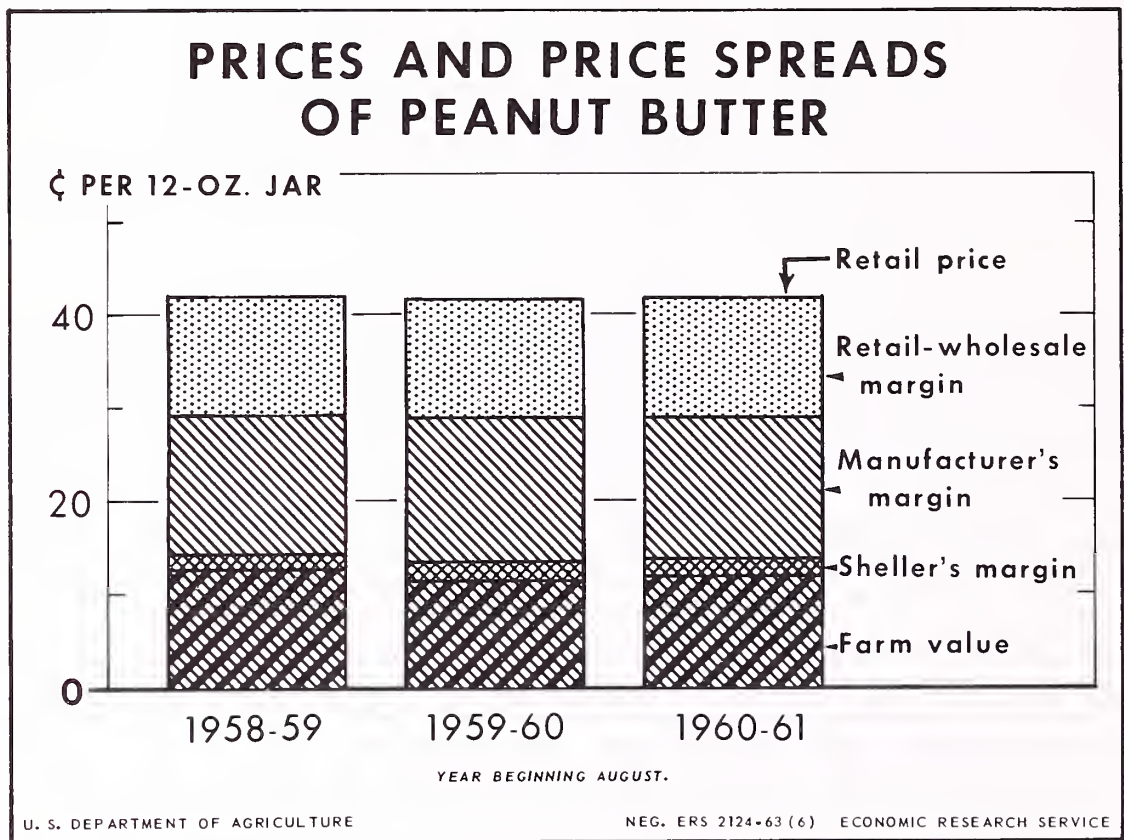


Figure 4

margin. Shellers' margins increased by 0.5 cent, or almost one-half of the amount of the decrease in farm value in 1959-60. Conversely, in 1960-61, the shellers' margin decreased by one-half as much as the increase occurring in the farm value of peanuts. Put another way, changes in the support price of peanuts over the three seasons were manifested mostly by compensating adjustments between market shares accruing to farmers and shellers, with lesser impact on retail prices or the shares of other agencies in the marketing channels.

APPENDIX

Table 11.--Peanuts, farmer's stock: Production by States, 1958-62

State and area	1958		1959		1960		1961		1962 <sup>1/</sup>	
	Production : 1,000 pounds	Percentage : of total	Production : 1,000 pounds	Percentage : of total	Production : 1,000 pounds	Percentage : of total	Production : 1,000 pounds	Percentage : of total	Production : 1,000 pounds	Percentage : of total
Virginia.....	220,500	12.2	198,640	12.5	196,560	11.0	192,400	11.0	239,200	13.2
North Carolina....	331,080	18.3	281,240	17.7	318,560	17.8	309,760	17.8	347,600	19.2
Tennessee.....	2,550	.1	1,850	.1	--	--	--	--	--	--
Virginia-North Carolina area <sup>2/</sup>	554,130	30.6	481,730	30.3	515,120	28.8	502,160	28.8	586,800	32.4
South Carolina....	13,780	.8	8,800	.6	12,650	.7	12,650	.7	13,750	.7
Georgia.....	591,600	32.6	539,000	34.0	593,750	33.3	574,750	33.1	545,200	30.1
Florida.....	58,240	3.2	42,080	2.8	56,870	3.2	57,810	3.3	61,100	3.4
Alabama.....	221,540	12.2	160,800	10.1	217,740	12.2	207,475	11.9	196,950	10.9
Mississippi.....	2,400	.1	2,000	.1	2,250	.1	2,250	.1	2,250	.1
Southeastern area <sup>3/</sup>	887,560	48.9	755,680	47.6	883,260	49.5	854,935	49.1	819,250	45.2
Arkansas.....	1,800	.1	1,350	.1	--	--	--	--	--	--
Oklahoma.....	132,980	7.3	129,375	8.2	156,750	8.8	146,625	8.4	165,200	9.1
Texas.....	224,110	12.3	208,080	13.1	219,450	12.3	224,960	12.9	224,750	12.4
New Mexico.....	13,662	.8	11,584	.7	11,136	.6	14,280	.8	15,330	.9
Southwestern area <sup>4/</sup>	372,552	20.5	350,389	22.1	387,336	21.7	385,865	22.1	405,280	22.4
United States:	1,814,242	100.0	1,587,799	100.0	1,785,716	100.0	1,742,960	100.0	1,811,330	100.0

<sup>1/</sup> Preliminary.

<sup>2/</sup> Largely Virginia type.

<sup>3/</sup> Runners and Spanish type. Runners averaged about 72 percent and Spanish 28 percent of production for the crop years specified.

<sup>4/</sup> Largely Spanish.

U. S. Statistical Reporting Service, Crop Reporting Board. Field and Seed Crops: Production, Farm Use, Sales, Value. U. S. Dept. Agr. Statist. Bul. 311. 1962; and Annual Crop Reports, December 1961 and 1962.



Table 12.--Peanuts: Return to shellers per pound of cleaned and shelled peanuts, by type and grade, crop years 1958-59 to 1960-61 1/

Crop year and grade of peanut	Price per pound			
	Virginia	Runner	Southeast Spanish	Southwest Spanish
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
<u>1958-59</u>				
U. S. Extra large.....	20.94	--	--	--
U. S. Medium.....	19.08	--	--	--
U. S. No. 1.....	16.89	16.70	17.31	17.02
U. S. Splits.....	--	15.81	15.34	15.89
U. S. No. 2.....	14.84	14.96	--	14.82
Average return <u>2/</u> .....	17.21	15.26	16.14	15.76
<u>1959-60</u>				
U. S. Extra large.....	21.34	--	--	--
U. S. Medium.....	18.63	--	--	--
U. S. No. 1.....	16.82	16.31	16.07	15.93
U. S. Splits.....	14.24	14.52	14.55	14.65
U. S. No. 2.....	14.71	14.31	13.77	13.80
Average return <u>2/</u> .....	17.56	14.52	14.74	14.76
<u>1960-61</u>				
U. S. Extra large.....	22.98	--	--	--
U. S. Medium.....	20.24	--	--	--
U. S. No. 1.....	16.38	16.22	16.57	16.36
U. S. Splits.....	14.66	15.15	15.12	15.27
U. S. No. 2.....	14.54	15.67	15.08	14.21
Average return <u>2/</u> .....	17.41	14.91	15.45	15.26

1/ August-July crop year.

2/ Return per pound of outturn.

Unpublished official statistics of U. S. Department of Agriculture.

Table 13.--Peanut butter: Prices and price spreads per 12-ounce jar, by type of retail outlet in specified cities, crop years 1958-59 to 1960-61 1/

City and price	1960-61					
	Chains			Independents		
	Retail price <u>2/</u>	Farm-to-retail price spread <u>3/</u>	Spread as percentage of retail price	Retail price <u>2/</u>	Farm-to-retail price spread <u>3/</u>	Spread as percentage of retail price
	Cents	Cents	Percent	Cents	Cents	Percent
Philadelphia						
Low.....	37.0	25.2	68.1	34.0	22.2	65.3
Modal.....	39.0	27.2	69.7	41.0	29.2	71.2
High.....	41.0	29.2	71.2	47.0	35.2	74.9
Chicago						
Low.....	35.0	23.2	66.3	31.0	19.2	61.9
Modal.....	43.0	31.2	72.6	44.0	32.2	73.2
High.....	43.0	31.2	72.6	53.0	41.2	77.7
Kansas City						
Low.....	39.0	27.2	69.7	43.0	31.2	72.6
Modal.....	43.0	31.2	72.6	43.0	31.2	72.6
High.....	43.0	31.2	72.6	49.0	37.2	75.9
Baltimore						
Low.....	29.0	17.2	59.3	38.0	26.2	68.9
Modal.....	41.0	29.2	71.2	45.0	33.2	73.8
High.....	41.0	29.2	71.2	49.0	37.2	75.9
Atlanta						
Low.....	33.0	21.2	64.2	43.0	31.2	72.6
Modal.....	45.0	33.2	73.8	45.0	33.2	73.8
High.....	49.0	37.2	75.9	50.0	38.2	76.4
Houston						
Low.....	35.0	23.2	66.3	29.0	17.2	59.3
Modal.....	44.0	32.2	73.2	43.0	31.2	72.6
High.....	48.0	36.2	75.4	49.0	37.2	75.9
San Francisco						
Low.....	41.0	29.2	71.2	43.0	31.2	72.6
Modal.....	43.0	31.2	72.6	45.0	33.2	73.8
High.....	45.0	33.2	73.8	49.0	37.2	75.9
Portland, Ore.						
Low.....	37.0	25.2	68.1	45.0	33.2	73.8
Modal.....	45.0	33.2	73.8	45.0	33.2	73.8
High.....	45.0	33.2	73.8	49.0	37.2	75.9
8 cities						
Low.....	29.0	17.2	59.3	29.0	17.2	59.3
Modal.....	43.0	31.2	72.5	45.0	33.2	73.8
High.....	49.0	37.2	75.9	53.0	41.2	77.7

See footnotes at end of table on p. 21.

Table 13.--Peanut butter: Prices and price spreads per 12-ounce jar, by type of retail outlet in specified cities, crop years 1958-59 to 1960-61 1/--Continued

City and price	1959-60					
	Chains			Independents		
	Retail price 2/	Farm-to-retail price spread 3/	Spread as percentage of retail price	Retail price 2/	Farm-to-retail price spread 3/	Spread as percentage of retail price
	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>
Philadelphia						
Low.....	33.0	21.7	65.8	37.0	25.7	69.5
Modal.....	41.0	29.7	72.4	43.0	31.7	73.7
High.....	43.0	31.7	73.7	47.0	35.7	76.0
Chicago						
Low.....	39.0	27.7	71.0	31.0	19.7	63.5
Modal.....	43.0	31.7	73.7	43.0	31.7	73.7
High.....	45.0	33.7	74.9	53.0	41.7	78.7
Kansas City						
Low.....	39.0	27.7	71.0	39.0	27.7	71.0
Modal.....	43.0	31.7	73.7	43.0	31.7	73.7
High.....	43.0	31.7	73.7	49.0	37.7	76.9
Baltimore						
Low.....	37.0	25.7	69.5	37.0	25.7	69.5
Modal.....	39.0	27.7	71.0	45.0	33.7	74.9
High.....	41.0	29.7	72.4	49.0	37.7	76.9
Atlanta						
Low.....	33.0	21.7	65.8	45.0	33.7	74.9
Modal.....	45.0	33.7	74.9	45.0	33.7	74.9
High.....	49.0	37.7	76.9	50.0	38.7	77.4
Houston						
Low.....	33.0	21.7	65.8	32.0	20.7	64.7
Modal.....	43.0	31.7	73.7	43.0	31.7	73.7
High.....	43.0	31.7	73.7	49.0	37.7	76.9
San Francisco						
Low.....	41.0	29.7	72.4	42.0	30.7	73.1
Modal.....	43.0	31.7	73.7	45.0	33.7	74.9
High.....	47.0	35.7	76.0	49.0	37.7	76.9
Portland, Oreg.						
Low.....	39.0	27.7	71.0	39.0	27.7	71.0
Modal.....	45.0	33.7	74.9	45.0	33.7	74.9
High.....	47.0	35.7	76.0	49.0	37.7	76.9
8 cities						
Low.....	33.0	21.7	65.8	32.0	20.7	64.7
Modal.....	43.0	31.7	73.7	45.0	33.7	74.9
High.....	49.0	37.7	76.9	53.0	41.7	78.7

See footnotes at end of table on p. 21.

Table 13.--Peanut butter: Prices and price spreads per 12-ounce jar, by type of retail outlet in specified cities, crop years 1958-59 to 1960-61 <sup>1/</sup>--Continued

City and price	1958-59					
	Chains			Independents		
	Retail price <sup>2/</sup>	Farm-to-retail price spread <sup>3/</sup>	Spread as percentage of retail price	Retail price <sup>2/</sup>	Farm-to-retail price spread <sup>3/</sup>	Spread as percentage of retail price
	Cents	Cents	Percent	Cents	Cents	Percent
Philadelphia						
Low.....	37.0	24.5	66.2	38.0	25.5	67.1
Modal.....	41.0	28.5	69.5	43.0	30.5	70.9
High.....	43.0	30.5	70.9	47.0	34.5	73.4
Chicago						
Low.....	39.0	26.5	67.9	39.0	26.5	67.9
Modal.....	43.0	30.5	70.9	43.0	30.5	70.9
High.....	45.0	32.5	72.2	53.0	40.5	76.4
Kansas City						
Low.....	38.0	25.5	67.1	43.0	30.5	70.9
Modal.....	43.0	30.5	70.9	43.0	30.5	70.9
High.....	43.0	30.5	70.9	49.0	36.5	74.5
Baltimore						
Low.....	39.0	26.5	67.9	37.0	24.5	66.2
Modal.....	39.0	26.5	67.9	45.0	32.5	72.2
High.....	45.0	32.5	72.2	49.0	36.5	74.5
Atlanta						
Low.....	33.0	20.5	62.1	45.0	32.5	72.2
Modal.....	43.0	30.5	70.9	49.0	36.5	74.5
High.....	49.0	36.5	74.5	49.0	36.5	74.5
Houston						
Low.....	32.0	19.5	60.9	32.0	19.5	60.9
Modal.....	43.0	30.5	70.9	45.0	32.5	72.2
High.....	47.0	34.5	73.4	49.0	36.5	74.5
San Francisco						
Low.....	39.0	26.5	67.9	42.0	29.5	70.2
Modal.....	43.0	30.5	70.9	45.0	32.5	72.2
High.....	47.0	34.5	73.4	49.0	36.5	74.5
Portland, Ore.						
Low.....	38.0	25.5	67.1	41.0	28.5	69.5
Modal.....	45.0	32.5	72.2	45.0	32.5	72.2
High.....	47.0	34.5	73.4	49.0	36.5	74.5
8 cities						
Low.....	32.0	19.5	60.9	32.0	19.5	60.9
Modal.....	43.0	30.5	70.9	45.0	32.5	72.2
High.....	49.0	36.5	74.5	53.0	40.5	76.4

<sup>1/</sup> August-July crop year.

<sup>2/</sup> Based on unpublished quarterly prices (Oct., Jan., Apr., and July) of U.S. Bureau of Labor Statistics. Prices reported are for largest selling brand by retail outlet; special and sale prices are excluded.

<sup>3/</sup> Derived from farm values of 12.5 cents in 1958-59, 11.3 cents in 1959-60, and 11.8 cents in 1960-61 for the amount of peanuts required to make a 12-oz. jar of peanut butter.



Table 14.--Peanut butter: Prices and price spreads per 12-ounce jar, by retail price group in specified cities, crop years 1958-59 to 1960-61 1/

City and price	1960-61					
	Major brands			Minor brands		
	Retail price <u>2/</u>	Farm-to-retail price spread <u>3/</u>	Spread as percentage of retail price	Retail price <u>2/</u>	Farm-to-retail price spread <u>3/</u>	Spread as percentage of retail price
	Cents	Cents	Percent	Cents	Cents	Percent
Philadelphia						
Low.....	37.0	25.2	68.1	34.0	22.2	65.3
Modal.....	41.0	29.2	71.2	39.0	27.2	69.7
High.....	47.0	35.2	74.9	43.0	31.2	72.6
Chicago						
Low.....	31.0	19.2	61.9	<u>4/</u>	--	--
Modal.....	43.0	31.2	72.6	35.0	23.2	66.3
High.....	53.0	41.2	77.7	<u>4/</u>	--	--
Kansas City						
Low.....	43.0	31.2	72.6	<u>4/</u>	--	--
Modal.....	43.0	31.2	72.6	39.0	27.2	69.7
High.....	49.0	37.2	75.9	<u>4/</u>	--	--
Baltimore						
Low.....	39.0	27.2	69.7	29.0	17.2	59.3
Modal.....	45.0	33.2	73.8	43.0	31.2	72.6
High.....	49.0	37.2	75.9	45.0	33.2	73.8
Atlanta						
Low.....	41.0	29.2	71.2	33.0	21.2	64.2
Modal.....	45.0	33.2	73.8	35.0	23.2	66.3
High.....	50.0	38.2	76.4	45.0	33.2	73.8
Houston						
Low.....	39.0	27.2	69.7	29.0	17.2	59.3
Modal.....	43.0	31.2	72.6	35.0	23.2	66.3
High.....	49.0	37.2	75.9	39.0	27.2	69.7
San Francisco						
Low.....	43.0	31.2	72.6	<u>4/</u>	--	--
Modal.....	45.0	33.2	73.8	41.0	29.2	71.2
High.....	49.0	37.2	75.9	<u>4/</u>	--	--
Portland, Ore.						
Low.....	45.0	33.2	73.8	37.0	25.2	68.1
Modal.....	45.0	33.2	73.8	39.0	27.2	69.7
High.....	49.0	37.2	75.9	43.0	31.2	72.6
8 cities						
Low.....	31.0	19.2	61.9	29.0	17.2	59.3
Modal.....	45.0	33.2	73.8	37.0	25.2	68.1
High.....	53.0	41.2	77.7	45.0	33.2	72.8

See footnotes at end of table on p. 24

Table 14.--Peanut butter: Prices and price spreads per 12-ounce jar, by retail price group in specified cities, crop years 1958-59 to 1960-61 1/--Continued

City and price	1959-60					
	Major brands			Minor brands		
	Retail price 2/	Farm-to-retail price spread 3/	Spread as percentage of retail price	Retail price 2/	Farm-to-retail price spread 3/	Spread as percentage of retail price
	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>	<u>Cents</u>	<u>Cents</u>	<u>Percent</u>
Philadelphia :						
Low.....:	37.0	25.7	69.5	33.0	21.7	65.8
Modal.....:	43.0	31.7	73.7	39.0	27.7	71.0
High.....:	47.0	35.7	76.0	43.0	31.7	73.7
Chicago :						
Low.....:	31.0	19.7	63.5	4/	--	--
Modal.....:	43.0	31.7	73.7	4/	--	--
High.....:	53.0	41.7	78.7	4/	--	--
Kansas City :						
Low.....:	42.0	30.7	73.1	4/	--	--
Modal.....:	43.0	31.7	73.7	39.0	27.7	71.0
High.....:	49.0	37.7	76.9	4/	--	--
Baltimore :						
Low.....:	37.0	25.7	69.5	37.0	25.7	69.5
Modal.....:	45.0	33.7	74.9	39.0	27.7	71.0
High.....:	49.0	37.7	76.9	45.0	33.7	74.9
Atlanta :						
Low.....:	43.0	31.7	73.7	4/	--	--
Modal.....:	45.0	33.7	74.9	33.0	21.7	65.8
High.....:	50.0	38.7	77.4	4/	--	--
Houston :						
Low.....:	41.0	29.7	72.4	32.0	20.7	64.7
Modal.....:	43.0	31.7	73.7	35.0	23.7	67.7
High.....:	49.0	37.7	76.9	39.0	27.7	71.0
San Francisco :						
Low.....:	42.0	30.7	73.1	4/	--	--
Modal.....:	45.0	33.7	74.9	41.0	29.7	72.4
High.....:	49.0	37.7	76.9	4/	--	--
Portland, Ore. :						
Low.....:	39.0	27.7	71.0	39.0	27.7	71.0
Modal.....:	45.0	33.7	74.9	39.0	27.7	71.0
High.....:	49.0	37.7	76.9	41.0	29.7	72.4
8 cities :						
Low.....:	31.0	19.7	63.5	32.0	20.7	64.7
Modal.....:	45.0	33.7	74.9	39.0	27.7	71.0
High.....:	53.0	41.7	78.8	45.0	33.7	74.9

See footnotes at end of table on p. 24

Table 14.--Peanut butter: Prices and price spreads per 12-ounce jar, by retail price group in specified cities, crop years 1958-59 to 1960-61 <sup>1/</sup> -- Continued

City and price	1958-59					
	Major brands			Minor brands		
	Retail price <sup>2/</sup>	Farm-to-retail price spread <sup>3/</sup>	Spread as percentage of retail price	Retail price <sup>2/</sup>	Farm-to-retail price spread <sup>3/</sup>	Spreads as percentage of retail price
	Cents	Cents	Percent	Cents	Cents	Percent
Philadelphia						
Low.....	41.0	28.5	69.5	32.0	19.5	60.9
Modal.....	43.0	30.5	70.9	<sup>4/</sup>	--	--
High.....	47.0	34.5	73.4	43.0	30.5	70.9
Chicago						
Low.....	39.0	26.5	67.9	<sup>4/</sup>	--	--
Modal.....	43.0	30.5	70.9	<sup>4/</sup>	--	--
High.....	53.0	40.5	76.4	<sup>4/</sup>	--	--
Kansas City						
Low.....	43.0	30.5	70.9	38.0	25.5	67.1
Modal.....	43.0	30.5	70.9	<sup>4/</sup>	--	--
High.....	49.0	36.5	74.5	39.0	26.5	67.9
Baltimore						
Low.....	37.0	24.5	66.2	39.0	26.5	67.9
Modal.....	45.0	32.5	72.2	39.0	26.5	67.9
High.....	49.0	36.5	74.5	45.0	32.5	72.2
Atlanta						
Low.....	43.0	30.5	70.9	<sup>4/</sup>	--	--
Modal.....	49.0	36.5	74.5	33.0	20.5	62.1
High.....	49.0	36.5	74.5	<sup>4/</sup>	--	--
Houston						
Low.....	41.0	28.5	69.5	32.0	19.5	60.9
Modal.....	43.0	30.5	70.9	35.0	22.5	64.3
High.....	49.0	36.5	74.5	41.0	28.5	69.5
San Francisco						
Low.....	42.0	29.5	70.2	39.0	26.5	67.9
Modal.....	45.0	32.5	72.2	<sup>4/</sup>	--	--
High.....	49.0	36.5	74.5	41.0	28.5	69.5
Portland, Ore.						
Low.....	45.0	32.5	72.2	38.0	25.5	67.1
Modal.....	45.0	32.5	72.2	41.0	28.5	69.5
High.....	49.0	36.5	74.5	43.0	30.5	70.9
8 cities						
Low.....	37.0	24.5	66.2	32.0	19.5	60.9
Modal.....	43.0	30.5	70.9	39.0	26.5	67.9
High.....	53.0	40.5	76.4	45.0	32.5	72.2

<sup>1/</sup> August-July crop year

<sup>2/</sup> Based on unpublished quarterly prices (Oct., Jan., Apr. and July) of U.S. Bureau of Labor Statistics. Prices reported are for largest selling brand by retail outlet; special and sale prices are excluded.

<sup>3/</sup> Derived from farm value of 12.5 cents in 1958-59, 11.3 cents in 1959-60 and 11.8 cents in 1960-61 for the amount of peanuts required to make a 12-ounce jar of peanut butter.

<sup>4/</sup> None reported.

Table 15.--Peanuts: Average price per pound and f.o.b. price per pound of shelled peanuts, by grade and type of peanuts, crop years 1958-59 to 1960-61 <sup>1/</sup>

Type of peanut and crop year	All grades			Peanut butter grades		
	Farm cost		Shellers' return	Farm cost		Shellers' return
	Farmers' stock	Kernel basis		Farmers' stock	Kernel basis	
	Cents	Cents	Cents	Cents	Cents	Cents
	<u>Virginia</u>					
1958-59.....	10.80	15.53	18.45	10.33	14.87	15.81
1959-60.....	10.58	15.06	18.98	10.11	14.39	15.63
1960-61.....	11.13	15.71	18.70	10.78	15.22	15.36
	<u>Runners</u>					
1958-59.....	9.73	13.40	15.26	10.17	14.01	16.09
1959-60.....	8.61	12.05	14.52	9.07	12.69	15.36
1960-61.....	9.01	12.47	14.91	9.41	13.02	15.63
	<u>Southeast Spanish</u>					
1958-59.....	10.70	13.87	16.14	11.02	14.29	16.74
1959-60.....	9.01	11.88	14.74	9.48	12.50	15.65
1960-61.....	9.67	12.66	15.45	10.07	13.17	16.16
	<u>Southwest Spanish</u>					
1958-59.....	9.93	13.46	15.76	10.19	13.80	16.33
1959-60.....	8.88	11.86	14.76	9.12	12.17	15.28
1960-61.....	9.33	12.64	15.26	9.54	12.92	15.69

<sup>1/</sup> August-July crop year.

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