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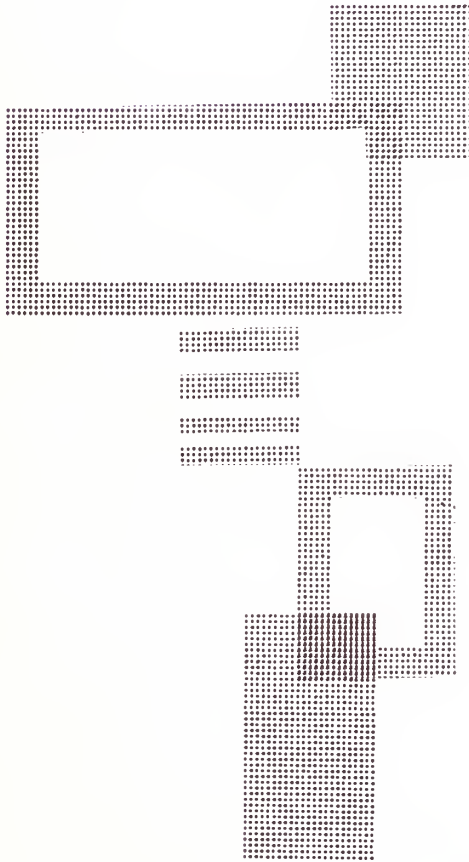
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PROMOTIONAL ACTIVITIES OF AGRICULTURAL GROUPS



United States Department of Agriculture
Economic Research Service

PREFACE

This report describes some promotional activities of agriculturally oriented groups in the United States, and is the only recent source of information on this subject. It is a followup of a survey made in 1958, and is based on a 1963 survey of about 1,200 agricultural groups.

This study is part of a broad program of marketing research designed to help maintain and expand markets for farm products. It was prepared because of the continuing interest of agricultural and other groups in this data, and is intended to provide those conducting programs to enhance the demand for their products more detailed information than that given in the summary chart prepared from the 1963 survey data.

The Farmer Cooperative Service, U. S. Department of Agriculture; State departments of agriculture; and the departments of agricultural economics of the land-grant colleges helped plan the project. The Market Development Branch, Marketing Economics Division, Economic Research Service, under the general direction of William S. Hoofnagle, conducted the research. Rita Sandidge helped plan and coordinate the work.

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HIGHLIGHTS

A survey of agricultural groups in the United States conducted during 1963-64 showed that nearly 1,200 groups allocated funds to conduct their own commodity promotional programs during the 1962 fiscal year. An additional 375 groups contributed funds to one or more of the groups with active programs. During fiscal year 1962, these groups spent a total of about \$86 million on U. S. programs to promote agricultural products, and planned promotional budgets totaling \$92 million for fiscal year 1963. The fiscal year of some groups corresponded to the calendar year; that of other groups corresponded to the marketing season. Thus, fiscal year 1962 was the last year for which complete data were available. Data for 1963 were completed for some groups, but consisted mainly of budget estimates. A similar survey in 1958 showed that 1,132 groups spent about \$67 million annually on promotional activities. Compared with 1958 expenditures, the 1962 expenditures on merchandising aid and advertising increased and those on public relations and consumer education declined.

The 1963-64 survey included (1) farmer cooperatives; (2) commissions, councils, or boards formed under State or Federal enabling laws; (3) voluntary producer groups; and (4) State agencies. Individual growers, shippers, and processors of farm products were not included.

Voluntary producer-processor groups represented 39 percent of the total number of groups reporting, and their expenditures accounted for over 36 percent of total promotional expenditures of all groups. The promotional expenditures of farmer cooperatives, representing the largest number of groups reporting, were second to those of voluntary groups. Those of commissions, boards, councils, and institutes--groups that depend mainly on taxes, assessments, and checkoffs approved by referendum--represented 29 percent of total promotional expenses, but these groups accounted for only 11 percent of all groups reporting. State departments of agriculture also promoted farm products, but they spent less on promotional activities than the other three groups.

Producers furnished over 74 percent of the promotional funds reported. The remainder came from processors, shippers, State appropriations, and miscellaneous sources. 1/ Money obtained through membership dues, fees, or contributions accounted for over 38 percent of all promotional funds. That obtained through taxes, assessments, and checkoffs accounted for 32 percent, and funds obtained from sales receipt deductions that producers voluntarily approved accounted for 27 percent. The rest came from State appropriations and miscellaneous and unidentified sources.

1/ Miscellaneous sources include the following: Service fees, reserves, sales of point-of-purchase materials, investment income, and those unidentified by respondents.

Over 45 percent of all promotional expenditures were made on advertising. The largest amount of money expended by all groups was spent on magazine advertising. The next highest amounts were spent on newspaper, television, and radio advertising, respectively.

Funds spent on merchandising aid accounted for one-fifth of total promotional expenditures, and that spent on point-of-purchase materials represented almost half of these expenditures. Expenditures on public relations and consumer education accounted for about 17 percent of total expenditures.

In addition to the \$86 million spent on promotional activities in the United States, \$5.6 million was expended on these activities in foreign countries. The total amount was seven times higher than that spent in 1958.

Over \$2.1 million was spent on promotion research. Expenditures for promotion research were nearly 60 percent higher than those reported in 1958. However, expenditures for promotion research represented less than 3 percent of expenditures for promotional activities.

Expenditures were reported for the following classes of products: fruit, dairy products, meat and livestock, field crops, natural fibers, poultry and eggs, vegetables, other products, and combinations of two or more classes of products. Sixty-one percent of all promotional expenditures (\$52.5 million) were made to promote fruit and dairy products. Expenditures on programs to promote meat and livestock accounted for over \$6 million, or 7.0 percent of total expenditures, and were the third largest spent on programs for the promotion of different classes of products.

Commissions, boards, councils, etc., receiving mandatory funds from taxes, assessments, or deductions from sales receipts spent the largest sum to promote fruit. ^{2/} Voluntary groups spent the largest amount to promote dairy products. Voluntary and mandatory groups spent about the same amount to promote meat and livestock products. Of the classes of products for which data were reported, promotional expenditures for each accounted for 6 percent or less of total reported expenditures. Of these, less was spent on vegetables than any other class.

Expenditures on promotional programs for commodities without brand identification accounted for 55 percent of all funds reported. Twenty-five percent of total promotional funds were spent on brand name products (promoted largely by cooperatives), and 20 percent were spent on products or commodities identified with a specific State or geographic area.

^{2/} See appendix for definition of "mandatory."

PROMOTIONAL ACTIVITIES OF AGRICULTURAL GROUPS

by

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INTRODUCTION

Advertising and other sales promotional activities are a significant part of the marketing bill for all products and services. Expenditures for paid media advertising, which amounted to over \$12.3 billion in 1962, are largely those of manufacturing firms and do not include expenditures for merchandising, public relations, and other related promotional activities. ^{3/} Data are not available on total investments in these activities, but records from individual firms indicate that they may be substantial.

Considerable time and money are spent on advertising, merchandising, and public relation activities for increasing the demand for U.S. agricultural products. For example, roughly \$2.4 billion, or 20 percent of the total advertising bill in 1962, was spent on promotion of food products. This amount was spent mainly by manufacturing firms. The total agricultural promotional expenditure would be even greater if expenditures for all agricultural products, including those made by groups spending relatively small amounts were combined.

Most of the \$2.4 billion expended in 1962 for advertising food products, as reported in Printers' Ink, was spent for advertising products with brand names. Furthermore, these data included only the expenditures of firms or organizations spending a minimum of \$5 million on advertising. Since farm organizations spend very little to promote brand name products, and very few spend \$5 million or more annually for advertising, the \$2.4 billion does not reflect significant amounts actually spent by farm groups. Although most agricultural sales promotion activities have been conducted by processors, distributors, and retailers, an increasing volume is now being directed by producers.

^{3/} According to Printers' Ink (see page 30 of the June 14, 1963, issue), \$12.3 billion was spent on advertising in 1962--\$4.8 billion was spent on local programs, and \$7.5 billion on national programs. However, this amount includes only the investments of firms spending a minimum of \$5 million on this activity.

1958 Survey

The agricultural groups surveyed in 1958 spent \$67 million to promote farm products. ^{4/} The growth of such promotional activity, while apparent since the turn of the century, had not been documented before the 1958 study. Trade publications, news stories, and reports have indicated, however, that promotional activity by farm groups has been increasing substantially.

The \$67 million spent by farm groups in 1958 on promotional activities was about 2 percent of the total invested by all promoters in advertising food products. The \$92 million that farm groups reported they would spend in 1963 represented about 4 percent of total expenditures to advertise food. ^{5/}

Projections based on available data suggest that farm groups will be spending more on promotion. Agricultural groups surveyed in 1958 indicated plans to increase expenditures by 9 percent the following year.

Current Need of Promotional Groups

Farm groups are placing increased emphasis on promotional activity. By combining resources, groups are able to perform promotional functions that they could not handle individually. To be more effective, these organizations need information on the promotional practices and procedures of similar groups. Detailed information, tabulated periodically, will aid groups entering this field by indicating the kinds of programs undertaken by commodity groups with different sized budgets, with different problems, operating under different marketing conditions, and promoting different products.

OBJECTIVES AND PROCEDURES

Specific objectives of this study are as follows: (1) To provide current data on the expenditures of farm groups, and (2) to determine changes since 1958 in (a) the number and types of agricultural groups engaged in sales promotional activities for U.S. farm products; (b) the volume of funds expended to promote each class of products and to conduct the various promotional activities; (c) the nature and scope of promotional programs; and (d) methods of financing programs and source of funds.

^{4/} Frye, Robert E., and Grubbs, Violet Davis. Promotion of Farm Products by Agricultural Groups. U.S. Dept. Agr., Mktg. Res. Rpt. 380, Jan. 1960.

^{5/} Percentages based on total investments in advertising reported in Printers' Ink for 1958 and 1963.

This report is based on the results of a mail survey of all known organized farm groups in the United States. Followup personal interviews were used to gain information from those not responding to the initial mail questionnaire. 6/

SCOPE AND NATURE OF PROMOTIONAL PROGRAMS

Survey results revealed that expenditures for programs national in scope accounted for 66 percent of the promotional expenditures of agricultural producer groups (table 2). Expenditures for regional programs accounted for 12 percent and those for State and local promotional programs accounted for 19 percent. A small but significant amount of the total promotional expenditures of these groups--2.6 percent--was spent on programs restricted to selected metropolitan areas. The geographic area in which a product is promoted generally coincides with the area of its major markets, but not the area of production or processing.

Groups used three types of promotion: Promotion of brand name products, strict commodity promotion, and promotion of products identified with a State or area (table 3). Promotion of brand name products is designed to identify and create a favorable impression in the consumer's mind of a specific producer's product. Commodity promotion is designed to enhance the demand for all products of a certain class without reference to production of specific producers or areas. Promotion of products identified with a State or an area seeks to increase demand for products grown in a particular State or region. It generally stresses virtues of the State or area product, as compared with similar products produced in other areas.

Funds spent for promotion of brand name products accounted for 25 percent of the \$86 million spent by all groups for the promotion of agricultural products. Cooperatives engaged primarily in the promotion of brand name products, and their expenditures represented 97 percent of all funds spent on this type of promotion. Moreover, cooperatives used 77 percent of their promotional funds on brand name products.

Groups whose expenditures represented 55 percent of all promotional funds took a strict commodity approach to the promotion of farm products. Voluntary producer groups were most active in commodity promotion, spending nearly three-quarters of their promotional funds on nonbrand products. The Wool Bureau, the American Dairy Association, and the American Meat Institute promoted nonbrand meat, milk, wool, etc. Over 20 percent of total promotional expenditures were made to promote products identified with a State or an area. These products included California fruit, Georgia peaches, Maine potatoes, Washington State apples, and many others. Individual shippers

6/ See appendix for further details on planning, questionnaires, universe correction, and projection of nonresponse.

or processors sometimes label their products with an area brand that is accepted by the trade and consumers.

Less than 5 percent of the total promotional funds of all groups were expended by groups spending less than \$25,000 on the promotion of farm products during fiscal year 1962 (table 4). However, groups in that category made up 70 percent of all organizations reporting promotional activities. To put it another way, 30 percent of the organizations spent more than \$25,000, and their promotional expenditures accounted for more than 95 percent of the total funds reported.

Over 47 percent of all groups spent less than \$5,000 each on promotional activities. Total expenditures for these groups represented less than 1 percent of all reported funds.

Groups spending between \$5,000 and \$25,000 made up nearly 23 percent of those organizations reporting promotional activities.

Groups spending between \$100,000 and \$500,000 made up less than 10 percent of the total number engaged in promotion, but their expenditures were over 30 percent of total promotional funds.

About 13 percent of all groups engaged in promotional activities spent nearly 85 percent of the total funds reported. These groups were all spending more than \$100,000 annually.

PROMOTIONAL ACTIVITIES

In this report, promotional activities refer to several distinct pursuits designed to enhance sales of agricultural products. They include advertising, merchandising aid, publicity, public relations, and consumer education. In this report, expenses incurred in the administration of programs have also been included. These are listed separately for purposes of comparison.

Advertising refers to communication for which a direct cost is incurred and which may be done by means of media (newspapers, magazines, radio, television), direct mail, advertising allowances, billboards, bumper strips, etc.

Merchandising aid, or dealer service, involves use of paid personnel to obtain support of trade and specialized promotional devices directed toward consumers at point of purchase (retail outlet). This aid may take the form of point-of-purchase materials, fieldmen, brochures, dealer contests, instore demonstrations, samples, novelties, and mats.

Publicity, public relations, and consumer education involve providing favorable information about a product in local, regional, or national media

for which no charge is made, such as feature stories in the food editor's column of newspapers and magazines. Productive contacts made at conventions, trade luncheons, shows, fairs, and the activities of home economists in building and maintaining consumer awareness are also involved.

Advertising was the chief promotional activity reported. Funds spent on this activity account for about \$38.8 million, or 45 percent of total expenditures (table 4). Funds expended on merchandising aid accounted for over 20 percent of total expenditures, or \$17.7 million, and those expended on public relations and consumer education nearly 17 percent or \$14.5 million. Some 5.5 percent (\$4.7 million) of expenditures reported were not identified by type of activity.

Advertising

Media advertising was one of the most popular promotional activities used by producer-oriented groups. Expenditures on magazine advertising accounted for over 27 percent of the total funds spent on all advertising (table 5). This was a larger amount than that spent on any other media advertising. Those groups with a budget of over \$500,000 for all advertising spent the highest percentage of funds on magazine advertising; those spending less than \$100,000 on all advertising allocated only a small part to magazine advertising.

Over 25 percent of the total amount spent by all groups on advertising was spent on newspaper advertising. One of the highest percentages allocated to newspaper advertising was apportioned by groups whose total promotional expenditures were under \$5,000. Relative use of newspapers as an advertising medium declined as the groups spent more on overall promotional activities.

Among the groups, television ranked third as an advertising media. Frequency of use increased as the groups spent higher total amounts on all promotional activities. Groups spending less than \$5,000 on promotion made little use of television as an advertising media.

Funds spent on magazine, newspaper, and television advertising combined accounted for over 64 percent of the total amount spent on advertising by all groups. Expenditures on radio advertising accounted for over 12 percent of all advertising expenditures. Groups with promotion budgets under \$5,000 advertised extensively in trade publications.

Funds spent on outdoor advertising and advertising allowances combined account for over 10 percent of the total advertising expenditures of all groups. ^{7/} Groups spending \$25,000 to \$100,000 on promotion considered outdoor advertising more important than the other groups. Advertising allowances

^{7/} Advertising allowances are generally in the form of a unit discount made to retailers to feature the seller's product in the retailer's advertisement. It may also be in the form of a cooperative arrangement in which the seller pays for part of the retailer's advertisement devoted to his product.

were used largely by advertisers of brand name products. Other means of advertising included signs, posters, cards, bumper stickers, tags, folders, etc.

Merchandising Aid

Of the \$17.7 million spent for merchandising aid, a large portion, 84 percent, or approximately \$15 million, was used for three items: Point-of-purchase display materials, dealer service, and dealer contests (table 6). Nearly 38 percent of total merchandising expenditures were made for point-of-purchase display materials. Groups in almost all expenditure categories used a high percentage of their merchandising aid funds for these materials. One notable exception was groups spending less than \$5,000 on this activity. They devoted 25 percent of their funds to brochures for tradesmen.

All groups with a budget of over \$5,000 for promotional activities spent a high percentage of their funds for dealer service. However, program managers of small groups probably devoted considerable time to making trade contacts, but their salaries were reported as administrative expenses. Groups spending the lowest amounts on merchandising aid used about 19 percent of their funds for dealer service. Fewer funds were spent on coupons and premiums than on any other aids listed. Other merchandising aids included mats, samples, novelties, and recipe materials.

Publicity, Public Relations, and Consumer Education

About 17 percent of all promotional funds were used for publicity, public relations, and consumer education. This represented an expenditure of more than \$4.5 million by all groups, with over 47 percent going to home economists and for exhibitions and demonstrations at fairs, shows, and conventions. A large amount, 41 percent, was spent on other miscellaneous items, such as films, calendars, cards, information sheets, pencils, and community projects, used in public relations.

Administration

Although difficult to identify, the cost of the administration of promotional programs represents a sizable expense. Operating statements of commissions, councils, boards, institutes, etc., that operate under enabling laws and keep detailed expenditure records show that over 13 percent of the expenditures are made for administrative expenses. Those groups spending between \$500,000 and \$1 million allocated less than 10 percent of their promotional funds for administration (table 4). All groups spent an average of 11.7 percent of their promotional funds for administration; those groups spending between \$25,000 and \$100,000 reported spending 18.8 percent of total expenditures for administration. In small organizations, administration is difficult to separate from advertising, merchandising, public relations, and other direct promotional activities. For a small staff, the

administrator is likely to perform all functions. Besides office expense and salaries, membership relations, special projects, legal counsel, insurance, meetings, and affiliated activities were listed as administrative expenses.

Activities for the Promotion of Major Farm Products

Farm products for which promotional programs were designed were grouped into nine major classes (table 7). About 61 percent of total promotional funds were spent for the promotion of fruit and dairy products--34 percent to promote fruit and 27 percent to promote dairy products. From 3 to 7 percent of these funds were spent for the promotion of each of the other classes of products--natural fibers, meat and livestock, vegetables, poultry and eggs, and field crops. Expenditures for the promotion of miscellaneous products accounted for 12 percent of all expenditures.

Groups such as commissions, councils, boards, etc., spent half of the funds used to promote fruit (table 8). A somewhat smaller amount, 34 percent, was spent by cooperatives. Funds spent by all other groups account for about 16 percent of the total amount spent for the promotion of fruit. Most of this 16 percent was spent by voluntary producer-processor groups.

Funds used on advertising, the main means of promoting fruit, accounted for about 43 percent of the total expenditures for this class of products (table 9). Expenditures on merchandising aid accounted for about 27 percent. Administration costs represented 8 percent, and costs for public relations and consumer education accounted for slightly more than 7 percent. The remaining promotional expenditures were unidentified.

Of the funds allocated for advertising fruit, \$4.6 million, or about 37 percent, was used for advertising in magazines. About 23 percent were spent on newspaper advertising and 16 percent on television advertising (table 10). More than one-third of the merchandising aid funds used to promote fruit were spent for point-of-purchase materials (table 11). Slightly more than 7 percent were budgeted for public relations, which includes the activities of home economists.

Over 52 percent of all funds expended to promote dairy products were spent by voluntary groups; cooperatives and commissions spent 35 and 12 percent, respectively.

Advertising was also the main means of promoting dairy products. Funds spent on this activity accounted for nearly 58 percent of the total promotional expenditures for this class of products. Eighteen percent of total promotional expenditures to advertise dairy products were spent on public relations, 14 percent on merchandising aid, and the rest on administration.

Dairy products were advertised mainly on television, in newspapers, on radio, and in magazines. Merchandising aid consisted primarily of point-of-purchase materials and dealer service (table 11). Expenditures on public relations and consumer education were spent mainly for activities of home economists.

Most of the promotion of meat and livestock, field crops, and natural fibers was done by voluntary groups, and much of it consisted of advertising (table 9). The promotion of poultry and eggs was conducted mainly by cooperatives; that of vegetables was conducted chiefly by commissions (table 8).

Commissions listed no expenditures whatsoever for the promotion of combinations of products. Most expenditures for the promotion of multiple-product combinations were reported by cooperatives.

Of total expenditures for advertising meat and livestock products, natural fibers, fruit, and field crops, the largest proportion was spent on magazine advertising. On the other hand, of all funds allocated to advertise poultry and eggs, nearly equal amounts were spent for advertising on radio and in newspapers. Smaller amounts were used for advertising on television and in magazines. Forty-seven percent of all advertising for vegetables was newspaper advertising.

For all classes of products, expenditures for point-of-purchase materials and dealer service were the largest of all merchandising aid expenses.

Promotion of Processed and Unprocessed Products

About 48 percent of the groups indicated that they promoted fresh products (table 7). Another 24 percent promoted processed products, while 28 percent of all groups promoted both fresh and processed products.

Many groups devoted their time to the promotion of unprocessed or fresh products. Some 80 percent of the groups with programs for livestock products promoted fresh products. On the other hand, only one-third of the groups promoted fresh dairy products; over one-third promoted both fresh and processed products. Slightly fewer groups promoted processed products. The pattern for the promotion of poultry and eggs closely resembled the average pattern for the promotion of all products. Forty-six percent of the groups promoting poultry and eggs promoted fresh products. Of the remainder, an equal number promoted processed and both processed and fresh products.

EXPENDITURES OF PROMOTIONAL GROUPS

About 2,300 groups were surveyed in 1963 and 1964. Of these, 1,172, including 501 cooperatives; 455 voluntary groups; 128 organizations such as

commissions, councils, and boards depending on mandatory financial support; 31 State departments of agriculture; and 57 other organizations unidentified as to type reported direct promotional expenditures during 1962 (table 1).

Almost half (1,151) of the groups surveyed reported no direct promotional expenditures; however, 375 of these were indirectly engaged in promotional activities. These 375 groups provided funds to affiliated or parent organizations that conducted promotional activities for them. These funds are included in the expenditures reported by the 1,172 groups actively engaged in promotion. Some 776 groups set up to engage in promotion were inactive at the time they were surveyed. 8/

Voluntary producer-processor groups, representing 39 percent of all groups reporting expenditures for 1962, spent about \$31 million on promotional activities.

Cooperatives, including marketing as well as bargaining associations, comprised nearly 43 percent of the total number reporting, but they spent about \$27 million, or 31 percent of total expenditures. Though the number of cooperatives increased considerably between 1958 and 1962, the amount spent for promotion increased only slightly. Most of the \$27 million spent by cooperatives was obtained from sales receipts; the remainder was contributed by members.

Expenditures by commissions, councils, boards, and institutes increased 78 percent, or by nearly \$11 million, between 1958 and 1962. During this time, the number of commissions increased only 7 percent. Their expenditures accounted for more than one-fourth of total expenditures, although they represented less than 11 percent of the number of organizations engaged in promotional activities. In some respects, these groups are quasi-government agencies, since promotional funds come from mandatory checkoffs, assessments, and taxes. Authority to tax and make checkoffs is subject to approval by referendum. In some instances, this authority needs the approval of a majority of producers, including those accounting for 85 percent of the total commodity production within a State or area.

The State departments of agriculture conducting promotional programs (31) reported expenditures of \$1.6 million in 1962. These funds were obtained mainly from State appropriations. A small amount of their promotional funds was used for paid media and other advertising. They sometimes provided matching funds to producer groups which actually carried out the programs. The primary function of State departments of agriculture was to furnish personnel to specific producer organizations within their respective States.

Expenditures of \$1.5 million were made by other unidentified groups.

8/ See appendix for the number in each classification.

Group Expenditure Categories

The pattern of activities, as reflected by expenditures, for groups spending over \$1 million on promotional programs was somewhat different from that of groups spending smaller amounts. These groups spent the largest share of their funds, 48 percent, on advertising. Nearly 25 percent was spent on merchandising aid, over 10 percent on administration, and 8 percent, the smallest percentage, was spent on consumer education. The remaining expenditures were unidentified.

Groups spending less than \$1 million differed from those spending over \$1 million mainly because they spent a large portion of their funds on advertising, public relations, and consumer education. The general promotion pattern was fairly uniform for groups spending less than \$1 million. For some groups, the amount spent on merchandising aid was about the same as that used for administration. Less than 1 percent of the funds were reported as unidentified. Groups spending less than \$5,000 on promotional activities used much of their money on advertising. Also, a sizable portion of their promotional funds was spent on public relations and consumer education activities. Administration costs for these groups probably included the cost of field service and other activities included in merchandising aid.

Groups spending between \$5,000 and \$25,000 on promotional activities emphasized more merchandising aid and less public relations and consumer education than groups spending less than \$5,000.

Groups spending between \$25,000 and \$100,000 emphasized advertising, public relations, and consumer education very little. They placed more emphasis on merchandising aid.

Groups spending between \$100,000 and \$500,000 on promotional activities allocated nearly 47 percent of their funds for advertising and about 19 percent each for merchandising aid and public relations. Administration costs accounted for 11.5 percent of their promotional expenditures.

SOURCE OF PROMOTIONAL FUNDS

All production-oriented segments of the agribusiness complex furnished funds for the promotion of farm products. However, farmers contributed the largest share (47 percent) of total promotional funds in 1962 (table 12). Sales receipts, which represent deductions from producer returns, accounted for \$23 million. If sales receipts of cooperatives are included with the contributions of producers, then the total exceeded \$63 million, or 74 percent of all promotional funds.

Sixty-three percent of all direct deductions from returns of producers were voluntary; the other 37 percent, in accordance with enabling legislation, were mandatory.

Processors, shippers, and the other agents in the marketing system contributed almost \$20 million, or 22 percent of total promotional funds. State-appropriated funds accounted for nearly \$1.8 million, and about \$800,000 came from unidentified sources.

Geographic Regions Providing Promotional Funds

Although a group may have a nationwide promotional program, its promotional funds are provided by the geographic region in which it is located. Groups located in the West accounted for over 23 percent of total promotional groups in the United States. ^{9/} The Northeast had the smallest number of groups (18 percent of the total) and also spent the least. Nearly a third of the total number were in the north-central region and over one-fourth were in the South. The pattern of promotional expenditures in these areas is similar to that of U.S. food production and consumption.

The following tabulation shows the regional distribution of agricultural promotional groups and their expenditures in 1962:

Region	Promotional groups		Expenditures	
	Number	Percentage of total	Amount	Percentage of total
Northeast . . .	212	18.1	14,118	16.4
North Central . . .	385	32.8	23,818	27.7
South	302	25.8	19,549	22.8
West	273	23.3	28,423	33.1
Total . . .	1,172	100.0	85,908	100.0

The West consists of the Mountain and Pacific States. Food production in this area far exceeds consumption, but the Northeast generally consumes more than it produces. Production exceeds consumption in the north-central region as well. The South produces more than it consumes, but because it is relatively close to the Northeast, where there are many consumers, fewer promotional funds are provided for it.

^{9/} The regions discussed here are those used by the Bureau of the Census. See the appendix for a breakdown of these regions.

Although the South reported over 300 groups, about one-fourth of the total number actively engaged in promotion, the average expenditure per group was less than \$65,000 (table 16). The average expenditure per group was over \$104,000 in the West, \$66,600 in the Northeast, and \$62,000 in the north-central region.

Transfer of Funds

In addition to groups that made direct promotional expenditures for domestic programs during 1962, 375 other organizations reported transferring funds to parent or affiliated organizations. These groups did not spend any money directly on promotion, but transferred funds to the affiliated organization for the promotion of farm products.

Some of the groups conducting active programs also reported transfer of funds to affiliated organizations. These groups indicated that direct expenditures were made for local programs, but transferred funds were used for regional or national programs. Over \$16 million was transferred to other organizations for promotional purposes (table 13). Of total funds transferred, 46 percent were contributed by voluntary groups and about 33 percent by cooperatives. Commissions, State departments of agriculture, and other miscellaneous groups contributed the rest.

FOREIGN PROMOTION

Foreign promotional activities by U.S. groups were a significant part of the total agricultural promotional effort. The 28 groups involved in foreign promotion spent over \$5.6 million (table 14). Expenditures of voluntary producer-processor groups on foreign promotional activities amounted to 60 percent of all funds allocated for these activities. Over half the total groups involved, 16, were voluntary groups. The remaining expenditures were made largely by commissions subject to mandatory deductions. State departments of agriculture spent no money for foreign promotion, and other groups reported spending very small amounts for this purpose.

PROMOTIONAL BUDGET FOR 1963

For fiscal year 1963 respondents reported a budget of \$92 million for promotional activities. This was approximately 7 percent greater than that reported for 1962. This increase reflects a 6-percent increase in the number of promotional groups as well as an increase in their individual expenditures.

In 1963, cooperatives planned to spend 12.5 percent more on promotional activities than they did in 1962. An increase of 8.4 percent in the number of cooperative organizations planning to conduct promotional programs during that year partly accounted for the rise. Cooperatives conducting programs in 1962 also indicated additional expenditures for 1963 (table 15).

Voluntary producer-processor groups continued to have the largest budget for promotional activities, although the percentage increase in the amounts budgeted was below average for all groups. Commissions ranked second in the amount of money budgeted for promotional activities and in the percentage increase in the amount in 1963. State departments of agriculture planned fewer promotional activities, although one additional State became involved.

The biggest percentage increase, approximately 20 percent, occurred in budgets for promotional programs in selected metropolitan areas (table 15). In contrast, a 10-percent increase occurred in budgets for national programs. Funds designated for regional programs actually decreased, and relatively minor increases were to occur in funds planned for State and local programs.

TRENDS FROM 1958 to 1962-63

Total promotional expenditures increased 29 percent from 1958 to 1962 (table 15). During the same period, the number of promotional organizations increased only 3.5 percent. The 1963 budgets of promotional groups indicated a continued increase both in expenditures and number of organizations.

Commissions had the largest increase in expenditures during 1958-62; cooperatives had only a modest increase during this period. However, the increase in the promotion budgets of cooperatives for 1963 was the largest. State departments of agriculture had lower promotion budgets for this 1-year period.

Since 1958, the pattern of expenditures appears to have changed significantly. Expenditures on national programs increased greatly. However, expenditures on programs in selected metropolitan areas were probably greatest, since, because of cost considerations, promotional activities generally occur in areas where consumers are concentrated. Expenditures on regional, State, and local programs declined.

The largest increase in expenditures for 1963 was in those on programs in selected metropolitan areas. Expenditures in this category were reported in 1962, but not 1958. Expenditures on regional programs, low during 1958-62, continued to decline during 1963, but those on State and local programs increased slightly during 1963.

The trend in promotion of agricultural products is toward higher expenditures per promotional group. While the total number of promotional groups changed only slightly, the total dollars spent increased significantly. The following tabulation shows other shifts in the proportion of money spent on various aspects of promotion:

<u>Item</u>	<u>1958</u>	<u>1962</u>
Organizations promoting (no.)	1,132	1,172
Total expenditures reported (mil. dol.)	66.597	85.908
Average expenditure per group (dol.)	58,831	73,300
Advertising (percent)	52.0	45.3
Merchandising (percent)	17.2	20.6
Public relations (percent)	22.8	16.9
Other (percent)	8.0	---
Administration (percent)	---	11.7
Unidentified (percent)	---	5.5
Promotion related research (thou. dol.)	1,364	2,155

Over half of the 1958 budget for promotional activities was designated for advertising; in 1962, the allocation was 45 percent. In 1962, a higher share of budgeted funds was allocated to merchandising than in 1958, and a smaller percentage was earmarked for public relations. Expenditures for administration were not determined in 1958, so trends could not be determined for this item. In 1962, administrative expenses accounted for nearly 12 percent of all promotional expenditures and unidentified expenditures made up 5.5 percent of the total.

The growing interest in developing more effective ways to spend promotional funds is reflected by the large increase in funds allocated to promotion research.

PROMOTION RESEARCH

Promotional groups spent more than \$2 million for research related to their promotional programs, or about 2 $\frac{1}{2}$ percent of the total promotional expenditures (table 13). Voluntary groups spent more than 3 percent of their promotional expenditures on research. This amount, the largest spent by any group, accounted for about half of the total funds for promotion research. The combined expenditures of cooperatives and commissions were about the same as those of voluntary groups. State departments of agriculture and unidentified groups spent an insignificant amount for promotion research. Only the large organizations have sufficient funds to conduct promotional programs and to carry out a research program. In conducting their research, many of the large groups cooperate with Federal or State agencies.

APPENDIX

Design of Survey and Detailed Procedures

Replies to mail questionnaires and transcripts of personal interviews

were edited and classified as follows: (1) Organizations that had ceased operation (dead); (2) organizations, such as fraternal, social, civic, technological, and political (lobbying for favorable farm legislation, etc.) ones, whose activities and objectives did not include promoting the sale of agricultural products; and (3) organizations whose objectives were to promote the sale of farm products.

The latter groups were further classified into groups that were currently (1) conducting promotional programs, (2) providing financial support for programs conducted by a parent or affiliated organization, and (3) inactive but organized to conduct promotional programs.

Separate tabulations were made of the data obtained from groups responding to the mail questionnaire (excluding State departments of agriculture and groups spending \$1 million and over), and of that obtained from the group of nonrespondents to this questionnaire (the sample interviewed). The percentage of persons responding to the mail questionnaire and the percentage of persons interviewed in the various agricultural groups was approximately the same. However, the expenditures of groups interviewed were considerably lower than those of groups responding to the mail questionnaire. Thus, adding the projections for nonrespondents to those groups reporting expenditures of less than \$1 million increased the number actively engaged in promotional activities by approximately 17 percent, but it increased expenditures of these groups by about 12 percent.

Since all groups spending over \$1 million annually and State departments of agriculture responded to the mail questionnaires, it was only necessary to adjust the expenditure data of groups spending less than \$1 million annually. This was accomplished by applying the factor 1.12 to the expenditures of the groups spending less than \$1 million annually, and then adding the corresponding expenditures of State departments of agriculture and groups with annual expenditures of \$1 million and over.

Initial Universe:

- 3,225 -- Total initial mailing.
- 135 -- Duplicate addresses, organizations merged with others, and those whose existence could not be determined.
- 3,090 -- Total delivered by post office.
- 445 -- No reply.
- 2,645 -- Total replies -- mail questionnaires, personal letters, and phone calls.

Corrected Universe:

1,172	Active direct domestic promotional programs.
375	Active indirect (contributory) domestic programs.
9	Foreign promotion only.
767	Inactive promotion.
2,323	Subtotal -- Promotional organizations.
767	Dead (out of business and nonpromotion).
3,090	Total delivered.

Universe Development

Before starting the survey, it was necessary to compile a revised listing of promotional groups, even though a similar survey had been conducted earlier. Starting with the 1958 survey respondents, a list of agricultural groups was assembled by States and sent to the Farmer Cooperative Service, U.S. Department of Agriculture; State departments of agriculture; and State agriculture extension services. Officials of these agencies were asked to review the list, correct names and addresses, delete organizations known to have gone out of existence, and add names and addresses of new organizations that had been formed in their States between 1958 and 1962.

Mail Questionnaires

A revised survey questionnaire was developed from the schedule used in 1958. In some instances, additional information was sought; in others some previous details were dropped. Initial mailing took place in the summer of 1963, and three followup questionnaires were mailed to nonrespondents. After the third followup, personal letters and phone calls were used to secure information on groups known to be spending a significant amount. About 85 percent of those surveyed--including all groups known to invest approximately \$1 million or more annually in promotional activities, and State departments of agriculture--responded to the mail questionnaire.

Universe Correction and Projection for Nonrespondents to Mail Questionnaires

The original mailing list contained 3,225 names of organizations and addresses. This number was reduced to 3,090 by elimination of duplicate listings, organizations that had merged with other organizations, and non-existent organizations. 10/ A total of 2,645 of the groups responded to the mail questionnaires, personal letters, and telephone calls; 445 did not reply. 11/ Ten percent of the nonrespondents were interviewed. The information

10/ A followup investigation of questionnaires not delivered to the latter groups revealed that most had never been formally organized or had only been in existence for a short time.

11/ All State departments of agriculture and groups known to spend \$1 million and over annually responded to the mail questionnaire.

obtained from these interviews was used to estimate the number of groups and expenditures of the 445 nonrespondents. These projections were added to data obtained from groups responding to the mail questionnaire to obtain the total number and total expenditures of organizations conducting promotional programs.

Definitions of Terms and Phrases

Census Geographic Divisions

Tables which give U.S. figures by area are arranged according to Census regions to facilitate presentation and interpretation of data. The United States is divided into four main Census regions (Northeast, North Central, South, and West). Each region contains two or more subdivisions (table 16), each of which has several States located in the same geographic region. 12/

The four Census regions and subdivisions are as follows:

Northeast

New England States
Middle Atlantic States

North Central

East North Central States
West North Central States

South

South Atlantic States 13/
East South Central States
West South Central States

West

Mountain States
Pacific States

Terms and Phrases Used in Tables

Expenditures--In most instances, these are expenses for a fiscal year ending sometime in 1962.

Cooperatives--Marketing as well as bargaining organizations.

Financial support for commissions, boards, councils, etc., established under enabling legislation--Usually mandatory, either by direct laws or from the approval of producers by referendum.

Other types of organizations or groups--Includes committees, clubs, informal groups, etc. For the most part, these are unidentified as to type or organization.

Other products--Includes horticultural specialties, forestry, nuts, tobacco, honey, etc.

12/ New York State, for example, is part of the Middle Atlantic subdivision, which in turn is part of the Northeast Census Region.

13/ Includes District of Columbia.

Table 1.--Estimated number of agricultural groups conducting promotional programs, by type of organization, and their estimated expenditures, United States, 1962 and 1963

Agricultural groups	1962			1963		
	Number of promotional groups	Estimated expenditures : 1,000 dollars	Estimated expenditures : as percentage of total for all groups	Number of promotional groups	Estimated expenditures : 1,000 dollars	Estimated expenditures : as percentage of total for all groups
Cooperatives	501	26,691	31.1	543	30,017	32.6
Commissions, councils, boards, etc., established under enabling laws	128	24,790	28.8	134	26,121	28.4
Voluntary producer-processor groups	455	31,256	36.4	469	32,802	35.6
State departments of agriculture	31	1,633	1.9	32	1,570	1.7
Others and unidentified	57	1,538	1.8	63	1,553	1.7
Total	1,172	85,908	100.0	1,241	92,063	100.0

Table 2.--Estimated expenditures of agricultural groups on various promotional activities, by geographic scope of program, United States, 1962

Activity	National programs			Regional programs			State programs			Local programs			Programs in selected metropolitan areas		
	1,000 dollars	Percent	Estimated expenditures as percentage of total expenditures	1,000 dollars	Percent	Estimated expenditures as percentage of total expenditures	1,000 dollars	Percent	Estimated expenditures as percentage of total expenditures	1,000 dollars	Percent	Estimated expenditures as percentage of total expenditures	1,000 dollars	Percent	Estimated expenditures as percentage of total expenditures
Advertising . . .	25,096	44.1		4,375	53.8		2,828	37.2		1,049	58.9		38,854	47.1	
Merchandising . . .	12,577	22.1		2,298	15.4		530	19.5		738	11.0		17,722	33.2	
Public relations and consumer education . . .	9,032	15.9		2,740	14.8		1,015	23.3		246	21.1		14,544	11.1	
Administration . . .	6,296	11.1		2,171	9.4		417	18.4		192	8.7		10,041	8.6	
Unidentified . . .	3,868	6.8		186	6.6		15	1.6		---	.3		4,747	---	
Total . . .	56,869	100.0		11,770	100.0		4,805	100.0		2,225	100.0		85,908	100.0	
Percentage of total		66.2			11.9			13.7			5.6			2.6	

Table 3.--Estimated expenditures of agricultural groups on brand and nonbrand products, United States, 1962

Agricultural groups	Nonbrand products			Brand products			Total expenditures
	Not identified with area of origin	Identified with area of origin	Expenditures as percentage of total	Expenditures	Expenditures as percentage of total	Expenditures	
	1,000 dollars	Percent	Percent	1,000 dollars	Percent	1,000 dollars	
Cooperatives	3,943	14.8	7.7	20,703	77.5	26,691	
Commissions, councils, boards, etc., established under enabling laws	18,269	73.7	26.0	86	.3	24,790	
Voluntary producer-processor groups	23,170	74.1	25.2	223	.7	31,256	
State departments of agriculture	928	56.8	39.3	64	3.9	1,633	
Others and unidentified	1,070	69.6	18.7	181	11.7	1,538	
Total	47,380	55.2	20.1	21,257	24.7	85,908	

Table 4.--Number of agricultural groups spending specified amounts on promotional activities, group expenditures, and percentage distribution of group expenditures by type of activity, United States, 1962

Item	Groups spending--									
	Under \$5,000	\$5,000-\$24,999	\$25,000-\$99,999	\$100,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$4,999,999	\$5,000,000-\$9,999,999	\$10,000,000-\$49,999,999	\$50,000,000-\$99,999,999	Total or average
	Number of groups	Percentage of total	Number of groups	Percentage of total	Number of groups	Percentage of total	Number of groups	Percentage of total	Number of groups	Percentage of total
Number of promotional groups.....	553	267	204	116	17	15				1,172
Number as percentage of total.....	47.2	22.8	17.4	9.9	1.4	1.3				100.0
Expenditures of promotional groups (thou. dollars)	690	3,011	9,331	26,458	9,584	36,834				85,908
Expenditures as percentage of total	.8	3.5	10.9	30.8	11.1	42.9				100.0
Promotional activities:	-----Percent-----									
Advertising.....	45.4	45.4	39.5	46.3	38.0	47.8				45.3
Merchandising aid.....	9.7	14.0	16.3	19.4	17.8	24.1				20.6
Public relations and consumer education.....	33.9	25.6	24.7	18.5	34.8	8.2				16.9
Administration.....	10.4	14.1	18.8	11.5	9.4	10.4				11.7
Unidentified.....	.6	.9	.7	4.3	---	9.5				5.5

Table 5.--Estimated advertising expenditures by media, and percentage distribution of these expenditures for groups spending specified amounts on advertising, United States, 1962

Group expenditure Category	Advertising Media										Total
	Magazine	Newspaper	Television	Radio	Trade publication	Outdoor advertising	Advertising allowance	Direct mail	Other	1/	
	1,000 dollars										
Less than \$5,000	40	100	9	38	55	15	9	30	17		313
\$5,000-24,999	77	453	136	325	89	64	55	91	77		1,367
\$25,000-99,999	221	848	574	787	281	436	194	169	174		3,684
\$100,000-499,999	2,107	2,434	1,652	2,271	846	1,063	855	238	787		12,253
\$500,000-999,999	1,454	421	506	296	359	13	293	121	181		3,644
\$1 million and over	6,629	4,022	3,259	1,107	917	385	555	282	437		17,593
Total	10,528	8,278	6,136	4,824	2,547	1,976	1,961	931	1,673		38,854
	Percent										
Less than \$5,000	12.8	31.9	2.9	12.1	17.6	4.8	2.9	9.6	5.4		100.0
\$5,000-24,999	5.6	33.1	10.0	23.8	6.5	4.7	4.0	6.7	5.6		100.0
\$25,000-99,999	6.0	23.0	15.6	21.4	7.6	11.8	5.3	4.6	4.7		100.0
\$100,000-499,999	17.2	19.9	13.5	18.5	6.9	8.7	7.0	1.9	6.4		100.0
\$500,000-999,999	39.9	11.6	13.9	8.1	9.9	.4	8.0	3.3	4.9		100.0
\$1 million and over	37.7	22.9	18.5	6.3	5.2	2.2	3.1	1.6	2.5		100.0
Average	27.1	21.3	15.8	12.4	6.6	5.1	5.0	2.4	4.3		100.0

1/ Bumper stickers, posters, cards, etc.

Table 6.--Estimated merchandising aid expenditures, by type of aid, and percentage distribution of these expenditures for groups in certain expenditure categories, United States, 1962

Group expenditure category	Type of merchandising aid							Total
	Point-of-purchase materials	Dealer service	Dealer-consumer contests	Merchandising brochures	Instore demonstrations	Coupon premiums	Other 1/	
Less than \$5,000	16	13	12	17	2	2	5	67
\$5,000-24,999	149	132	22	42	17	23	35	420
\$25,000-99,999	572	597	63	84	61	97	47	1,521
\$100,000-499,999	2,000	1,559	141	382	399	228	412	5,121
\$500,000-999,999	635	752	93	144	28	3	52	1,707
\$1 million and over	3,349	3,145	1,652	167	276	46	251	8,886
Total	6,721	6,198	1,983	836	783	399	802	17,722
-----1,000 dollars-----								
Less than \$5,000	23.9	19.4	17.9	25.4	3.0	3.0	7.4	100.0
\$5,000-24,999	35.5	31.4	5.3	10.1	4.0	5.4	8.3	100.0
\$25,000-99,999	37.6	39.3	4.1	5.5	4.0	6.4	3.1	100.0
\$100,000-499,999	39.1	30.4	2.7	7.5	7.8	4.4	8.1	100.0
\$500,000-999,999	37.2	44.1	5.5	8.4	1.6	.2	3.0	100.0
\$1 million and over	37.7	35.4	18.6	1.9	3.1	.5	2.8	100.0
Average	37.9	35.0	11.2	4.7	4.4	2.3	4.5	100.0

1/ Samples, mats, recipe materials, etc.

Table 7.--Percentage distribution of organizations promoting unprocessed and processed farm products, by product class, United States, 1962

Product class	Percentage of organizations promoting--		
	Unprocessed products (fresh or raw)	Processed products	Unprocessed and processed
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Dairy products.	34	27	39
Fruit	53	29	18
Natural fibers.	57	43	--
Meat and livestock . . .	80	8	12
Vegetables . . .	70	9	21
Poultry and eggs	46	27	27
Field crops . . .	42	35	23
Other products.	56	30	14
Combinations . .	15	13	72
Average	48	24	28

Table 8.--Estimated promotional expenditures of agricultural groups and percentage distribution of these expenditures, by product class, United States, 1962

Type of organization	Product class								Combinations: Total	
	Dairy products:	Fruit	Natural fibers	Meat and livestock	Vegetables:	Poultry and eggs	Field crops	Other products		
-----1,000 dollars-----										
Cooperatives	8,010	9,904	104	384	527	2,392	298	2,031	3,041	26,691
Commissions, councils, boards, etc., established under enabling laws	2,781	14,731	1,269	2,219	1,651	850	1,094	195	---	24,790
Voluntary producer-processor groups	11,980	4,672	3,461	2,400	455	1,168	3,396	2,324	1,400	31,256
State departments of agriculture	114	78	---	122	74	166	185	10	884	1,633
Others and unidentified	47	86	---	926	19	14	81	142	223	1,538
Total (all organizations)	22,932	29,471	4,834	6,051	2,726	4,590	5,054	4,702	5,548	85,908
-----Percent-----										
Cooperatives	34.9	33.6	2.1	6.4	19.3	52.1	5.9	43.2	54.8	31.1
Commissions, councils, boards, etc., established under enabling laws	12.1	50.0	26.3	36.7	60.6	18.5	21.7	4.1	---	28.8
Voluntary producer-processor groups	52.3	15.9	71.6	39.6	16.7	25.5	67.2	49.4	25.3	36.4
State departments of agriculture . . . . .	.5	.2	---	2.0	2.7	3.6	3.6	.2	15.9	1.9
Others and unidentified . . . . .	.2	.3	---	15.3	.7	.3	1.6	3.1	4.0	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 9.--Estimated promotional expenditures of agricultural groups and percentage distribution of these expenditures, by product class and kind of promotional activity, United States, 1962

Product class	Promotional activity					Total expenditures
	Advertising	Merchandising aid	Public relations and consumer education	Administration	Unidentified	
	-----1,000 dollars-----					
Dairy products	13,267	3,245	4,117	2,303	---	22,932
Fruit	12,655	8,043	2,083	2,406	4,284	29,471
Natural fibers	2,288	503	601	1,442	---	4,834
Meat and livestock	1,610	1,436	1,989	1,003	13	6,051
Vegetables	1,062	880	545	239	---	2,726
Poultry and eggs	1,181	1,602	694	744	369	4,590
Field crops	1,880	473	1,784	851	66	5,054
Other products	2,470	419	1,177	636	---	4,702
Combinations	2,441	1,121	1,554	417	15	5,548
Total	38,854	17,722	14,544	10,041	4,747	85,908
	-----Percent-----					
Dairy products	57.8	14.2	18.0	10.0	---	100.0
Fruit	42.9	27.3	7.1	8.2	14.5	100.0
Natural fibers	47.4	10.4	12.4	29.8	---	100.0
Meat and livestock	26.6	23.7	32.9	16.6	0.2	100.0
Vegetables	38.9	32.3	20.0	8.8	---	100.0
Poultry and eggs	25.8	34.9	15.1	16.2	8.0	100.0
Field crops	37.2	9.4	35.3	16.8	1.3	100.0
Other products	52.6	8.9	25.0	13.5	---	100.0
Combinations	44.0	20.2	28.0	7.5	.3	100.0
Average	45.3	20.6	16.9	11.7	5.5	100.0

Table 10.--Estimated advertising expenditures of agricultural groups and percentage distributions of these expenditures, by product class and advertising media, United States, 1962

Product class	Advertising media										Total
	Magazines	Newspapers	Television	Radio	Trade publications	Outdoor advertising	Advertising allowance	Direct mail	Other	1/	
	-----1,000 dollars-----										
Dairy products	1,958	2,937	3,079	2,139	572	1,319	188	318	757		13,267
Fruit	4,627	2,837	2,049	1,384	697	220	429	178	234		12,655
Natural fibers	1,067	142	110	103	181	32	396	23	234		2,288
Meat and livestock.	439	272	172	151	240	62	67	113	94		1,610
Vegetables	172	496	115	44	160	18	17	18	22		1,062
Poultry and eggs	167	276	172	280	52	56	134	24	20		1,181
Field crops	845	173	120	179	271	31	59	79	123		1,880
Other products	897	345	79	162	236	174	364	84	129		2,470
Combinations	356	800	240	382	138	64	307	94	60		2,441
Total	10,528	8,278	6,136	4,824	2,547	1,976	1,961	931	1,673		38,854
	-----Percent-----										
Dairy products	14.8	22.1	23.2	16.1	4.3	10.0	1.4	2.4	5.7		100.0
Fruit	36.6	22.4	16.2	10.9	5.5	1.7	3.4	1.4	1.9		100.0
Natural fibers	46.7	6.2	4.8	4.5	7.9	1.4	17.3	1.0	10.2		100.0
Meat and livestock.	27.3	16.9	10.7	9.4	14.9	3.9	4.1	7.0	5.8		100.0
Vegetables	16.2	46.6	10.9	4.2	15.1	1.7	1.6	1.7	2.0		100.0
Poultry and eggs	14.1	23.4	14.6	23.7	4.4	4.8	11.3	2.0	1.7		100.0
Field crops	45.0	9.2	6.4	9.5	14.4	1.6	3.1	4.2	6.6		100.0
Other products	36.3	14.0	3.2	6.6	9.5	7.0	14.7	3.4	5.3		100.0
Combinations	14.6	32.8	9.9	15.6	5.6	2.6	12.6	3.8	2.5		100.0
Average	27.1	21.3	15.8	12.4	6.6	5.1	5.0	2.4	4.3		100.0

1/ Bumper stickers, posters, cards, etc.

Table 11.--Estimated expenditures of agricultural groups for merchandising aid and percentage distribution of these expenditures, by product class and kind of aid, United States, 1962

Product class	Type of merchandising aid							Total
	Point-of-purchase materials	Dealer service	Dealer-consumer contests	Merchandising brochures	Instore demonstrations	Coupon premiums	Other 1/	
	-----1,000 dollars-----							
Dairy products	1,648	739	74	205	256	143	180	3,245
Fruit	3,047	2,569	1,642	162	276	38	308	8,042
Natural fibers	184	116	40	44	79	2/	40	503
Meat and livestock	415	857	19	87	7	8	43	1,436
Vegetables	393	314	46	71	10	4	42	880
Poultry and eggs	310	951	51	83	36	48	123	1,602
Field crops	156	101	30	109	32	35	11	474
Other products	175	178	6	34	6	1	19	419
Combinations	393	373	75	41	81	122	36	1,121
Total	6,721	6,198	1,983	836	783	399	802	17,722
	-----Percent-----							
Dairy products	50.8	22.8	2.3	6.3	7.9	4.4	5.5	100.0
Fruit	37.9	32.0	20.4	2.0	3.4	.5	3.8	100.0
Natural fibers	36.7	23.1	7.9	8.7	15.6	---	8.0	100.0
Meat and livestock	28.9	59.7	1.3	6.0	.5	.6	3.0	100.0
Vegetables	44.7	35.7	5.3	8.1	1.1	.4	4.7	100.0
Poultry and eggs	19.3	59.3	3.2	5.2	2.3	3.0	7.7	100.0
Field crops	33.0	21.3	6.3	22.9	6.8	7.4	2.3	100.0
Other products	41.8	42.5	1.3	8.2	1.5	.1	4.6	100.0
Combinations	35.1	33.2	6.7	3.7	7.2	10.9	3.2	100.0
Average	37.9	35.0	11.2	4.7	4.4	2.3	4.5	100.0

1/ Samples, mats, recipe materials, etc.
2/ Less than \$500.

Table 12.--Distribution of funds estimated to be used by agricultural groups on promotional activities, by source and method of collection, United States, 1962

Source of funds and method of collection	Estimated funds	Estimated funds as percentage of total funds
	<u>1,000 dollars</u>	<u>Percent</u>
Source of funds:		
Producer	40,606	47.3
Processor	12,406	14.5
Shipper	3,278	3.8
Sales receipts <u>1/</u>	22,999	26.8
State appropriation	1,774	2.0
Miscellaneous or other <u>2/</u>	4,845	5.6
Total	85,908	100.0
Method of collection:		
Membership dues, fees, or contributions	32,978	38.4
Taxes, assessments, or checkoffs	27,297	31.8
Sales receipts <u>1/</u>	22,999	26.8
State appropriation	1,774	2.0
Unidentified	860	1.0
Total	85,908	100.0

1/ A major source of funds for farmer marketing cooperatives.

2/ Reserves, service fees, sale of promotional materials, investment income, and unidentified.

Table 13.--Estimated expenditures for research related to promotion and money transferred to affiliated organizations by agricultural promotional groups, United States, 1962

Agricultural groups	: Estimated expenditures : for promo- : tion research :	: Expenditures : as percent- : age of total :	: Funds : transferred :	: Funds as per- : centage of : total funds : transferred :
	: 1,000 : <u>dollars</u> :	: <u>Percent</u> :	: 1,000 : <u>dollars</u> :	: <u>Percent</u> :
Cooperatives	588	27.2	5,377	32.8
Commissions, councils, boards, etc., established under enabling laws	498	23.1	3,421	20.8
Voluntary producer-processor groups	1,064	49.4	7,570	46.2
State departments of agriculture	4	.2	11	.1
Others and unidentified	2	.1	15	.1
Total	2,156	100.0	16,394	100.0

Table 14.--Number and estimated expenditures of U. S. agricultural groups engaged in foreign promotional activities, 1962

Agricultural groups	: Groups engaged : in foreign : promotional : activities :	: Expenditures of : groups engaged in : foreign promo- : tional activities :	: Expenditures as : percentage of : total : expenditures :
	: <u>Number</u> :	: 1,000 : <u>dollars</u> :	: <u>Percent</u> :
Cooperatives	4	324	5.8
Commissions, councils, boards, etc., established under enabling laws	6	1,852	33.0
Voluntary producer-processor groups	16	3,350	59.7
State departments of agriculture	---	---	---
Others and unidentified	2	88	1.5
Total	28	5,614	100.0

Table 15.--Number of groups promoting farm products and promotional expenditures by type of organization and geographic scope of program, 1958, 1962, and 1963

Item	Percentage change		
	1958	1962	1963
Number of promotional groups	1,132	1,172	1,241
Expenditures (1,000 dollars):			
Commissions	13,961	24,790	26,121
Cooperatives	25,149	26,691	30,017
Voluntary groups	25,508	31,256	32,802
State departments of agriculture	1,385	1,633	1,270
Total <u>1/</u>	66,597	85,908	92,063
Expenditures (1,000 dollars):			
National	31,840	56,869	62,425
Regional	10,900	10,239	10,076
State	17,330	11,770	11,946
Local	6,527	4,805	4,950
Selected metropolitan areas	---	2,225	2,666

1/ Total includes unidentified organizations.

Table 16.--Number of groups reporting and total available promotional funds from each of the Census regions, United States, 1962

Census region	Groups reporting	Total available promotional funds
	<u>Number</u>	<u>1,000 dollars</u>
NORTHEAST	212	14,118
New England States	97	6,502
Middle Atlantic States	115	7,616
NORTH CENTRAL	385	23,818
East North Central States ...	220	17,035
West North Central States ...	165	6,783
SOUTH	302	19,549
South Atlantic States ^{1/} ...	174	13,226
East South Central States ...	33	2,188
West South Central States ...	95	4,135
WEST	273	28,423
Mountain States	81	6,483
Pacific States	192	21,940
Total	1,172	85,908

^{1/} Includes District of Columbia.

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