



# Ag Mag

A Magazine about Agriculture for North Dakota Students

# AGRICULTURAL Marketing



Marketing means promoting and selling products or services. Stores and individuals market their clothing, food, car washing, dog sitting and many other things to you.

Farmers and ranchers market their products, too. They might sell their durum wheat to a pasta processor. That processor markets the pasta to a wholesaler who sells it to your local grocery store.

A rancher might sell beef calves at the auction barn to another rancher, who raises them to market weight. Next, the steers are sold to a meat processor, who makes ground beef, steaks and roasts.

A raspberry producer might market fresh raspberries and raspberry jam at a farmers market.

Plant and animal products end up in our grocery stores, restaurants, school lunches and tables at home through the interdependence of producers and consumers. People (consumers) need products (food, clothing, shelter, fuel, etc.) from producers (farmers and ranchers). This is a market-based economy.



## Vocabulary Match-up

- \_\_\_ interdependence
- \_\_\_ consumers
- \_\_\_ producers
- \_\_\_ economy
- \_\_\_ marketing
- \_\_\_ wholesaler
- \_\_\_ retailer

- A** People who buy and use products
- B** A company or person who purchases products in large quantities directly from manufacturers and then sells smaller quantities to consumers
- C** People who grow and make products
- D** When two or more people or things depend on each other
- E** A system that consists of the production, distribution and consumption of goods and services
- F** Promoting and selling products or services
- G** A company or person who buys in bulk and sells to resellers rather than directly to consumers

# Marketing in Production Agriculture

Marketing happens at every stage of the Agriculture Cycle. Farmers and ranchers grow the raw commodities, and millions of workers are involved through the Ag Cycle to make them into products you can use.

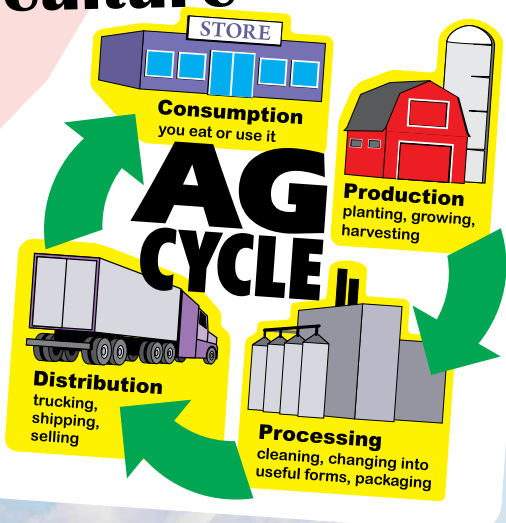
Write the name of each Ag Cycle step for each photo.

Farmers and ranchers are consumers, too, because they must buy supplies. For example, a farmer needs to purchase seed, and a rancher needs feed. Brainstorm other supplies marketed to farmers and ranchers.

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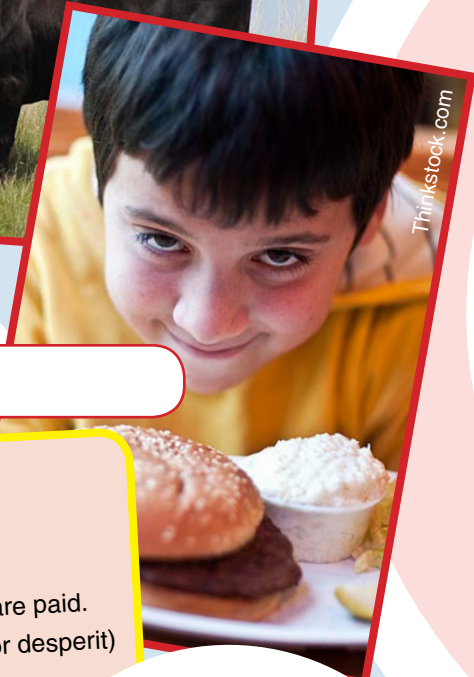
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Carl Dahlen, NDSU






## Which Word?

Circle the correct word to accurately complete the sentence.

1. Farmers and ranchers market their raw (commodities or kammodities) to processors.
2. They try to get the best price to increase their (prophet or profit) margin after expenses are paid.
3. Prices often are based on supply and demand. Sometimes countries are in (desperate or desperit) need of food for their people and are willing to pay a higher price to make sure they get delivery.
4. Sometimes producers sell (there or their) commodities to the local cooperative of which they're a member.
5. If the co-op makes money at the end of the year, the members will share in the (urnings or earnings).
6. Farmers also sell to (privetly or privately) owned companies.
7. Farmers may store their crops in grain (bins or beans) in hope that prices will go up.
8. Maybe even before planting, farmers may sign a contract that promises delivery of a certain amount of grain after (harvest or harvust).
9. This is called contract farming because it's ag production carried out according to an (agreement or agreement), or a contract.

## What is the root word of marketing?

What other words are based on that root?

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# Marketing Map It

Producers get their supplies (often called inputs) from a variety of places. After each town printed in bold, write the number from the map of the town's location on the line.

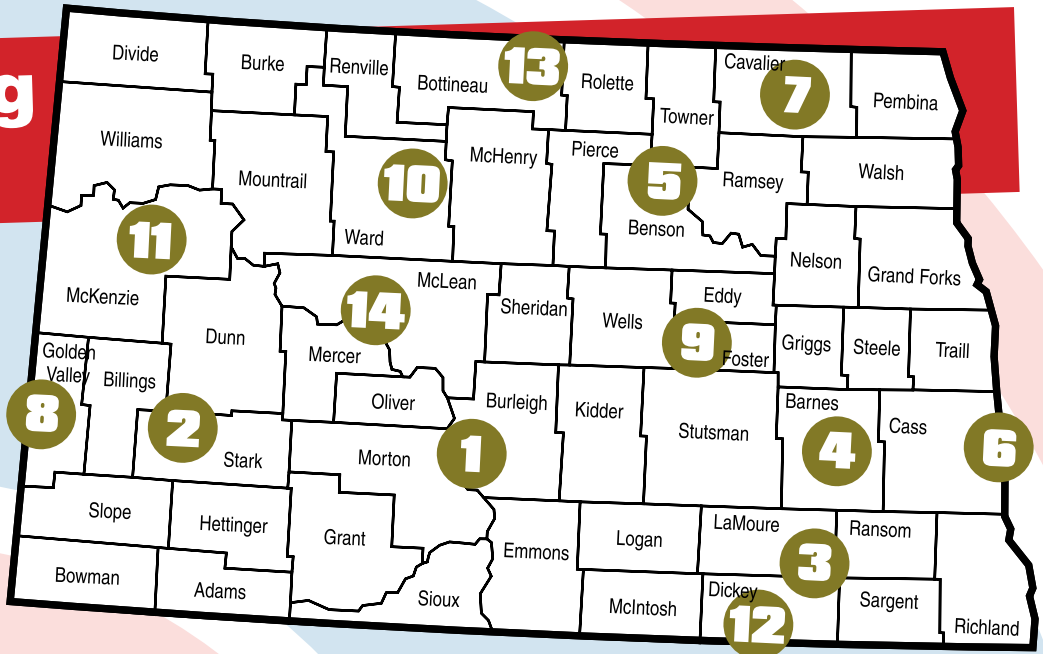
A **Watford City** \_\_\_\_\_ rancher might have salespeople visit the ranch.

A crop protection agronomist might visit a **Langdon** \_\_\_\_\_ farm.

An **Ellendale** \_\_\_\_\_ farmer might study farm magazines with articles and advertisements.

A **LaMoure** \_\_\_\_\_ farmer might go to a farm implement dealership to check out the features of a new piece of machinery.

A **Bottineau** \_\_\_\_\_ farmer might get information from a supplier's website and purchase online.



A **Carrington** \_\_\_\_\_ farmer might attend an Extension meeting or field day to learn about the latest research.

A **Garrison** \_\_\_\_\_ rancher might learn about new products at vendor shows like the North Dakota Winter Show in **Valley City** \_\_\_\_\_, AgrilInternational in **Bismarck** \_\_\_\_\_, Big Iron in **Fargo** \_\_\_\_\_ or the State Fair in **Minot** \_\_\_\_\_.

A farmer may be a shareholder in a cooperative, and buy inputs from and sell grain to the local branch, such as the CenDak Cooperative in **Leeds** \_\_\_\_\_.

A **Beach** \_\_\_\_\_ rancher might buy beef calves from an auction at a sale barn, such as Stockmen's Livestock Exchange in **Dickinson** \_\_\_\_\_.

## Marketing in Agricultural Processing

### What Am I?

Follow the clues from top to bottom of each column to identify the agricultural commodities that are marketed in different ways.

After I'm harvested, I am stored on farms or in large elevators, or marketed to a processor.

My hulls are removed, my oil is removed and beans are crushed and rolled into flakes.

I am marketed as meal and oil to be used in products like animal feed, biodiesel and ink.

What Am I?

I might be purchased by a rancher as a calf.

I am ready for market when I am about 1 year old. At the packing plant, I am cleaned, butchered, processed and sold to the wholesaler, who packages me.

I am marketed to consumers as chuck roast, ribs, hamburger and steak.

What Am I?

I am ready for market when I am about 9 months old and weigh around 140 pounds.

At the packing plant, I am cleaned, butchered, and inspected. My wool is marketed to a textile mill, where it is spun and sold as yarn or woven into fabric.

I am marketed for my meat and my wool that can be made into sweaters, mittens and fabric.

What Am I?

After I'm combined, I am stored in grain bins until I'm marketed to a grain wholesaler or a flour mill.

I am cleaned and milled into flour, with my germ and bran separated.

I am marketed as flour to a consumer or to a processor or bakery that makes me into breads.

What Am I?

I produce milk after giving birth to a calf, almost 8 gallons each day.

My milk is cooled and pumped into a truck for shipping to a dairy plant. There I am pasteurized and homogenized, or processed into other dairy products.

I may be marketed in grocery stores as butter, cheese, yogurt and ice cream.

What Am I?

# Cooperatives

A cooperative is a business owned and controlled by the people who use it. The shareholders benefit from their membership. This partnership is usually formed to:

- Reduce costs (get supplies at a cheaper price)
- Get products or services that wouldn't normally be available
- Expand marketing opportunities
- Increase income and profits by working together

North Dakota has cooperatives that:

- Raise and process sugar beets and market sugar and coproducts, such as Minn-Dak Farmers Co-op in Wahpeton and American Crystal Sugar with processing plants in Drayton and Hillsboro
- Raise and market grains, such as United Quality Cooperative and Farmers Union Elevator Co.
- Purchase and sell fuel, such as CenDak Farmers Union and CHS, which markets under the Cenex brand
- Process food, such as Land O'Lakes
- Purchase and distribute electricity, such as Verendrye Electric Cooperative and Cass County Electric Cooperative



Don Lilleboe

## Marketing Math

1. The North Dakota Mill and Elevator in Grand Forks is the only state-owned flour mill in the U.S. The facility cleans, processes and mills about 100,000 bushels of North Dakota wheat daily. How many bushels would that be in a seven-day week?
2. About 80% of the mill's flour and semolina is shipped on bulk rail cars and trucks, and 20% of finished products are packaged in 5-, 10-, 25-, 50- and 100-pound bags. How many 5-pound bags would equal one 100-pound bag?
3. In February, a farmer contracted with Dakota Growers Pasta to deliver 4,000 bushels of durum in August for \$5 per bushel as long as it meets certain quality specifications. If the farmer delivers the 4,000 bushels, how much will she make?
4. Another farmer contracted to deliver 3,000 bushels of durum at \$5 per bushel to Dakota Growers, but his field suffered hail damage, and he harvested only 2,000 bushels. How much will he get for the 2,000 bushels?
5. However, to fulfill the contract, he must purchase 1,000 bushels at \$5.25 per bushel. How much will that cost?
6. A farmer goes to the local cooperative to purchase inputs for a 160-acre wheat field. For each input, figure how much is needed for the entire field.  
Seed = \$23 per acre   
Fertilizer = \$53 per acre
7. A chokecherry producer wants 50 pint jars of chokecherry syrup to sell at the farmers market. Four pints of chokecherries are needed to cook down to 1 pint of syrup. How many pints of chokecherries must the producer start with to make 50 pints of syrup?
8. If the producer sells all 50 pints for \$3.50 each, how much money did she make?



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# Career Corner

## Howard Dahl

President and CEO of Amity Technology  
Fargo, North Dakota

It's no wonder Howard Dahl, grandson of E.G. Melroe, founder of the Melroe Co. that developed the Bobcat loader, ended up in the manufacturing business. His family has been developing new technology and equipment for more than 50 years. Amity Technology is a leading producer of sugar beet harvesting equipment, soil samplers and air seeders.

Amity's purchasing department buys steel, parts and manufacturing equipment from more than 150 suppliers to fit the products that its engineers design. Dahl says, "The best part of my job is watching people work as a team and create products that add value to our customers. I find that very satisfying."

Dahl spends about one-third of his time traveling, mostly to market Amity's products. He goes overseas about four times a year and also travels around North Dakota overseeing the manufacturing company.

Amity salespeople also travel to farm machinery dealerships and individual sugar beet farmers to educate about and promote the equipment. Amity also promotes its products on its website and at farm shows.

The biggest foreign markets for Amity's equipment are Ukraine and Russia – countries that have similar climates to North Dakota's for producing sugar beets. Equipment is manufactured in the U.S. and then shipped disassembled in 40-foot containers. At its destination, a dealer assembles the equipment and then sells it to farmers.



Mikkel Pates



Larry Schnell

## Larry Schnell

Owner and Manager of Stockmen's Livestock Exchange  
Dickinson, North Dakota

Larry Schnell grew up in the cattle marketing business. Stockmen's Livestock Exchange was founded in 1937 by Ray Schnell, Larry's grandfather.

Schnell runs live cattle sales two or three times a week, usually with 3,000 to 4,000 head of cattle each day. He often sells local ranchers' calves to cattle feeders from 12 to 17 states.

Stockmen's handles all types and classes of beef cattle but mostly feeder cattle and calves. Pregnant females are sold to other ranchers to increase their herds. The cattle are auctioned with the fast-clipped cadence announcing the current price and selling to the highest bidder.

Schnell attended auctioneering school in Billings, Montana, for two weeks to learn the basics, but then spent lots of time on his own practicing. He says, "Auctioneering is a lot like learning your multiplication facts. You need to learn it in rhythm, and then know how to do it backwards and forwards."

Schnell's management responsibilities include inputting information such as prices into the computer and scheduling sale dates. He's in charge of the advertising and typically places ads in two to four newspapers and commercials on six radio stations.

The company also manages sales at ranches for individual producers and has online auctions. Schnell and his team go to a ranch, video the cattle and send the recording to a company that uploads the video. Buyers from all over North America can watch the auction on their computer or on Rural TV or Dish Network, and place their bids during the auction.

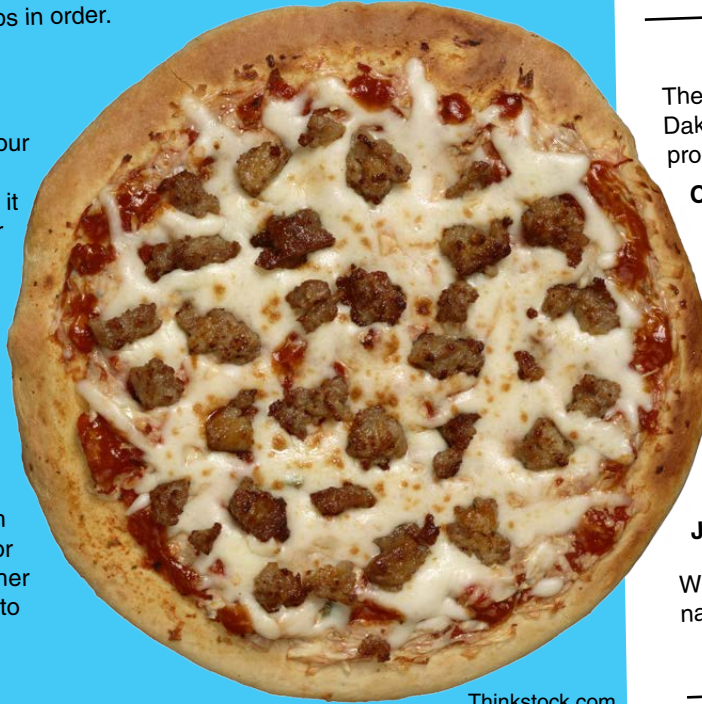
Even though more of the business is being done online, Schnell says his favorite part of the job is still getting to know the people in the business and helping his customers succeed.

# Marketing in Distribution

Pizza ingredients are marketed through many steps from field to fork. Number each ingredient's steps in order.

## Pizza Crust

- \_\_\_\_\_ The North Dakota Mill and Elevator sells the flour to wholesalers and distributors, who deliver it to your grocery store for you to buy.
- \_\_\_\_\_ Farmers use seed and other inputs to raise hard red spring wheat.
- \_\_\_\_\_ Farmers sell the harvested wheat to a local elevator.
- \_\_\_\_\_ The local elevator sells wheat to the North Dakota Mill and Elevator in Grand Forks or another mill, where it's milled into flour and packaged.



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## Vegetable Oil

- \_\_\_\_\_ Farmers plant sunflowers, canola, soybeans, safflower and corn, which are all sources of vegetable oil.
- \_\_\_\_\_ The ADM processing plant in Enderlin, for example, turns the sunflower seeds, soybeans and canola into vegetable oil and packages it to sell.
- \_\_\_\_\_ Farmers sell their oilseed crops after the fall harvest to a processor.
- \_\_\_\_\_ Distributors buy the vegetable oil to sell to wholesalers (such as SuperValu and SpartanNash) and retailers like your local grocery store.

## Pizza Sauce

- \_\_\_\_\_ Local tomato producers sell their tomatoes at a farmers market, at a roadside stand or through community-supported agriculture.
- \_\_\_\_\_ Consumers can cook and add spices to the tomatoes for homemade sauce or buy sauce made at a processing plant and distributed to a grocery store.
- \_\_\_\_\_ Though not on a large scale in North Dakota, farmers grow tomatoes.

## Pork Toppings

- \_\_\_\_\_ Producers sell the market hogs to packing plants that sell the pork to processing centers, such as Cloverdale in Mandan, to be made into Canadian bacon, sausage, ham and pepperoni.
- \_\_\_\_\_ The processor sells pork products to wholesalers that sell to companies that make pizza and to grocery stores.
- \_\_\_\_\_ At about 40 pounds, pigs are sold as feeder pigs to producers, who help them grow to about 250 pounds.
- \_\_\_\_\_ Farmers raise sows (mother pigs) to produce baby pigs.

## Cheese

- \_\_\_\_\_ At the cheese plant, the milk is processed and packaged for distribution to wholesalers.
- \_\_\_\_\_ Farmers raise dairy cows and usually milk them twice a day.
- \_\_\_\_\_ Wholesalers sell the different types and sizes of cheese packages to companies that make products that use cheese and to grocery stores.
- \_\_\_\_\_ The milk is stored in on-farm bulk tanks until trucks arrive to deliver it to the cheese plant.

The top 10 countries North Dakota exports agricultural products to are:

- Canada
- Mexico
- Panama
- Spain
- Russia
- Peru
- Jamaica
- Ghana
- Dominican Republic
- Japan

Write each country's name on the world map.



## Exporting!

To export means to move to another country, and import means to bring into from another country.

What are some of the modes of transportation used to export North Dakota agricultural products to other countries?

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What are some examples of agricultural products that can't be grown in North Dakota that we import?

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North Dakota ranks ninth among the states in agricultural exports, marketing more than \$4.5 billion worth of products around the world. (2017 data)

Write out \$4.5 billion in standard notation.

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# Consumption Marketing

After many marketing steps, products that began on farms and ranches finally reach you, the consumer. Write the letter of each definition in front of the phrase it describes.

- \_\_\_ Farmers markets
  - \_\_\_ Community-supported agriculture
  - \_\_\_ Auction
  - \_\_\_ Cooperatives
- A. When you buy a membership and get fresh food directly from the producer every week during the growing season
  - B. Where producers have booths to sell directly to consumers
  - C. When you bid against other buyers and the person willing to pay the most purchases the products
  - D. Stores owned by a group of members who share in the profits

## Logos

A logo is a sign or symbol that represents a company to help consumers recognize the brand. Here are some logos of North Dakota ag companies.



Think of a product in any phase of the Ag Cycle and design a logo for it.

# Take the Ag Mag Challenge!

What makes you want to try new foods? Is it how the food looks, or is it because of a colorful package and catchy commercial? Next time you go to the grocery store, your challenge is to find food that draws your eye because it is in bright packages or has a fun character on it. Then find a food that you like even if it isn't in a bright package. My favorite is fresh apples! How does agricultural marketing shape what we eat?

If it is OK with your parents, have them take a picture of your two foods and send it to the Ag in the Classroom Facebook page (NDaginclassroom) or email to mgaebe@nd.gov.



GeoffBlack\_istockphoto.com

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