

Approaches to Developing Cooperative and Competitive Marketing Strategies: High Mountain Hay Growers Marketing Cooperative

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Abstract

High Mountain Hay Growers is an agricultural cooperative owned by a group of North Eastern California hay growers. These growers represent an estimated 1994 production level of 30,000 tons of baled alfalfa, alfalfa / grass, grass, and grain hays, which is sold to dairies, feed stores, race tracks, and horse stables in California, Nevada, Oregon, and Washington. A portion of the hay is also compressed and exported to Japan. This cooperative is operated by the sales manager whose responsibilities include representing grower members in the market place, selling grower members hay, and fostering positive customer relations. Monthly meetings are held at the growers ranches on a rotational basis. Industry leaders are invited as guests. Market trends and state wide production levels and production practices are shared. Advertising in trade publications and by direct mail is used to expand the cooperative's customer base.

Key Words: sales, cooperative, alfalfa, hay, advertising, marketing, customers, meetings

Origin The cooperative was officially formed April 1, 1994 as a marketing venture to assist the ranchers in; selling their products, having access to accurate market information, securing a stable customer base, and improving representation with the customers. All too often the ranchers are spread very thin during hay season. As a result they become "price takers" and do not have the time or resources available to stay abreast of market conditions and be aggressive "price makers". To finance the cooperative a production based membership fee of \$3.00 per ton was established. By April 1, 1994 each rancher paid the first \$1.00 per ton installment to get the business going. A second \$1.00 per ton will be paid July 1, 1994 and a third \$1.00 paid November 1, 1994. The third payment will be adjusted to match actual production levels.

Membership Original members are producers from Mac Doel and the Hwy 299 production corridor; Burney, Fall River Mills, McArthur, Lookout, Adin, Davis Creek. Producers that; produce a minimum of 1,000 tons, have substantial storage for their product, have livestock to feed off grade hay to, and are dedicated to taking the time necessary to produce a premium product were encouraged to join.

Management Structure Under the direction of the annually elected grower member President, Vice President, and Treasurer/Secretary the cooperative is managed and operated by the Sales Manager. Maximum efficiency of time and resources are achieved by the manager using state of the art, mobile computer and communication equipment.

Objectives The primary objectives of this cooperative are; selling the members products, transference of information from customers and the industry to the ranchers, consistent hay testing, and marketing.

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Methods The objectives of the cooperative are accomplished by aggressive advertising, marketing and customer base development by the Sales Manager. The monthly meetings and constant communication with grower members keep the focus of the Sales Manager accurately in line with the needs of the grower members and market fluctuations. The cooperative does not take ownership of the grower members products and does not directly take payment for sales.

Activities High Mountain Hay Growers grower members and guests meet monthly.

Accomplishments This grower owned cooperative has greatly increased the accuracy of market information available to grower members by having their own representation in their field on an ongoing basis. Average hay prices realized by grower members are very favorable. Perspective buyers greatly appreciate the convenience of having a single source of substantial volume to inspect when visiting the area. It has proven extremely effective to have a representative that can take the product to the customer for inspection when the customer is unable to make a trip to the grower.

Future Plans The cooperative is planning to expand as grower interest increases. A “customer appreciation BBQ” is scheduled for early spring which will also include perspective new members. Further advertising will be done as needed. A quarterly news letter is in the works. High Mountain Hay Growers will have an informational booth at the Red Bluff Bull and Gelding Sale and the Turlock Farm Show, Dairy Section.