

# Cooperative Marketing

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Hannah Scott April 14, 2018

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**THE OHIO STATE UNIVERSITY**

COLLEGE OF FOOD, AGRICULTURAL,  
AND ENVIRONMENTAL SCIENCES

# CFAES Center for Cooperatives

- Cooperative education
- Formation counseling
- Member education
- Bylaw development
- Board training
- Feasibility studies
- Business plan assistance
- Resource linkages





# OSU South Centers

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- **Business Development Network**
  - Small Business Development Center
  - Manufacturing Extension Partnership
  - Direct Agricultural Marketing
- **Aquaculture Research and Extension**
- **Horticulture Research and Extension**
- **Soil, Water, and Bioenergy Research and Extension**

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# The Co-op Business Model

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“a form of business owned and controlled by the people who use its services.”

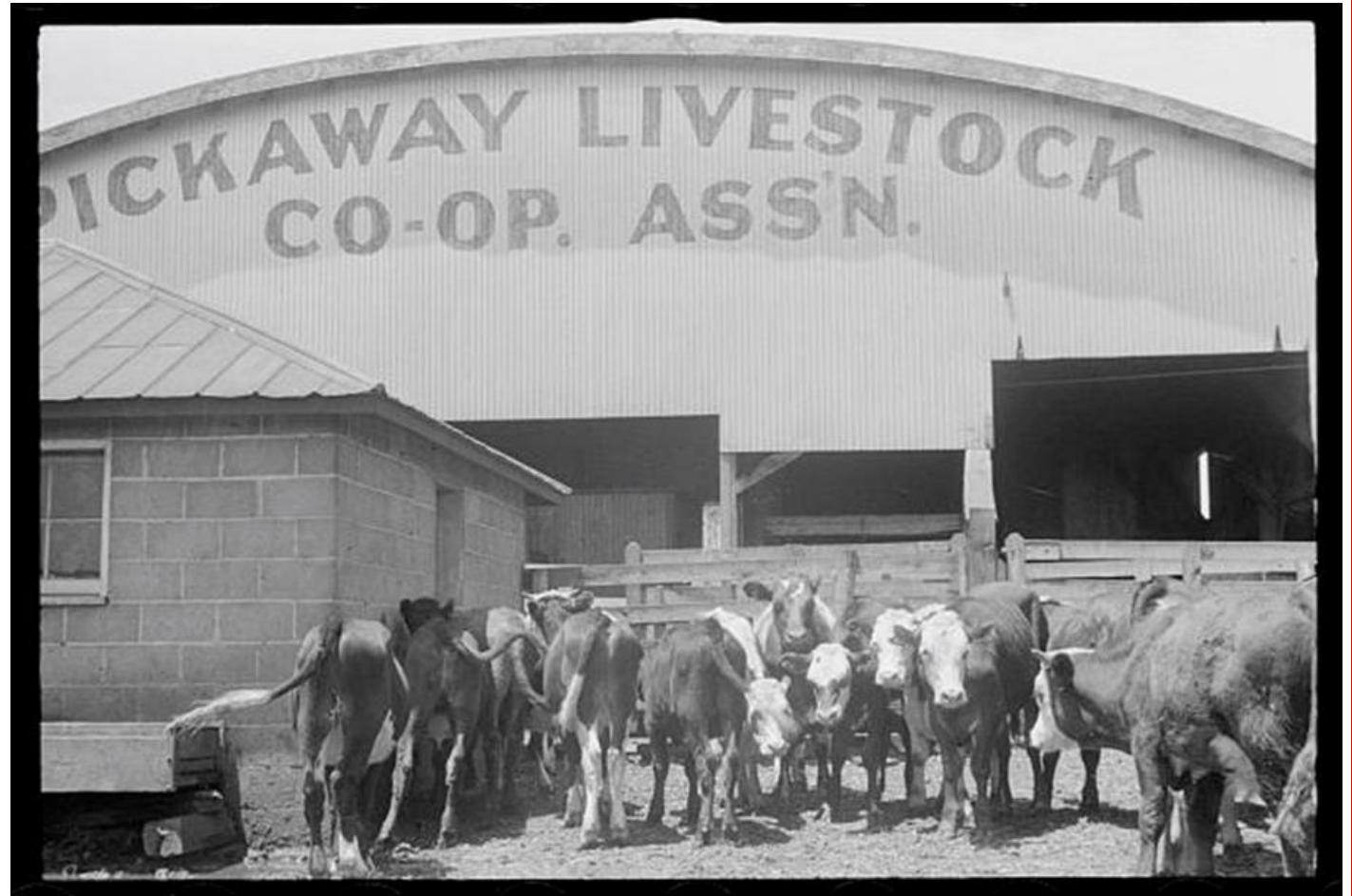
(“Understanding Cooperatives: Who Runs the Cooperative Business? Members”,2011)

# Cooperative Principles

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- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for community

(Zueli & Cropp)



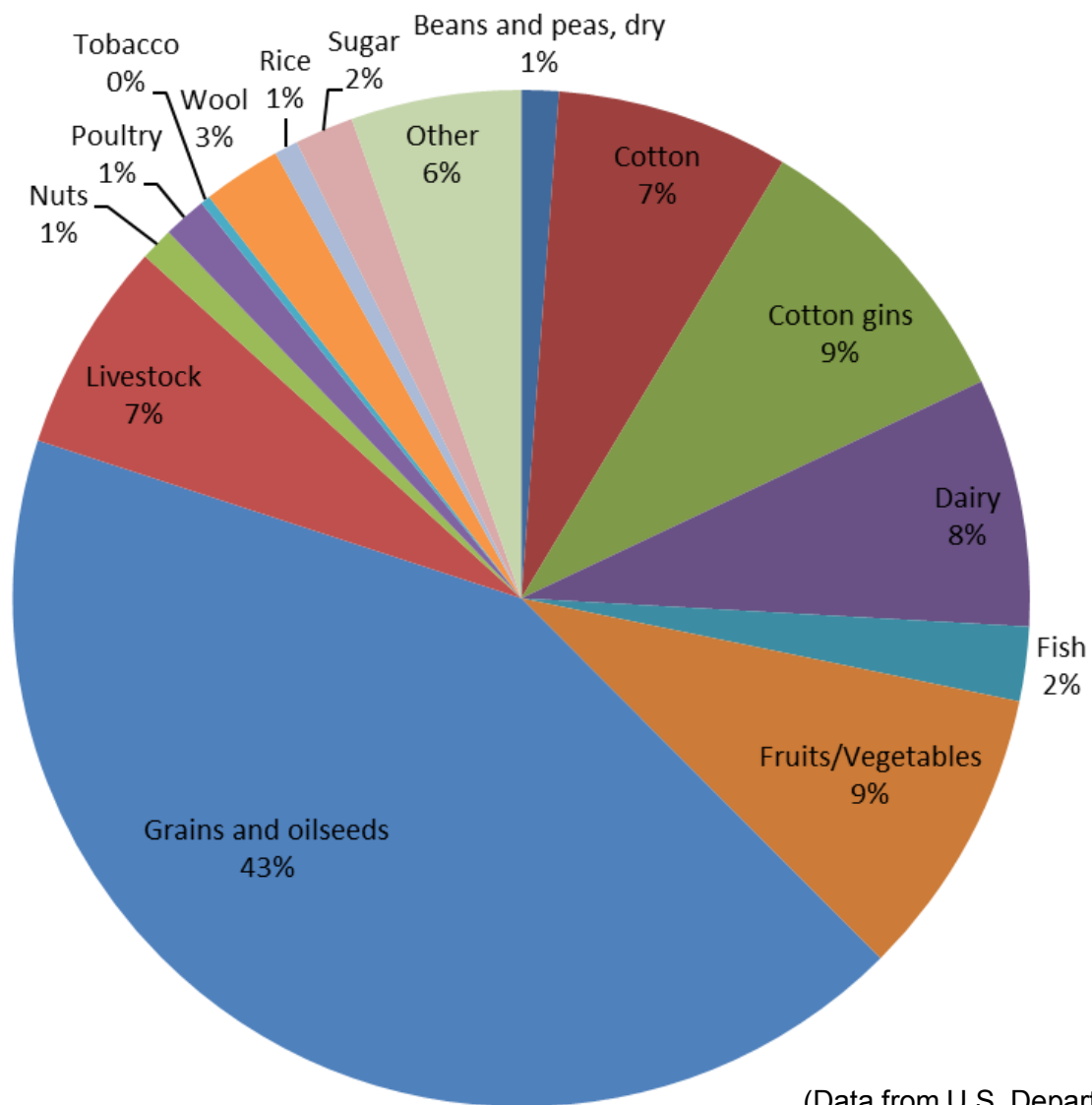
Pickaway Livestock Co-op Association, Summer 1938. (Ben Shahn, U.S. Library of Congress)

	<b>Sole proprietor</b>	<b>Partnership</b>	<b>LLC</b>	<b>Corporation</b>	<b>Co-op</b>
Ownership	Individual	Two or more individuals	One or more individuals	Stockholders	User members
Voting		Partners according to investment	Partners according to investment	Shareholders-one vote per share	One vote per member
Major users	Open	Open	Open	Open	Members
Benefits/Profit	Individual	Partners	Partners	Investors and stockholders	Members
Financing	Owner investment, retained profit	Partners' investment, retained profit	Partners' investment, retained profit	Sale of stock, retained profit	Sale of memberships , retained profit

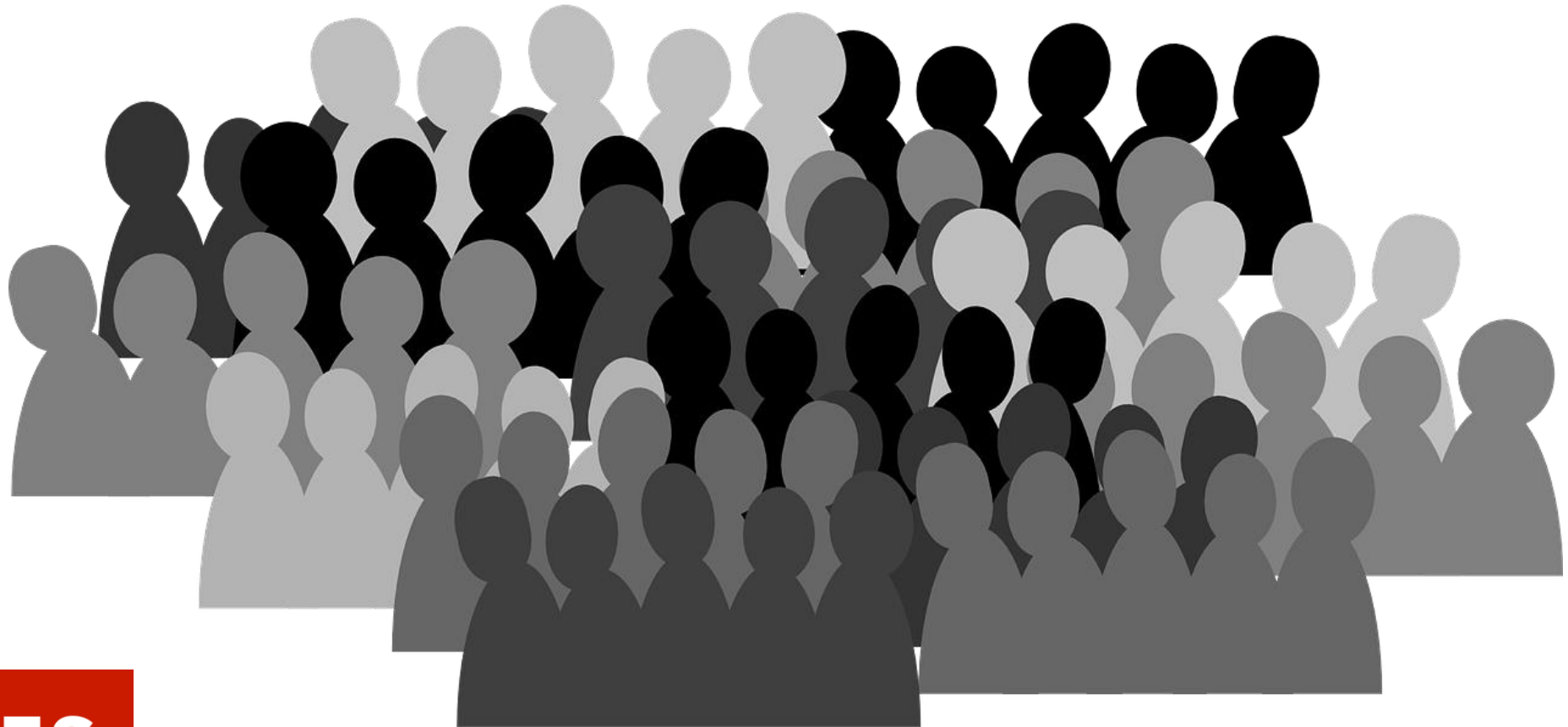
(Adapted from Zueli & Cropp)



## Cooperatives with Sales of Item



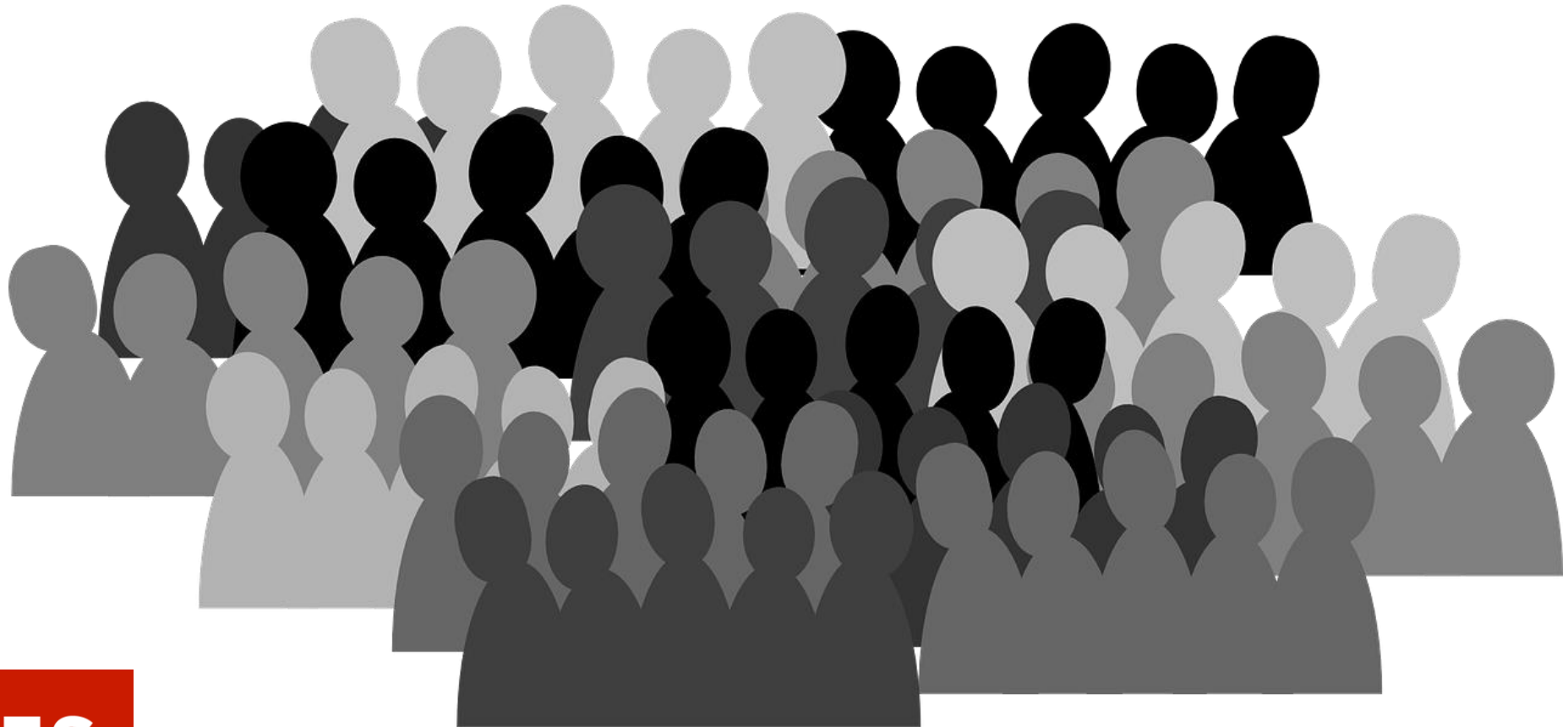
**Can you do something better as a group  
than you can individually?**



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**“[a]gricultural cooperation represents  
coordination of producers to achieve  
mutual vertical integration.”**



Inputs → Consumers

## Purchasing

Refine  
Mill  
Warehouse  
Manufacture  
Bulk purchase  
Deliver



## Producer



## Marketing

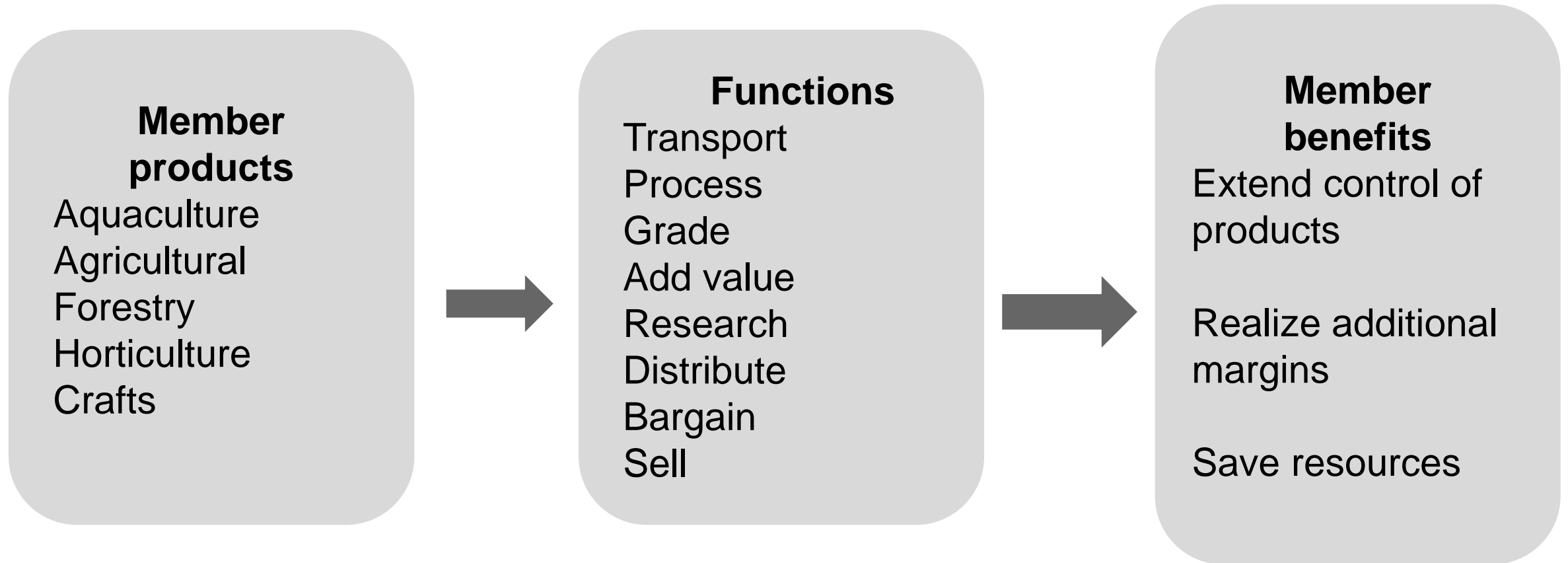
Transport  
Process  
Grade  
Add value  
Research  
Distribute  
Bargain  
Sell

## Service

Farm applications, Credit, Electricity, Communications, Insurance

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# Marketing Cooperatives





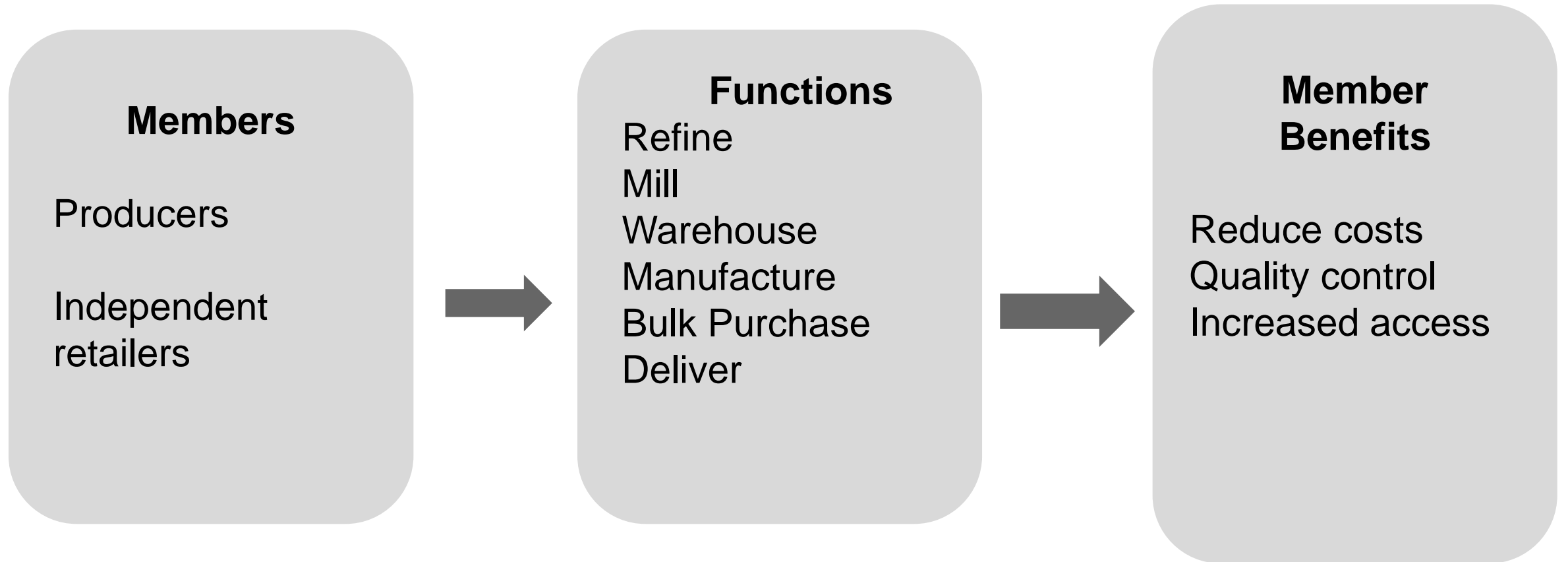
# Marketing Cooperatives



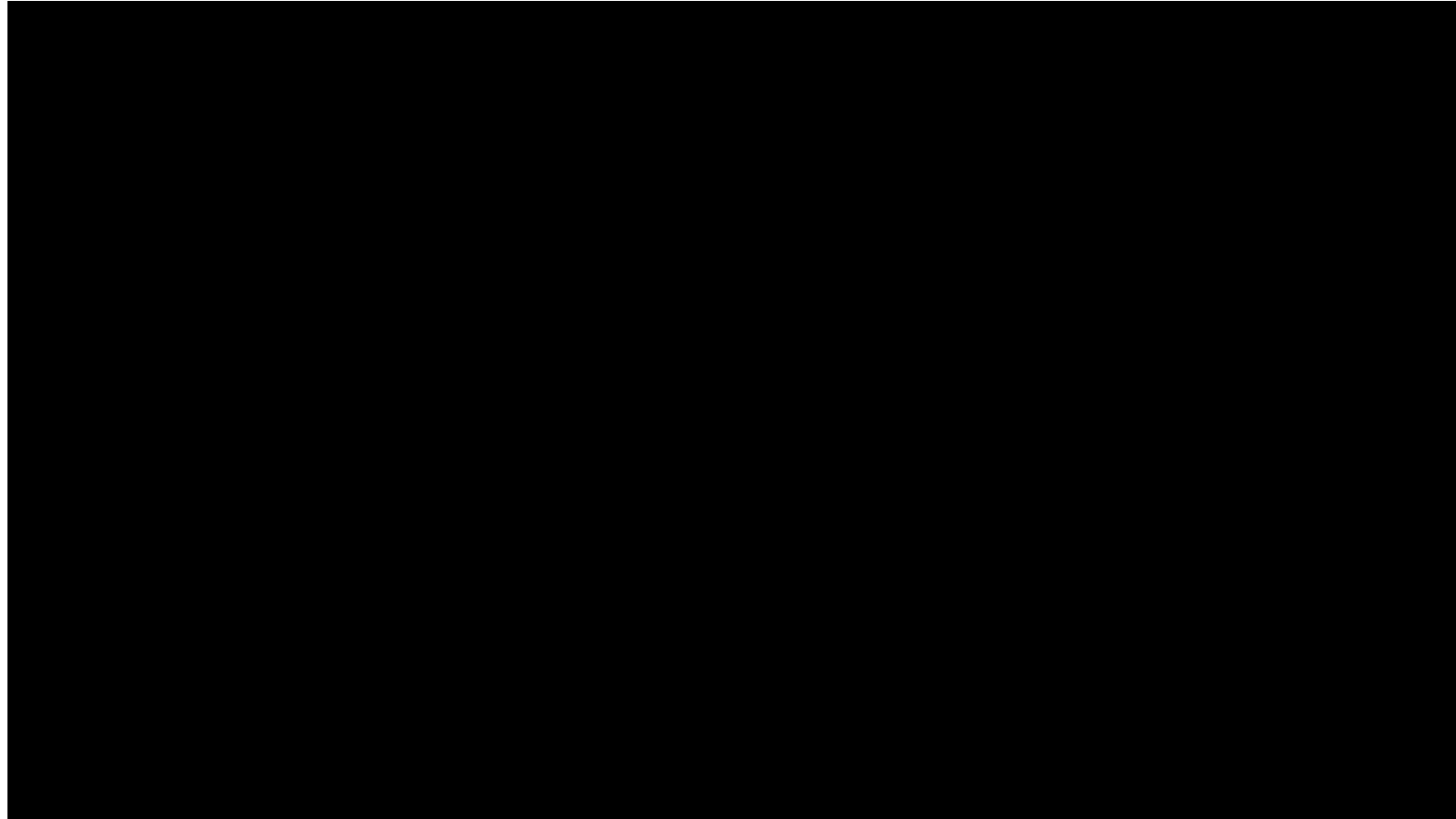
<https://www.youtube.com/watch?v=UoL-Plf6ujs>

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# Purchasing Cooperatives



# Purchasing Cooperatives

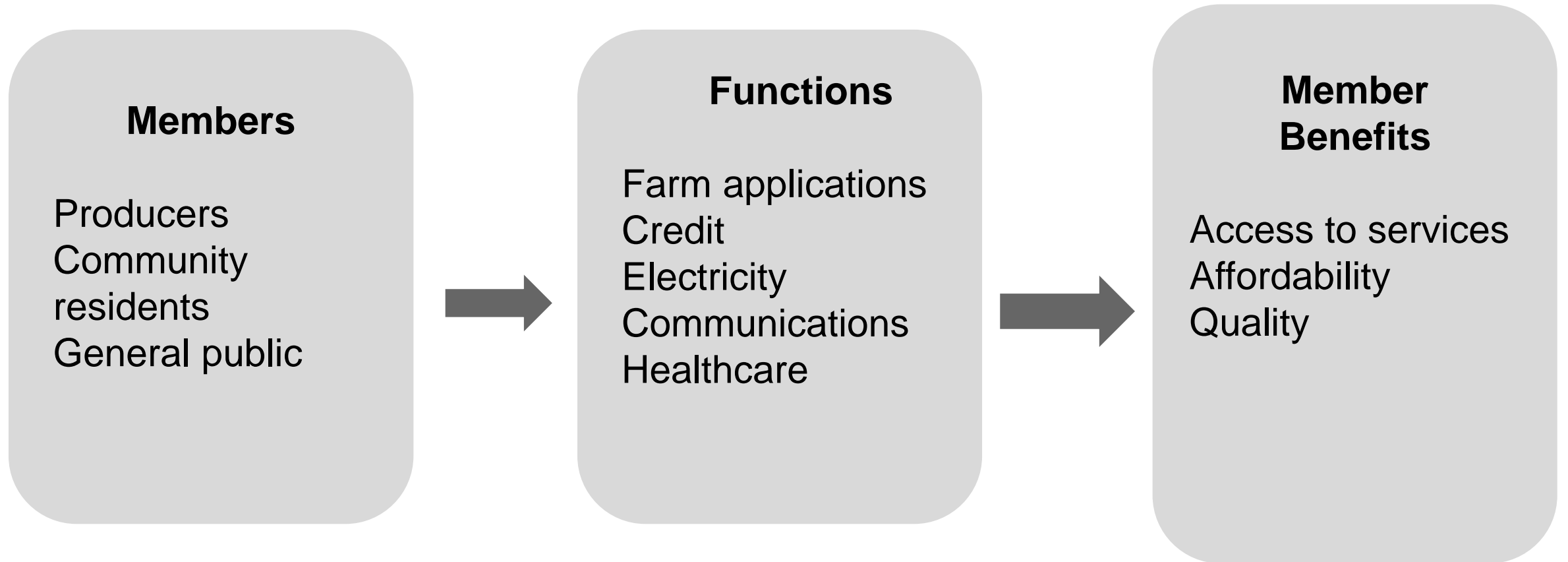


<http://www.truevaluecompany.com/> Start at 1:09

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# Service Cooperatives



# Service Cooperatives



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<http://www.clayunionelectric.coop/content/clay-union-electric-history>

# Southern Ohio Growers Cooperative

Central and Southern Ohio  
Established: 2016

## Goals:

Bring together farmers to access  
very large retail or wholesale  
pumpkin markets

## How they Market:

Direct to large retail customers  
Wholesale customers



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# Preston Growers Cooperative

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Preston County, West Virginia  
Established: 2016

## Goals:

Bring farmer members together to supply  
locally produced foods to institutions

Consistent quantity

Commitment to quality

Centralized billing

## How they Market:

Direct to large institutional customers



# Buckeye Valley Beef Cooperative

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Brown County, Ohio  
Established: 2016

## Goals:

Bring farmer members together to supply  
locally produced foods to retailers  
Increase farmer's share of the food dollar

## How they Market:

Direct to consumers  
Small and medium retailers





# Cooperative Advantages

## Shared knowledge

## Pooled resources

- Economies of scale
- Market access
- Bargaining power
- Reduce individual risk

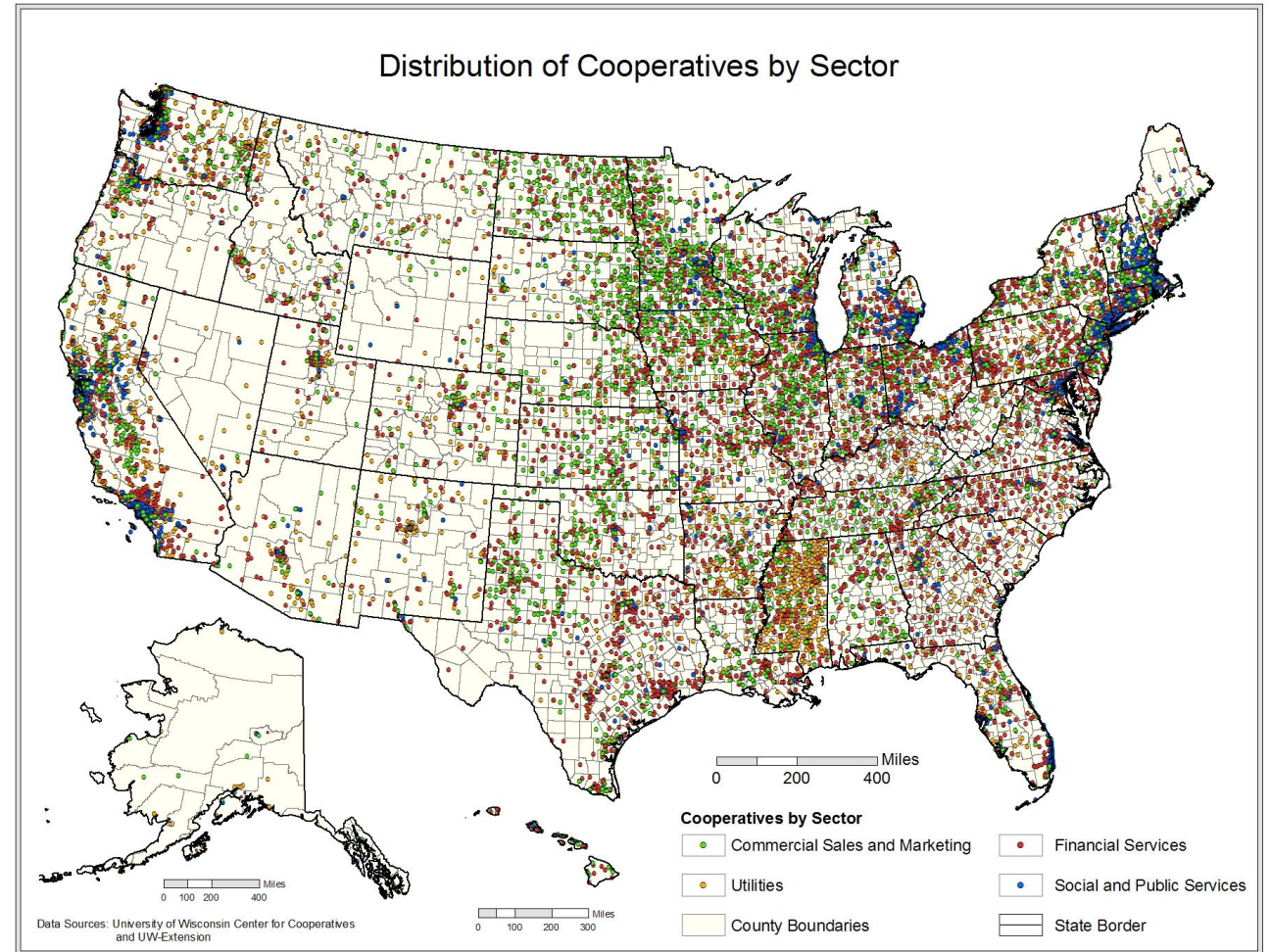
## Member control

- Accountability to members
- Primary interest is member benefit

**“Cooperatives do not replace market exchange. Rather, they harmonize exchange.”**

(Sexton and Iskow, 1988, p. 6)

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“Research on the Economic Impacts of Cooperatives,” University of Wisconsin Center for Cooperatives



# Cooperative Limitations

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## Control and Profits

Is everyone willing to share? Does it make sense to share?

## Financing

Co-ops are organized for member benefit. Not to maximize profit.

## Complexity



# Questions?

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CFAES Center for Cooperatives

<https://cooperatives.cfaes.ohio-state.edu/>

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