

# GRAIN MARKETING

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## Unprecedented Price Volatility

- Strong global economic growth
- Yield shortfalls
- Biofuels production
- Declining value of dollar
- Non-commercial activity (Speculators)

# The Reversal

- Financial crisis
- Spec liquidation
- Slowing global economy
- Rising dollar
- Production response
- Soybean price range \$7
- Corn and wheat price ranges \$3.50

## Grain Marketing Questions

1. Why do farmers spend days and weeks growing a crop but spend almost no time marketing the grain?
2. Why do growers sell at harvest...or only when they need the money?
3. Why does price go up when a farmer has nothing to sell, and drop when he is ready to haul grain to the elevator?
4. How can a producer maximize profit from cropping operations?

# Conclusion

U.S. farmers do not market grain, because it is not possible to market commodity grains.

## The Four Ps of the Marketing Mix

1. Product or Service
2. Price
3. Place (Distribution)
4. Promotion
  - Advertising
  - Personal Selling
  - Publicity
  - Sales Promotion

# Marketing Strategy

- Objectives
- Goals
- Strategy
- Implementation Plan

## The Four Ps for a Grain Producer

1. Product or Service – grain is homogeneous and fungible, it can not be differentiated
2. Price – determined by supply and demand
3. Place – sells into an origination system set up by another firm
4. Promotion – Why don't farmers advertise their grain?

# BUY MIKE'S MILO

- NATURE GROWN!
- FRESH FROM THE FIELD!
- USDA HIGHEST QUALITY!
- BUY NOW, SUPPLY IS LIMITED!

**But can Mike sell enough grain at a higher price to pay for the advertisement?**

## Merchandising Concepts

1. Retail merchandising – to attractively display an assortment of products in an appealing manner
2. Commodity merchandising – to buy at surplus and sell into a deficit  
(Simple business model: buy low; sell at a higher price)

