



RESEARCH UPDATE 1993

DAIRY

Alabama Dairy Producers Surveyed About Milk Handling Services

The dairy industry of Alabama has experienced major changes during the last decade. The number of farms with milk cows has declined more than 60% since 1982. However, the number of milk cows in the state has declined only about 30%, suggesting that mostly small farms have been exiting the dairy business (see figure). Moreover, milk production and cash receipts from dairying have declined even less than

cow numbers, indicating improved production and economic efficiencies among the remaining dairy operations. This trend in efficiency is reflected in the steady increase in average milk production per cow over the decade.

Changes also have occurred in marketing strategies for milk. Many commercial dairies now have more options in choosing who will handle their milk. A survey of dairy farmers

in the Southeast was conducted by the AAES in conjunction with the U.S. Department of Agriculture-Agricultural Research Service. The survey was designed to evaluate dairy farmers' satisfaction with the services provided by their milk handlers.

In Alabama, about half of the survey respondents were members of a milk marketing cooperative, while the other half were affiliated with independent, proprietary milk handlers. More than one-third of the respondents had changed handlers in the last five years, with "better prices" being the most common reason cited for changing handlers. Most of these had changed from a cooperative to an independent plant (59%) or from one independent plant to another (23%). Only 5% had changed from an independent plant to a cooperative.

Those who had remained with a cooperative for the previous five years cited "assured market" and "stable and secure operation" as the strongest influences for their allegiance. Only 10% had to market their milk through a cooperative because no other handlers were available.

One way of estimating the value of belonging to a cooperative is to compare the price received from the

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