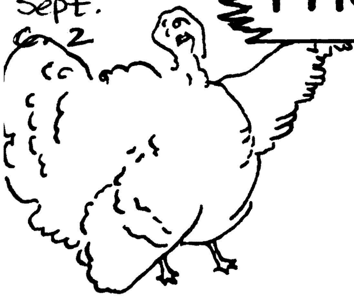
The Market Review of



PEEP AND MOO

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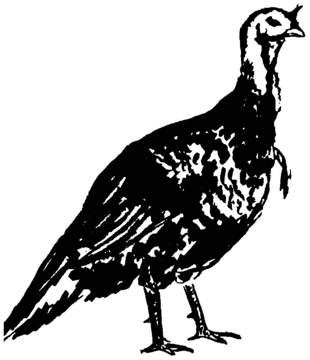
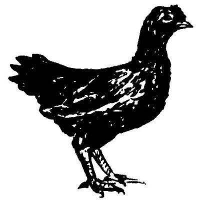
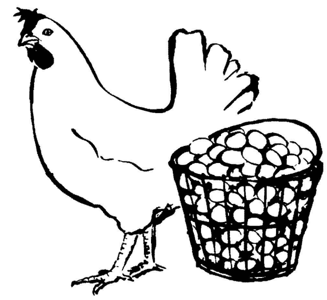


MARKETING

turkeys



eggs



broilers

September 10, 1958

HOUSEHOLD USE OF EGGS: In January, 1958, the Poultry and Egg National Board employed the services of a national research agency to find out why people do or do not eat eggs. I would like to summarize the more important findings of this study since the entire poultry industry should be ever alert to the strong competition offered by competitive foods.

Testing Technique: To get the needed information, 1204 housewives were interviewed in five areas of the United States. About one-half of the respondents were of the upper middle economic status, while the other half were of the lower middle economic status. About one-half of the homemakers were under 30 years of age.

How Often Are Eggs Used: Eggs were thought of as a once-a-day food item by almost 2/3 of the housewives interviewed. Less than one-tenth thought of using eggs more than once a day while approximately 1/3 of the housewives considered using eggs only two or three times a week.

However, when questioned as to foods actually eaten at breakfast, only 59% of all households surveyed ate eggs for breakfast. More eggs were used in households where the housewife was under 30 than in households where the housewife was over 30 years of age. This likely arises from the findings that almost 3/4 of the housewives associated egg use with growing children but less than half associated egg use with adults.

Competing Breakfast Foods: Dry or cooked cereal was associated with breakfast in about one-fourth of the households studied. A significantly large percentage of consumers was satisfied with nothing but toast and/or a beverage for breakfast. About 3% of households interviewed reported having no breakfast.1/

Egg Uses Other Than Breakfast: About 3/4 of the housewives associated eggs with baking; 1/2 with salads; and about 1/4 with main dishes. Eastern homemakers associated eggs with baking less than homemakers in other areas. Southern housewives associated eggs with salads less than did Pacific housewives. Southern and Pacific housewives associated eggs with main dishes more than housewives in the other areas.2/

1/ Could the well-established "coffee break" be encouraging an inadequate breakfast, or no breakfast at all?

2/ The "association" of eggs with a particular use does not mean that eggs are actually used as illustrated by 91% "associating" eggs with breakfast but only 59% actually serving eggs.

Consumers Opinions About Eggs: In general, housewives had rather favorable opinions about eggs. Almost 3/4 of the housewives considered eggs to be a basic body-building food while 94% thought eggs to be a necessary food.

Unfavorable opinions, though consisting of only 9% of the total, were expressed. About 7% thought eggs bad for the heart (55% thought eggs had no effect on the heart), 6% thought egg prices uneconomical, and 11% thought eggs to be fattening. Only 3% of the women thought eggs to be unnecessary in the diet.

Availability of High Quality: The housewife's own basis for evaluating quality was the standard used.3/ Almost nine-tenths of the housewives interviewed were of the opinion that high-quality eggs were always available. The highest percentage of women who thought that high-quality eggs are always available was located in the South while the lowest percentage was found in the West. A higher percentage of younger housewives were of the opinion that high-quality eggs are always available than was true for the older group.

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The findings of this study indicate that many favorable attributes are associated with the use of eggs. However, some housewives have unfavorable opinions which should be corrected. The continuing decline in per capita consumption of eggs indicates, to me at least, that many questions remain unanswered.

3/ The consistent availability of low quality eggs could lead a housewife to consider a low "A" as an egg of excellent quality when evaluated under these conditions.

Are cooked and dry cereals replacing eggs for breakfast? Why?

Have low-quality eggs encouraged decreased egg consumption? Do housewives really know what constitutes high quality in eggs?

Is more advertising and promotion needed to "sell" eggs? A "smilingly fresh egg" of high quality speaks for itself or should efforts be directed toward providing the housewife eggs of consistently high quality that tend to encourage the use of another dozen?

Is decreased egg consumption also a nutritional problem?

The poultry industry should capitalize on favorable factors in promoting increased egg consumption. A larger responsibility, however, is in correcting conditions leading to unfavorable associations. This may require educating the housewife and handlers of eggs so there will be little or no reason for these unfavorable associations.

A big job lies ahead. The future of the egg industry in Virginia depends on how well this job is performed.

SMALL EGGS4/ The small size is the economy size in eggs at this time of year, the U. S. Department of Agriculture suggests to homemakers. At this season many hens hatched in the spring reach laying age, and the first eggs they lay are small. This accounts for the seasonal abundance of small eggs -- and the likelihood of a price advantage to the family food shopper in August, September, and October.

4/ Prepared by Helen Douglass, Office of information, U. S. D. A.

Allowing for the difference in weight, the smaller eggs offer as much food value as the large eggs. Small eggs weigh about 1/4 less than Large eggs. The price spread between sizes is the guide to a good buy. If the price spread between Large and Small eggs is as much or more than 15 cents, the small size is the economy buy. For example, when Large Grade A eggs sell for 65 cents a dozen, Small (or pullet) eggs are an equally good buy at 50 cents a dozen. On some markets already this month, the price spread has been considerably wider than this and Small Grade A eggs have been selling at 39 cents a dozen.

When Small eggs are the economy buy, it's worth considering their other advantages. They suit small-serving needs, such as those of young children, invalids, or adults for whom a small serving has the most appetite appeal. For novelty, two little poached or fried eggs on a breakfast plate are attractive. Little hard-cooked or stuffed eggs for salads or cold plates have special appetite appeal, too. While they are a buy -- this month and probably next month -- it pays to make the most of them as a seasonal treat.

Because of the large hatch last spring, the number of small eggs this fall will be larger than last year.

POPULARITY OF POULTRY AND EGGS:[4/] The average American eats an egg almost every day and a little more than half a pound of poultry each week, according to the U. S. Department of Agriculture's latest food consumption survey.

The popularity of poultry and eggs is nationwide and is not greatly affected by family income. Farm people eat less poultry than city people, but they do get more eggs, many from their own chicken houses.

The average family (3.3 persons) spent about 9 percent of its 1955 food budget on poultry and eggs, slightly more for poultry than for eggs. Each week the household food shopper spent $1.23 on poultry or 15 percent of the total meat, fish, and poultry cost of $7.99.

BIG CRACK-UP IN LYNCHBURG! Over 6,000 eggs were broken-out recently in an experiment to determine the quality of eggs purchased by customers of retail food stores in the Lynchburg area. Dr. John T. Buck, Agricultural Economist (Poultry Marketing Research) supervised the operation. More later.

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EGG PRICES - Average from July 15 to August 15, 1958 1/

Market Area	U. S. Grade A Large	U. S. Grade A Medium	U. S. Grade A Small	Grade B Large	Grade C Large
		- cents per dozen -			
Harrisonburg	42.9	33.7	20.2	34.4	20.4
Richmond	43.8	33.9	20.7	36.0	25.0
Roanoke	42.5	35.0	23.3	34.1	20.5

1/ Unweighted average. Additional payments of 1 - 4 1/2 cents per dozen made by some buyers on special arrangements for quality and quantity.

BROILER PRICES - Average from July 15 to August 15, 1958

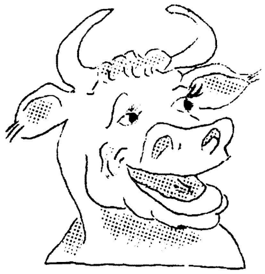
Market Area	Ave. 1/ Price	Weekly Summary of Purchases in Shen-Valley Area: Week Ending	No. Birds Purchased	Weighted Ave. Price (cents)
Shenandoah Valley	17.6	7/18	985,900	18.98
Del-Mar-Va	18.7	7/25	984,300	18.70
West Virginia	18.1	8/1	1,094,440	17.13
North Carolina	17.3	8/8	1,026,100	17.21
North Georgia	17.2	8/15	not reported	
		Total	3,122,140*	17.05*

1/ Unweighted average. *Exclusive of the week of August 15th.

Average Virginia Poultry Feed Prices and Feed/Price Ratio

Date	Price Per 100 Pounds: Laying Mash	Broiler Growing Mash	Turkey Growing Mash	Feed-Price Ratios 1/: Egg	Broiler	Turkey
		- dollars -				
August 15, 1957	4.65	5.00	5.10	11.8	4.2	6.0
July 15, 1958	4.85	5.20	5.30	11.6	3.6	6.1
August 15, 1958	4.85	5.20	5.30	11.9	3.3	6.3

1/ Number of pounds of feed equal in value to one dozen of eggs, one pound of broiler live weight, or one pound of turkey live weight.

Dairy  Section

September 10, 1958

NATIONAL DAIRY OUTLOOK Milk production currently exceeds commercial use to a smaller degree than a year earlier. Production in the first half of 1958 was about the same as in the first six months of 1957 and total commercial use was a little higher. Wholesale prices of manufactured dairy products and prices to farmers for milk continue slightly below comparable periods in 1957.

For 1958 as a whole, milk output is likely to approximate the record of 126.4 billion pounds reached in 1957. Milk-feed price relationships continue well above average, supplies of feed concentrates are large and pastures are exceptionally good for this time of year.

Purchases of butter and American cheese for price support have been about one-third below a year earlier. Purchases of nonfat dry milk are running above 1957. All items are declining seasonally.

STERILE MILK Maryland-Virginia Milk Producers Association has announced plans for processing sterile milk under a patented Swiss process at its Laural, Maryland plant. Milk processed under the patent can be stored without refrigeration and will be sold to the Armed Forces.

SPECIAL MILK PROGRAM The special milk program for schools has been extended for another three years at $75 million each year. Last year more than 75,000 schools and institutions took part in the program, serving nearly 2 billion half-pints of milk.

A COW? The Minneapolis Star columnist, Cedric Adams, describes a cow as follows: "One end of it is equipped with a mower, a grinder, bumpers, headlights, wingflops and a foghorn. In the central area there's a conversion plant consisting of a combination storage and fermentation vat, three converters in series, and an intricate arrangement of converor tubes. The machines is also equipped with a central heating plant, a pumping system and air conditioning. At the other end is a milk dispenser and an insect repeller."

BASE PLAN You will recall that we recently began a discussion of a base plan study completed at V.P.I. In conjunction with this study producers in Roanoke, Harrisonburg, and Newport News were asked questions pertaining to the entry of new producers on their market; assignment to distributors and allotting of additional base. Producers in the Roanoke and Newport News markets were evenly divided as to whether or not new producers should be allowed to enter their respective markets. Harrisonburg producers registered definite disapproval of the entry of new producers on that market.

Roanoke producers favored assignment to specific distributors by the local milk board or Milk Commission. Producers in the other two markets favored free movement without prior regulatory approval.

The allocation of additional base on the basis of increased production relative to market fluid milk sales increases was favored by more producers than any other single method. A strong preference was indicated for semi-closed methods of allotting base in contrast to the increased production alone method (typical of most open base plans).

CONTINUE BASE PLAN? Finally, producers in the markets selected for study were asked whether or not the base-surplus plan should be continued in its present form, and if not, what type of changes they would suggest. A majority of the producers in all three markets favored retention of the plan in its present form. However, the expression of approval was not as strong in Harrisonburg as it was in the other two markets.

Approximately four-fifths of the producers in all three markets considered together favored continuing the base-surplus plan in its present form. The remaining one-fifth of the producers in the combined markets indicated a variety of changes which they thought should be made. Those most often mentioned included: (1) some means whereby "old" producers could be allowed to grow to a more efficient size before "new" producers were taken on; and (2) the guaranteed payment of the Class I price for all base rather than using the distributor's Class I sales as a percentage of his assigned base as the payment criteria.

The response to the question on base-surplus plan continuance did not indicate complete, unqualified approval of the plan. However, it did indicate that, in the main, producers in the three selected markets were satisfied with the present form of the plan.*

The analysis of producer attitudes and opinions with respect to the base-surplus plan indicated that milk producers in the three selected markets: (1) in general gave strong support to continuance of the plan; (2) did differ somewhat from market to market in their attitude toward specific provisions of the base regulations; (3) gave general support to the semi-closed aspects of the base plan as used in their markets; (4) gave emphatic approval to the right to sell and transfer base between producers but were somewhat divided as to the manner in which such transfers should be handled and (5) were split evenly on whether new producers should be granted market entry.

This response implies over all approval of the base-surplus plan as administered in the three selected markets. At the same time, it indicates the necessity for flexibility in the plan to meet the varing production and marketing conditions prevalent in each market area. Each market should be considered in the light of its own particular problems and the general features and administration of the plan tailored to meet those needs.

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* At least with its major provisions.

AUTOMATIC VENDING SALES

Sales of fluid milk through coin-operated vending machines averaged about 1.5% of total milk sales in a study conducted in the Berkeley County (Martinsburg) area of West Virginia, according to a recent U.S.D.A. release. Indications, based on an analysis of all relevant factors, are that about two-thirds of the sales through milk vending machines apparently were "plus" sales. This preliminary finding indicates that introducing many milk vending machines into a market area can expand the total market for milk.

The research was conducted for almost two years by a joint team of researchers headed by James H. Clarke of the West Virginia Agricultural Experiment Station and Mardy Myers and J. Scott Hunter of the U.S.D.A. A full report entitled "Automatic Milk Vending - a Market-Wide Evaluation in Berkeley County, W. Va.," with detailed findings is now available.

The additional sales of milk as fluid milk through vending machines usually result in a higher price to producers than if it is used for manufacturing purposes and so can be a means of increasing farmers' returns from dairy products.

Milk vending machines, which had not been in use in Berkeley County for several years prior to the study period, were introduced by the milk distributors to aid the researchers in evaluating the effect of automatic vending on total milk sales. Starting in September 1955 and continuing through June 1957, a complete accounting was kept on sales of milk through milk vending machines, principally in industrial locations and offices but also in schools and three outdoor locations. Data were also obtained for the test period, and for the previous year, on sales of milk through all other outlets--retail and sholesale--in the area.

Sales through the vending machines were at first fairly substantial but subsequently declined in many locations. For some of the machines, a downward trend in sales was observed during most of the period of the study. For other machines, however, sales leveled off following an initial downturn. Peak sales through vending machines were almost 2.5% of the total market sales in October 1956, when employment at several seasonal apple processing plants in the area was at a maximum. Sales at the end of the study period, in April-June 1957, represented 1.7% of total market sales.

To supplement the sales data, interviews were conducted with a sample of plant employees having access to the milk vending machines. Results showed that 63% of the employees in the plants studied bought milk from the vending machines during working hours; whereas, before the vending machines were installed only 19% of the employees had brought milk in from the outside to drink while at work. This is another indication of how automatic vending can increase milk sales. Adverse attitudes toward vending were not found to be a limiting factor in expanding consumption of milk through machines.

A study of the costs of operating vending machine routes was made concurrently with the sales study. The amounts of labor and other cost factors required for vending were determined and the break-even points found for various kinds of vending machine routes. Detailed findings on the cost phase of the study are available in Marketing Research Report No. 229, "Costs of Distributing Milk Through Vending Machines and by Retail and Wholesale Routes." This report may be obtained by writing the Office of Information, U.S.D.A. Washington 25, D. C.

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