THE MACARONI JOURNAL

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Macaroni Journal

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Quarter-of-an-Hour menus for today's on-the-go people who have little time to spend in the kitchen have been developed by the home economists of the National Macaroni Institute. They have been assembled in a 20-page cookbook "America Entertains at Home . . . With Pasta". Details inside.

The Macaroni Journal

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Pasta Cookbook

[illegible]

Washington Meeting

[illegible]

CONVENTION REPORT

The 74th Annual Meeting of the National Macaroni Manufacturers Association held in Coronado, California July 10-13 was well attended, acted on eliminating geographical qualifications for directors, elected a new board and set of officers, and heard discussions on a wide array of industry problems.

New president is Paul A. Vermylen, First Vice President: Lester R. Thurston, Jr.; Second Vice President: Joseph P. Viviano; Third Vice President: Anthony H. Gioia; other directors: L. M. (Andy) Anderson, Vincent DeDomenico, John D. Herrick, Joseph P. Pellegrino, Ralph Sarli, Lloyd E. Skinner, John William, Emanuele Ronzoni, Jr., and Lawrence D. Williams who was presented a plaque for his services as President during 1977-78.

Product Promotion

Elinor Ehrman of Burson-Marsteller gave a comprehensive report on product promotion conducted by the National Macaroni Institute. Highlights included major breaks in consumer magazines and newspapers around the country. It was announced that the theme of National Macaroni Week, October 5-14, would be "America Entertains at Home—With Pasta." A booklet, 5 x 7 inches, 20 pages with glossy self-cover and nine inside color pages, including shapes, will contain cooking tips, appliance-shopping tips, nutrition, buying, shopping and serving suggestions and thirteen menus each featuring a pasta main course, will be offered if sufficient quantities are ordered by pasta manufacturers.

Food Service Potential

Christopher Smith of Burson-Marsteller gave a report on Pasta's Potential in the Foodservice Industry. The panel of Donna Roberts, editor, School Foodservice Journal; Mary Duffy of Interstate United Corporation, contract feeders and food management consultants; Ralph Frank, Jr. of Lawry's Foods and Restaurants, spoke from different points of view but were unanimous in emphasizing that presently pasta is purchased primarily on price but equally important are the points of proper preparation, the importance of quality ingredients, nutritional data, and the profitability of pasta dishes. These points must be stressed by individual companies and the industry or pasta will be left at the post. Potatoes already have a long head-start. Jo David of Burson-Marsteller, in charge of foodservice work for B/M was moderator of the discussions.

In the Supermarket

Vincent DeDomenico moderated a panel of grocers discussing "What's Happening in the Supermarket?" He had displays of advertisements showing what manufacturers are doing to help create excitement in the stores. He also cited new products, new packaging, new ideas for merchandising, and joint advertising.

Les Lorge, head grocery merchandiser for Vons Grocery Company, said that pasta sales have been running at a 2 percent rate of growth for the past five years—and he considered that low. He suggested more seasonal promotions such as salads for the 4th of July, pasta dinners for Columbus Day. Vons track every commodity group daily and check figures for contributions to total volume and dollar sales.

Everett Dingwell of Certified Grocers of California said they serve a wide variety of operations and that the independent has to get closer to his business to survive against the chains. They carry seven lines of pasta, evaluate promotions, and work for a turnover figure of 22 times. In his comments on labor and productivity he noted that esprit de corps is gone and getting people to work is a problem.

Stan Coop, vice president, Grocery and Liquor Division, Ralphs Grocery Co., said they advertise in 27 to 30 newspapers. At one time as many as 65. He noted there are 16,000,000 people in Los Angeles and Orange Counties, their marketing area. He observed that being regional has advantages and pitfalls—and concluded that today's business must be done on a straight-forward, ethical, and professional basis.

Industry Matters

Jim Winston, NMMA Director of Research, reported on a recent visit with FDA when the Standard Committee was told that a memo dated 1948 on Oriental or Chinese Noodles exempting them from the requirements of the Standards of Identity. Such is not the case with "Suddenly Spaghetti" and "Spaghetti to Go" which are looked upon as deceptive to consumers unless some qualification is made in labeling. Counsel was asked to investigate the legal standing of the memo and ascertain what could be done to eliminate a double-standard between products manufactured under the standards and those that are not. It was the general feeling of the Board of Directors that this is as serious a threat to the Standards of Identity as was phony-roni.

Mr. Winston also commented on Handbook 67, the necessity of periodic cessation of operations for cleanup and sanitizing, monitoring enrichment levels and quality of raw materials, hearing schedules this fall on food labeling.

Durum Research

Dr. James Quick reported that industry grants had added two people in durum research and about 20 percent more effort in the quest for better varieties. He noted he takes from 8 to 10 years to develop a new variety of durum. In the past year two new varieties with strong gluten have been released—Calvin and Edmore. The benefits of travel have broadened the knowledge and contacts of the plant-breeder with specialists all over the world and enhanced the access to materials from other parts of the world. In the past eight years yields have been increased 15 percent. Future improvement of yield, quality, seedling vigor, weathering, and disease resistance continues.

In Washington

Counselor Louis Marchese of Halfpenny, Hahn & Roche said the Labor Reform Bill has not been put to rest yet. Credit for capital investment will be made permanent but there will be no tax law this year. Congress is not going to roll back the Social Security tax. Product liability laws need straightening out with inflation boosting costs. Some 17 states have passed reforming legislation. Bureaucrats continue on their merry way, but the courts are now getting into the act—as the OSHA case where inspectors need warrents. November elections give business another opportunity to get better representatives.

President Paul A. Vermylen

First V.P. Lester R. Thurston, Jr.

Second V.P. Joseph P. Viviano

In Europe

Freddie Fox of Pasta Foods, Ltd. has just finished a year as President of the Macaroni Association in the European Economic Community. He reported per capita consumption as follows:

		Tonnage	Units
United Kingdom	1.7 lbs. doubled in 8 years	42	6
Holland	5.7	36	4
Spain	7.0	—	—
Germany	8.8 80% egg pasta	245	45
France	12.2	317	22
Switzerland	20.0 egg pasta high	—	—
Italy	55.0 declining	1397	348

Italian exports create a problem for all other European countries. Common agricultural policy subsidizes durum production in France and Italy. Pasta Foods Ltd. believes in quality products, that you have to make a profit, and they believe in people.

F. F. Fox
Managing Director

Contests

Top man in the tennis mixer was Paul Vermylen with Kris William and Joe Viviano runners-up. The Ted Sills silver bowl golf trophies for low net were won by Mike Arena and Madeline Seiler. Low gross winners were Joe Viviano and Mary Ann Hollingsworth.

Longest drive was made by Dick Sherwood. Closest to the pin was made by Norman Anseman.

Suppliers Socials brought the delegates together each evening before the dinner hour, and thanks are extended to the following hosts:

A D M Milling Company
Shawnee Mission, Kansas

Amber Milling Division
St. Paul, Minnesota

Braibanti Corporation
New York, New York and
Milan, Italy

De Francisci Machine Corporation
Brooklyn, New York

Fold-Pak Corporation
Englewood Cliffs, New Jersey

General Foods
Pendleton, Oregon

General Mills
Palo Alto, California

Hayssen Manufacturing Co.
Sheboygan, Wisconsin

Henningsen Foods, Inc.
White Plains, New York

Hoskins Company
Libertyville, Illinois

International Multifoods Corporation
Minneapolis, Minnesota

D. Maldari & Sons, Inc.
Brooklyn, New York

Marshall Foods
Marshall, Minnesota

Microdry Corporation
San Ramon, California

North Dakota Mill and Elevator
Grand Forks, North Dakota

William H. Oldach, Inc.
Flourtown, Pennsylvania

Peavey Company
Minneapolis, Minnesota

Ridgeway Packaging Corporation
San Leandro, California

Seaboard Allied Milling Corporation
Kansas City, Missouri

Rossotti Consultants Associates
Fort Lee, New Jersey

Milton G. Waldbaum Company
Wakefield, Nebraska

Wehrle Enterprises-Cooley Sales Co.
Kansas City, Missouri

Gioia, a Story of Growth

Gioia's beginnings as one of the country's largest pasta producers took place in 1910 in Fredonia, New York, a small town west of Buffalo. It was here that Antonio Gioia, homesick for the authentic taste of Italian Pasta, started making macaroni and spaghetti in his home. His friends clamored for this "different," quality pasta—thus the start of Gioia Macaroni Company 70 years ago.

From these humble beginnings Gioia has expanded continually, first moving to Rochester in 1919, then returning to their present location in a 75,000 square foot plant in Buffalo in 1948. Since moving to Buffalo the plant has been completely modernized and expanded to a total 130,000 square feet.

As Gioia grew, additional varieties of pasta were added to the line so that currently the company markets 75 different macaroni shapes and sizes in 300 boxes. In addition, the company markets three varieties of spaghetti sauce, a pizza sauce and a complete line of Italian Specialty items.

Buffalo Hub

Gioia's major marketing area is within a 50 mile radius of Buffalo. The company enjoys distribution in almost all major food chains in Upstate New York. Gioia's reputation has been built on quality. In fact, Gioia was won awards for pasta in the Rome Food Fair on several occasions. The company was the first to use the window box on pasta products so that consumers could see the quality of the product. Most important is the quality of the product itself. Gioia uses only the finest Semolina wheat flour and is able to store half a million pounds of flour to assure continuous production—which, in fact, is the schedule—seven days a week, three shifts a day.

To keep up with consumer demand for its quality products Gioia has increased capacity considerably. The first major expansion occurred in 1964. The major installation was a fully automated macaroni mixer, press and dryer, which at the time was the largest machine of it kind in the nation.

This was followed by even greater expansion starting in 1972 was the

President of the Company

addition of two long goods lines. In 1973, a production line for extrusion, cutting and drying of noodles was added. Finally, in 1976 an additional long goods line was added.

The story of Gioia macaroni starts in the wheat lands of North Dakota. Durum wheat is shipped to various locations, to be milled into Semolina and is delivered to Gioia by rail and truck. At Gioia it is drawn from storage silos where the basic steps of mixing, kneeding and drying take place. The Semolina is mixed with water, kneeded in large machines and at the right consistency, fed through extrusion dies of various shapes. It is then boxed, placed in shipping cartons and shipped to Gioia's customers for sale to consumers and the food service trade.

Acquisitions

Part of Gioia's growth has been through acquisition. In 1960 Piscitello Macaroni Company of Rochester was acquired and absorbed into the Gioia operation. In 1976, the majority interest in Gioia itself was sold to the British based multi-national food company, Ranks Hovis McDougall, which owns several other processors. The Gioia family maintains a "substantial minority interest" in Gioia. Anthony Gioia, third generation Gioia and president, indicates that "this merger gives us a strong position—family know-how in the macaroni business coupled with the assets of a large multi-national company with expertise in many areas of the food business."

In 1977 the company acquired Bravo Macaroni, which has a very strong franchise Upstate and produces quality pasta and sauce products for distribution throughout the Northeast and West Central areas. The added production facilities will enable Bravo/Gioia to keep up with consumer demand which has more than doubled since 1971. The merger of Bravo and Gioia actually re-unites the Gioia family, after 40 years operating two completely separate organizations.

Promotion

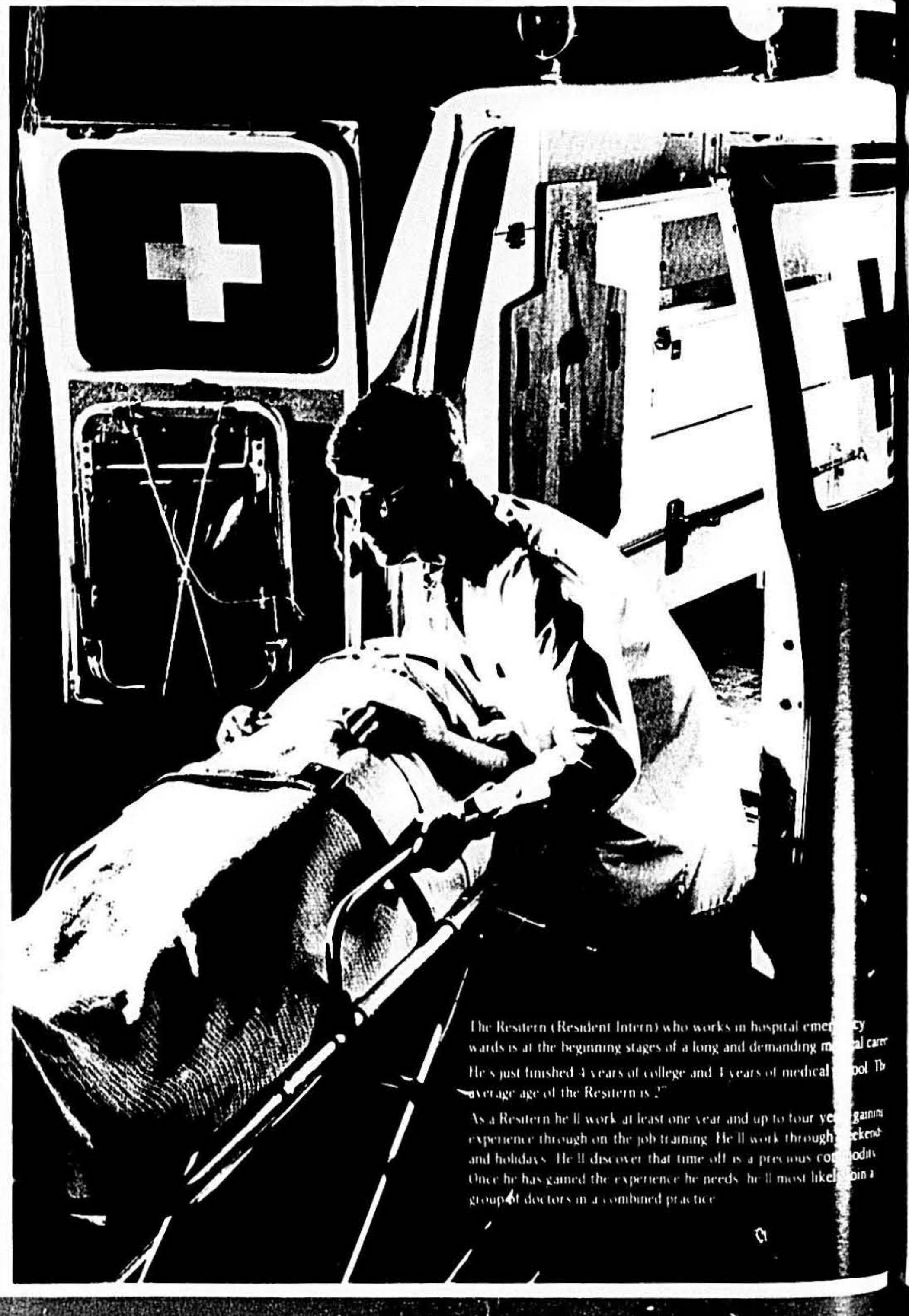
While word of mouth advertising was once sufficient, the Gioia family recognized the need to advertise via print, radio and TV. The strong Italian heritage that Antonio Gioia brought from the little town of Valledolmo, Italy, coupled with quality and the family name on the box led to members of the Gioia family being spokesmen in various ads shot in Valledolmo by Gioia's agency, Lawrence Wolf Advertising. Richard Gioia, production VP, has had the lead with Anthony Gioia, president, and Robert Gioia, Buffalo district sales manager, in supporting roles.

To supplement this advertising Gioia has tied in with the Buffalo Sabres on radio, stressing the nutritional value of Gioia pasta as well as it's being the source for quick energy for athletes.

People

In addition to product quality, Gioia's success is also attributable to its managers and people. In addition to the Gioia's mentioned earlier, Nino (of the Bravo Gioias) Gioia is very active as national sales manager. Gioia's "money man," John Opalka has been controller since 196[illegible]. Nino is supported by two sales managers of long experience, Eli Bongiovanni and Al Blanchard. Guy Wheeler is Gioia's most recent personnel acquisition having joined Gioia earlier this year as Director of Marketing.

Gioia has an objective for the future of continued growth through new products and new markets. Tony Gioia asserts, "With our product quality, family expertise, RHM assets and professional managerial objectivity we will meet our objective!"



He's a Breadwinner

He's a Resitern (Resident Intern) in a hospital emergency ward. He's been working non-stop since coming on duty just before the dinner hour. A steady rain has made driving hazardous, and there's been more than the usual number of accident victims coming into the emergency ward.

He's ed and he's hungry. As usual, there won e time to take a leisurely supper brea the hospital cafeteria. He'll follow his n al routine of having macaroni sent in fr he kitchen. He likes its taste, and mac provides him with the energy he ne keep the pace.

Wh expends precious energy in a life savi pacity. ADM works hard to replenish the energy through quality pasta flour.

ADM selects the finest durum and quality mills it into clean, golden semolina. The semolina is then shipped to pasta manufacturers in the industry's most modern conveyances. And for emergency delivery, ADM maintains a ready supply of first-rate pasta flour. ADM also offers product tests to pasta manufacturers upon request.

The Resitern performs an invaluable service to our society. At ADM, we strive to continually supply pasta manufacturers with the finest high energy blends, so that the Resitern and Breadwinners of every category can perform their tasks under peak conditions.

Breadwinners supplying Breadwinners since 1902.

ADM MILLING CO.

4550 West 109th Street, Shawnee Mission, Kansas

Baker's shortening, corn sweeteners, soy protein for the baking industry.

Pasta's Potential in the Foodservice Industry

by Christopher Smith, Burson-Marsteller Marketing Research

Burson-Marsteller has been charged with the task of educating the volume feeding market about the positive, quality aspects of macaroni products made with durum/semolina flour, for the National Macaroni Institute. The interest of the National Macaroni Institute is to promote and sell more brand-name, high quality macaroni products to the foodservice industry.

Our hypothesis, based on ten interviews with macaroni manufacturers, was that the use of a high-quality, hard wheat flour like durum semolina makes for a higher quality pasta product. Lower quality products, made with softer flours, don't hold up in the cooking or holding process. As the higher quality product is more expensive than the lower quality products, and as the foodservice industry was perceived to be a price-intensive one, it was felt that the foodservice industry might have a tendency to buy the lower-priced, lower quality pasta product for institutional use.

This report presents the findings of the initial phase of a two-phase study. The purpose of this initial phase was to:

- Begin to determine the current state of awareness, attitudes, and perceptions of volume food operators toward pasta.
- Develop information to facilitate the generation of quantitative information projectable to the foodservice industry as a whole.
- Provide material for concepts for testing in the quantitative phase.

Specific areas of investigation included:

- Awareness of pasta products
- The distribution system for pasta products to the foodservice industry
- Menu planning
- The extent to which brands are specified
- Perceived differences from brand to brand
- Problems affecting handling and preparation
- Factors governing the decision-making process for purchasing pasta itself, and the purchase of pasta from a particular vendor
- Perceived benefits and drawbacks of pasta
- Ways pasta manufacturers could get foodservice buyers to buy more pasta
- Ways manufacturers could get foodservice buyers to buy higher quality, branded pasta.

Research Design

Twenty depth, personal interviews were conducted with decision-makers from a variety of foodservice institutions in three geographically dispersed cities: New York, Chicago, and Los Angeles. Each interview lasted approximately one hour.

The following table indicates the number of interviews conducted in each market and the type of foodservice industry represented:

	New York	Chicago	Los Angeles	Total
Restaurants	1	1	1	3
Employee Feeding	1	1	1	3
Hotels	1	1	1	3
Schools	1	1	1	3
Hospitals	1	1	1	3
Contract Feeders	2	1	1	4
Airlines	—	—	1	1
TOTAL	7	6	7	20

Statement of Limitations

Depth, personal interviews seek to develop insight and direction rather than quantitatively precise or absolute answers. By reason of the small number of respondents, it should be understood that this work is exploratory in nature.

The findings reported herein should properly be considered tentative indications. They were not, nor were they ever intended to be, projectable to any larger population.

About the Foodservice Industry

It appears that the foodservice industry is composed of distinctly different segments whose attitudes differ based on economic constraints, the volume of meals prepared, and the clientel they serve.

These differences make generalizations difficult. When major differences exist by segment, they are so reported.

Contract feeders appear to be a larger factor in the marketplace than anticipated. While the interviewing sample was carefully chosen to include all major elements of the foodservice/volume feeding industry, it became apparent that contract feeders have some involvement in four of the sample group.

Involvement is particularly heavy in the employee feeding area. During the interview recruiting, it was difficult to find a company that managed its own feeding operation. Even companies in the foods business (General Foods and Kraft Foods, for example) have company cafeterias and dining rooms that are run by contract feeders.

Contract feeders also supply airlines, schools, colleges, and hospital feeding operations.

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Foodservice Potential

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Summary of Findings

Pasta is used in a wide variety of ways by the foodservice industry . . .

- as an ingredient in main dishes and side dishes
- as a finished main dish
- as a finished side dish

As pasta is used in so many ways, it has to compete with more food products than potatoes or rice have to:

- as an entree, pasta competes with meat, fish, and poultry
- as a side dish, pasta competes with potatoes, rice, and green and yellow vegetables
- macaroni salads compete with green salads
- pasta also competes with bread

Even though pasta is used in a wide variety of ways, it is a low interest food product category. Most foodservice buyers just don't think about it.

Information about pasta seems to be lacking in several areas:

- Quality: most foodservice buyers have no idea how to tell a good quality pasta product from a bad one.
- Ingredients: Most are not sure what pasta is made of.
- Nutrition: Some have no idea what nutritional value it has, if any.

While many companies that manufacture and distribute food products other than pasta seem to make an effort to keep the foodservice industry informed about their products, pasta manufacturers do not.

Awareness of durum semolina seems to be limited to those who have had experience making pasta—mostly chefs in Italian restaurants.

Major benefits of pasta perceived by foodservice buyers are that pasta offers institutions low-cost, high profit menu items and the ability to offer customers a change of pace.

Pasta seems to be controversial, however, in the area of consumer acceptance. Partly, acceptance of pasta seems to be governed by geographic area of residence and socio-economic status.

Some drawbacks of pasta seem to affect consumer acceptance of pasta, causing establishments to think twice about serving pasta in the first place:

- Pasta is perceived to be high in calories and carbohydrates, thus discouraging many consumers from eating it
- Pasta is not perceived to be a "value" when compared to meat or poultry

Other drawbacks concern the preparation and handling of pasta:

- Pasta's irregular cooking time seems to involve unnecessary time and attention
- Pasta is easy to overcook
- Holding pasta on steam tables for long periods of time increases pasta's capacity for overcooking

The potato industry seems to have eliminated most of their preparation and handling problems, thus making it much easier for institutions to prepare potatoes than pasta.

While the pasta end product may be rendered unacceptable to consumers by virtue of its preparation and handling problems, the product's acceptability is also adversely affected by serving leftover pasta.

The distribution system for pasta seems to be standard in the foodservice industry. Pasta is sold to foodservice operations from grocery purveyors or distributors. Few foodservice buyers had any idea where those purveyors serve as distributors within the foodservice industry for completed meals.

The buying decision for pasta is complex and different for many segments of the foodservice industry:

- In hospitals, the decision to buy is made by three people: the dietitian, the foodservice manager, and the purchasing agent. Hospitals, for the most part, decide to buy from one purveyor over another on the basis of price.
- In hotels, the chef either makes the decision or influences the decision. Some hotels specify branded products. For the most part, hotels are more interested in providing a high quality product than saving money.
- Contract Feeding Operations and employee feeding operations that are run by contract feeders are usually controlled by a national or regional buying office that makes a price deal with one or two distributors for all their business, nationwide. Local operations of these organizations must, then, order only from these approved vendors.
- In schools that operate their own foodservice programs, a foodservice manager makes the decision to buy on the basis of price.
- Airlines buy complete meals from contract feeders. Factors important to airlines seem to be taste, appearance, price, and, of course, passenger acceptance.
- In most restaurants, the chef makes the buying decision, and usually specifies a particular brand. Quality is of utmost importance in restaurants, as pasta is often a specialty of the house. Also, costs can be passed on to customers in the way of increased menu prices. Therefore, to restaurants, price is no object.

Establishments in which the chef makes or heavily influences the buying decision seem to be the most likely to specify branded pasta products.

More pasta sales means more consumer acceptance. Foodservice operators can't be forced to buy more pasta unless customers will eat it. However, it is important to note that foodservice buyers are consumers, too.

Increasing the share of branded products means it will first be necessary to inform institutions what quality is, and what quality means to them, specifically as it affects: saving money; taste and consistency; preparation and handling; appearance; consumer acceptance.

Conclusions and Recommendations

It seems as though there are two ways to improve pasta's position in the foodservice industry:

1. On a volume basis, the total amount of pasta used can be increased
2. On the basis of increasing branded share, an effort can be made to get pasta users to "trade up" to a higher quality product.

In the short term, specific problems and concerns expressed by the foodservice industry need to be addressed. A communications program needs to be developed that would increase foodservice buyers' awareness of pasta. The program should also seek to address:

- Quality: What is high quality as concerns pasta? How can a foodservice buyer tell a high quality product from a low quality prod-

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Foodservice Potential

(Continued from page 12)

uct before it's too late? What does quality mean to the foodservice institution and to their customers?

- Ingredients: What is pasta made of? Why is it important to know what pasta contains? Efforts to inform the foodservice industry about durum semolina and its benefits need to continue.

As far as food composition is concerned, it is important to point out that pasta does have nutritional value. However, the calorie/carbohydrate argument against pasta poses some difficult challenges. Baked potatoes are, in fact, lower in both calories and carbohydrates. However, this argument can be countered by the pasta industry by emphasizing several points:

- The differences posed by cooking time: Perhaps it could be pointed out that for those concerned about calories, the calorie content of pasta can be reduced by simply cooking it a bit longer.
- By comparing pasta with French fries: Some respondents pointed out the French fries are more popular among their customers than baked potatoes. If this is true, then pasta might be reasonably compared with French fries instead of baked potatoes.
- By emphasizing the protein content of pasta: Perhaps the calorie argument might be circumvented by making a statement to the effect that "serving for serving pasta gives you nearly two times the protein in a potato."

Existing benefits of pasta need to be emphasized. The variety of uses for pasta is something that needs to be pointed out and exploited. Foodservice operators need more ideas for serving pasta. Perhaps the drawback of high caloric content can be addressed by developing new ideas for salads. One respondent explained how this could be beneficial:

"It's interesting, because if you use pasta in salads, it doesn't have a high calorie connotation to it. Yet, if you're talking about a baked macaroni or a lasagna, you're talking about high calories. If macaroni is mixed with vegetables, in the consumer's mind, it is not fattening."

On a long-term basis, the pasta industry needs to increase consumer acceptance of their product. Consumers need to be convinced that pasta has real benefits in much the same way as institutions do. Communicating to consumers might have multiple benefits, however, as foodservice buyers are themselves consumers. Therefore, it is imperative that the "industry" continue its efforts to educate the public and institutions about the benefits of pasta.

Additionally, the pasta industry needs to spend some time and money alleviating preparation and handling problems. The advances of the potato industry in this respect might serve as a model.

Phase I was a qualitative exploration on behalf of the National Macaroni Institute to develop and evaluate marketing and promotional concepts to insure branded pasta sales to foodservice institutions.

Phase II is a quantification of the hypotheses generated in Phase I. The following were specific areas of investigation: pasta usage; frequency/sales volume; factors important in brand selection; attribute ratings; knowledge of ingredients/nutritional value; problems in preparing/handling; reactions to selling points; demographics.

Research Design

In April, 1978, 2,000 questionnaires were mailed on publication letterhead to subscribers of **Institutions**. Respondents were screened as members of food operating segments and selected randomly on an Nth name basis.

They include:	mail out
Hospital/nursing homes	500
Schools	500
Employee feeding	500
Fast food	250
Full service restaurants	250

There was an overall response rate of approximately 20 percent or 389 returned questionnaires.

Sample

- All respondents (except 5 percent anonymous) are involved in some aspect of the purchase decision.
- Half the sample, or 51 percent, represent Hospital Food services (employee feeding 25%; patient feeding 26%)
- Two out of six respondents (38%) represent Contract Feeders business & industry groups 15%; elementary & secondary schools (20%); college and universities (3%).
- The remaining segments of the foodservice industry have representation of less than 10 percent.
- Approximately one-third of the establishments represented in the survey serve lunch only. The remaining establishments serve two or more meals a day. Only 4 percent have 24-hour service.
- Forty-seven percent of the establishments have a weekly sales volume of $3,000 or more. In 49 percent of the establishments, pasta sales are less than 10 percent of the total weekly sales volume.

Conclusions

A. Basic receptivity exists toward pasta in the foodservice industry. This extends to increasing total pasta sales and to increasing branded pasta's share of that total.

B. Consumer acceptance supports receptivity, naturally; more importantly, those obstacles to growth are solvable by educational promotions, product modification. Two major problem areas:
   1. Ease of preparation
   2. Nutritional value

C. The relative insignificance of consumer-branded pasta in foodservice hinges on two perceptions—one real and one, we suspect, erroneous: "Consumer brands cost more than distributors' brands" and "All pasta is the same."
   1. Credible information which demonstrates that "all pasta is NOT the same" would be an effective marketing tool. The most effective concepts appear to be those which promise greater efficiency in the kitchen or a lower per-serving cost.
   2. Key obstacles to implementing these tactics are a need to prove real product differences and a need to motivate brokers and distributors to carry and push branded pasta.

D. The "foodservice industry" is really several industries with little in common other than serving food. Each of these industries reacts differently to pasta and its selling propositions.
   1. Contract Feeders need information that branded pasta has high quality ingredients, there is less waste, it is more economical;
   2. Hospital feeding services are concerned mainly with quality, taste, cost, waste;
   3. Caterers are cost conscious, quality conscious, and taste conscious;
   4. Company and school-owned feeding services are looking for increased quality pasta while at the same time cutting costs and waste;
   5. White Table Cloth restaurants are concerned with saving money and pleasing others;
   6. Fast Food Industry representatives were not substantially impacted by the survey's approach. Pasta manufacturers may have difficulty promoting branded pasta to fast food establishments.

On the basis of survey results, a two-pronged promotional campaign is suggested.

A. Increase total pasta sales through emphasis on consumer acceptance and solution or minimization of preparation and nutritional problems;

B. Increase branded's share through promotion of the real—and important—product differences between hard wheat/branded and distributor pasta. Suggest an incentive program to make distributors goals the same as those of manufacturers.

Foodservice Panel

Jo David, Director of the Foodservice Division of Burson-Marsteller, made some introductory remarks before introducing the panelists. She said: There needs to be some definition of terminology—we talk about foodservice as that area out there that is not retail. Volume feeding is not one large mass: it is segmented. Restaurants and fast food establishments are separate segments. Contract feeding is a world unto itself. Then there is institutional feeding such as health care, hospitals, industrial feeding, and school foodservice. All have special problems. All have common needs."

Contract Feeder

Mary Duffy is manager of marketing and merchandising for Interstate United, contract feeders out of Chicago. As a foodservice management company they serve more than 3,000,000 meals a day in 43 states. The industry as a whole does $85 billion annually, serving industry, schools, hospitals, ball parks and stadiums, vending machines, and so forth. Miss Duffy explained: "We offer a total system to our clients. We come in and perform full foodservice for them. We do system design, offer professional unit management at site, district, or region, and cost control systems."

The foodservice industry is labor intensive with high turnover, as much as 300 percent. The labor force is unskilled and semi-skilled. They operate within the strict confines of pleasing the customer, pleasing the client, and satisfying government regulations.

Miss Duffy observed that the consumer has learned to eat with his eyes and his ears—by reading magazine advertisements or watching t.v. And he hums that Burger King jingle. He is a tough customer to please. That is where the supplier comes in—the help the foodservice operator define consumers' needs and to help provide for them.

The food manager has production problems, food cycle problems, labor problems, and may feed as many as 4,000 people a day. He is not going to thumb through magazines for recipes at the end of the day. You can help by providing recipe cards and new ideas. You can tell the foodservice operator about equipment necessary for good production, for holding the product, and its performance on the steam tables. They need adequate bilingual instructions on how to use your products properly. Miss Duffy said: "Give us the truth about nutrients and why pasta should be added to cycle menus. Help us develop programs to make eating pasta fun. Italian festivals are old hat. Think up something new. Contract feeding is a sleeping giant."

School Foodservice

Donna Roberts is editor of School Foodservice Journal, published in Denver. School foodservice directors today provide a choice of entrees in 26,000,000 meals daily. The American School Foodservice Association has 68,000 members in all levels of the school feeding program.

The original objectives of the 1946 National School Lunch Act were concern for the health of children and the distribution of surplus food items. Also, there was Congressional concern to improve nutrition for recruits for the military. During the past 32 years, it has been learned that children who eat properly learn better.

The government still distributes commodities of which durum wheat is one. Macaroni manufacturers can qualify to process this for school use. The government program has been expanded to now include a breakfast program, a summer program for the needy, and feeding the elderly.

The National School Lunch program has a total cash outlay of more than $4.5 billion annually, reaching more than 26,200,000 children in a day in 92,000 school districts, about 90 percent of the school districts in the country.

The Type A meal is based on Basic Four Food Groups and should provide one-third of a child's recommended daily allowance of nutrients and calories. Pasta is not included in the Type A meal except as a bread equivalent. This is being changed and tested this fall to offer more variety in menus and to cut down on waste.

Schools want nutrition, easy preparation, and a low price. They buy on a bid basis. Your salesmen can get buyers to specify branded merchandise in their specifications of you convince them of better value and performance. The potential for large volume is good.

Restauranteur

Ralph Frank, Jr. of Lawry's Foods knows the pasta and grocery business from their operations in Lawry's Seasoned Salt and Spaghetti Sauce Mix. They are in the restaurant business with Lawry's Prime Rib in Los Angeles and Chicago plus other high quality restaurants on the West Coast. A few years ago they attempted to launch a chain of Italian fast food operations, but this has been discontinued.

Mr. Frank observed that one in five meals is eaten away from home, and $1 out of $3 is spent in the foodservice

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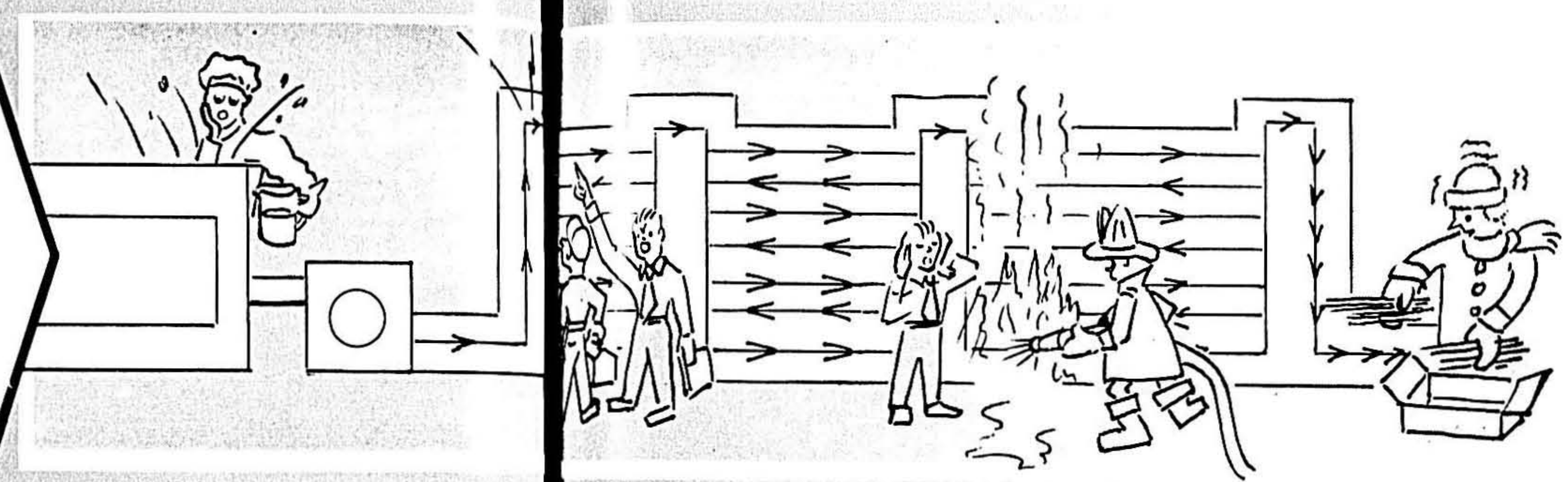

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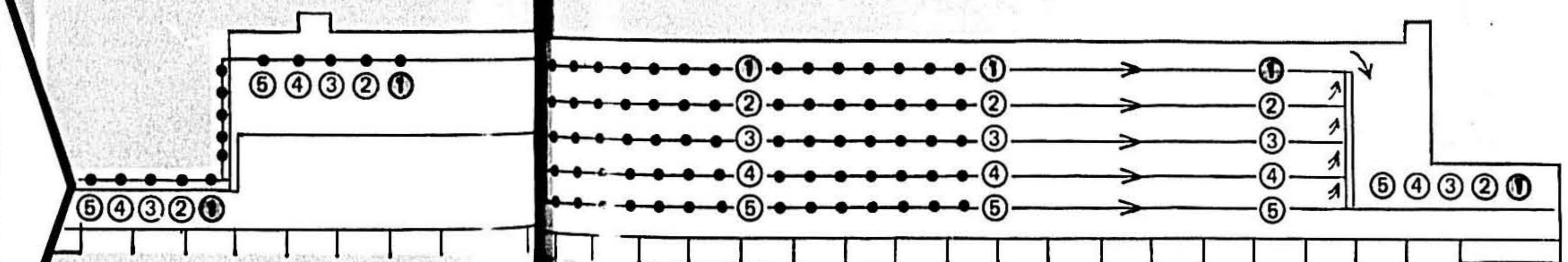

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Foodservice panel

(Continued from page 15)

industry. Eight percent of the national work force is in foodservice. Working wives count time and energy as well as pennies in fast food values, and this becomes even more important with single people.

Mr. Frank surveyed some restauranteurs in the Los Angeles area and learned that today's trend is different —more varieties of pasta are used because of international travel. More entrees are being developed, although side dishes are becoming increasingly important in some areas.

Restauranteurs have the same problems as all foodservice people in having adequate recipe material, specific directions for preparation, and a need for information on equipment to handle large quantities of product. Some restauranteurs use pre-cooking to a point, finishing the dish in steam kettles. This calls for a special pasta product for restaurants that is slightly heavier than the type used in the consumer trade. Knowledgable Italian restauranteurs want top quality.

Mr. Frank urged the pasta manufacturers to accentuate the positive—the versatility, nutrition, and profitability of their product on the restauranteurs' menu. He also recommended keeping an eye on what young people are thinking. He noted that they are currently buying more tacos and have always liked spaghetti. Both have promising potential.

Ralph Frank, Jr.

Canadian Survey

The Canadian Restaurant and Foodservices Association recently surveyed food procurement practices of commercial foodservice operators. Almost 50% make daily food purchases. The manager is the main buyer according to 40%. Almost 90% buy from foodservice distributors, with only 3.6% using "one stop" distributors. The open market method of food purchasing is used by approximately 85% of respondents while cost—plus buying accounted for 8.1%. The same survey made of institutional operators showed that almost 50% make their food purchases weekly. The foodservice manager was buyer in over 70% of the institutions, and almost all buys are made from foodservice distributors. In multi-unit organizations, about 50% were using centralized purchasing. Over 70% use open market buying, while cost-plus and sealed bid buying accounted for 13% of the response.

Foodservicing Merchandising Kit

The Beef Industry Council of the National Live Stock & Meat Board, Chicago, has the answers to these three questions:

What can I do with ground beef that's new?

What about leftovers?

How can I merchandise economical round steak?

The answers are found in a new merchandising kit which presents four new and profitable serving ideas with beef: Grecian Style Beef, Ita[illegible]an Beef Salad, Sweet 'n Sour Steak [illegible]nd Beef Enchiladas. Macaroni man[illegible]acturers will like Grecian Style Beef [illegible]hich has elbow macaroni on top of [illegible]ayers of pasta, spinach and ground b[illegible]ef.

Recipe cards (set of fou[illegible] sell for 50¢. Set of four posters a[illegible]e $1.60. Table cubes are a dime each. A complete kit with all the items is $4.25. All materials are shipped f.o.b. Chicago.

Joe Impastata, right-hand man at Moran's Pastificio in New Orleans, checks the pasta's consistency before running it through the cutting machine which turns out a wide variety of pasta including fettucine, capellini, tonnarelli, lasagna and ravioli for restaurants and the general public.

Moran's Pastificio in New Orleans

What do you get when you mix 40 lbs. of flour, 120 eggs and one cup of salt? Enough fresh Italian pasta to serve 240 entrees or 480 appetizers, according to Joe Impastata, right-hand man and close friend of the owners of Moran's Riverside Restaurant and Pastificio in New Orleans.

All pasta served at Moran's is produced by $40,000 worth of machinery from Italy in the Pastificio, downstairs from the restaurant which overlooks the Mississippi River amid quaint and colorful shops in the world-famous French Market.

Although the Pastificio's mixing, kneading, rolling and cutting machines primarily manufacture pasta for Moran's and a few other restaurants, a wide variety of pasta for authentic "Mama Mia" meal[illegible] is also available to the general p[illegible]blic. In addition to fettuccine, capel[illegible]ni, tonnarelli, lasagna and raviol[illegible] pastas, Moran's Pastificio also sell[illegible] Italian sauces, homemade meat-st[illegible]fed lasagna and New Orleans cui[illegible]ne such as seafood gumbo and crawfis[illegible] bisque.

Luckily for passers-by, t[illegible] pasta machines are in view of French Market visitors who enjo[illegible] seeing pasta prepared the way it is [illegible]roughout Italy.

Moran's owners, Jimmy a[illegible]d Tony Moran, traveled with c[illegible] worker Impastata to Mil[illegible], Italy wh[illegible]re they found the machines and form[illegible]las for different types of pasta. Wh[illegible]n they returned to New Orleans and began making pasta, they found that a successful formula depended on the weather and size of the eggs used. "On rainy days," Impastata said, "we may not put in as many eggs because the dampness makes our pasta too

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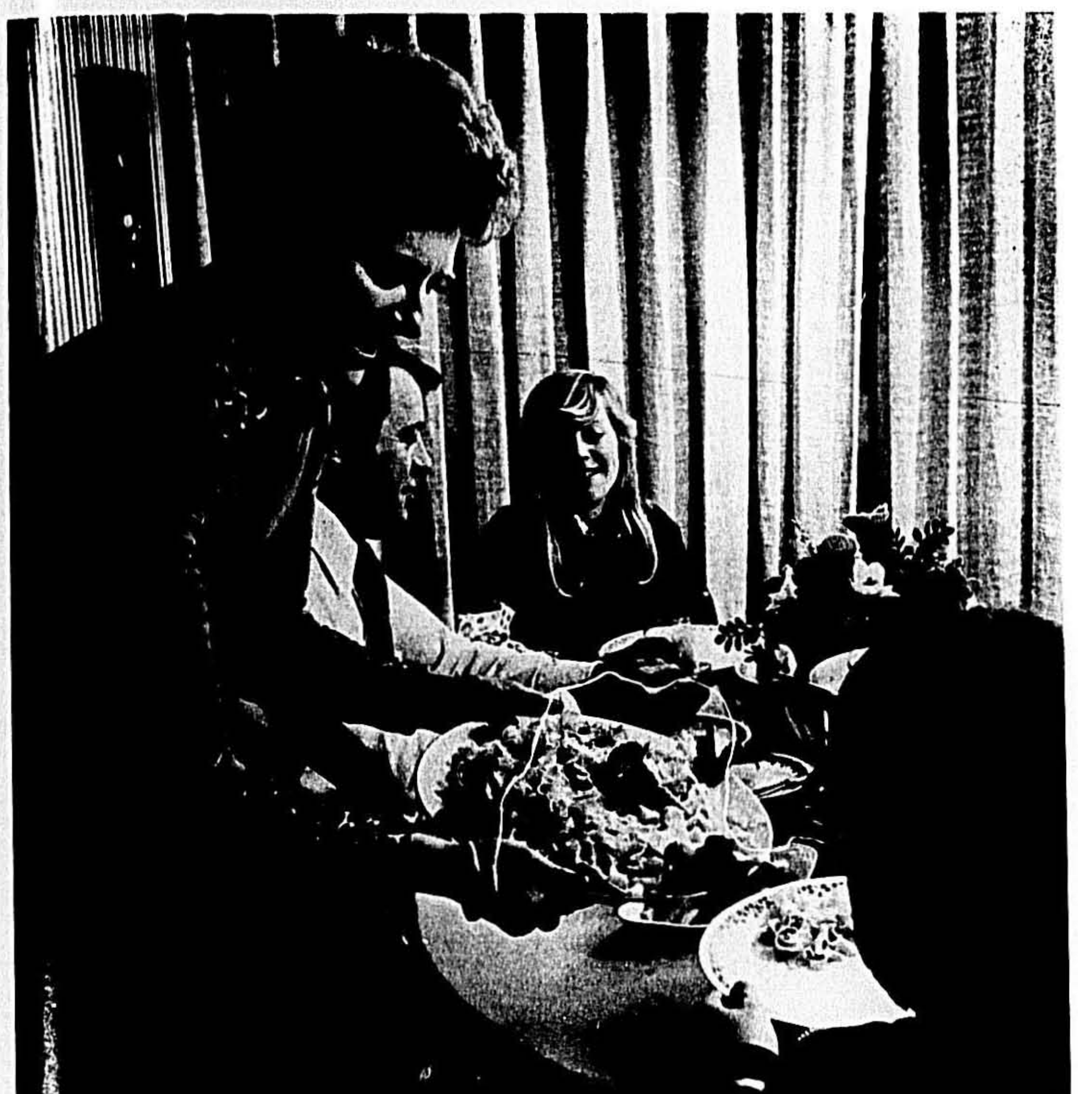

Moran's Pastifico

(Continued from page 18)

moist to work with. If the eggs are larger than usual, we don't use the full 120 needed for most batches."

Native of Palermo

At a native of Palermo, Italy, Impastata justifiably considers himself a pasta authority. He studied in Rome for two years with a friend who owns a pasta shop right behind the Vatican. Like any good Italian, he can tell when spaghetti and other pastas are ready simply by looking into the pot. Contrary to some Americans who claim the true Italian way of testing spaghetti is by seeing if it sticks to the wall when thrown, Impastata says a good way to test spaghetti is by seeing if a strand will stick to a fork while still boiling.

When the Moran brothers were growing up, their mother used to make pasta by hand in the family restaurant. If she worked hard, she may have turned out 10 pounds of ravioli in one day. The Pastificio machines, operated by one person, produce 200 pounds per day.

The Pastificio is a must for tourists and natives who enjoy creating their own authentic Italian dishes and for those who want to take credit for specialities prepared by Pastificio perfectionists. Either way is bella! bella!

Moran's Pastificio has been located for two years in the newly renovated French Market, a 200-year-old landmark in the heart of New Orleans' thriving French Quarter.

Foodservice Headcovering Study

A series of five focus-group studies conducted for Chicopee Manufacturing Company has resulted in the development of a more stylish, more functional headcovering for food-service personnel.

The studies, according to Bob Hughes, Chicopee foodservice product director, included foodservice operators and personnel from restaurants, schools, universities, hospitals, clinics, bakeries and food processing plants; supermarket produce men, meat cutters and butchers; and uniform purchasing/renting agents.

While informal, the studies explored the entire subject of food-service headcoverings. Several major problems surfaced: dissatisfaction with existing headcoverings; problems with linen rental services; and concern over function and appearance.

Design and color of Chix Fashion Bonnets are the result of a series of studies of food service operators and personnel. Users found them more comfortable, more attractive and more functional.

Most foodservice operators taking part in the studies had tried several linen rental services. Some abandoned them altogether, citing decreasing quality, increasing cost and lack of concern for their foodservice customers.

Appearance Ranks High

Personal-appearance needs ranked high. Women in the studies felt that confidence in their appearance helped them do their jobs better. A frequent remark was: "We cook and do everything right out in front of everyone."

All women in the focus groups reported that headcoverings were required at work. Yet many wore them only when they knew they were being checked by a health inspector. Those who wore hairnets considered them ineffective, uncomfortable and unattractice. A major comment about hairnets was, "They're not designed to keep hair from falling into things—only to keep hair in place." The women also felt that hairnets muss the hair unless used with lots of hair-pins. And they don't cover curls well.

The result of the studies, says Hughes, was development by Chicopee of a disposable, cloth head-covering—Chix* Fashion Bonnets. These were test-marketed to see if they met the criteria established in the focus-group studies. They did. For one, users found them more comfortable than existing headcoverings and more effective. They absorb perspiration and "breathe," allowing for air circulation. And they are flame retardant. They also provide a complete barrier for the hair against kitchen smoke and airborne grease. Designed for total hair confinement, Chix Fashion Bonnets eliminate a major source of food contamination—bacteria, dust, dandruff and hair. Test-market respondents found, too, that the bonnet's design and color (pastel pink) are more flattering.

According to Chicopee's Bob Hughes, Chix Fashion Bonnets, developed for kitchen, serving-line and dining-room personnel, color-coordinate with Chix Fashion Bib Aprons (part of a line of disposable cloth aprons also produced by Chicopee). They come packaged 100 to the box, 400 to the case, and are available nationally from Chicopee's distributor network of over 1000 institutional food wholesalers, paper and restaurant-supply jobbers.

Chicopee is also a major producer of a variety of disposable/reusable cloth products for wiping, polishing and scouring. For further information, contact Dept. FS, Chicopee Manufacturing Company, P.O. Box 68B, Milltown, N.J. 08850; (201) 524-7270.

Microwave Ovens and Convenience Foods

A newly released Frost & Sullivan, Inc. report, entitled "Convenience Foods & Microwave Ovens," forecasts that microwave ovens will show the fastest growth rate in the food service equipment market during the next ten years, with sales volume rising 10 to 25 percent annually. According to the New York market research firm, "food service sales are expected to surpass the $100 billion level within the next few years with 'away-from-home' food expenditures equaling 'at-home' food purchases by 1985."

"Convenience foods," adds the 252-page study, "are expected to spur growth of the entire food service industry—particularly the microwave oven." Approximately 40,000 microwave ovens were sold in 1970, an estimated 1.6-million in 1976, and a

(Continued on page 24)

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At Peavey, we make every effort to produce the finest Semolina and Durum Flour money can buy. But that alone wouldn't be enough if we couldn't get King Midas Durum Products to you fast. When you need them.

So, we put just as much effort into [illegible] you faster. We've set up wheat handling facilities all through the North Country's prime Durum areas to get this top quality wheat to us faster.

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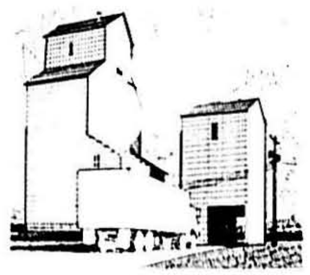
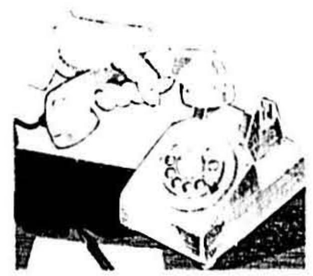
[illegible] King Midas Semolina and Durum [illegible]

King Midas Semolina and Durum Flour
Quality with a running start on all the others





Peavey Industrial Foods Group

Microwave Oven Report

(Continued from page 20)

projected 6-million by 1985. At that time, they will be installed in about 50% of all U.S. homes, and will be "as commonplace as the television" and other household appliances.

"Commercial microwave ovens are establishing new sales records every year," says F&S, "and the number of installed units is expected to double between 1977 and 1981." Expectations are such that with over two dozen manufacturers now producing them, the structure will change, leaving fewer major producers as a result of mergers and acquisitions. Japanese manufacturers are expected to remain in the marketplace, though it is unlikely they will dominate it.

Packaging the Key

Packaging remains the key for total acceptance of the "microwave oven and convenience food approach" to food service at the consumer and commercial levels. Innovations, now on drawing boards, appear to include still greater improvements and functional refinements. Marked progress is anticipated, with the differential heating container (DHC) the probable "dark horse" candidate making a crucial breakthrough.

New materials, bearing consistent freezing and heating ranges, are now being developed by the industry, incorporating specialized packaging featuring "shielding" capabilities. The aim is to produce a package permitting effective heating of several different foodstuffs, providing greater oven flexibility.

The report categorizes convenience foods into preplated meals and sandwiches. The former comprise any combination of two or more food products in plated or casserole form. Sandwiches consist of bread or rolls plus other food products such as ham and cheese, hamburgers, frankfurters, etc. Microwave ovens are categorized as two types, consumer units (powered by a 110-volt system) and commercial models which are more rugged, with a manufacturers warranty and a 220-volt system.

Six Advantages

Frost & Sullivan lists six main advantages inherent to the microwave oven in combination with convenience foods. First, dollar savings are obtained from less waste and labor in preparing foods. The combination also eliminates the variety of food purveyors and suppliers required for conventional foods, limiting them to one or two sources. Storage and inventory control are also immensely simplified, with cooking costs an important economic dividend.

The microwave oven uses power only when in service, and requires a relatively short cooking time that is controlled and comparatively inexpensive. The unit's acceptance has been effectively increased by the manufacturers rather than the food processors, through national promotional campaigns supported by on-site demonstrations. Moreover, though these marketing efforts are aimed at the consumer—who generally cooks from the raw food state—they are well endorsed by the commercial user's stamp of approval in the form of continual and expanding applications in the food service approach.

Hospital Market

The F&S report points out, "Food services to hospitals ($5.5-billion in 1977), averaging 4.4 meals per patient, per day, equating with 1.9-billion meals annually (plus anotl er 1.6 billion for staff and visitors), have been and will continue to be a strong impetus for growth of the microwave oven and convenience food markets." In the future, hospitals will tend to be larger, with less small hospital construction. The fact is, use of convenience foods in combination with microwave ovens can reduce labor requirements from 25% to 40%. For this reason, large clinics, nursing homes, correctional institutions, the military, schools and colleges, etc., are fast joining such traditional operations as fast food chains, full service restaurants, recreational and entertainment enterprises.

For more information contact Customer Service, Frost & Sullivan, Inc., 106 Fulton Street, New York, N.Y. 10038, Telephone: (212) 233-1080. Reference Report #551.

Back to Convenience Foods

In an analysis of "Changing Consumer Food Buying Habits," Edward A. Jones, a researcher with Mitchell, Hutchins Inc., points to varied consumption patterns for major breadstuffs products as supporting his thesis that the insistence upon value and price displayed by consumers in the 1972-75 inflation and recession period "is now relaxing for food and other daily need products." Thus, Mr. Jones points to a trend toward increased purchases of so-called convenience foods, as compared with the trend toward "basics" in the earlier period.

At the same time, he warns that this trend back to convenience foods is "fragile and could be quick to change substantially with any near-term economic setback."

Following is Mr. Jones's analysis of the current state of consumer demand for food, in part:

Inflation Changes Habits

In a December 24, 1973, report entitled "Inflation and the Changing American Diet," we promulgated the thesis that sharply rising food prices were causing American consumers to change their food buying habits in order to protect their declining real personal income. Basically the American housewife turned to the lower priced foods, concentrated on specials, became more price and value conscious, did more baking and cooking in the kitchen, avoided the more fancy packaged foods such as frozen vegetables in a plastic pouch, and made more frequent shopping trips. The move towards more home cooking was seen in rising unit sales for family flour after many years of declining sales. The consumer turned from more expensive beef to tuna, breakfast cereal, and soup. These changes began in 1973 and persisted until the beginning of 1977.

The severity of the 1972-1975 inflation and economic recession prolonged the consumers' price consciousness more so than has been usual during years of economic difficulty since World War II. The greater emphasis on price also made new product introductions less desirable for food processors unless the new entry offered a greater value than existing products.

Less Price, Value Emphasis

With the national economy in its third year of economic recovery and with rising employment and real personal income, the consumer became more optimistic about his and her economic well being and outlook dur-

(Continued on page 26)

Back to Convenience Foods

(Continued from page 24)

ing 1977. The insistence upon value and price is now relaxing.

The change in consumer sentiment is seen in the return to frozen foods which suffered so much in 1974 and 1975, the increased movement of recipe and other fancier products, a greater tendency to buy the higher price points within a given food category, and the end of unit sales growth for cooking ingredients.

A good indicator of the public's changing buying habits is seen in family flour unit sales, even though market research studies show that 80% of its retail sales are to 18% of the population. Family flour is flour bought in supermarkets for home baking. After many years of declining about 2% annually in units, family flour sales rose spectacularly starting in the summer of calendar year 1973. Unit sales were up 40% year to year in the three months of July through September, 1973. After three years of higher unit sales, family flour sales had a slight decline for the 12 months ended May 31, 1977. By far the two most important brands are "Gold Medal" of General Mills, which has about 35% of the market, and "Pillsbury's Best," which has about 20% of the market. Therefore, because these two brands are dominant and each of the two companies have fiscal year ended May 31, we have given the year to year unit changes in family flour in the following table for the 12-month period which corresponds with the fiscal year for those companies.

Change in Family Flour Unit Volume
Year End May 31

1977	1976	1975	1974	1973
−0.5%	+3.7%	+0.7%	+9.0%	−2.0%

Since last May, family flour unit volume remained flat until November. The increase in November reflected heavy ordering by the grocery trade in advance of a price increase.

Distinct Slowdown in Cereals

Several other products that benefitted from the public shift to lower priced foods in 1973-1975 are experiencing a sharp sales slowdown in the current year. After six flat years, ready-to-eat (RTE) cereal tonnage consumption increased by 41.4% in the five years 1972 through 1976. That is equal to 7.2% annually. Then, for the 12 months ended Sept. 30, 1977, RTE cereal industry tonnage was up only 2% over the prior 12 months. It may do a little better than this in the final quarter because that was the weakest part of last year, but there is a distinct slowdown. For the next several years, RTE cereal consumption may grow at a 2 to 3% annual rate.

Elsewhere, after a brief flurry, biscuit and prepared cake mix sales have flattened out this year, although specialty snack cake sales are doing well. The variation in cake mix unit sales over the last several years are shown below.

Year-To-Year Change in Cake Mix Unit Volume
Year End May 31

1977	1976	1975	1974	1973
7%+	+9%	flat	−3%	+10%

In the total cake mix market Pillsbury is the leader followed by General Mills. Pillsbury's market share got a boost with a very successful Bundt cake introduced in its fiscal year 1973. While Bundt sales have tailed off, Pillsbury's market share has improved because of another successful introduction, "Pillsbury Plus." Pillsbury Plus, which has a pudding in the mix, was introduced in 1976 and went national in early calendar year 1977; it represents the company's successful return to the two layer cake mix business where the leader is Proctor & Gamble's "Duncan Hines" brand.

Hot Cereals, Pancake Trends

Hot cereal sales had experienced a modest decline in sales for many years. Then in 1974 they rose 10-12% and again were up in 1975 and 1976 but to a lesser degree. Their sales in 1977 are flat year to year. Quaker Oats is dominant in hot cereal, and the company is the leader in pancake mix. Its "Aunt Jemima" brand is roughly a 45% market share, in pancake mix; second is Pillsbury's "Hungry Jack" pancake mix with a 25% market share. Pancake mixes have shown little growth over the last decade; a flat year was a good year prior to 1972. Their unit sales picked up substantially and rose 10-12% in both 1974 and 1975. They plateaued in 1976 and this year are flat on a year to year comparison.

A relatively new product line in the last five years is cookie mixes. In recent years their sales are showing 10-15% annual increases and are stimulated by an influx of new products. Recently, both Quaker Oats and General Mills have introduced new mixes.

Frozen Foods Turn Upward

A good barometer of consumer food spending is frozen foods. They are a highly visible convenience food and generally cost more than the equivalent fresh produce. Even when the latter is not true, the public thinks of frozen foods as being more expensive. Therefore, it was not surprising that frozen foods suffered a serious sales decline in 1974-75. In dollar volume, all frozen vegetables sales are up 16.7% for the 12 months ended July 1, 1977.

So, too, with Sara Lee which has the lion's share of the frozen cake market. In mid-1975, when the economic picture was dark, Sara Lee of Consolidated Foods introduced a fancy high priced "International" line of frozen cakes. The new two layer "Black Forest" retailed at $2.19, compared with the regular Sara Lee chocolate cake at $1.79.

Frozen Pizza up 15% a Year

In a field as broad as food, there are always those products which enjoy superior growth regardless of economic conditions. Frozen pizza has been one of the fastest growing items in the food store. Over the last five years frozen pizza sales have been growing about 15% annually.

Pizza, both frozen and non frozen, should continue to grow. It is a fun food that appeals to children, easily prepared, and is endorsed by nutritionists who deplore junk foods.

More Willing Now to Spend

Our theme here has been that the consumer is shifting back to convenience foods and away from staples as their economic well-being and outlook improves. However, the consumer has not forgotten completely the trauma of the inflation economic distress of the years 1972-1975, so that her price consciousness of those years is receding but is still present. Accordingly, the swing to convenience foods is occurring, but is not as pronounced as has been true in previous business cycles.

Experts Expound on The New Inflation

"If I had a shopping center, I'd say to President Carter, 'Why don't you sleep here?' . . . spend the night roaming around and looking at my inventory, see what it costs me. I'll have our auditors here with him. That's what I'd do," says Eliot Janeway.

The well-known economist, interviewed in the July **Progressive Grocer** along with nine other experts on inflation, urged individual super market owners to dramatize vigorously the negative effects continuing inflation is having on store profits. "Look at what the farmers did. They got Washington on its ear," continued Mr. Janeway.

Leadership, he notes, needs to begin at the bottom in this case. The individual super market owners should dramatize their plight to government officials at all levels.

The consensus among the experts is an indefinite period of double-digit inflation which will continue to affect shoppers and store operators adversely. In light of their perceptions, Ruth Clark, Senior vice president, Public Opinion Division, Yankelovich, Skelly and White, Inc., Inc., New York, N.Y., discusses consumer reactions and altered buying patterns. Ellen Haas, Director, Consumer Division Community Nutrition Institute, Washington, D.C., deals with the relationship of inflation to nutrition.

Others interviewed by **Progressive Grocer** in an issue covering a wide-range of approaches to inflation include Richard Aycrigg, Director of marketing research, Nielsen Clearing House, Clinton, Iowa; Tom Lenard, Senior economist, Council on Wage and Price Stability, Washington, D.C.; Sam Nakagama, Economist, Kidder Peabody & Co., New York, N.Y.; Mercedes Bates, Vice president-director of Betty Crocker Food and Nutrition Center for General Mills, Minneapolis, Minn.; Bill Bishop, President, Willard Bishop Consulting Economists, Barrington, Ill.; Kenneth L. Robinson, Professor of agricultural economics, Cornell University, Ithaca, N.Y.; and David Wexler, President and publisher, Institutions magazine, Chicago, Ill. They talk about generics, couponing, store formats, eating out, the spectrum of inflation-related issues.

PROGRESSIVE GROCER— 1978 Guide to Product Usage, July, 1978

In the list of 175 most-used super market grocery products, packaged pasta appears as No. 34, canned pasta No. 120, spaghetti sauce in jars or cans 104, canned soup 16, dry soup mix 98, dinner mixes (add meat/fish) 146.

Base Group: Homemakers	Packaged Pasta	Canned Pasta	Spaghetti Sauce (Can/Jar)	Canned Soup	Dry Soup
Users	86.6%	41.2%	49.2%	92.2%	51.6%
Heavy Users	8.8	8.7	11.1	31.8	12.0
	Eaten 2 or 3 times a week or more.	once a week	once a week	3 or more a week	once a week
% Heavy Users vs. Average %					
New Eng.	+40	+53	+67	—	+45
Mid Atlan.	+62	—	+81	+19	+51
East Cen.	—	+ 7	—	+16	—
So. East	—	+54	—	—	—
Pacific	—	—	—	—	+19
Type of Area:					
Suburban	+21	—	+29		
Rural	—	+15	—		
Household Income:					
$20,000-$24,999	+15	+ 7	+ 7	—	+25
15,000- 19,999	+10	—	+ 6	—	+14
10,000- 14,999	+ 8	—	—	+ 6	—
5,000- 9,999		+16			
under 5,000		+11			
Age Group:					
18-24	+ 8	+36	—	—	—
25-34	+27	+43	+13	+15	—
35-44	+34	+22	+38	+28	+23
45-54	+12	—	—	+ 7	+ 7
Race:					
Black	+27	+71	+17	+ 9	—
Other	+118	+99	+49	+33	+85
Employment:					
Part Time	+ 8		+33	+ 8	+14
Not Employed	+ 6				
Marital Status:					
Single		+20		+ 7	Widow Sep.
Married	+ 9				
Parents	+42	+50	+27	+30	+12
Household Size:					
3 or 4 persons	+13	+24	+11	+15	
5 or more	+79	+57	+50	+57	+18
Users, Heavy	10.2%	21.1%	22.6%	34.5%	23.2%
% of Consump.	39.9%	61.5%	59.4%	64.5%	68.2%

In addition, the July **Progressive Grocer** provides demographic profiles of important product categories: Detailed facts-and-figures measuring how people buy and how products move. The entire issue is designed to help grocers counter-attack inflation by fine-tuning stores to their "people mix."

Congress Urged to Curb Spending

The Grocery Manufacturers of America, Inc., has called on Congress to hold down Federal government spending in an effort to help control food prices.

George W. Koch, President of GMA, in testimony before the House Agriculture Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, said ". . . that in any search for answers to rising food costs in any economic area, the inflated buck begins here."

Defending against charges that food costs are rising too rapidly, Koch went on to point out that during the period from 1967 to 1977, while the cost of food that Americans eat at home increased 90 percent, the tax bite went up 144 percent, and the bite for the Congressional budget rose 360 percent. He continued, ". . . Last year, 1977, the American consumer-taxpayer paid $16.7 billion more in taxes than for the basic three necessities of life—food, clothing, and shelter—combined."

Mr. Koch then pointed out that acts of government were a major cause of

(Continued on page 30)

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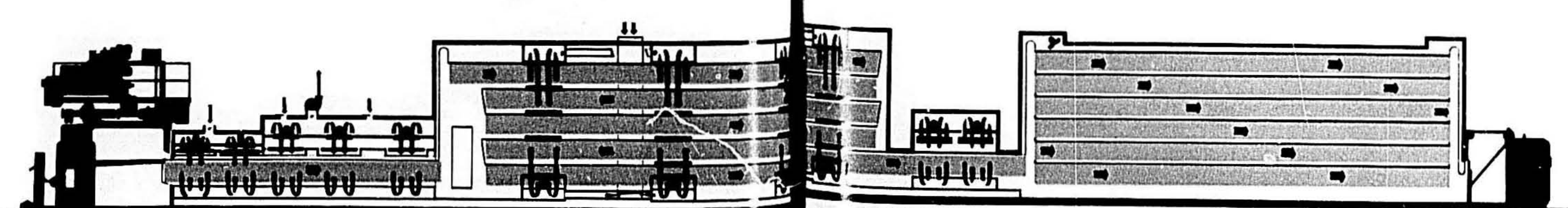

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Curb Spending

(Continued from page 27)

increasing food costs through expanded bureaucracy and regulation. Quoting Dr. Murray Weidenbaum of Washington University in St. Louis, he said, "The costs of regulation show up in higher prices of the goods and services that consumers buy—the hidden tax imposed on the consumer by government regulation."

The GMA, at its annual meeting in June, unanimously passed a resolution endorsing the President's voluntary program of price restraint. Koch urged the Subcommittee to follow the spirit of that Administration program by exercising fiscal responsibility and holding down spending on government programs which would increase food prices.

GMA Elects Officers

Thomas S. Carroll of Lever Brothers Company has been elected Chairman of the Grocery Manufacturers of America, Washington based trade association of the leading manufacturers and processors of products sold in retail grocery outlets throughout the United States.

Other GMA Board officers elected to one-year terms at the annual meeting are Vice Chairman: James L. Ferguson of General Foods; President: George W. Koch; Secretary: Robert M. Schaeberle of Nabisco; and Treasurer: William H. Spoor, Pillsbury Company.

Supermarkets Caught In Squeeze

In the keynote address delivered to the annual meeting of the National-American Wholesale Grocers' Association at the San Francisco Hilton, Edgar B. Walzer, President and Editor-in-Chief of Progressive Grocer, stated that despite retail food sales increases of nearly $11 billion, the industry was caught in a universal squeeze condition caused by the upward pressure of costs and the downward push of competition.

The added sales produced about $2 billion in extra gross profit, but about three-quarters of it was eaten up by higher labor costs. Then too, energy took another big bite—about $250 million more than last year, he said.

Independent supermarket sales increased 9.7%, well ahead of the all-industry 7.1%, but less than half earned more dollars of net profit. "Some observers estimate that a store now has to sell 6% more a year just to stay even," said Walzer. Chain sales went up 6.9% while energy and labor had median increases of 20% and 10 respectively, adding to the margin squeeze. According to 64% of chain officers surveyed by Progressive Grocer, productivity did not keep pace with wage boosts.

Distribution Centers

Many of today's trends favor efficient distribution center operators, said Walzer. Some companies with insufficient volume are banding together to take advantage of quantity purchasing, sometimes pooling funds to hire specialists none could afford individually. So, by joining forces, small wholesalers are achieving economies of scale and upgrading their headquarters staffs. The wholesale contingent once again outperformed the industry as a whole, according to Walzer, with voluntary group sponsors setting the pace. A steadily growing portion of total industry volume is moving through wholesale distribution centers and all indications are that this trend will continue. Although 87% of the firms surveyed by Progressive Grocer had increased sales, only 56% were able to increase their dollar margins and only 51% their net profit dollars. The wholesale segment is sound but feeling the pinch of costs and competition.

Games and Merchandising

Chain policy-makers anticipate trends toward games and customer services, an increase of hot specials, and showy merchandising. Walzer pointed out that a Progressive Grocer study of working women found their shopping habits very different from those of their non-working counterparts—causing new shopping and buying patterns. Experimentation to meet this new challenge is taking place not only within departments, but in store formats (limited assortment stores, warehouse stores, family centers, etc.) 40% of the chain executives surveyed see the super store as the store of the future.

Generic or no-name brands bear watching, he said. A number of stores have introduced no-name items with significant savings over national and even store brands, but the jury is still out on consumer acceptance.

"Breaking the squeeze will surely involve expanded use of scanning," said Walzer, to provide data for better labor scheduling, shelf allocation, promotional pricing, special display decisions, shrink control, etc. He added that moves toward new store formats may split the industry into more specialized segments and anticipated greater distribution center efficiency.

1977 Slow Year For Supermarkets

For the supermarket industry, 1977 was a year of continued low profits, low productivity and slow sales growth, when the industry was "still learning to cope," according to an annual survey by Food Marketing Institute. A record number of 380 companies responded to the survey.

Timothy M. Hammonds, FMI senior vice president, declared:

"It's encouraging to see the industry being flexible and taking a hard look at ways to improve productivity and satisfy the customer. But there's still a long way to go. This industry will undergo major rethinking for the next few years."

Wholesale Sales

Real wholesale sales grew faster than real retail sales last year, a continuation of past trends, according to the survey.

Wholesale sales were up 9.2% over 1976, but real wholesale sales were up only 4.1%, less than half last year's rate. Independent customers made up almost 50% of wholesalers annual volume, corporate stores accounted for 23%, and only 13% of sales came from chains.

Retail sales were up 9.5% over 1976, but the real retail sales increase was 3.3%. As with wholesalers this was about half the 1976 rate.

"Clearly, it's not a bright picture," Hammonds said regarding the 1977 sales figures. "But it's hard to see how it can be improved. The population growth rate has slowed. I think the industry will have to learn to live with rates of increases of sales considerably less than what would have been predicted in the early 1970s."

Capital productivity is up slightly, according to data provided by Forbes

(Continued on page 32)

1977 Slow Year

(Continued from page 30)

magazine, Hammonds said. Return on assets for 1977 was 9.3%, a small increase from 9% in 1976.

The Forbes figures show a return on net worth of 12.7%, the same as the previous year. Based on a 5-year average return on equity, the industry ranks 19th of 30 industries surveyed by Forbes.

The industry's net profit before taxes was 1.4% in 1977 compared with 1.3% in 1976, Hammonds said. "Profit levels are still a problem. After-tax profits are roughly half of the net profit margin before taxes. The ability to generate capital internally through profits is still a major problem. It will take this kind of capital to open new stores and to put productivity improvements into effect."

One reason profits are still a problem is that average weekly store sales in 1977 did not keep pace with the rate of inflation. Average weekly store sales rose 3.6% to $75,000, a slower pace than 1976's 6.5% increase. Chains outpaced independents with a weekly sales increase of 6.3% versus 4.2%.

Labor: Biggest Expense

Labor costs are 55% of "store door" margin, he said. "Labor is the largest single expense item. For most large food chains, labor costs increase at the rate of about 10% per year."

With costs rising and measures of sales declining, stores turned increasingly in 1977 to promotional activity. "The somewhat more relaxed mood of consumers was accommodated by retailers with more promotional activity," Hammonds said. "All promotional techniques are becoming more popular. There was an increase in the use of trading stamps for the first time in over a decade. Continuity programs saw the largest increase of any promotional activity."

The consumer mood was more relaxed in 1977 than in 1976. "Outrage at rising food costs was at a four-year low," Hammonds said. "But an overwhelming majority of consumers still anticipate food price increases, and a really disturbing point is that the percentage of customers who thought the supermarket industry in more concerned with profits than public responsibility rose. I'm not sure we know why this happened."

Complaints Cause Switching

Fifty-one percent of American families encountered a product defect within the past year. Refrigerated and frozen foods headed the list of offenders—with mentions by 18% and 16%, respectively, of 1000 sample homes in a recent study by the Customer Research Services Gallop of A. C. Nielsen Company. While product complaints overall were down 3 percentage points from a similar study in 1975, a sizable 31% of complaining shoppers said they would not buy the offending brand again—a figure up 6 percentage points from the previous reading.

Other foods, in order of complaint frequency, were: packaged dry products, 14%; canned goods, 13%; snacks & confectionery, 9%; and carbonated beverages, 7%.

Product freshness (or lack of it) produced 80% of complaints among refrigerated foods, rated top priority with canned goods and snacks & confections, and is mentioned as a "problem" in all other categories except carbonated beverages. Other top-rated complaint areas: in frozen foods—freezer burn; in packaged dry goods—contamination; in carbonated beverages — excessive / insufficient carbonation.

Packaging Complaint

Packaging complaints generally referred to chipped, broken, or leaky containers—except in the case of aerosols, where 80% of complaints concerned a clogged or inoperative valve.

Least popular form of processor-response to a complaint was a written apology; most effective response was to replace the goods free-of-charge—which proved satisfactory to every respondent who received it. As for prevention, the survey suggests that product surveillance programs include continuous monitoring at point-of-sale, as well as addition of a consumer affairs specialist to the company staff.

Scanner Use Increasing

There were 201 scanner installations operating in supermarkets as of the end of 1977, according to Food Marketing Institute, with seven added in December.

According to FMI's yearend scanning update, Giant still is the industry's leading scanning user, with 34 installations, or 17 per cent of all systems operating. Wegman follows, with 16 installations or 8 per cent. Third is AG of Kansas, with 12, or 6 per cent. Lucky, Ralphs and AG of Seattle have seven installations each, for a 3 per cent share.

The scanning vendor breakdown is as follows: IBM, 113 installations, or 57 per cent of the total; NCR, 51 installations, 25 per cent; Datachecker (National Semiconductor), 21, 11 per cent; Sweda, nine, 4 per cent and Univac, seven, 3 per cent.

At the end of 1974, six scanner installations were operating in supermarkets. The total rose to 42 by the end of 1975 and 103 at the end of 1976, and now is at 201.

Truck Operation Costs Up

The latest annual commercial vehicle expense study issued by the Hertz Truck Division shows average per-mile ownership and operating costs of typical fleet trucks rose more than 11% in 1977, bringing the increase over the past five years to nearly 67%. The lease-rental company's survey covered units ranging from 18 foot local delivery vans to the largest 18 wheel over the road combination vehicles. The truck figures are higher than an average 7% increase in new passenger car running expenditures, according to Hertz. The five year truck operating cost increase was half again as much as the 44% cost of living increase during the same period. For an 18 foot gasoline powered, short haul van traveling its typical 15,000 miles annually and kept for an average five years, per mile outlays averaged 66.2%. In 1973 it was 39.8¢, and in 1976 it was 59.2¢. The Hertz Company said that there could be a 15-20% difference in costs based on geography alone.

European Packaging Machinery

In 1976 equipment manufacturers within the Europe Economic Community countries turned out $1.1 billion worth of product, an output that will reach $1.3 billion in 1980 and $1.5 billion in 1985, according to a new study by Frost & Sullivan Inc. in New York City.

Quarterly Durum Report

The Crop Reporting Board on July 1 forecasted durum wheat production at 119 million bushels (3.25 million metric tons), 49 percent more than 1977, but 11 percent less than 1976 production. Yield forecasted at 30 bushels per acre, up 3.6 bushels from last year and up 0.6 bushel from 1976.

Acreage for harvest is set at 3.98 million acres compared with 3.03 million acres in 1977 and 4.58 million acres in 1976. No wheat stem rust has been observed in durum fields in the Upper Midwest.

The outlook for North Dakota is excellent with maturity slightly later than usual. In mid-July about 50 percent of the crop was headed into the heavy producing areas and has the potential to produce yields of 30-35 bushels. Harvest in northern counties is expected to begin in mid-August.

South Dakota's durum harvest should get underway the first of August. Stands north of Watertown to Aberdeen and Mobridge are excellent with 30-bushel yields expected. Yields for the balance of South Dakota are expected to be in the 25 bushel range.

Montana durum development lags about seven days behind other areas with crops ranging from early boot to milk. Prospects are higher than average with favorable growing conditions, and yields could be 30-35 bushels.

Stocks

U.S. durum stocks on June 1 in all positions totaled 67.5 million bushels or 1.84 metric tons, according to the Crop Reporting Board. This is 26 percent less than a year ago, amounting to 91.8 million bushels or 2.50 metric tons. Farm-held stocks were 49.6 million bushels (1.35 million metric tons), and off-farm holdings were 17.8 million bushels (486 thousand metric tons). Indicated disappearance from all positions during April and May, 1978 amounted to 23.9 million bushels (651 thousand metric tons) compared with 16.5 million bushels or 448 thousand metric tons during the same period in 1977.

Exports

U.S. exports of durum for the past crop year totaled 57.8 million bushels (1.6 million metric tons), an increase of 18.2 million bushels over last year. The largest importers were Algeria, Italy, Netherlands, and Tunisia taking 1.1 million metric tons. Durum exports out of Duluth/Superior since the opening of the shipping season through July 5, amounted to 23.4 million bushels compared to 9.2 million a year ago.

Canadian Situation

Durum wheat acreage, according to Canadian statistics, increased to 3,550,000 acres compared to 1,800,000 grown in 1977. The visible supply of Canadian durum in licensed storage and in transit on June 21 amounted to 732 thousand metric tons, 237 thousand metric tons less than a year ago.

Canadian exports of durum wheat in June-May, 1977-78 amounted to 2.2 million metric tons, compared to 1.6 million a year ago.

Algeria, Italy, and the U.S.S.R. were the largest importers, taking 1.9 million metric tons.

Durum Markets in July

No. 1 Hard Amber durum ranged from \$3.42 to \$3.60 per bushel Minneapolis with semolina quoted at \$9.00 to \$9.35, granular 15¢ less, durum flour 40¢ less.

Egg Review

According to the Crop Reporting Board the nation's laying flock produced 5.3 billion eggs during June. Three percent more than a year ago. Layers on July 1 totalled 270,000,000, 2% more than the 265,000,000 a year earlier.

Rate of lay on July 1 averaged 65.4 eggs per 100 layers, compared with 64.6 a year earlier and 66.5 on June 1, 1978. Egg-type chicks hatched during June, 1978 totaled 45,500,000, up 2% from a year ago. Eggs in incubators on July 1 at 35,100,000 were 1% above a year ago.

Egg Products—July Prices

Central State Nest Run—\$9.30 to \$13.20
Southeast Nest Run—\$9.30 to \$12.60
Frozen Whole—36¢ to 41¢
Frozen Whites—26.5¢ to 31¢
Dried Whole—\$1.45 to \$1.70
Dried Yolks—\$1.38 to \$1.56

Harvest Begins

Durum Wheat harvest began in North Dakota in early August and quickly moved into full swing with excellent harvesting conditions according to the North Dakota Crop & Livestock Reporting Service. Yields varied widely in South Dakota, Minnesota, and early counties of North Dakota, short of expectations in southern portions. Protein also varied considerably with indications of lower levels in high producing sections of North Dakota. The boxcar shortage remained critical, and storage availability was a major concern.

A D M Earnings Down

Net earnings of Archer Daniels Midland Co. in the fiscal year ended June 30 were down 8% from the previous year, but were the third largest in the company's history, according to preliminary unaudited figures.

ADM's net income for the 1978 fiscal year totaled \$56,597,000, equal to \$1.81 a share on the common stock. That compares with net income of \$61,404,000, or \$1.97 a share, in the previous year and the record net of \$65,203,288 in the year ended June 30, 1976.

Earnings per share reflect 31,210,576 shares outstanding, adjusted for the 5% stock dividend paid in September, 1977. The company's board of directors declared a 5% stock dividend, payable Sept. 20, 1978, to holders of record Sept. 1.

The board also voted the regular quarterly dividend of 5¢ a share on the common stock, payable Sept. 1 to holders of record Aug. 10. This will be ADM's 207th cash dividend and 187th consecutive quarterly payment, a record of more than 46 years of uninterrupted dividends.

ADM does not report sales in unaudited financial data. For the year ended June 30, 1977, the company had record sales of \$2,114,16[illegible],000, surpassing \$2 billion for the first time.

Tax Adjustment

The company said net earnings for fiscal 1978 reflect an adjustment of deferred taxes previously provided on earnings of the company's Domestic International Sales Corporation (DISC), "which are now planned to be indefinitely invested in international operations." This adjustment in taxes increased net earnings by about \$10 million, or 32¢ a share, in the fourth quarter and for the full fiscal year.

CONSTITUTION AND BYLAWS

National Macaroni Manufacturers Association as amended in convention, July 12, 1978

Article I—**Name**—The name of the organization shall be: National Macaroni Manufacturers Association.

Article II—**Objects**—The purpose of the association shall be:

(a) to promote and safeguard the welfare of the macaroni and noodle manufacturing industry, and

(b) to elevate macaroni products and noodle manufacture to the highest plane of efficiency, effectiveness and public service.

Article III—**Membership**

Section 1—**Eligibility**—The membership of the Association shall consist of individuals, partnerships, corporations, associations or other entities engaged in the manufacture of macaroni and/or noodle products and of allied or supplying industries connected therewith. Such membership shall be divided into three classes, namely:

(a) **Active Members**—Limited to those actually engaged in the manufacture of macaroni products and/or egg noodles;

(b) **Associate Members**—Limited to those actually engaged in packaging or marketing macaroni and/or egg noodles but not manufacturing the same.

(c) **Allied Members**—Limited to those actually engaged in lines or services connected with the macaroni and/or egg noodle products industry.

Section 2—**Application and Election**

(a) **Active and Associate Membership**—Shall be conferred on applicants who are sponsored by at least one Active Member in good standing and upon receipt of a majority vote of the Board of Directors;

(b) **Honorary Membership**—Shall be conferred only upon recommendation of the Board of Directors approved by a three-fourths vote of the Active Members present at a regular meeting.

Section 3—**Suspensions and Reinstatements**

(a) **Resignations**—Resignations of Members in good standing shall be submitted in writing to the proper official after payment of dues to date;

(b) **Expulsions**—[illegible] may be expelled [illegible] by a three-fourths vote of the Board of Directors, or of the Association;

(c) **Suspensions**—Members in arrears for dues for a period of six months become automatically suspended;

(d) **Reinstatements**—Reinstatement of Members can be made only on full payment of any former indebtedness to the Association, application having been duly approved by a majority vote of the Association or its Board of Directors.

Article IV—**Privileges of Members**

Section 1—Active Members in good standing shall have full membership rights. Only such members shall have the right to vote; sit in executive sessions and to hold office.

(a) Each member shall be entitled to one vote only. If membership is in the name of a firm, corporation or other legal entity, it shall be entitled to one vote only, irrespective of number of branches, plants, subsidiaries it may have.

Article V—**Board of Directors**

Section 1—**Governing Body**—The Association shall be governed by a Board of 13 Directors. They shall be active members supporting both the National Macaroni Manufacturers Association and the National Macaroni Institute.

(a) Membership of the Board of Directors shall be limited to one Board Member for any one macaroni company. For purposes of this section, one macaroni company means one corporate entity or one individually owned company.

(b) The immediate past president shall automatically be a member of the Board.

Section 2—**Election**—The Directors shall be elected at the annual meeting of the Association by a majority of the votes of Active Members present and voting. The term of office of each director shall be for one year. Any vacancies occurring in the interval between annual meetings shall be filled by the Board.

Section 3—**Quorum**

(a) **Board Quorum**—At any meeting of the Board of Directors a majority of the Board shall be necessary to constitute a quorum for the transaction of business.

(b) **Association Quorum**—At Annual or Special meetings of the Association, 20% of the members in good standing shall constitute a quorum for the transaction of business.

Section 4—**Duties and Powers**

(a) The Board of Directors shall have the control, management and direction of the affairs of the Association and all the powers thus implied. They shall in all cases act as a Board regularly convened and in the transaction of business, the act of a majority of a quorum present at a meeting duly assembled shall be the act of the Board.

(1) Any Director may resign his office at any time, such resignation to be made in writing and to take effect immediately without acceptance.

(b) The Board of Directors may appoint an Executive Committee of five Directors of whom the President shall be one, to which the Board of Directors may delegate any of its powers. Three members shall constitute a quorum of the Executive Committee.

Article VI—**Officers**

Section 1—**Officers**—The Officers of the Association shall be a President; First Vice President; Second Vice President; Third Vice President; Secretary and Treasurer.

(Continued on page 38)

Section 2—**Election**

(a) The officers of the Association shall be elected by the Board of Directors immediately following the annual meeting of the Association. The election shall be by ballot by a plurality of votes of the Directors present.

(b) The Directors shall elect the officers from their own number only, except that the office of Secretary-Treasurer may be held by one person who need not be a director or member of the Association.

(c) Officers shall hold office for a period of one year or until successors are elected.

(d) Any vacancy occurring in the interval between meetings shall be filled by the Board.

Section 3—**Duties**—Each officer shall perform the duties customary to his office, unless the Board of Directors otherwise determines.

Section 4—**Special Activities**—The Board of Directors in furtherance of the purposes and objects of the Association may,

(a) Form, create, organize and establish special departments, committees, subsidiaries and other legal entities outside or within the Association and to appoint, elect or designate officers therefor.

(b) Contract with, employ or engage persons, corporations, associations or others to perform special functions and activities.

(c) May establish, among others, the following special agencies or offices:

1. Director of Public Relations
2. Director of Research
3. Editor of Association's Official publication

(a) The duties of such special agencies and offices; the compensation therefor; and the duration of office shall be in the discretion of the Board.

(b) Any two or more such special activities or offices may be reposed in one person if the Board so determines.

Article VII—**Revenue**

Section 1—**Fiscal Year**—The fiscal year of this Association shall begin January 1st.

Section 2—**Dues of Members**—All dues are payable in advance on January 1st each year. Firms choosing to do so may pay quarterly or semiannually in advance. (The dues of New Members shall be prorated for the balance of the fiscal year.)

(a) **Active Members** shall pay annual dues at the rate of ($1.20) per hundredweight on company's and subsidiaries average daily production based on each preceding year with a minimum of $120 a year and a maximum of $1,440 a year. Said average daily production figures shall be certified to the Secretary-Treasurer at the beginning of each year by the Chief Executive of the Member firm.

(b) **Associate Members** shall pay dues of $250 a year.

(c) **Allied Members** shall pay dues of $200 a year.

Article VIII—**Meetings**

Section 1—The annual meeting of the Association shall be held at such time and place as the Board of Directors shall designate. Written notice of such meeting shall be given Active Members at least 30 days in advance thereof.

Section 2—The President shall call a special meeting of the Association upon the request of the Board of Directors or upon the written request of at least 20% of the Active Members in good standing.

Section 3—The Board of Directors shall meet for organization each year immediately after election at annual meetings of the Association.

(a) The Board of Directors shall meet upon the call of the President or five Directors.

Section 4—Regional meetings may be called by any Vice President or Director for the purpose of exploration and recommendation to the Board.

Article IX—**Committees**—The following Association Committees shall be appointed by the President with the approval of the Board of Directors:

(a) **Convention Committees**—To be named on or before the opening day of the Annual Meeting and to serve during the convention period unless otherwise authorized:

1. Auditing ....3 Members
2. Nominations ....7 Members
3. Resolutions ....3 Members

(b) **Standing Committees**—Chairman of each to be named by the President immediately after the Annual Meeting to serve for his term:

1. Membership
2. National Affairs
3. Standards and Research
4. Durum Relations
5. Convention Sites
6. National Macaroni Institute

Article X—**Corporate Seal**—The corporate seal of this Association shall have engraved thereon "National Macaroni Manufacturers Association" and in the center, the word, "Seal." It shall be kept by the Secretary-Treasurer and affixed to all papers and documents required to be executed under the corporate seal of the Association.

Article XI—**Amendments**—This Constitution and Bylaws may be amended at any regular or special meeting of the Association by two-thirds vote of the Members present and voting, or by mail by a two-thirds vote of the Members voting.

CONSTITUTION
National Macaroni Institute, Incorporated
as amended in convention, July 12, 1978

Article I—**Name.** The name of this organization shall be: National Macaroni Institute, Incorporated.

Article II—**Objects.** Its objects are to advance the general interests of the macaroni-noodle industry and to popularize macaroni-noodle products through research and publicity.

Article III—**Place of Business.** It is incorporated under the laws of the State of Illinois as a "No For-Profit" organization with its principal place of business in Palatine, Illinois.

Article IV—**Membership.** The membership is composed of macaroni-noodle manufacturers and allieds, willing to collaborate in improving the quality of macaroni-noodle products through study and research, in creating wider consumer acceptance and in popularizing macaroni-noodle products to increase their per capita consumption.

Article V—**Governing Body.** The organization shall be governed by the

(Continued on page 40)

National Macaroni Institute Committee composed of the Executive Committee of the National Macaroni Manufacturers Association plus three delegates at large, who need not be directors, appointed by the President.

Article VI—**Meetings.**

1. The annual meeting of the organization shall be held concurrently with the annual meeting of the National Macaroni Manufacturers Association.
2. Special meetings may be called by the Chairman of the National Macaroni Institute Committee, or the President of the National Macaroni Manufacturers Association.

Article VII—**Funds.** Funds for the operation of the Corporation shall be derived from monthly contributions by members on a basis to be determined by the Board of Directors of the National Macaroni Manufacturers Association, or by sale of promotional materials developed and produced by the Corporation. All funds shall be deposited as a separate and distinct account in a depository designated by the Institute Executive Board and expenditures therefrom are to be made by checks only for the specific purposes for which the Corporation is established.

Article VIII—**Quorum.**

1. At any meeting of the Corporation, regular or special, twenty (20) members in good standing shall constitute a quorum.
2. At any meeting of the National Macaroni Institute Committee three (3) members shall constitute a quorum.

Article IX—**Amendments.** This Constitution may be amended at any regular or special meeting of the organization by two-thirds of the members present and voting.

Registration for Pack Expo

Advance registration for the Pack Expo 78 Exposition this fall in Chicago's McCormick Place closes September 15.

"Save a little bit of money—$2.50 off the $10 at-the-door registration—and a lot of time and energy" is the theme that the Packaging Machinery Manufacturers Institute is using to promote advance registration for the huge U.S. packaging show this year.

"Signing up in advance makes good sense," claims Jack Bodolay, chairman of the PMMI Show Committee.

Show Draws Thousands

"Packaging people come to Pack Expo to see the thousands of machines and the materials displayed inside the show. It doesn't do anyone any good for these packagers to be standing in current registration lines out in the McCormick Place lobby and our advance system avoids that."

More than 30,000 packagers plus an estimated 5-to-7,000 exhibitor personnel are expected to hit Chicago during the October 30-November 3 International Packaging Week which includes the show, the World Packaging Congress seminar program, the PEF Annual Awards Banquet, plus many associations and corporate meetings.

"Those who take advantage of our advance system," explains Bodolay, president of Bodolay Packaging Machines, Lakeland, FL, and of Pratt Mfg. Co., Milwaukee, will receive a registration confirmation, hotel information, and a lot of other material to help plan the trip to the show.

October 30-November 3

"Then, about 20 days before the show begins, we will mail the show badge which enables the packager to walk right into the show and get down to business.

"That's all there is to it," concludes Bodolay.

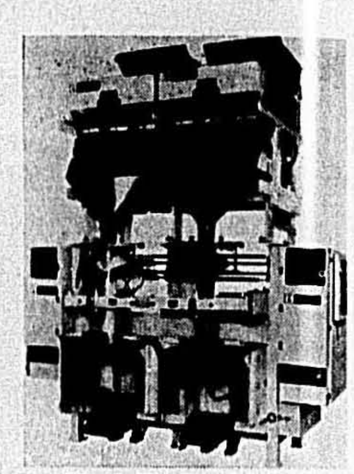
Remember, PMMI must receive the complete forms and the $7.50 advance registration fee no later than September 15.

For sign-up forms, contact PMMI, 2000 K St., N.W., Washington, D.C. 20006, phone (202) 331-8181.

Pack Expo International Packaging Week is sponsored by American Management Associations, Packaging Education Foundation, Packaging Institute, U.S.A., Packaging Machinery Manufacturers Institute, and Society of Packaging and Handling Engineers.

Triangle Exhibit for Pack Expo

An array of complete packaging systems and support equipment will be shown by Triangle Package Machinery Company at PMMI's 1978 Pack Expo, Oct. 30-Nov. 3, at McCormick Place in Chicago.



Triangle Twin Tube Pulsematic

The full systems include a twin tube Pulsamatic bag machine custom-engineered for ready-to-eat cereals, with six Flexitron scales. It is specifically designed to interface with cartoning equipment.

Also on display will be single tube Pulsamatics with auger feeders for flat bottom and fin seal packages, and a custom designed Pulsamatic with Flexitron scales for packaging hard-to-handle products.

Other equipment to be demonstrated in Triangle's exhibit, booth 347, will include a miniature Flexitron system with six scales, a CBH hydraulic vibratory conveyor and the company's Datapak microcomputer information system for packaging operations.

The special twin tube Pulsamatic bag machine has a variety of unique features that keep product out of seals, make packages easy to tuck into cartons, increase settling time, control air to distribute and settle contents, create consumer convenience seals, and the like. It also incorporates advanced solid-state circuitry, fully enclosed quick return dual drives dual controls, sanitary construction and poly sealing jaw systems. Its friction-free solid-state Flexitron scale systems monitor and adjust fine weight, feed, dribble time and checkweigh before discharge.

Three- or four-sided fin seal packages are made on one of the Pulsamatics to be shown, while flat bottom bags are produced by another machine. This unit forms packages so that product cannot interfere with

Triangle Exhibit

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bottom gussets, thus allowing the bags to stand erect.

Datapak will demonstrate packaging information never before available, generating weight trend, scale, cycle and time analyses, plus daily run summaries. This EDP system includes the company's microcomputer, access keyboard, hard copy printer, CRT display and programs specially developed for packagers.

The CBH Conveyor features counterbalanced design to keep vibrations out of the base so the units, which include systems that distribute product on demand to multiple packaging stations, can be used where conventional conveyors would be ruled out.

Corrugated Demand Up

The forecast for corrugated box shipments for 1978 has been revised upward to 7% based on stronger-than-expected first-half results, according to the Fibre Box Association.

Earlier forecasts had projected first-half total shipments of 119 billion square. The actual total is more than 122 billion.

The 7% growth, projected for the Association's members by Merrill Lynch Economics, would mean record 1978 shipments of approximately 243 billion square feet. The $6.7-billion industry's 1977 shipments of 227.2 billion square feet were less than ½% below the 1973 peak year of 228.1 bsf.

Shipments in both the first and second quarters of 1978 set new records, with the first up 7.1% and the second up 8.9% over the comparable quarter of 1977. Second-quarter shipments averaged 9.8 billion square feet per two-week period, and the last period of the quarter topped 10 billion for the first time in industry history.

The new forecast for the final two quarters of 1978 anticipates gains of 7.4 and 5.8% respectively. Both numbers are about 3% higher than earlier projections.

In contrast to the 1978 increases, Merrill Lynch is not as optimistic for 1979. As of late last year, when the 1978 outlook called for a 4% gain, the 1979 forecast indicated almost 3% further growth. Now, however, the prospects of a mild recession indicate a flat 1979 with virtually no increase, or even a slight decline, in box shipments.

Washington Meeting

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noon to 1:15 p.m. At 1:15 Representative Jack Kemp, from the 38th District of New York will comment on the Kemp-Roth proposal which would slash personal taxes by $98 billion via a 33 percent cut in the individual income tax plus a $15.5 billion cut in corporate taxes to be phased over a three-year period.

Business Week Magazine cited this as one of three pieces of evidence to support the belief that a conservative revolution is taking hold. The Kemp-Roth proposal has found surprising support in Congress; the success of William A. Steiger (R-Wis.) in forcing the administration to accept some cut in the capital gains tax as part of its tax package; the passage of Proposition 13 on the June ballot in California.

Congressman Jack Kemp is serving his fourth two-year term in the House of Representatives. He won his first term in November, 1970 at the age of 35.

During 13 years as a professional quarterback, Mr. Kemp played in both the American and National Football Leagues. He led the Buffalo Bills to AFL championships in 1954 and 1965, played in six AFL All-Star Games, and won the AFL's Most Valuable Player Award in 1965.

Time Magazine has designated him as one of the top young leaders in America. When Mr. Kemp was a freshman member in the 82nd Congress the Wall Street Journal identified him as "one of the clear comers in the Congress and one who will quickly emerge from the pack to become a leader in the House of Representatives."

Six years later, the Wall Street Journal in a lead editorial, declared that the Congressman's pending and widely supported Jobs Creation Act "would be a tremendous spur to economic growth" in the U.S. "now and in the future."

Congressman Kemp has been a consistent and articulate advocate on behalf of free enterprise and the reduction of growth and interference of government.

The group will return to the Mayflower Hotel for an afternoon business session starting at 2:30 p.m. Invited to speak are Dr. Edward Schuh, deputy assistant secretary of agriculture for international affairs and commodity programs, who will give us an update on the export situation and world wheat crop.

Dr. Sandy Miller of the Food and Drug Administration will then have some comments to make and will allow time for questions and answers regarding FDA policies.

Congressman John LaFalce has been working on legislation to assist the product liability insurance problem and will make comments and answer questions.

An evening reception will be held in the Chinese Room from 7 to 8 p.m. for the Congressional delegations. All representatives are running for office this fall, and Macaroni manufacturers and allies are urged to know who the candidates are and meet their representatives in Washington.

Congressman Jack Kemp

Paramount Transfers Matzo Business

Paramount Macaroni Company of Brooklyn, New York announced June 30 it had transferred ownership of the A. Goodman & Sons matzo and soup business to Sig Freundlich, Sol Saltzman, and their sons while retaining the corporate name, noodle, and pasta business. Freundlich and Saltzman will operate under Goodman Matzoh Products Inc.

Robert Cowen, Jr., former President of A. Goodman & Sons, has acquired the franchise rights in 15 of New Jersey's 21 counties to own and operate Swensen Ice Cream Factories and Parlours. Swensens began in San Francisco, currently has 200 units operating, and is rapidly expanding throughout the nation.

Changes at Golden Grain

Three key management position changes have been announced by Golden Grain Macaroni Company, San Leandro based food company.

Vincent DeDomenico, General Manager, has been elected President, Dennis DeDomenico of the company's Ghirardelli Division, becomes Secretary-Treasurer, and former President Paskey DeDomenico is the new Chairman of the Board.

Vincent DeDomenico

The 65-year-old company, which has major plants in Chicago, Seattle and the Bay Area, is entirely family owned. A pioneer producer of convenience foods with annual sales of 100 million, Golden Grain also owns and operates important divisions in other fields. Included are the Ghirardelli Chocolate Company with headquarters in the Bay Area, Vernell's Candy Company of Seattle, a manufacturing company which produces microwave dryers for industrial use, and an International Division which makes dehydrated soups for the Japanese market.

Lloyd Skinner Honored

Lloyd E. Skinner, chairman of the board and chief executive officer of Skinner Macaroni Company, was honored for his community and civic work May 18 by the National Jewish Hospital and Research Center.

The Omaha dinner attracted nearly 400 for the Denver based hospital, raising $46,000.

Skinner, long active in the food industry trade, was on the Grocery Manufacturers of America Board of Directors for 12 years, served as a director of the National Small Business Association since 1952 as well as, terms as president and chairman and a board member of the National Macaroni Manufacturers Association since 1952, serving as president in 1956.

Charles D. Peebler of Bozell & Jacobs, makes presentation to Lloyd E. Skinner, Skinner Macaroni Company.

The hospital, which annually salutes outstanding work by community leaders, is an internationally acclaimed nonsectarian center for research, diagnosis and treatment of respiratory diseases and immunologic disorders.

Skinner has served as president, director or chairman of a broad range of community, civic and charitable activities, some of which include the Arthritis Foundation, Salvation Army, Omaha Civic Opera and National Conference of Christians and Jews.

He received the Knight of the Holy Sepulchre in 1977 for religious service to the Catholic church and the Knight of St. Gregory in 1964 for community service.

Executive Vice President At Prince

Christian F. Kongsore has joined the Prince Macaroni Manufacturing Company as Executive Vice President, it was announced by Joseph P. Pellegrino, President of Prince.

Mr. Kongsore, 51, has been a consultant to the cereal industry for the past few years. Prior to being self-employed he was Executive Vice President of Continental Milling Corporation and a Corporate Vice President of Continental Grain Company of New York. Earlier associations were with Fisher Mills and International Multifoods.

A graduate of Kansas State University's School of Cereal Science Mr. Kongsore also holds a degree from his native Norway in Business Administration.

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