

**THE
MACARONI
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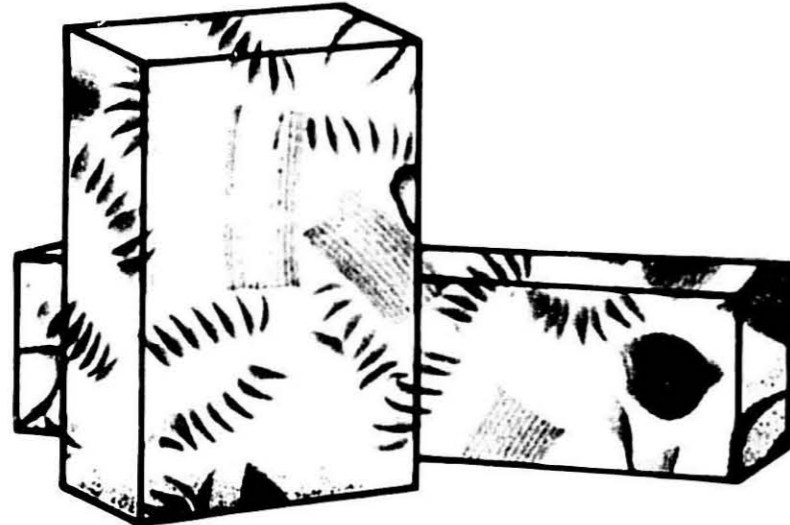
Macaroni Journal

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MAY, 1982



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In This Issue

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Runner's World

Runner's World

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THE PRESIDENT'S ADDRESS

by Lester R. Thurston, Jr., President, National Pasta Association

We welcome you to the stately Breakers Hotel.

The Breakers is a renowned resort facility with a reputation for classic architecture, fine accommodations, excellent food and all the recreational opportunities you would expect at such a famous establishment.

Study In Contrasts

The hotel is really a study in contrasts. In the contemporary world of chrome, glass and high rise condominiums, it seems this place has been plucked out of the pages of history and placed here as a reminder of the way things used to look and be in past generations.

Reflecting on the recent history of this industry, I am impressed by the extent to which we also are a study in contrast. Contrast in the perception many have of the pasta industry. How different the realities are from the popular misconception. To cite a few examples, let's begin with the misconception that we are a commodity. The representation that our products are so close to the form of our basic raw materials that the only determining factors of consumer preference are quality and price. Many years ago when Senator Phillip Hart was the champion of so called truth in packaging, he made the statement to a Chamber of Commerce meeting in Washington that the day was coming when all non-price competition would be eliminated from the marketplace. In other words, the entire supermarket would be one great big generic display. The presence in our industry of several of the largest consumer package foods corporations in the world should lay to rest, hopefully forever, the fictitious image of pasta as a commodity. The final answer to that question lies in the course we, as individual manufacturers, elect to follow. Will we use wisely and well the effective tools of a total marketing program to achieve our long term goals. Or will we leave most of the tools in the bag and rely on strategies that served well enough in the past but are totally inadequate to sustained growth in the future?

Another striking contrast is our historical image as a family dominated



Lester R. Thurston, Jr.

industry. Traditions, ownership and management passed down from generation to generation. No more that sense of continuity. True, we have not totally changed color. Now we are a rich blend of continuity and change. We have the voice of experience, and we have new voices asking new questions and setting new goals and objectives. We have sensed the significance of that change to such an extent we have taken a new name for our association. No longer are we simply macaroni manufacturers. Now we are the National Pasta Association embracing all aspects of an innovative industry with a broad range of basic and value added products.

The most striking and perhaps most important contrast in our industry is the change occurring in the consumer perception of pasta. Today the pasta industry is meeting head on the popular misconception of pasta as a fattening food. No longer are we acquiescent and complacent in the face of calorie counting critics. Now we are complex carbohydrates, and we are determined to ride the new wave of awareness and respect for the nutritional value of our products. We aim to secure our rightful place in the dominant share of four basic food categories in the American diet.

Yes, we are a study of contrasts and the new vitality represented in those contrasts provides for us a time of great opportunity.

In our modest way, this industry is

moving through a period of transition that is of historic proportion.

The Present

As we consider the future, let me first comment briefly on the present.

I am happy to report there is good news tonight. The first time since 1971 Nielsen statistics covering 53 grocery commodities show a sustained upward trend and for the most recent reporting period hit a new high of four percent increase in tonnage over the previous year. Significantly, the trend on a dollar basis shows a proportional decline in growth over a similar period indicating an easing of inflationary impact, and other economic factors are probably playing an important role in current trends.

Business Week in its annual industry outlook stated "1982 should be a good year for food processors. Depressed commodity prices, declining interest rates and the prospect of moderate wage demands by food workers will combine to flatten normally slim producer margins."

Quoting John Volkhardt, president of CPC's U. S. Operations, Business Week states commodity energy and labor costs are all moderating so 1982 looks positive for the consumer food business.

You probably noticed the flurry of publicity Proctor and Gamble generated by meeting with security analysts in Cincinnati two weeks ago. Before departing for that unusual occasion, Daniel Meade, a vice president with First Boston Corporation, was quoted in the New York Times making bullish forecasts for food processors and household products manufacturers basing his prediction on "the willingness by consumers to spend for low ticket repeat use items."

The tendency to spend for these items is aided by the decline in the price of gasoline and unusually low inflation in the price of food. Gasoline and food weigh heavily on disposable income. Mr. Meade also made an assessment of the branded versus private label and generic situation. He concluded that branded products are being aided by a reversal of a four year trend toward store brand and low

and generic merchandise. The new trend, he states, reflects a growing awareness of the superiority of brand products.

Such optimism is not characteristic of conditions generally prevailing in recent years. We have become more accustomed to dealing with adversity. Tough conditions, escalating costs of operations, recessionary impact on consumers, an influx of imported products, the laundry list of problems that confronted our business and landed squarely on the doorstep of our association.

The Immediate Past

When faced with adversity, there are two critical choices. Fight or flee. We elected to come out swinging and the events of the past two years mark the success of our efforts to influence the course of history for our industry. I will not recount the details. Suffice it to say a lot of people gave unselfishly of their time and talent to fashion a strategic long range plan for the National Pasta Association. At La Costa last July, the seal of approval was placed on that plan by our membership. Since then we have been engaged in implementation, and we have come a long way.

The council and committees structured in the plan has been created and staffed. Many of the committees have held organizational meetings and some are actively engaged in projects consistent with their objectives. Reports from those committees will be made at the appropriate time during the course of this convention. I am confident you will be impressed with their accomplishments.

Certain elements of the long range plan were not resolved at the annual meeting in July. In fact, development of several key issues could not proceed until there was assurance the plan would receive the support and endorsement of the membership.

Specifically, the most important areas involved professional staff requirements, facilities and geographical location for the headquarters of the association.

As the Executive Committee began to consider these issues, it became apparent our task would benefit from professional guidance and counsel. The logical choice we made was to again retain Dr. Stevan Holmberg who per-

formed so effectively in developing the long range plan. From a beginning last November, the Executive Committee in early February concluded a careful study and adopted recommendations which were presented to the board of directors this afternoon.

The board made substantial progress in deciding the issues and will continue deliberations during the convention. Among the considerations is the future location of association headquarters best suited to membership needs and objectives. There are many locations that offer benefits in this regard. For example, Chicago, New York, Minneapolis and Washington, D.C. represent locations that warrant consideration.

The Future

We all recognize the importance of Washington as the seat of government. With government and technical affairs as key issues in our organization structure, it makes sense to be where the action is. The same logic is responsible for the constant migration of association headquarters to the Washington area and our self interest dictates we join the parade. In fact, it is the concentration of the food industry in Washington that provides the second compelling reason for a Washington base. It may come as somewhat of a surprise to you as it did to us to learn that more than 100 associations identified with the food industry have headquarters or offices located in the nation's capital. There is even an association of food industry executives that is fully organized and holds regular meetings so that mutual interests can be discussed and cooperative action planned in pursuit of common objectives.

Among the leading trade associations with which we should have close and continuing relations is the Cooperative Food Distributors of America. We are fortunate to have the President of C.F.D.A., Thomas K. Zaucha, with us tonight as well as the General Manager and CEO of United Grocers, Inc., Mr. Joseph E. Ahren who, together with Ed Mooney, a widely known and respected food industry communicator, will be the feature of our convention program on Tuesday.

In addition to C.F.D.A., the blue ribbon list of major food trade associations in Washington includes the Food Marketing Institute, National Ameri-

can Wholesale Grocers Association, Grocery Manufacturers of America, the Wheat Industry Council, Millers National Federation, really an impressive profile of the heart and strength of the food industry in America.

Pasta's profile has been relatively low in industry circles. That image is due for a change, a change that will put us in the mainstream of influence and leadership which is where we want to be and where we should be.

Meeting the challenge of N.P.A.'s new long range plan will require expanded professional staff resources necessary to assure the successful achievement of objectives and programs stated in the plan. With prior approval of the board, the executive committee will undertake to determine the need and recruit personnel appropriate to current demands and provide a framework for evolutionary growth in the future.

The Business at Hand

Now let's turn for a final moment to the business at hand. We need to make further progress in establishing the objectives and budgets to complete fiscal 1982 and to prepare the fiscal 1983 operating plan and budget for approval at the annual meeting in July. That is our assignment for Monday. Come prepared to actively participate, and you can make a valuable contribution to the first two years of our long range plan.

On Tuesday we open with an exciting publicity and public relations presentation by Elinor Ehrman and Pat Muldowney from Burson-Marsteller. Then a look at ourselves, the food industry and the role of associations in trade relations as seen through the eyes of C.F.D.A. and a distinguished panel of food executives with Ted Scattany, Chairman of our Trade Relations Committee, setting the tone for the day.

Wednesday will mark another highlight of general interest to everyone in this room. I've heard Dr. Tom McGrath speak and I know something of the inspiring lessons he will bring us on human relations applied to home and business. We extend a cordial invitation to the ladies present to attend all of our convention sessions and we especially recommend Dr. McGrath's presentation for your interest and enjoyment.

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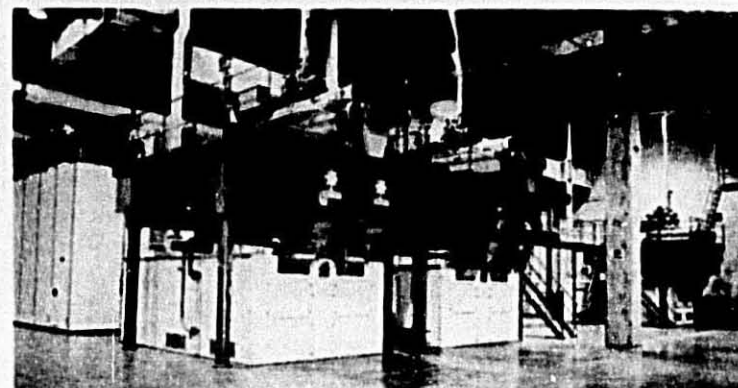
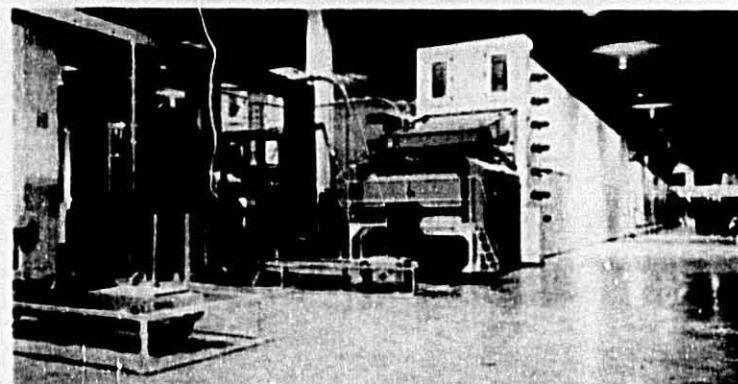
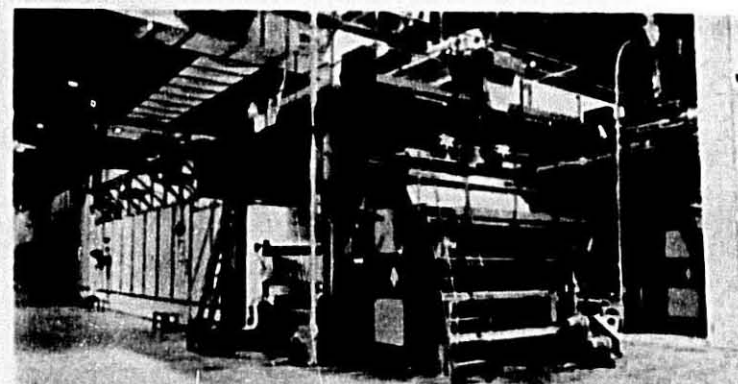


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A New Promotional Thrust for NPA

Chairman Paul A. Vermyle of the Product Promotion Committee declared: "These program recommendations result from a series of meetings between the agency and the new NPA Product Promotion Committee. This group of marketing experts, representing major pasta companies in the Eastern area, have given Burson-Marsteller their professional expertise as well as the benefit of consumer research studies conducted in marketing their own branded products. Together, the agency and the Committee developed the communications platform which follows. Recent research studies of the Wheat Industry Council were also factored into our analysis of today's consumer and what he/she wants.



Elinor Ehrman

Our target audience continues to be women in the 25-49 age group in low and middle-income families.

Our major message is a combined concept:

- Your family can enjoy pasta every day because it is low in calories.
- Pasta is not fattening.

In an effort to fine-tune this message to our target audience, the NPA conducted a series of focus group sessions in January, 1982 in the Chicago suburbs. This research, in probing the homemaker's existing perceptions of pasta, revealed that the group viewed pasta as a nutritious food, one which they served almost always as a main course. Although the interviewees said pasta was a starch, they also knew starch to be part of a well-balanced diet.

We believe that we can broaden this nutritious perception of pasta by emphasizing pasta's non-fattening attributes, and reinforce this benefit with supporting calorie information. Such an approach would not only strengthen the nutrition story, as perceived by this audience, but also be relevant to households in a higher income bracket where awareness of calorie value may be greater.

The focus groups also revealed that our target audience recognized many of pasta's other advantages — ease of preparation, its efficiency in use of leftovers, its versatility and its economy.

Our program objectives and strategies stem from this knowledge of today's consumers and the many avenues of communication we can utilize to motivate the American consumer to buy more pasta.

Elinor Ehrman will tell you how we plan to promote pasta in the months to come.

Elinor Ehrman

Elinor Ehrman stated: "Pasta is America's No. 1 food craze."

"A recent article in the U.S. News & World Report pointed out that 'Americans are caught up in a food craze that is transforming old eating habits. As never before, consumers look upon food and its preparation as an exciting and enjoyable pastime. Once criticized for their traditional 'meat and potatoes' mentality, many consumers are now seeking better quality, greater variety, and much more enjoyment at mealtime."

We believe that pasta in its many forms can be the #1 focus in this revolution in the American perception of food.

We recommend a program which makes pasta the number one food by presenting a new look to pasta as it fits into the lifestyles of the eighties.

Pasta has already emerged as an 'in' food. It is editorialized in all media as a trend-setting food which fits into 'light' menus. It's chic to serve pasta today in many different sizes and shapes.

"Pasta and a slim cuisine" will be the major focus of our program which will be highlighted by a collection of

new light recipes incorporating a variety of the new shapes.

We will emphasize pasta as a main course food, which research tells us has our competitive edge over potatoes or rice. For two, as well as family-style.

Pasta is "in" nutritionally. Its source is a natural grain. A pasta dish is lower in calories, cholesterol and sodium than 'meat and potatoes'. Pasta has in recent years been recognized by athletes and runners as a source of energy. It is a complex carbohydrate which is recommended by the most respected nutritional authority in the nation, the U.S. Dietary Guidelines.

Pasta's variety of shapes and sauces — its use as a soup ingredient, or a side dish, as well as entree gives pasta a unique versatility that can be matched by no other food. A Pasta A Day Menu Chart can dramatize its all-around attributes.

Pasta is the ideal convenience food for the working wife/husband. Ready in ten minutes, it can be combined with a sauce as a healthful entree.

Pasta provides nutrition, flavor, convenience and versatility for less cost than other main-course foods. No other food has so many promotable attributes.

We will be communicating pasta's new image with a variety of promotional tools — electronic outlets, basic print news bureau, special events — all aimed at the consumer. In addition, we will maintain a basic food service program — and, if funds permit, we will launch an educational program.

Pat Muldowney, Vice President of Burson-Marsteller and director of television and radio, will tell you about the exciting new thrust in the electronic media.

Pat Muldowney

Mr. Muldowney continued: "Pasta is positive food. Contrary to popular belief, pasta is nonfattening, providing you know how to eat it. Eat it alone and you have a dieter's delight. Eat it with tomato sauce, meats, and butter and you have a full family banquet."

Models eat pasta to stay thin. Lumbarjacks eat pasta to get energy. Even

(Continued on page 10)



...the pleasin' perfection can only start with palatable pasta products.

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New Promotional Thrust

(Continued from page 8)

eryone likes pasta because it is inexpensive. From Park Avenue to the dormitory, from the kitchen table to the main dining salon, pasta is being re-discovered.

Pasta has many advantages over meat and potatoes. What makes pasta the Number One entree' today is the fact that:

- Ounce for ounce it can be lower in calories than meat.
- It can be lower in fat than meat.
- It can be lower in cholesterol than meat.
- It can cook faster than meat.
- It costs less than meat.

The average person on the street knows that pasta is a carbohydrate. What they don't know is that there are good and bad carbohydrates, and pasta is good — it is a complex carbohydrate, the kind health experts prefer.

There is a lot about pasta that the general public does not know, including what pasta is. It is a wheat product served as an entree' in a variety of dishes for a variety of tastes, appetites and budgets.

Whether you are rich and worried about being thin, poor and worried about feeding your family, or anywhere in between, ounce for ounce and dollar for dollar, pasta is one of the most plentiful and most healthful foods in America today. No other grain based food has as much flexibility as pasta.

The fact that people don't know a lot about nutrition in general, pasta in particular, provides us with an excellent opportunity to educate the public about the advantages and culinary delights of pasta.

Celebrity Spokesperson

This electronic campaign will include a celebrity spokesperson in addition to a variety of creditable opinion leaders in the major outlets:

- Network and syndicated television talk shows.
- Talk show tape that can also be used for classroom (ITV) or cable television.
- Television and radio newscip.

A. Talk Shows

A spokesperson, such as Jane Brody, will be used on three television programs: The Richard Simmons Show, Merv Griffin and Hour Magazine.



Pat Muldowney

1. The Richard Simmons Show.

This highly rated health and exercise show is in strong competition with Donahue. It is geared to women who are interested in health and nutrition. In addition to talking about better ways to eat and exercise, we will book our celebrity spokesperson to talk/demonstrate and possibly exercise with Simmons.

2. Hour Magazine.

This is an information/entertainment program, usually aired in the afternoon. Host Gary Collins will discuss the economy, variety, diet and nutrition of pasta.

3. Merv Griffin Show.

This program will require a promotional consideration of \$15,000 for a controlled eight to ten-minute segment, allowing us to say and/or demonstrate virtually anything about pasta with our celebrity spokesperson. This is the highest-rated syndication show on television. It is now fed by satellite on a one or two day delay.

B. Talk Show Tapes

We will produce one three-and-a-half minute talk-show clip to be distributed to 100 talk shows in markets 30 through 150. This tape will be lighter in nature than the newscips and will be geared toward women and elderly viewers of daytime talk programs. This tape will also be distributed to ITV and cable systems throughout the country.

C. Newsclips.

1. Television — We will produce one five-part television newsclip on pasta, covering nutrition, dieting, variety, preparation, and economy. We will utilize a variety of interviews, including doctors, chefs, dieticians, government health officials, nutritionists

and a spokesperson from the National Pasta Association. The series will include comments from consumers.

2. Radio — We will produce newsclips, one every two months, to be fed to the AP and UPI radio networks, a total of 1,700 stations.

3. Women's Interest Programs — 1,000 stations will be serviced with five-minute features with short clips with a record format, narrated by professional women's interest broadcast team. "Around the House" is distributed to a potential audience of 4,000,000 in medium and small markets. 300 stations can be expected report usage.

Elinor Ehrman

Elinor Ehrman then picked up the narrative, saying: "The electronic program will overlay the basic consumer news bureau, which is essentially a continuation of the print program you have had over the years.

We will strengthen this program to reach out into suburban and rural community newspapers with controlled messages which will highlight our non-fattening thrust.

This past year, we emphasized "Eat Light With Pasta." This message will be repositioned to emphasize pasta's non-fattening attributes, along with hundreds of ways of serving pasta and dishes with low calorie counts.

In the newspaper category, we will continue to reach

- Syndicated Sunday Supplements such as Family Weekly and Parade.
- Newspaper color pages.
- Major market newspapers.
- Newspaper syndicates, such as Associated Press, King Features and Newspaper Enterprise Association.

Magazines

Another vital area in our basic consumer news bureau program has been the magazines. We will continue to work with these editors to produce such placements as these examples which ran in 1981:

Family Circle, Ladies Home Journal, Good Housekeeping, Weight Watchers, Cosmopolitan, Mademoiselle... with such copy as "Good to eat and good for you — pasta — whether it's spaghetti, noodles, fettuccine or lasagna."

(Continued on page 13)

THE MACARONI JOURNAL

"Flex time" scheduling ...pinpoint delivery time!



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Promotional Thrust

(Continued from page 16)

... they're no more fattening foods high in protein and have less than half the calories of fatty foods, such as butter, margarine or fried dishes.

Then there are the special influence groups of home economists, including supermarket consumer specialists who work with the major grocery chains, as well as those in extension work with the major universities.

We will continue to service the grocery trades with information on our various promotions and we will produce leaflets for widespread distribution through the media and influence groups.

Part of the core program has been our television kit distributed to the food shows across the nation. Instead of generic labeling we used to use, we now include three different brands in the kits — changing the brands from year to year. We plan to continue this service in the new program.

Media - Consumer Programs

1. Family Weekly, April 14 — "Working Families" theme — Powers photography in Weston — five recipes
2. Seventeen, April — "Complex Carbohydrates" story with color photo of pasta salads.
3. True Story, May — "Eat Light With Pasta" leaflet offer.
4. Woman's Day 365 Money-Saving Meals, March — "Eat Light With Pasta" leaflet offer.
5. Woman's Day Simply Delicious Meals in Minutes, July — will have special pasta section using our transparencies and recipes.

A third category of promotion will be directed to special events.

We plan to replace the traditional Tiro A Segno event in Greenwich Village with an upscale pasta bash at a locale such as the Palace Hotel, or other posh midtown dining site. The format will change to include our past spokesperson who will emphasize the non-fattening message, and we will develop a new presentation which will be informative as well as have a pasta pizzazz which emphasizes the slim cuisine.

Foodservice

The fourth segment of our new program is foodservice. For the present,

we will continue with the basic foodservice media program which has already produced many positive articles illustrating how the restaurant operator can increase profits with pasta, as well as how his pasta menu can be in tune with the eat healthy/be thin trend. We will produce more outstanding features such as these examples from 1981:

- Food Service Marketing
- Fast Service
- Foodservice & Hospitality
- School Food Service Journal — with the headline "Pasta Salads

Lead the Light-Line Menu."

We are also updating our pasta foodservice manual which continues to be a popular resource.

Our pasta foodservice recipe cards produced in 1981 will continue to be distributed in the new program.

Foodservice Features — Color Features.

1. Food Service Marketing, March — Pasta Primavera Salad. Feature focus is on "healthy" food items. Photo and recipe on location, New York City, featuring pasta salads using a variety of shapes. Circulation: 106,689.
2. Restaurants & Institutions, April — Pasta caponata focusing on new catering, take-out trend. Recipe chosen because of its multiple applicability — all meals from brunch to dinner equally good served hot, room temperature or cold. Circulation: 107,000.
3. Cooking for Profit, May — Low Calorie pasta salad created for moderate to white cloth restaurants. Focus is on low calorie, low cost item geared to today's health and diet conscious market. Circulation: 93,100.
4. Fast Service / Family Restaurants, September — Pasta entree geared to growing fast service market. Circulation: 50,362.
5. Food Service Marketing, September — "A Taste of Pasta" will demonstrate how pasta can be used for appetizer service. Recipe will have adaptability for entree use. Circulation: 106,689.
6. School Food Service Journal, November/December — Hot Entrees for school lunch using pasta — we'll also show profitability potential and nutrition. Circulation: 54,820.

Education Program

The last segment of the program, and a very important one, is a school

education program, which can be either presented as a filmstrip or as a motion picture with appropriate collateral for both teacher and student. An example is a kit prepared for Presto. The program would be designed to reach high school home economics students with a pasta power theme.

This program segment can be implemented as soon as funds become available. We estimate this program at an additional sum in the \$75,000 to \$95,000 range.

Variations on the Pasta Theme

Rosa Tusa, The Palm Beach Post Food Editor, wrote on March 4

The fascination for pasta has developed into a grand passion since Americans have discovered that an endless variety of foods from zucchini to truffles can be teamed with macaroni products.

It took a long time to reach this point in the United States, and old recipes like the one in a 1792 cookbook that recommended spaghetti be boiled three hours, then mixed with bread and broth, didn't help.

Restaurants that boiled up large batches of spaghetti and then reheated it didn't help, either. Happily, the customer's growing taste for properly prepared pasta has discouraged that practice and restaurant cooks have increased their repertoire of succulent sauces to something more than meatballs.

Pasta and vegetables, featuring peas, zucchini, eggplant, mushrooms, spinach, broccoli or a combination of stir-fried vegetables have wide appeal now, especially for those who follow the concept of nouvelle cuisine, which opts for fresh flavor and fewer calories.

Garlic, olive oil, butter, cheese and herbs are the great flavor boosters for pasta. Fresh basil is as necessary a flavoring at our house as salt and pepper and since coming to Florida we are never without it.

An annual in most other states, the fragrant plant is easily grown here in pots or in moist ground. It will last two or three years in South Florida if you pinch it back to a pair of leaves and don't let the flowers form. The delicate leaves do wilt in the summer sun, but if kept watered and partially shaded, the plant will thrive.

The Role of Associations in Manufacturer - Distributor Relationships

by Thomas K. Zaucha, President, and Chief Executive Officer,
Cooperative Food Distributors of America

Good morning, ladies and gentlemen. The CFDA is honored to be invited to participate in this conference.

The retailer-owned system of distribution began in the early 1900's. It is in the process of change. Three years ago CFDA move to Washington to better interface with government and other food associations. We have developed major objectives in the area of government relations, communications services, research and education and trade relations.

Three years ago we did not regard trade relations as a priority area, but with the divisive events that have occurred in our industry and the severe depressed conditions of the economy it became apparent that CFDA should be involved as a communications bridge in an effort to improve trade relations practices.

A manufacturer's representative put his finger on the problem when he said, "The major friction seems to be related to profit and cash flow pressures on both manufacturers and distributors, brought about by inflation, recession and the high cost of money."

What about these economic times? Peter Drucker observes that our economic system is going through fundamental changes, never to be the same again.

CFDA thinks it's necessary to know more about each other's operations, and so they formed their trade relations committee. About a year ago we met with some twenty manufacturers in Ed Mooney's Ad Hoc group. We look upon the forum as free and open discussion of issues where we find manufacturers and distributors in conflict.

Secondly, the identification of specific opportunities for the improvement of the efficiency of our system. Issues such as slip-sheet versus pallet, standardized cases, service levels, backhaul, handling of promotions, diversion, changes in contract language, as well as improved marketing techniques. Finally, establishing trade ethics for doing business together.



Thomas K. Zaucha

Buyers - Sellers Critique

CFDA has implemented a confidential Buyers-Sellers Critique whereby CFDA members interface with the twenty manufacturers of the Ad Hoc group. We have established projects for improvements in the areas of delayed shipments, incomplete shipments and in the handling of damaged merchandise. We have expanded our discussions with other trade groups such as the American Meat Institute, Frozen Food Institute, FMI and others.

We have contracted with Ed Walzer of Progressive Grocer to give us some barometer as to our relative success and failures in the trade relations area. The initial survey was called "Playing the Game and Placing the Blame". The optimists feel we are enjoying the highest levels of mutual good will. The pessimists feel they may be correct. There are differences of opinion on many matters but there is also broad agreement on many basic precepts governing the buyer-seller relationship. They might be considered unwritten laws.

First, we have the principle of pragmatic practice, which holds that necessity is the mother of strange bedfellows —when you get in bed with a sharp operator you get something other than a good night's sleep.

Then there is the hierarchical dominant postulate: The organizational

structure of your most troublesome customer or supplier is like a septic tank — the really unpleasant elements always rise to the top.

The cardinal caveat tells us just because competitors beat their plow shares doesn't mean they won't stay you with their plow-shares.

Positive Trends

Trade relations trends for the industry as a whole are quite positive. Most of the perceived change is toward the better with manufacturers taking a slightly rosier view. 43% think conditions have improved.

Only three things are named by half of CFDA distributors and manufacturers in the Progressive Grocer survey: Backhaul agreements, the competence of buyers, and cooperation on mutual short-term goals. The news is good on shipping procedures to facilitate unloading, cooperation on mutual long-term goals, cooperative use of scanning data, and the quality of merchandising activities by both parties.

Deals and allowances are always a thorny subject. From our member viewpoint the gains have been timely notification, performance required and performance rendered.

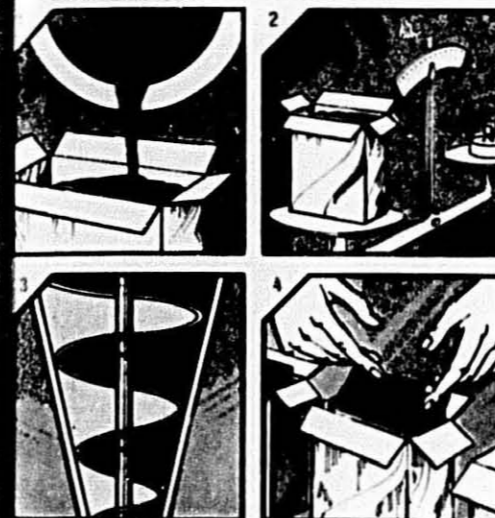
Among manufacturers only one out of four is conscious of improvement in the total number of deals and the performance rendered by distributors.

Distributors listed among opportunities for improvement: (1) Cash in count period; (2) Back haul; (3) gaining a clearer understanding of each other's business; (4) efforts to overcome incomplete shipments; (5) to provide earlier word on deals.

Manufacturers had different answers: the only overlap was gaining a clearer understanding of each other's business. They look for more cooperation on long-term goals, from better performance on deals, from cooperative use of scanning data and from raising the competence of buyers.

Every problem is really an opportunity.

(Continued on page 16)



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Tom Zaucha

(Continued from page 14)

The net of our reciprocal report card is that neither party has much confidence in the other's knowledge of cost factors, day-to-day operating problems and logistical considerations. Until more mutual respect develops we are going to see continued misjudgments and finger pointing.

How do we classify these obstacles so that we can develop a strategic plan for better dealing with them? That is the crucial question.

The obstacles fall into three general categories: mechanical, financial, and conceptual. Three positive steps for action: consider an inter-industry productivity council. Secondly, lack of understanding should be relieved by organized two-way education and communication. Finally, it would help to have more on-the-job commitment right down the line.

Proud of Committee

CFDA is proud of the accomplishments of its trade relations committee. We are pleased with the work being done by the FMI inter-industry committee, by Ed Mooney and his Ad Hoc group.

We look forward to future dialogue with you as well. I trust we can develop a joint agenda for bridging communications between the pasta industry and the cooperative food distributor.

The Distributors' Perspective

by Joseph E. Ahern, President and Chief Executive Officer of United Grocers, Inc., Portland, Oregon

I have been on both sides of the aisle — as a manufacturer and as a distributor. And I would rather be a buyer than a seller.

Wholesalers throw statistics around on sales volume. The manufacturer struggles with many times the problems for the same sales volume — such as employees, technical problems, government regulations, etc.

United Grocers, Inc. is the leading wholesaler in the marketing area with sales of \$533,000,000. We are a co-operative. The business is theirs. Our directors are our customers. Our major problem is finances. As a co-op we give back our profits at the end of the year and then we have to get financing to expand.



Joseph E. Ahern

As wholesalers we love the trade. We use your free labor in merchandising, store set-ups. We encourage store calls at retail. Our problems are serious but solvable. Back-haul has made great strides.

We are strongly oriented to advertising groups. We have a good advertising program. Our buyers are extremely sensitive to deliveries, and how things are handled with advertised items.

Pasta should be promoted more — the retailers are promotion minded and want to create excitement in their stores. Your industry product promotional program looks exciting and the type of thing we want to tie into.

In our industry — in many industries — we are being led by our dumbest competitors. Look at Freddy Laker and the airlines. In our industry I am depressed by the kind of things that go on. I am personally against generics. We deplore double-couponing. What we need is the kind of meeting we are having this week. The kind of cooperation that Tom has outlined. I will provide the input where people



Ed Mooney

can get together and generate the creative juices where all of us can work on industry problems and avoid these kinds of self-destructive efforts. Our company will be most pleased to work with you.

The Manufacturer's Perspective

by Ed Mooney, The Ed Mooney Company, Inc., Orleans, Massachusetts

Nothing happens until somebody sells something. The sales department pays everybody's salary in the room.

There were rumblings in the food industry a year ago that a sizeable rift was growing between the distributor and manufacturer. The expressed implication was that the good old days of productive buyer-seller relationship had come to an end. My reaction at the time was horsefeathers.

What caused the rift the experts perceived? It was agreed that neither buyer nor seller could survive without the other. Each is serving the American consumer. In my opinion it was a small, single-minded cluster of food industry people were not communicating with each other. Other things were used as crutches such as back-haul, diverting and so on.

Wiser heads began to prevail. And when they began communicating they talked about the good old days.

Committee Formed

About a year ago CFDA formed a trade relations committee. They set down with the Ad Hoc manufacturer group to discuss industry matters.

I publish two industry newsletters. Ad Hoc is distributed to chain and wholesale management people. It aims to improve and elevate dialogue between the distributor and manufacturer. The program is sponsored by 25 major manufacturers. During the year I go on tour and visit major customers at their place of business with a prearranged agenda. Grass Roots is the other publication.

The premise of these peers meetings is that if we can improve conditions in the industry we can improve things for each individual company.

Manufacturer's Master Plan

Here's what one buyer thought about a manufacturer's master plan —

the manufacturer's \$10,000,000 master plan is approved by the top executives at a three-day meeting at a place called the Breakers in Palm Beach; second, the manufacturer's national sales manager takes the master plan on the road and during a two-day meeting at Rancho Santa Fe he translates it to his regional managers; third, the regional manager heads home and summons zone managers for an afternoon meeting and dinner at the Marriott where they explain their interpretation of the company's plan. Fourth, the zone managers hit the bricks, meet with each one of their district managers or broker account executives over a plate of clams at Howard Johnson's where they sketch out on a napkin their interpretation of the master plan based on the re-re-translation passed along to them. The district manager or broker account executive heads into the territory and meets with his key account rep where on the front seat of the company car the master plan is outlined on the back of an envelope. The \$10,000,000 plan has been translated down to six bits a case. Next day the key account rep pitches the program to the buyer at chain or wholesale headquarters in fifteen minutes during which the buyer takes seven telephone calls. Finally, the buyers present the package and twenty others take it to his buying committee in a minute and fifteen seconds later that week. Let's assume the buying committee approves the manufacturer's master plan. Committee approval comes back to me the buyer. I give the key account rep his instructions, bulletin the stores alerting them to the deals I understand it. The key account rep alerts his retail people as he understands our intentions. Then the retail rep and store manager are expected to get together and make that \$10,000,000 plan work.

What Business is About

People of goodwill and people with the right motives can talk to each other. In the final analysis, talking to each other — buyer and seller — is what this business is all about. And that's what life is all about.

It is the sales reps' role to keep the wheels of commerce churning and to keep pumping those orders into the home office. By the same token, the company's principles must be articulated and communicated by management.

Coca Cola is financing superb economic studies; training films produced by General Mills; Quaker Oats-Skill Seminar; Campbell Soup's Train the Trainer Program; etc. — big bank rolls don't guarantee good trade relations.

A retailer friend told me that he keeps hearing buyers talk about the sales rep's lack of product knowledge, and I don't think that is entirely fair. A good bit of my product knowledge was taught to me by sales reps. A macaroni salesman sat me down and said, "I'm going to teach you all about pasta." He did and I never forgot what he taught me, and I never forgot him. The retailer was Bernard Paroly, president at Pathmark Supermarkets.

Sometimes the most effective trade relations activities don't cost a single dime. — just a little common sense. The pasta business will have to make itself aware of the trade.

In Summary

In summary: The sales department pays all of our salaries. Give them the tools they need to do the job. Listen to their ideas and counsel in an appropriate fashion. Don't keep secrets from them. Insist that they adhere to the highest business principles. Establish those principles in the board room. Bird dog them to see they are followed diligently throughout the organization. You are a trade relations director, regardless of your title. Grass roots is where it's at — keep in touch with your salespeople, and keep the pulse of what is going on in the stores. Learn the art of dialogue with your customers. Think about the wisdom of the National Pasta Association's setting up a task force and dialoguing with major customers across the U.S.

Comments by the Reactor Panel:

What is a co-op? Answer: It is a retailer-owned system. The system services 28,000 stores, about 28% of food sold at retail. Transition from pure co-operative to stock corporations operating on a cooperative basis.

Tony Gioia: Successful pasta companies have remained sensitive to the customer's needs — old family companies were close to the action.

Ted Settanny: I was impressed with the idea of a Productivity Council.

Tom Zaucha: There are many inter-industry projects, but they tend to be piecemeal.

Universal Product Code was one of the best successes. Productivity figures in our industry have been negative in the past five years. Messages should come from members of trade associations to have associations work on desired projects.

Joe Ahern: Many of the things we are doing are to improve productivity — standardization of pallets, slip sheets, UPC, standardized cases, back-haul.

Tony Gioia: Salesman servicing retail shelves is not productive.

Tom Ahern: There has to be a happy medium. Salesmen must check stores to know what's going on.

Joe Viviano: Gas stations of ten years ago gave a lot of service; today you pump your own gas. A major industry here changed dramatically. It could happen to us. Foreign invasion can assault the American system of food distribution.

Tom Zaucha: Store formats are changing right now. Many of the changes that need to take place may require a generation of change. Long range planning is usually only three to five years out. A concept like metrication is coming, but it will take a generation of voluntary change. The food market is now a world market.

1982 SN Distribution Study

The 1982 edition of SN distribution study of grocery store sales, covering more than 290 markets, has just been published by Fairchild Books.

The over 260 page 1982 SN Distribution Study, in a handy 9 x 12 directory format, provides extensive coverage of supermarkets in leading American and Canadian cities. Information supplied for each of the markets includes: number of food stores; sales percentage recorded by chain, voluntaries, co-ops, and independents; and leading suppliers for each food distribution category given on a city and state basis.

The SN Distribution Study of Grocery Store Sales will be shipped UPS wherever service is available. Fairchild pays postage and handling on all orders accompanied by payment. The 1982 SN Distribution Study sells for \$30.00. Orders may be placed directly through Fairchild Books, 7 East 12th Street, New York, N.Y. 10003.

Management for the '80's—Theory Z and Beyond: You the Manager



Dr. Thomas A. McGrath

Dr. Thomas A. McGrath, professor of psychology in the graduate school of education, Fairfield University, Fairfield, Connecticut, gave a most interesting presentation to the delegates and wives attending the National Pasta Association Winter Meeting at The Breakers, Palm Beach, March 3.

Dr. McGrath is a licensed psychologist and past president of the Connecticut Psychological Association. His professional memberships include the American Psychological Association, New England Psychological Association, Academy of Religion and Health, and American Management Association. For the past 17 years Dr. McGrath has been on the faculty of Mutual Savings Bank Graduate School of Banking, formerly at Brown University, now at Fairfield University. He is a member of the Board of Trustees for the Center of Financial Studies at Fairfield. Dr. McGrath lectures extensively for industrial organizations on management issues and dynamics.

He spoke to the Pasta Convention for two and a half hours distilling a full term's course in practical psychology using only a flip chart to note some of his principles and drawing on a vast background of experience and stories to illustrate his points.

The presentation was videotaped and is available on 3/4-inch tape at \$165 a set. A set of rental tapes are available for \$50 per week plus freight to and from Palatine, Illinois. Reservations should be made in advance with the National Pasta Association, P.O. Box 1008, Palatine, IL 60067.

The following notes were made by editor Robert M. Green and are highly condensed.

The Challenge Today

Dr. McGrath began his presentation by indicating the challenge to management today is how to handle the kids from the '60's who are coming into the work force. There has been a change in our culture and attitudes toward authority, loyalty, and discipline. As these youngsters were growing up during the Viet Nam War, the question was asked: "What about truth?"

The truth is that good relationships must be developed, and good relationships are dependent upon credibility, trust, love which is expressed in communication, service, and touch.

There is a difference between being a manager and a boss. Management through good relationships is the only way to go.

We were blindly loyal years ago — "my country right or wrong" — but today loyalty to the church is possible only if the congregation likes the pastor, loyalty to the company now is if you like management. To keep the marriage contract in effect the partner says, in effect: "Woo me."

Discipline went up for grabs in the 1960's — we had MEism. People became oriented not to do a day's work.

The cultural change has been a pendulum swing from American pragmatism where the common good was all — the good of the family, the good of the school, the good of the community, the good of the industry, the good of the country — to liberalism that emphasizes that the person is all important.

The liberalism philosophy brought on unionism with all of its excesses. The Miranda decision, set down by the Supreme Court, declared that a person is more important than the common good. This has brought about new movements such as "Black is Beautiful", Women's Lib, "I Am a Person" — retarded children are now regarded as "individuals".

Along with this pendulum swing to liberalism came terrorism, a brand new but terrible power which in its

essence declares: "If you scare me I will hate you, and I will get you." The ramification of this new power and philosophy are being felt in the political and world scene every day.

Under Theory X the boss was not a manager, he was an authoritarian. Under Theory Y the relationship between manager and worker must be participatory.

Theory Z

Theory Z says that the best management is through good relationships. The Japanese put it in the phrase "Preference to Person".

So management must put its money and training in middle management where the style must be to develop relationships which in turn develop loyalty.

Under the old philosophy of the common good, discipline and the Puritan work ethic were the stick to drive the worker. The suffering that occurred from this can make you cranky, crazy, or be the start of heroism.

When you are up tight then there is stress. You get negative emotions. Getting angry makes the adrenal glands work and shoot chemicals into the body that make stress. Management must get back to the human person. "If you love, then pain will not hurt."

Self denial and self control are the price you pay for a love relationship. We have to get smarter about people. The one single source of happiness is a good relationship.

Relationships

Relationships are built upon three important foundations: (1) Credibility — faith in God, faith in man, and faith in each other. In the business world an ad campaign must be simple, direct, and truthful. If it is not credible it will not work. Credibility is the greatest need for peace in the world for without it stress is produced.

(2) Trust — defined as carrying out your promise. Credibility and trust create respect and love.

(3) Communications are essential to eradicate ignorance and secrecy. When there is danger to love or to a leadership relationship, the reaction is

(Continued on page 20)

THE MACARONI JOURNAL

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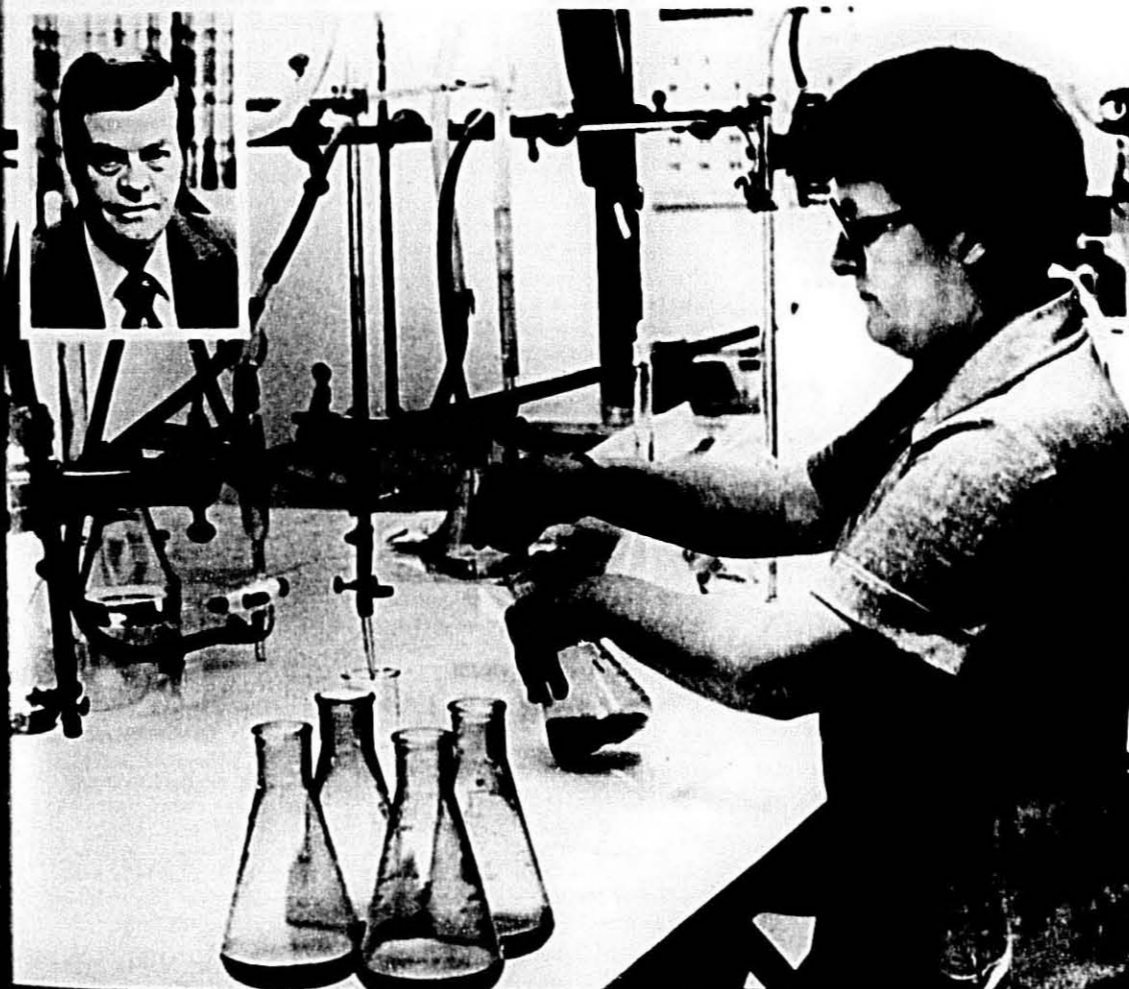
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Dr. McGrath

(Continued from page 18)

to fight or take flight - to be aggressive or to be apathetic.

Communication means to promote opinions and attitudes. People only move when they are motivated. It takes a group of attitudes to make for motivations. Truth is accepted with passion and attitude. Communication is getting feelings from leadership. Management must be the communicator if the relationship is to develop loyalty.

Love does three things: (1) Communicates; (2) Offers service; (3) Responds to touch. In communicating, say a kind word — an appropriate love word will be a strong motivator.

Service involves self control and self denial. It is top drawer in the state of the art among technologists who now know how to handle people. Young people want something human in the management relationship. 15 percent of your work force is not manageable, so you must make them as harmless as possible.

Touch can be verbal as well as physical. Many undone marriages could be saved if one of the parties could say: "I'm sorry" which is a strong love word. The most vicious person is one who spurns the apology.

The Negatives

Here is a chart that shows causes of negative emotion and negative behavior.

CAUSE

Frustration
Threat
Conflict
Violation of values
Loss
Failure

NEGATIVE EMOTIONS

Hostility
Fear
Anxiety
Guilt
Depression
Self pity

NEGATIVE BEHAVIOR

Aggression/Apathy
Fight/Flight
Inefficiency
Arbitrary rejection of values
Cry
Overindulgence

Stress is a measurable bio-chemical change. The new skill in managing people under stress is to hold them accountable by pointing out that the company has rights just as the manager has rights, just as the individual has rights. You must assume the philosophy: "I am intelligent, and I am honest. When I am stupid, it is because of stress."

Management makes you accomplish something.

Alternatives to Punishment

Six alternatives to punishment: (1) I care - I understand - it's okay - what's bugging you? Focus on the cause.

(2) Obedience is based on law and punishment. Live by values, not by laws. We need laws, but working with humans require understanding. Don't use a club to make an employee work, use a skill. Learn to minister to yourself under stress.

(3) Every law is protecting a value. The Golden Rule says, Love the Lord, Love your Neighbor as Yourself. When working with humans, the use of the relationship approach is definitely the best.

(4) Anger can be managed. Apathy cannot. Management is a skill that knows how to manage anger.

(5) The time problem - find time for yourself, for your wife, for your family, for your God. Minister unto yourself.

(6) The medium is the message - focus on the danger, not the insult. Why do people fight or run? Look for the danger that has made the person feel fear or threatened. Any inefficient person will have anxiety over some conflict. People do not choose to be lazy - they are depressed when their hormones are off, their values are not there, or their relationships are not there.

To Break the Conflict

How to break the conflict? Set priorities and think values. There must be order and harmony, or there will be conflict.

Management style will be more successful if it employs an understanding of relationships. Managing by objective is a brilliant technology but needs understanding and relationships. Quality circles are a brilliant technol-

ogy. They also need understanding of relationships.

The system works, because ever if you get the wrong reason, you will be straightened out. Ignore negative behavior, but hold people accountable after finding the cause.

Sluices

We all have stress breaking points. Sluices are necessary in a dam to let stresses out. A half dozen sluices to let the stresses out of your system include:

(1) Physical exercise. Do your thing and then relax.

(2) Chemical herbs and berries have been used since the beginning of mankind, but the abuse of alcohol will close all sluices.

(3) Social activity is an excellent sluice — all people need friends and social life.

(4) Intellectual activity such as reading a book or playing a game is helpful.

(5) Aesthetic — a beautiful painting or soothing music or inspiring poetry all relieve stresses.

(6) Spiritual activity such as prayer is a helpful sluice — pray to your God.

Program all of these cleaning systems into your life to relieve stress, and you will have healthier relationships.

Runner's World

(Continued from page 3)

The energy they produce is their single contribution to health.

"Don't take this contribution lightly. Energy from food is the sine qua non of human life. Of the 500 to 600 grams of nutrients — protein, fat, carbohydrate, vitamins and minerals (not including water) — an adult needs in a day, only 10 to 15 percent are used for the purposes other than simply providing energy to run the machine. If the calories aren't provided in food, the body will start to consume itself. Body fat carries most of the load, but some organs can't run on fat, notably the nervous system. These organs require carbohydrate, and when the relatively small supply stored in the liver is depleted, proteins from all over the body must be converted into carbohydrate and used. This damages every organ in the body.

The diet of most Americans is not the model of what people should eat for health and vigor. Its emphasis on fats, processed foods and sugar is destructive to health, fattening and life-shortening. A healthy diet goes in almost the opposite direction. Its emphasis should be on foods high in complex carbohydrates — vegetables, fruits, grains, beans, nuts, seeds and minimally processed foods made from them. If you eat a variety of these foods, you'll get all the nutrients you need and avoid getting too much of any one.

Energy First Consideration

"Energy is the first consideration for all living things. Carbohydrate fills this role admirably and much more healthfully than either fat or protein. So center your meals around grain and legumes like rice, bread and beans — surrounded by fresh vegetables and fruit. Go ahead and enjoy the spaghetti without guilt; it's a lot better for you than the meatballs beside it. Have a beer with your pasta. Eat bread, potatoes, rice — they are healthy foods and, considering the nutrition they bring with them, they aren't fattening either."

Good News from Wheat Industry Council

"Good News from Wheat Industry Council," editorializes Milling & Baking News on the front page of the March 23 issue. "Authorization by the Wheat Industry Council of a major consumer communications program, accompanied by strong indications that it will receive prompt review and approval by the Department of Agriculture comes as a double dose of good news. While it would be an overstatement to describe last week's meeting between Council and Agricultural Marketing Service officials as ending all problems, it is apparent that major conflicts have been resolved, paving the way for an exciting and comprehensive consumer program to begin in haste.

"The Council's meeting last week was dominated by some very real concern expressed by its members that if industry support and confidence are to be maintained, more than just a promise of success is required. Needed in a most urgent sense is visible evi-

dence of program progress. Happily, that has now arrived.

"The major elements of the consumer campaign are in the final stages of perfection, and the industry's themes/message should be reaching target audiences within a few short months. It now must be hoped that reaffirmation of the original expectations from the program will be accompanied by continued industry support and encouragement."

At Council Meeting

At the Council meeting in Kansas City March 16-17 Al Salter, a vice president of W. B. Doner & Company, told members of the Council that the overall objective would be "to provide consumers permission to eat wheat foods because they are good for them and part of a proper diet."

He said there are three audiences that must be reached by the Council's short and long term programs. The first is the general public. "They have very little information and a lot of misinformation."

The second audience was described as the "aware audience — people who think they know something about nutrition." This group includes a tremendous army of publishers, authors, and editors who often make damaging statements about wheat foods and nutrition.

The third audience is the professional public, the most difficult to deal with from the standpoint of credibility.

A spokesperson approach will be used for the general public as there are some 10,000 television shows that focus on home, health, diet, and consumer affairs with opportunities for guest appearances. "The broadcast media," Mr. Salter said, "are more important to us than anything else, because we have so few dollars. We also want to develop a network of local and regional spokespersons to take advantage of local programs."

The Doner project also proposes a series of two- or three-minute radio vignettes with a celebrity talent as the "draw" for the audience. This could be provided to local stations on a public service basis or as the basis for commercial sponsorship.

Of the proposal to arrange for feature articles in general consumer magazines, Mr. Salter said, "Success in just one is worth a whole year's effort."

Subsidy Protest

"GATT Weighs Action on U.S. Complaints over EC Flour, Pasta," reports the Wall Street Journal March 11. U.S. complaints about Common Market wheat flour subsidies were considered by a three-member panel set up by the General Agreement on Tariffs and Trade. The subsidies committee is preparing to investigate U.S. charges about the European Community's subsidization of pasta exports.

Common Market officials in Geneva agreed to hold "informal discussions" regarding U.S. charges related to the pasta subsidies after rejecting a U.S. demand for formal consultations under GATT regulations. The informal talks apparently have failed to resolve the dispute about whether pasta is a manufactured, processed item covered by GATT rules on subsidies as Washington argues, or an agricultural commodity, as claimed by the Common Market.

GATT's subsidies committee has to decide on the next course of action, which could be the formation of an investigatory panel or a request for the Europeans to enter into formal consultations with the Americans.

The wheat flour dispute, in which the U.S. argues that Common Market subsidies give Europeans an unfair share of world markets, wasn't resolved in formal consultations between the two sides. The manufactured item versus agricultural commodity argument is much the same as that for pasta.

The GATT panel hearing the wheat flour case includes Fumihito Suzuki, Japanese ambassador to the United Nation's European headquarters in Geneva; D.E.R. Hobson, first secretary at the Canadian mission, and Roland Lempen, an economics counselor at the Swiss Foreign Ministry.

Planting Intentions

According to U.S.D.A., farmers as of Feb. 1 intended to plant 4,661,000 acres of durum in 1982, down 21% from 5,876,000 acres in 1981, and 16% less than 5,525,000 acres in 1980. North Dakota was down 17% from last year, at 3,800,000 acres against 4,600,000, while Montana was off 29%. Big percentage decline was "desert durum" in California and Arizona, cut nearly in half from year ago.



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Durum Situation

from Grain Market News, Quarterly Durum Report, February, 1982

Production of durum wheat was estimated at a record high 186 million bushels, 72 percent more than last year's figure of 108 million bushels by the Crop Reporting Board's Annual Summary.

Harvested acres totaled 5.76 million last year compared with 4.84 million acres the previous year. Yield averaged 32.3 bushels compared with 22.4 in 1980 and 27.1 bushels in 1979. Shortage of rainfall early in the season and hot weather in early July reduced yield prospects in the Dakotas and Montana, while adequate moisture in Minnesota resulted in yields well above normal.

Harvest was completed well ahead

of normal in all durum producing states despite rains in early August that slowed progress. Wet conditions in North Dakota increased sprout damage thus tightening supplies of high quality. Limited spot offerings of top quality durum traded at \$4.75 per bushel during October-December compared to \$8.10 per bushel a year earlier. Mill buyers were very selective with few trading at the top. Spot offerings by the end of December, grading amber were discounted 25¢, and the durums were discounted 50¢ per bushel.

In Storage

Durum wheat stored in all positions on January 1, 1982, totaled 152 million bushels, 47 percent more than last year's 103 million bushels, and 42 percent more than January 1, 1980. Farm holdings of 121 million bushels,

were 64 percent more than the previous year's holdings. This year's farm stocks represent 80 percent of the total durum wheat stocks compared with 72 percent a year ago. Off-farm stocks of 30.9 million bushels were 5 percent greater than last year's 29.4 million bushels.

Disappearance during the October-December, 1981 quarter totaled 36.9 million bushels, nearly double the 19.4 million bushels disappearance a year ago.

U.S. exports of durum increased from 343.3 thousand metric tons to 1.3 million metric tons. Largest importers were Algeria, Italy, Netherlands, Tunisia, and Venezuela. Exports of durum wheat out of Duluth Superior for the 1981 navigation season totaled 39.7 million bushels compared to last year's 39.8 million bushels.

Durum Wheat: Supply and Distribution

| CROP YEAR | Indicated Supply | | | Production | Total Supply |
|--------------------|------------------|------------|---------|------------|--------------|
| | On Farms | All Others | Total | | |
| — 1,000 BUSHELLS — | | | | | |
| 1979-1980 | | | | | |
| June 1 | 69,685 | 16,084 | 85,769 | 106,654 | 192,423 |
| October 1 | 122,621 | 30,870 | 153,491 | | 153,491 |
| January 1 | 87,384 | 19,776 | 107,160 | | 107,160 |
| April 1 | 64,486 | 21,267 | 85,753 | | 85,753 |
| 1980-1981 | | | | | |
| June 1 | 48,669 | 12,342 | 61,011 | 108,395 | 169,406 |
| October 1 | 88,456 | 24,406 | 112,862 | | 122,862 |
| January 1 | 73,990 | 29,448 | 103,438 | | 103,438 |
| April 1 | 59,974 | 23,282 | 83,256 | | 83,256 |
| 1981-1982 | | | | | |
| June 1 | 45,183 | 14,735 | 59,918 | 185,940 | 245,858 |
| October 1 | 147,534 | 41,701 | 189,235 | | 189,235 |
| January 1 | 121,384 | 30,945 | 152,329 | | 152,329 |

| CROP YEAR | Indicated Distribution | | | |
|--------------------|------------------------|-----------------|---------|---------|
| | Used for Seed | Ground by Mills | Exports | Total |
| — 1,000 BUSHELLS — | | | | |
| 1979-1980 | | | | |
| June-Sept. | — | 12,787 | 14,310 | 27,097 |
| Oct.-Dec. | — | 9,557 | 36,809 | 46,366 |
| Jan.-March | — | 9,649 | 10,707 | 20,356 |
| April-May | 8,200 | 5,057 | 16,964 | 30,221 |
| Season — Total | 8,200 | 37,050 | 79,310 | 124,560 |
| 1980-1981 | | | | |
| June-Sept. | — | 10,894 | 21,136 | 32,030 |
| Oct.-Dec. | — | 7,882 | 14,331 | 22,213 |
| Jan.-March | — | 8,375 | 7,510 | 15,885 |
| April-May | 9,900 | 4,494 | 8,825 | 23,219 |
| Season — Total | 9,900 | 31,645 | 51,802 | 93,347 |
| 1981 | | | | |
| June-Sept. | — | 10,219* | 25,142 | 35,361 |
| Oct.-Sept. | — | 8,200** | 22,944 | 31,144 |

* Revised

** Estimated

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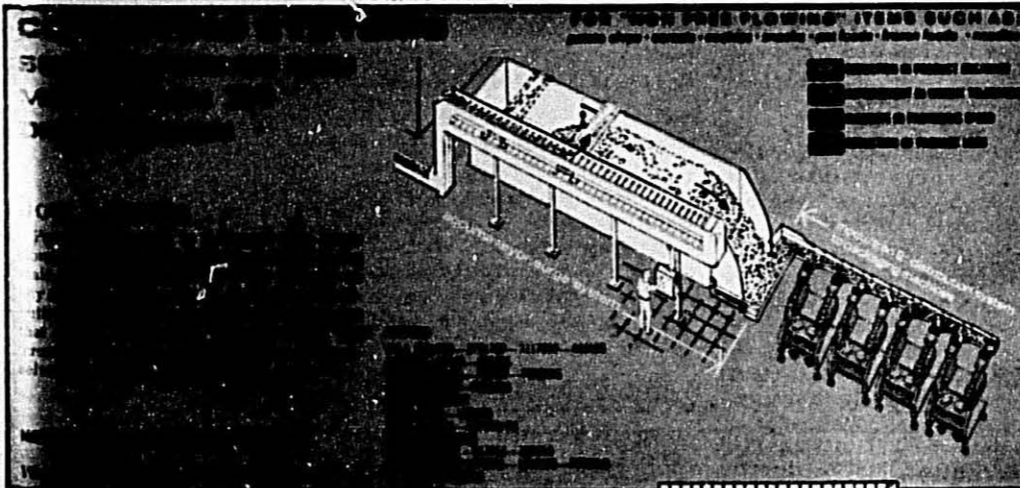


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Canadian Acreage

Acreage of durum wheat in the Canadian Prairie Provinces in 1981 increased to 3.8 million acres from 3.1 million in 1980. Yields were up, estimated at 26.9 bushels compared with 23 bushels per acre in 1980. The November estimate of the 1981 crop was 103.6 million bushels compared with 71.4 million the previous year. Visible stocks of Canadian durum in licensed storage and in transit as of January 27, 1982 decreased to a position of 784.8 thousand tonnes. Total exports during the June-December period totaled 1.6 million tonnes, 288 thousand more than last year's figure of 1.3 million.

Congressional Concern

U.S. Wheat Associates report Congressional concern over the swelling economic dilemma in U.S. agriculture and the inadequacies of the new Farm Bill and the Reagan administration to realistically address the farm credit and oversupply problems. A dozen Democratic senators introduced a resolution urging the administration to take "emergency action" to stabilize the farm economy, and 13 Democratic congressmen created a "farm crisis" group which believes Congress will have to offer new remedies to farmers in lieu of lack of action by the White House.

Lower Egg Production in '82

January's egg production was 1 percent below a year earlier because of reduced numbers of layers as the rate of lay stayed almost the same. With fewer replacement pullets, layer numbers in the first half of 1982 will remain below a year earlier, and egg production may be down around 1 percent.

Producers have been responding to unfavorable returns by reducing cash expenses. This shows up strikingly in the number of chicks hatched for layer replacements; 1981 replacements were down from 1980 levels. The pullets intended for table-egg laying flocks (hatched 5 to 6 months earlier) indicate that there will be around 7 million fewer replacements in the first quarter of 1982 than in 1981. Indications point to around 3 million fewer replacement pullets in the second quarter of this year.

Number of Layers

The size of the laying flock depends not only on the number of replacement pullets, but also on the culling of older birds. So far this year, producers have not culled old birds as heavily as they did a year earlier. Weekly reports during January 6-February 17 indicate 5.67 billion fewer mature birds have been slaughtered in federally inspected plants than during the comparable period in 1981. With favorable returns expected in the first quarter, the culling of birds producing table eggs will be below January-March 1981. Thus, layer numbers probably won't fall as much as indicated by replacement pullet numbers. Layer numbers in the first half of 1982 are expected to average around 1 percent below a year earlier.

Egg Production Will Slip

Egg production in the second half of this year probably will remain slightly below 1981. Late last year hatchery activity trailed a year earlier, and producers during January 1982, hatched 3 percent less chicks intended as table egg layers. Eggs in incubators on February 1 were up 3 percent. Continued high interest rates are likely discouraging producers from expanding flocks, and a period of portable operations will probably be necessary before producers begin increasing replacements. However, replacements this spring will likely approach last year's low if flocks are maintained at current levels.

Egg Prices to Decline Seasonally

Prices for Grade A large eggs in cartons in New York averaged 73 cents in 1981, about 6 cents above 1980. While prices were above 1980 during most of last year, the biggest increase was in the first half, when prices were up 11 cents a dozen. Prices weakened late in 1981 but still averaged 1 cent above a year earlier during October-December.

Prices eased in early January 1982 but increased later in the month, averaging about 5 cents above last December and January a year earlier. Severe winter weather in many areas disrupted egg marketings and contributed to strong prices. Prices weakened, and marketings picked up as prices averaged 78 cents in February.

Director of ASCS Commodity Office

James G. Schlick has been named director of the Kansas City Agricultural Stabilization and Conservation Service Commodity Office. Mr. Schlick has been acting director for the past year.

As director, Mr. Schlick will be responsible for planning, coordinating and administering the acquisition, handling, storage and disposition of commodities to carry out a variety of federal programs, as well as providing management for Commodity Credit Corp.'s inventories.

Before coming to Kansas City, Mr. Schlick was in Washington for 10 years in various managerial positions in the Office of the Deputy Administrator, Commodity Operations, A.S.C.S. Prior to joining the Department of Agriculture, he was involved in marketing and sales in the wheat and corn milling industries, most recently with ConAgra Inc., Omaha.

Mr. Schlick is a graduate of Lawrence University in Wisconsin.

Pillsbury Posts Gains

The Pillsbury Co. achieved record earnings in the third quarter ended Feb. 27 despite "a recessionary economy, a very severe winter and depressed agricultural markets," according to William H. Spoor, chairman and chief executive officer.

"Fourth-quarter sales and profits," Pillsbury said, "are expected to contribute to another record year for the company. The economic environment, however, remains a concern for all business groups."

Mr. Spoor said net income in the third quarter totaled \$26.9 million, equal to \$1.24 per share on the common stock, up 24% from \$21.7 million, or \$1.08 per share, in the third quarter of fiscal 1981. Sales aggregated \$823.1 million, off from \$825.4 million a year ago.

For the nine months ended Feb. 27, Pillsbury had net income of \$96.9 million, equal to \$4.48 per share, a 9% gain from \$89.2 million, or \$4.44, in the first three quarters of fiscal 1981. Sales amounted to \$2,481,400,000, up 2% from \$2,439,800,000 in the same period of the prior year.

James J. Feeney to Head Millers' National Federation

James J. Feeney, vice-president and general manager of the Sperry Division of General Mills, Inc., Minneapolis, has been nominated for election to chairman of the board of the Millers' National Federation.

Mr. Feeney would become chairman of the M.N.F. at its April 18-22 convention at Palm Beach, Fla. He would succeed T. Frank Rawlinson, president of Centennial Mills, Portland, Ore., a division of ADM Milling Co. Mr. Rawlinson has been chairman the last two years.

Mr. Feeney currently is second vice-chairman of the Federation, a member of its executive committee and board of directors. He is past chairman of the Transportation and Wheat Flour Institute Committees. Mr. Feeney is a processor member of the Wheat Industry Council.

With General Mills since 1948

General manager of the Sperry Division of General Mills since 1973 and company vice-president since 1970, Mr. Feeney previously was manager of bakery flour and food service for the division, and earlier was assistant general manager of the division and general manager of the former food service and protein products division.

A graduate of the University of Iowa, Mr. Feeney joined General Mills in 1948 as a grocery products salesman in the Southwest. He has held positions in sales, promotion and supervision at the company.

Names New Officers

Grain Terminal Association, representing grain marketing and processing companies, has named four new senior executives under new president of executive officer, Allen D. Peterson.

They are Roland Pavek, operations; Merritt Peterson, administration and development; Gary Pavia, commodity marketing, and Robert J. Label, finance.

New Pillsbury Group

The Pillsbury Co. announced formation of a new Restaurant Group to direct its growing restaurant operations, which include Burger King, Steak 'n Shake, Bennigan's and Poppin' Fresh

restaurants. Norman E. Brinker, chairman and chief executive officer of Steak and Ale, will be president of the new group. "The strong growth opportunities for our restaurant operations and the significant contribution restaurants make to Pillsbury's total earnings require that we focus our management attention on the entire enterprise so that it can reach its fullest potential," said Winston R. Wallin, president and chief operating officer. "We have a strong commitment to expanding this segment of our business, which receives a major portion of the company's capital spending, and we are enthusiastic about our growth prospects." Mr. Brinker will continue as an executive vice-president and director of Pillsbury and chief executive of Burger King.

Peavey Earnings Off

Net income of Peavey Company declined in the second quarter and six months ended Jan. 31, primarily due to reduced earnings of the Agricultural and Food Groups, according to William G. Stocks, chairman and chief executive officer.

Net income of Peavey, in the second quarter totaled \$4,233,000, equal to 72¢ per share on the common stock, off 32% from \$6,192,000, or \$1.10 per share, in the comparable period a year earlier. Sales totaled \$194,474,000 down 9% from \$213,655,000.

Net income in the six months ended Jan. 31 was \$8,620,000 or \$1.49 per share, a 35% drop from \$13,171,000, or \$2.36 per share, a year ago. Sales aggregated \$390,229,000, off 8% from \$422,626,000.

Ag and Food Groups Down

"Earnings of the Agricultural and Food Groups were down significantly for the quarter and six months," Mr. Stocks said. "Although volume in both grain merchandising and flour milling was slightly above year-ago level, added competition for that volume resulted in substantially lower grain and flour margins."

"Both groups had lower dollar sales due to sharply lower grain prices."

The Peavey chairman observed that sales and earnings of the Retail Group improved from last year's second quarter, but group earnings for the six months remained modestly behind year-ago levels. Fabric store sales and earnings continued to show strong im-

provement. Farm store sales and earnings improved for the second quarter, but earnings for the first half were about even with last year. Building Supplies sales and earnings continued to deteriorate due to the depression in the housing industry, he pointed out.

"Extremely competitive markets in both grain merchandising and flour milling, as well as a very weak farm economy and reduced construction activity have remained with us throughout the first half of fiscal 1982," Mr. Stocks stated. "Without improvement in these environments, the pattern of lower earnings seen in our first half will probably continue for the full year."



Don H. Breland

Dan Breland Named Kerr Pacific President

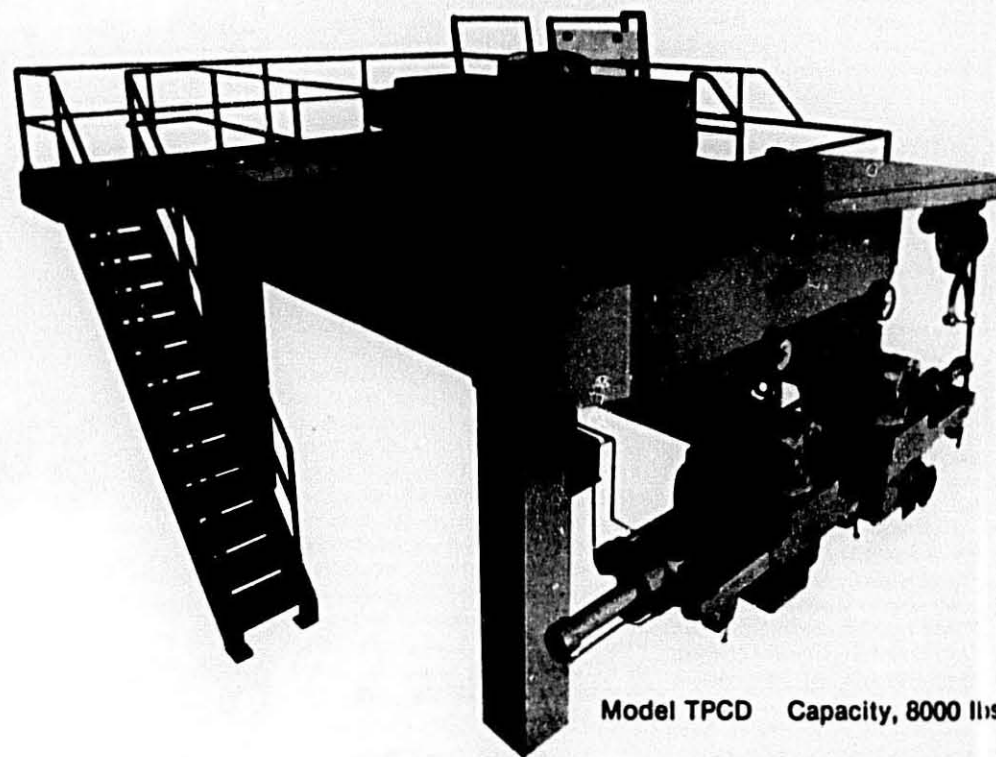
Dan H. Breland has been named President and General Manager of Kerr Pacific Milling Corp., Pendleton, Oregon. He will be responsible for all west coast operations.

Breland is a graduate of the University of Southern Mississippi with a B.S. Degree in Chemistry. He spent eight years in Evansville, Indiana with the General Foods Corporation in a variety of positions. For twenty years Breland was with General Foods in Pendleton at its flour mill operation. In 1980 Kerr Pacific Milling Corp. purchased the mill.

The Pendleton operation of Kerr Pacific Milling Corp. is a major user of Durum wheats, Hard Red Winter wheats, Dark Northern Spring wheats, and locally grown Soft White wheats. These wheats are manufactured into flour products and sold to producers of high-quality pasta, bread and cake products.

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| TPBE (Single Screw) | 1,000-2,000 |
| TPBD (Double Screw) | 2,000-4,000 |
| TPCE (Single Screw) | 2,000-4,000 |
| TPCD (Double Screw) | 4,000-8,000 |
| TPCV (Four Screw) | 8,000-16,000 |

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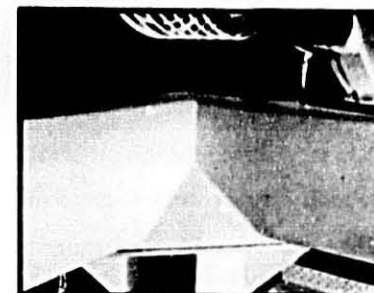
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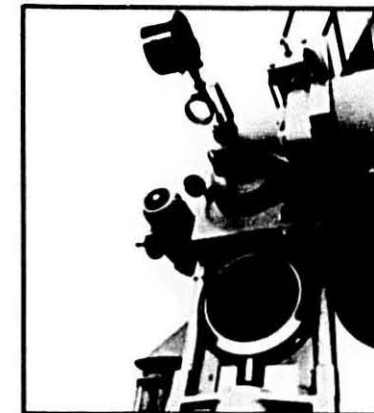
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National Pasta Association — Plant Operations Seminar

Ramada, the O'Hare Inn
6600 N. Mannheim, Des Plaines, Illinois 60018
(312) 827-5131

MONDAY, MAY 10—Afternoon arrivals and Registration

6:30 p.m. Welcoming Reception and Dinner

TUESDAY, MAY 11

- 8:00 a.m. Welcome and program overview
- 8:15 a.m. Presentation on Flour Quality Characteristics, Storage and Handling
- 8:45 a.m. Presentation on Azo flour handling and blending systems
- 9:15 a.m. Discussion of mixing and extrusion including use of dies by representatives of Braibanti, Buhler-Miag, DeFrancisci and Microdry
- 10:30 a.m. Coffee Break
- 10:45 a.m. Presentation on dies/extrusion by Ralph Maldari
- 11:15 a.m. Question and answer session with panelists

12:00 Luncheon

- 1:00 p.m. Presentation on drying theory and practice by Charles Hoskins
- 2:00 p.m. Discussion on drying by representatives of Braibanti, Buhler-Miag, DeFrancisci and Microdry
- 3:00 p.m. The use of Microprocessors in process control by Carl Cotton, Microdry Corporation
- 6:30 p.m. Reception and Dinner

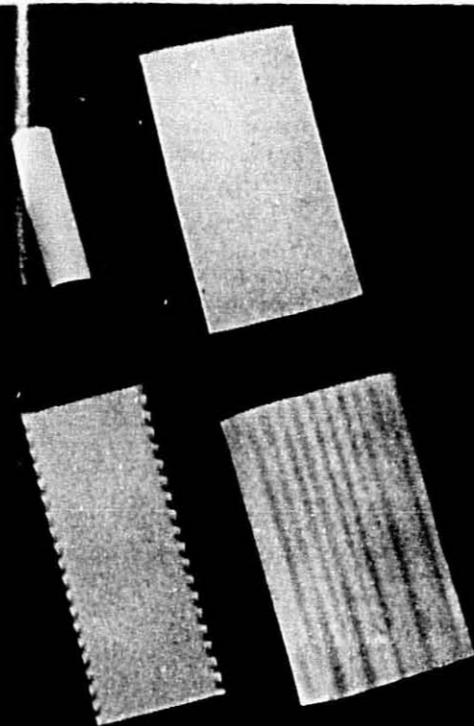
WEDNESDAY, MAY 12

8:00 a.m. Bus tour to Golden Grain plant in Bridgeview

12:00 Luncheon

- 1:00 p.m. Questions and Discussion
- 2:00 p.m. Equipment Maintenance — representatives of Braibanti, Buhler-Miag, DeFrancisci and Microdry will be at round tables to be visited by the participants in order to ask questions and discuss maintenance problems. This arrangement will allow the participant to seek answers to specific questions about the equipment in his plant, or in which he is interested.
- 4:00 p.m. Adjournment

Ramada-O'Hare has free parking and free courtesy car to and from O'Hare Airport



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- 7 Bacteriological Tests for Salmonella, etc.
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Borden Celebrates Its 125th Anniversary

To celebrate its 125th Anniversary, Borden, Inc. announces the biggest promotion in the company's history—a nationwide "Thank You America" celebration that will feature a traffic-building \$125,000 consumer sweepstakes, full-page coupon ads in April and June magazines with more than 40 million combined circulation, more than 275 million store coupons on Borden products, and much more.

In 1857, with three employees and one product, Gail Borden, Jr. founded the company that has become the Borden of today—a leading producer of food, dairy and chemical products.

The first product, Eagle Brand Sweetened Condensed Milk, is still among the diverse line of items marketed by the firm's Consumer Products Division. In 1885, Borden's expansion began when fresh milk was added to its product line, and in 1928 a company diversification plan announced the beginning of expansion into the varied food and chemical products for which Borden is known today.

As Borden celebrates its 125th Anniversary, the Consumer Products Division enjoys the distinction of being one of the nation's largest producers of dairy products and the leading marketer of "diet" products. From coast to coast, generations of Americans have grown up with Borden and have made quality Borden products an American tradition.

The Borden Family

The Borden family includes a wide variety of well-known food brands, many of them leaders in their individual categories:

- ReaLemon and ReaLime juices
- Wyler's drink mixes and bouillon
- Bama jellies and peanut butter
- Snow's chowders and clams
- Drake's line of snack cakes
- None Such mincemeat
- Kava instant coffee
- Cremora non-dairy creamer
- Campfire marshmallows
- Cracker Jack caramel coated popcorn and peanuts
- Creamettes and Luxury pasta products
- Wise, Buckeye, Guy's Morton, Dentler and Dickey's snack products

Elmer's Glue-All and Krylon paints are also a part of the Consumer Products Division.

"Thank You America" Promotion

To show its appreciation for 125 years of support by its loyal consumer and trade customers, the Borden Consumer Products Division is launching a massive second quarter "Thank You America" promotion.

A full-page, four-color "Thank You America" ad will appear in April 27 Family Circle, reaching 7.5 million readers, plus additional insertions in other women's magazines for a combined circulation of 18.7 million.

The ads will deliver coupons nationally on Borden products, including Eagle Brand Sweetened Condensed Milk, Borden Process Cheese Food Singles and Creamettes pasta, in addition to an offer for a free "Best of Borden" recipe sample with 25 recipes and craft ideas. Southeast, southwest and central editions will also carry a Lady Borden Ice Cream coupon, and Eastern editions will feature coupons for Wise Snacks and Drake's Snack Cakes.

Display Materials

Full-color in-store display materials will invite customers to enter the Borden's \$125,000 "Birthday Stakes." The contest features eight different sweepstakes, each designed to promote individual product groups as well as the entire Borden product line. Each of the eight sweepstakes has its own grand prize and is sponsored by a different Borden product group. A total of 2,280 additional prizes will be awarded.

Riser cards, complete with contest rules and two entry pads are also available for in-store Borden displays. Shelf-talkers are provided in two formats: one for individual product groups, the other for all participating Borden products—both with sweepstakes entry forms.

Retail ad slicks are available for local newspaper and store circular advertising. Borden representatives will be available with the expertise to help stores plan tie-in displays and sections for maximum sales during this event.

"Birthday Stakes"

The Borden "Birthday Stakes" will also be announced to more than 36 million consumers via a free-standing insert in Sunday supplements on May 9.

This will include three full pages to promote Borden products with coupons for Lite-line, ReaLemon Drink Mix, Cremora and other products. The sweepstakes ad will be personalized for each state and will feature entry blanks for the contest.

In June, "Thank You America" ads in women's magazines will reach an additional 20.3 million consumers nationally with coupons for Old London, ReaLemon, ReaLemon Drink Mix and Skim-American. Wise and Drake coupons will also appear in eastern editions.

Throughout the program more than 275 million Borden store coupons will be delivered to American consumers in addition to the million of coupons delivered via individual Borden brand programs.

Golden Grain Drive

Golden Grain's Macaroni and Cheddar Cheese Dinner launches a new spring and summer advertising program in March via ads in Family Circle and eight other leading women's magazines reaching more than 33 million homes.

In addition to the colorful magazine ads, ten of the biggest game shows on network television will push Golden Grain Macaroni and Cheese throughout the day and during prime evening viewing hours. The shows include "The Price Is Right," "Wheel of Fortune," "Joker's Wild," "Family Feud" and half a dozen more.

According to Sales Manager Dominic Forte, it is one of the biggest advertising campaigns Golden Grain has ever put behind its popular Macaroni and Cheddar dinner.

The ad agency is Vantage Advertising, San Leandro, Calif.

From Hershey's Annual Report

The Pasta Division again reached record levels in sales and operating income, despite the fact that the pasta industry had a difficult year in 1981. A poor durum wheat crop in 1981 resulted in substantial cost increases in semolina, the principal ingredient in quality pasta. The 1982 durum crop, however, was a record level, and the wheat quality excellent.

In 1981, the San Giorgio brand was the fastest growing brand in the industry. It accomplished this by obtaining a market share in its existing geographic area. Skinner, a leading brand in the Southwest and the Southeast, was expanded into the Iowa market during 1981.

The company made successful introductions of new items of the P & R brand, which continues to be a leading brand in New York State. The Gold Medal brand was repackaged and repositioned into the Southeast as an economy brand. Market acceptance to date has been good.

Counteracting Generics

The pasta business, in common with much of the food industry, is seeing generic products gain an increasing share of sales at the expense of advertised brands. As part of an effort to counteract this trend, San Giorgio has produced a new commercial in 1981 entitled "It's Silly to Skimp on Pasta." It reminds consumers that the lowest cost macaroni is not always the best value because it may not be made from quality ingredients, deliver superior texture, or possess other attributes associated with high quality.

The outlook for San Giorgio-Skinner in 1982 is favorable. To accommodate the growth in the company's business, a new production line was added to the Louisville, Kentucky plant, and additional warehousing space was purchased to support the expansion. Pennsylvania plant. In addition, increased macaroni and noodle production capacity will be added to the Lebanon facility in 1982.

National Food Brokers Association Convention

The future for food brokers is limited by their own individual initiative, creativity and adaptability to change. This was the prognosis offered by Dennis V. Putthoff, 1981 National Chairman of the National Food Brokers Association.

Delivering the "National Chairmen's Report" to the opening session of the 1981 NFBA Convention and Food Sales Conference, Mr. Putthoff reminded the food brokers and manufacturers in the audience of the "interdependencies" in the marketing channel. "The producer, broker and distributor are but links in a chain that

leads to the consumer. One of us will not improve our vitality independently of all other links nor independently of the entire channel."

He noted that one of the toughest challenges facing food brokers is the economics of the brokerage business: "Most American business, when it has a problem with profit or expense control considers raising prices. Food brokers have processed countless price advances in recent years but have never issued one of their own. Additional commissions earned on higher prices simply do not cover increased costs.

Negative Reaction

"Unfortunately, the food broker often is forced into a negative reaction such as reduction in service to principals and customers or reduced productivity and profit. If allowed to continue, our community will become anemic and eventually lack the vitality to do what it could, and wants to, for this industry."

"In the interim, NFBA encourages its members to be more productive through better management of resources both human and material. And most importantly, NFBA encourages its members to keep such issues in sharp focus by communicating one-on-one with principals and customers. Your Association frequently addresses the national market on this issue," Mr. Putthoff advised.

NFBA members and their principals must work together to resolve this situation as well as working to correct the problem of short-term termination policies in contracts. "Hopefully our friends in the manufacturing community will help us solve the problem. Until they do we will have a tough time translating a short-term asset into a long-range plan."

Pursue Professionalism

Mr. Putthoff encouraged the NFBA members to continue their pursuit of dynamic and professional marketing services for the industry. "You number over 60,000 men and women in position to serve. You have grown dramatically in sophistication, in diversification and in professionalism. Your buildings, computers, test kitchens, training centers, sales personnel, automobile fleets and clerical staffs attest to your considerable investment and your enthusiasm for the future.

You are no longer an aggressive entrepreneur looking for an order — you are a marketing professional in the biggest business in the world."

"Our productivity level is essentially contingent on our ever better development of our personnel. I make this obvious observation to underscore the reason that NFBA has been so intent recently to offer leadership in the field of human resource development.

"We must learn to do a better job of recruiting, training, and retaining. We simply must sharpen our skills at motivating, leading and compensating. And we must be better students of the human person — of how that human person ticks in 1982 — what is meant by fulfillment — about the function of psychological communications which is the key to improved professionalism in selling at a profit.

"However, let us not fail to recognize that we cannot do this at the expense of on-going development of better principal relations — customer relations — better contracts — improved levels of realistic compensation — cars — buildings — computers — all of these and more.

"Ultimately, we offer this industry a local organization of people and the question is how professional are they — how productive for the common good.

"Let us be ever aware of the interdependencies in the marketing channel of which we are a part. The producer, broker and distributor are but links in a chain that leads to the consumer. One of us will not improve our vitality independently of all other links nor independently of the entire channel." Mr. Putthoff stated.

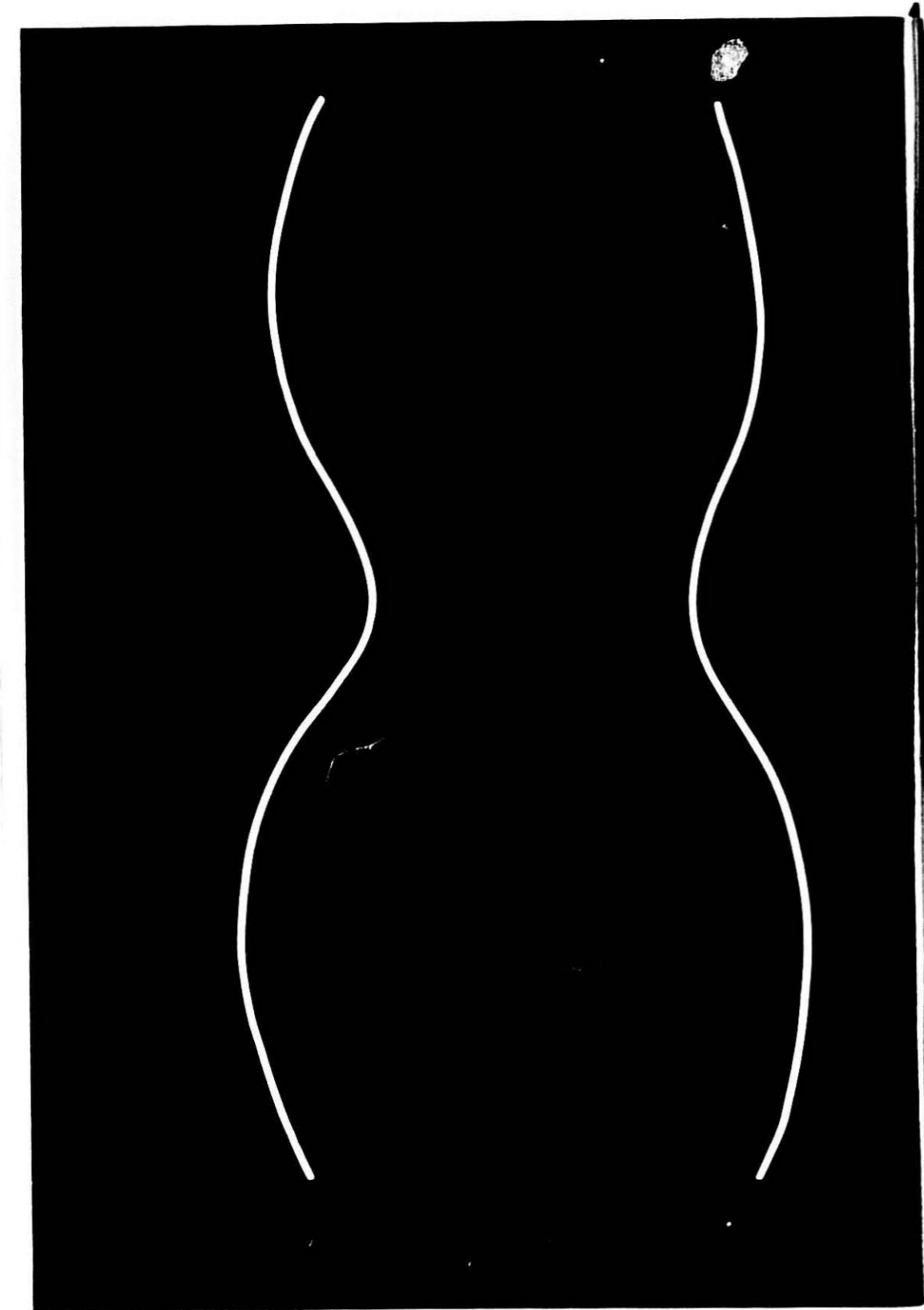
Grocery Industry Trends

Edgar B. Walzer, Editor-In-Chief and Publisher of *Progressive Grocer Magazine*, reported the results of three research studies on current and future prospects for the grocery industry.

In the first study, the different perceptions of distributors and manufacturers were highlighted. In surveying these two groups on opportunity areas to improve industry performance, understanding of each other's businesses was the only common response.

"Manufacturers have to overcome suspicions about their lack of under-

(Continued on page 36)



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ADM also supplies quality shortening, corn sweeteners,
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for the pasta and baking industries.

Grocery Industry Trends

(Continued from page 33)

standing . . . and be more resourceful in their trade contacts. That plays right to the brokers' strength.

Individualized Work

"Also, tangible productivity gains call for individualized work with accounts . . . and that's right down the broker's alley," Mr. Walzer told the audience.

Mr. Walzer then reported for the first time on a study conducted on merchandising policies and procedures in both chain and wholesale headquarters and chain and independent supermarkets.

The market they chose to study is located near Little Rock, Arkansas which is a microcosm, containing every type of store format.

One conclusion drawn from this study was that most stores, no matter what format, are "grossly undermerchandised."

Here, according to Mr. Walzer, is another area where food brokers can shine. They are local people who are intensely familiar with the trends of their respective markets.

Food brokers are in a fine position to fill this need on the part of the stores.

Crucial Factors

"Regardless of the format, the crucial productive factors at retail continue to be sales per square foot and sales per hour. The key to improvement there is knowledgeable, pinpoint merchandising . . . tailored to neighborhood needs and competition. Brokers are certainly well positioned to provide worthwhile help.

"Continual adjustments and accommodations will obviously be necessary as the industry moves forward. But we see nothing coming up . . . and our studies reveal no particular situations that progressive food brokers aren't entirely equipped to handle," Mr. Walzer stated.

He conceded that today's atmosphere in general and in the food industry is not an easy one.

"Just consider — there's scanning, which gives retailers the edge on time movement information . . . and new types of store formats, with different buying policies and selling tactics . . . along with high interest rates, and resulting inventory adjustments. Plus changing consumer buying habits, af-

fecting brand volume and market shares. To say nothing of generics, diverting, allowances, shipping break down, and various trade relations issues where brokers are often caught in the middle between accounts and principals. Add the constantly rising costs of meeting the trade's call for service, and the principal's demand for more detailed paperwork . . . and it's easy to see why the pessimists never had it so good.

"Current trends are making the broker's job tougher, but they may turn out to be beneficial," Mr. Walzer told the NFBA audience.

Foodservice Trends

Sales in the foodservice industry are expected to reach \$136.7 billion in 1982, a gain of 9.7 percent over 1981 sales. This prediction was made by Robert Bradford, President of the National Restaurant Association, in an address before the National Food Brokers Association 1981 Convention.

Real sales, adjusted for inflation, will advance 1.3 percent according to Mr. Bradford, well above 1981's modest increase of .6 percent.

At the same time, he noted that performance by different sectors of the foodservice industry will be mixed. Real sales in the commercial group will rise 1.7 percent while military feeding sales are expected to decline by 0.5 percent and institutional group real sales will decline 0.7 percent.

Eating places, which account for about 60 percent of our total foodservice sales, are expected to record a sales increase of 10.4 percent in 1982, which will be a real sales gain of 2 percent, according to the NRA forecast.

The largest real sales gain for the industry is expected to be posted by the transportation foodservice sector at 4 percent and fast food restaurants at 3.6 percent.

"We base our predictions on two assumptions. First, our economists believe that the current economic slump will be short-lived; we're expecting a rebound by mid-1982. The people who are making noise about the failure of Reagan economics have forgotten that the President's new policies went into effect on October 1 — We have to give the man a little time!" Mr. Bradford told the NFBA audience.

Favorable Demographics

"The second reason we're so positive about the future of the foodservice industry is that demographic and social trends are working in our favor," Mr. Bradford continued. He stated that this year, more than half of the population will be 35 or older. More women are entering the work force at higher paying levels and family size is expected to continue to be low with the number of one and two person households continuing to increase.

"As luck would have it, just those groups expected to increase during the coming decade eat out more often and spend the most money on their meals. They have a lot of money and very little time. For them, foodservice is not a luxury, but a service essential to their lifestyle," Mr. Bradford stated.

The NRA President quoted a survey of what Americans like to do with their leisure time. The front runner reply by 13 points is eating.

37% of Consumer Expenditures

Foodservice now receives 37 percent of all consumer expenditures on food, up from 33 percent in 1970. NRA expects foodservice sales for 1981 to reach \$125 billion, which will account for 5 percent of the Gross National Product.

"Assuming that the current demographic trends and the continued reduction in the inflation rate hold true, our economists say that by the turn of the century, foodservice may be receiving 50 percent of the food dollar," Mr. Bradford stated.

Important to Brokers

Mr. Bradford noted that 82 percent of NFBA member food brokers now sell to the foodservice industry.

"I don't know what the foodservice industry would do without the help of the food brokers . . . We depend on your knowledge of new products, consumer trends and more efficient ways to prepare and serve food. We know we can count on you for help in resolving any problems we may encounter with your principal's products."

"I can't imagine a better forum to relate the National Restaurant Association's forecast of what lies ahead for the foodservice industry in 1982. We will be growing together," Mr. Bradford told the audience of food brokers and manufacturers.

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Condiments: High in Flavor—Contribute Little Sodium

Condiments contribute little to the overall sodium intake of American consumers, while establishing, enhancing, or complementing the flavor profile of the foods with which they are ingested, according to a statement by The Association for Dressings and Sauces (ADS) regarding the role of condiments and sodium in the diet. Robert G. Bursey, Ph.D., Manager, Nutrition Research Laboratory, Kraft, Inc., was the ADS spokesman at the American Medical Association Conference on Sodium Labeling, held March 10, in Washington, D.C.

Condiments, which cover a broad range of products, including salad dressings, sauces, dips, relishes and mustards, play a key role in the diet by enhancing flavor and encouraging consumption of foods considered essential in a well-balanced diet. In this way, condiments act to increase the consumption of nutritious foods while allowing the consumer complete flexibility in selecting type and level of use.

According to ADS, "Serving sizes of condiments are generally in the range of tablespoon quantities or less. Thus, even though the concentration of sodium in a particular condiment may be high, the contribution to the total daily sodium intake is small."

Average Daily Intake

A 1979 report prepared by the Food and Drug Administration's (FDA) Bureau of Foods estimated that the average daily intake of sodium from condiments, relishes and salt substitutes is only 120 milligrams. This represents approximately 1.75% to 3% of the estimated total daily sodium intake of the average American and as little as 4% of the total sodium permitted for those on moderately restrictive sodium diets.

FDA Commissioner Dr. Arthur Hayes, Jr. has urged the food industry to voluntarily label their products to reflect sodium content and lower the amount of sodium-containing ingredients in foods. The Association for Dressings and Sauces supports and encourages the voluntary labeling of sodium in foods. However, reducing the sodium content of condiments "would appear to be of little merit due to the

discretionary nature of their use," according to the Association.

ADS explained that sodium-containing ingredients, including salt, perform a number of essential functions in condiments with regard to shelf life, safety and flavor. "Consumers often select or use a particular condiment because of the flavor attributes contributed to the product by the sodium chloride present... The consumer will use only that amount which is required to achieve a particular flavor quality." By providing flavor, condiments may encourage acceptance of reduced-sodium foods or decreased use of table salt.

The Association for Dressings and Sauces represents manufacturers of salad dressing and sauce products and suppliers to the industry.

Sodium

The Food and Drug Administration estimates that 40 percent of food sold in supermarkets will carry sodium content labeling by this spring. Approximately 20 percent of the U.S. population has some degree of hypertension, an estimated 10-30 percent may benefit from a lowered sodium intake—2-6 percent of the population, therefore, theoretically would benefit from reduced sodium/salt. However, 73 percent of the consumers view salt as a health threat, although only 14 percent use some form of substitute for salt/sodium chloride.

Campbell Volunteers Sodium Labeling

Responding to the consumer's need for nutritional information, Campbell Soup Company is voluntarily including sodium labeling on its soups and broths, Campbell president R. Gordon McGovern announced.

McGovern said the move is part of Campbell's long-time practice of providing thorough nutritional data, and coincides with the company's across-the-board commitment to reduce salt in those products where a reduction does not affect taste acceptance by consumers.

Beginning next month, sodium labeling will begin appearing on Campbell's Condensed Soups, Cream Soups, Soup for One, and Sw. Broths, McGovern said.

The sodium content will be part of the nutrition information that Campbell introduced on product labels in 1978. For some 20 years, Campbell has offered consumers a free booklet outlining the basic nutritional data, including sodium content—for its products.

New Line Appearing

Campbell's seven-variety line of new low-sodium soups—each containing no more than 35 mg of sodium per 100 grams—is beginning to appear on supermarket shelves. Also, Campbell's Vlastic Foods subsidiary is testing a line of lowered-salt pickles.

Meanwhile, efforts are underway to minimize salt in all of Campbell's soups. McGovern said consumer testing is being carried out on soups with up to 20% less salt. And a new line of Campbell's Crispy Soups—with less than 650 mg of sodium per serving—is being marketed in expanded markets.

Consumer Education

"While sodium, stress, smoking, obesity and heredity are all factors in high blood pressure, there's no universally accepted evidence that long-term reduction of sodium intake can reduce high blood pressure," McGovern said. "However, Campbell is committed to a program of consumer education on the role of sodium in diet. We will continue research and development projects addressing the concerns that consumers and health professionals have about salt."

Campbell will sponsor a symposium on "Current Perspectives of Hypertension" at Princeton, New Jersey.

The symposium is being organized with the aid of top medical experts from the University of Iowa, Columbia University and the University of Oregon Health Science Center. The three-day event will feature presentations by some two dozen hypertension authorities from academia and government agencies.

When the label changes are being made, consumers who want nutrient comparison information on Campbell products (including sodium content) may write for the free booklet "Nutrition: Why Is It Important?" c/o Consumer Relations, Box 60C, Campbell Soup Company, Campbell place, Camden, NJ 08101.

Products

In 1964, Campbell began marketing its original low-sodium products designed for consumers on salt-restricted diets. Eight low-sodium ready-to-serve soups, including regular chunky varieties, continue to be marketed. Low-sodium "V-8" Cocktail Vegetable Juice also is sold.

In 1973, Campbell began a study to determine the degree of interest among consumers in reduced-salt products. The study revealed that use on salt-restricted diets constituted about 8% of the population and only 18% identified as hypertensive actually used low-sodium convenience foods.

In 1976, after considerable consumer research, Campbell introduced a line of no-salt-added soups. Six varieties were test marketed, but sales were not strong enough to support a store distribution and the line was withdrawn.

Salt Reduction Possible

In 1978, Campbell began reducing sodium, on a soup-by-soup basis, to just above where consumer acceptance might decline. It was concluded that salt reduction was possible in soups and that there is an optimal level of salt which will provide the highest level of acceptance to the greatest number of consumers.

Satisfied with the first no-salt test, Campbell retested that concept in 1979 with variations in flavors, and advertising. Sales once again were not strong enough; consumer acceptance, even among salt-restricted consumers, was negative.

In 1980, Campbell began marketing reduced-salt soups in one plant without advertising, promotion or comment on the label. To date, sales are paralleling the same varieties normally.

In January 1981, Campbell tested a reduced-salt vegetable soup against its standard vegetable soup variety in eight cities. The ratings were close and reformulation work continues.

In January 1982, Campbell introduced a new line of low-sodium soups, each containing only 25-100 mg per 10 3/4 oz. serving.

Campbell Soup Sales Up

Campbell Soup Company reported record sales and earnings for its second quarter and first half ended January 31.

R. Gordon McGovern, President, said net earnings for the second quarter rose 15% to \$46,840,000 from \$40,744,000 in the second quarter last year. Earnings per share also advanced 15% to \$1.45 from \$1.26 per share in last year's quarter. Sales increased 5% to \$816,140,000 from \$779,231,000.

For the first six months of Campbell's fiscal year, earnings rose 12% to \$83,220,000 from \$74,363,000 reported in the first half of fiscal 1981. Earnings per share climbed 13% to \$2.58 from \$2.29. Sales advanced 5% to \$1,555,909,000 from \$1,484,367,000.

"These financial results are in line with our operating plans for the year," McGovern said. "Our volume is up over last year by approximately 2% for the quarter, as well as the six-month period." Strong gains were recorded at Pepperidge Farm due to its new Deli's line and excellent results in snack bar and cookie sales. Soup volume was up more than 2% while Swanson frozen foods and International sales were behind. McGovern said, "Our operating plans call for holding domestic price increases to a minimum, which we have, and increasing the level of advertising and marketing expenses, which were up approximately 20% after six periods. A profitable Swift-Armour Argentina meat business, stable ingredient prices, and our cost improvement programs have enabled us to meet these commitments."

B¹, B², and B³

by Darla Tufto Nutrition Specialist, North Dakota Wheat Commission

Thiamine, riboflavin, and niacin—three parts of the B complex vitamins. We most commonly hear of these B vitamins because they are widely used and advertised as enrichments in most breads, cereals, and pasta. These three vitamins are vital for basic metabolism.

As a catalyst in the breakdown of carbohydrate for energy in human systems, these B vitamins are essential. Nature planned this well as these vitamins are in most high carbohydrate foods such as cereals, grains, fruits, and vegetables. They also each have other characteristics important to human function. Thiamine is the most difficult of the three to find in the food supply which is part of the reason it is found as an enrichment in many wheat foods. Because it is spread thinly in foods, thiamine may be recommended as a supplement in high calorie diets. Thiamine is found in pork, pasta, breads, and cereals and in small amounts in milk, most fruits and vegetables.

B² For Energy

Riboflavin, or B², not only acts as an enzyme for energy creation but also plays a part in protein metabolism (building) and in providing oxygen to the tissues. Its requirements are also related to caloric intake. Riboflavin is found in many foods with wheat products being a fair source. Dairy products and other animal protein sources provide most of the riboflavin needed in the diet.

Niacin has two other enzyme functions aside from its role in carbohydrate breakdown. It is essential for fat synthesis and aids in the oxygen supply of some tissues. Niacin is unique in that it can be made in the body from the essential amino acid tryptophane. Sixty milligrams of tryptophane can be converted to one milligram of niacin. Thus, if a diet is well balanced, niacin is in adequate supply. Niacin is found in legumes, cereals, and some fruits and vegetables. Because of its relationships to tryptophane, animal proteins can be a source of niacin.

That's a summary of the functions and sources of B¹, B², and B³. They are important to everyday body functions and wheat products are sources of them.

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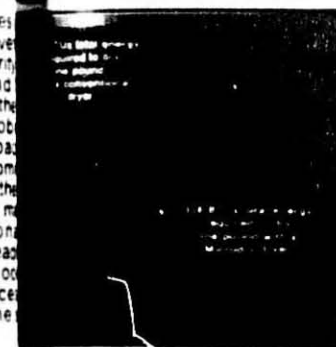
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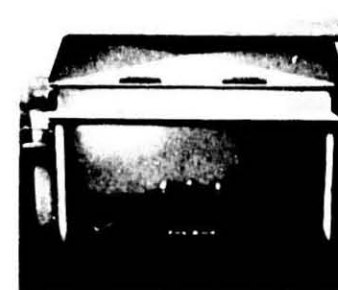
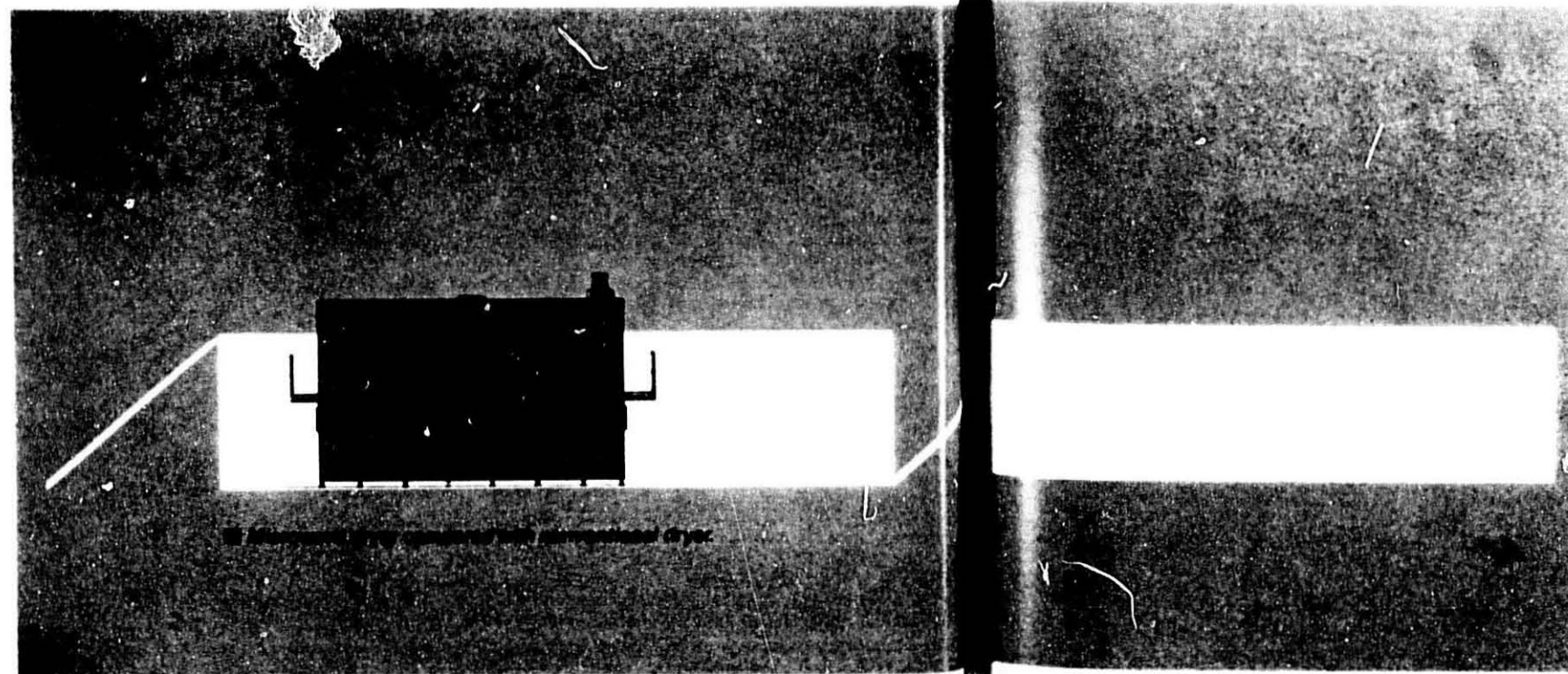
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Technical director of a large pasta plant
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Executive Vice President, pasta manufacturer

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GENERIC DON'T HAVE TO LOOK CHEAP TO SELL

By Charles C. Rossotti, President
Rossotti Consultants Associates, Inc.

At the recent Winter Meeting of the National Pasta Association I was asked to chair the round-table on packaging. The first question was "What's new in packaging since last year?"

There seems to be little new and startling but aspects of packaging generic foods was a lively topic. While generic foods are to have no frills, the packaging industry is put under the same constraints—no expensive packaging and keep overall costs down for the generic products to the consumer. Thus, the main thrust of the effects of those involved in attempting to cut out all the frills and any additional expense in packaging, seem to cut the packaging down to the barest minimum—nothing but a black and white simplified package. However, the experts in the packaging industry disagree on this approach.

Their overall disagreement seems to be that generics don't have to look cheap to sell. Some packaging experts feel that retailers are all wrong in the way they have approached generics packaging. They say generic foods would sell better if the packages conveyed a message of quality rather than a message of cheapness. One packaging expert stated that if someone came to him to design a generic food package the last thing he would do is make it look cheap; the first thing he would do is make it look like the best value in the store. There is a difference between conveying a message of cheapness and a message of value. The price itself conveys a message of cheapness, so there is no reason for the package to also convey this message. So why sacrifice everything else good about the product for the sole purpose of conveying cheapness?

Packaging experts claim that the incremental costs of printing a package in four colors rather than in black and white would be so small that it would not affect the overall cost of the product. As a matter of fact, in some instances, generic packaging in black and white in small quantities might wind up costing even more than the regular color packaging of large units in millions of packages. The largest single cost of a generic product is the



Charles C. Rossotti

contents in the package. The cost of the actual package is very small. The cost of an actual label might be 1/100th of a penny for black and white; the cost of a single four color label is about 1/50th of a penny—so even by doubling the cost of the label from 1/100th of a penny to 1/50th of a penny, you still haven't materially affected the overall cost of putting the product together. What are they going to do—raise the price 1/50th of a penny?

Private Label

Private label packaging has attempted to look as good as national brands, and that's smart. Claiming that the product is as good as the national brand

is also smart. Generic products claim that price is the only game in town and the first thing they set out to do is to make them look inexpensive, instead of making consumers feel like they are really getting something for their money. They know the price of everything and the value of nothing.

We believe that the goal for a package should be to sell a product at a point of sale as opposed to decorating the product and making it look pretty. Manufacturers and retailers believe that the single most persuasive medium available to communicate a level of price is the package design. That, itself, depicts the importance of package design per se because it is a tool they use most dramatically as we explained in our packaging discussion last year's meeting entitled, "Packaging should be a tool of top management."

Horrendous Error

Once generic packagers decide that it is the package design that is going to convey to the consumer what is in the package, then they make what I think is the most horrendous error. The retailer then says, since the price of generics is going to be less than other things else, the first thing we have to do is make them look cheap, and the

(Continued on page 44)



GOULD DESIGN EQUATES DRAMA PLUS GOOD TASTE

Gould and Associates have created a dramatic and unique graphic design for a Prince Macaroni Company pasta product, "Superoni". The raised hand supporting plate creates a provocative invitational suggestion—an offering. The dark background and muted colors, by contrast, clearly separate it from its competition. The script adds a quality note to the overall design. The visual effect is a dramatic billboard.

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Roger Di Pasca



Roger Di Pasca was born May 5, 1908 and died February 17, 1982 at the age of 73.

He was born in New York City and educated at Fordham Prep, Fordham College, and was a graduate of Fordham Law School.

Before World War II Mr. Di Pasca was associated with the law offices of Impellitteri and Loreto in the Woolworth Building, New York City. Mr. Impellitteri later was to become mayor of the city, and Mr. Loreto became a New York State Supreme Court Judge.

Mr. Di Pasca joined the Air Force in May, 1942, and was separated from the 12th Air Force in December, 1945. He spent 27 months overseas in the Mediterranean Theater, Naples-Foggia-Arno and the northern Apennines—where he served with the Intelligence Department of the 12th Air Force. He was awarded the Bronze Star Medal.

He joined the Ronzoni Macaroni Company after the War and was with them for nearly 30 years as general

counsel. During that time he made a great contribution to the industry as well as to the company. He and Joe Giordanno of V. LaRosa and Sons were the only legal counsel working directly in a pasta company at that time. Between the two of them they exercised leadership in revising the constitution of the National Macaroni Manufacturers Association and coordinating committee work, particularly for the Standards Committee. In short, they served as general counsel to the Association on a voluntary basis before outside counsel was retained.

Mr. Di Pasca became totally disabled with multiple sclerosis about eight years ago. He is survived by his widow, Virginia, daughter Linda Stephens-Batko, and grandson, Dean Stephens.

Altaffer Joins Buitoni

Tim Altaffer has joined Buitoni Foods Corporation as Assistant Product Manager - Frozen Foods, it was announced recently by William P. Smolka, Buitoni Vice President - Marketing and Sales.

In his new position, Altaffer has marketing responsibilities for Buitoni's line of frozen entrees, side dishes and pizzas. He will be reporting to Buitoni's Marketing Manager - Frozen Foods.

Prior to joining Buitoni Foods, Altaffer was with Lever Brothers Company, where most recently he served as Sales Communications and Promotion Materials Coordinator. He joined Lever Brothers in 1977 as a Sales Representative for the Ft. Wayne, Indiana area.

Altaffer is a graduate of Lehigh University, where he earned his B.S. degree in Marketing.

Buitoni Foods Corporation manufactures and markets a full line of quality Italian dry pasta products, pizzas and frozen entrees.

Coming Events

78th Annual Meeting NPA
The Broadmoor, Colorado Springs
JULY 11-15, 1982.

Washington Meeting
L'Enfant Plaza Hotel
September 16, 1982

Birkel of Germany Acquires 'Batter' Flour Specialist

According to World Food Report, Birkel, one of Germany's leading pasta manufacturers, has purchased Zeiher Nachmittel, located in Ulm, who specializes in production of "batter" flour, bread crumbs and soup ingredients.

Commenting on the purchase, World Food Report said:

"The acquisition of Zeiher enables Birkel to expand its own interests in the ingredients sector. Its wholly-owned subsidiary, TAG, produces batter flour and similar items. Zeiher, who markets its products in southwestern Germany, will strengthen TAG's distribution network, which is particularly weak in this region. The same in Zeiher will benefit from Birkel's greater technical know-how and larger marketing and sales forces. Together, TAG and Zeiher will hold a share of about 30% of the batter flour market, making Birkel the market leader.

"Birkel is also a major force in the sauce market. Early in 1981 it entered the instant noodle market in a joint venture with Nissin Foods of Japan, it noted.

Generics

(Continued from page 42)
certainly have achieved this aspect. In a matter of fact, in our opinion, generics packaging represents a step backwards as packaging manufacturers over the years have constantly striven to improve all aspects of packaging wherever practical and possible.

In conclusion, from the standpoint of packaging manufacturers, there is little or nothing to be gained in changing the packaging of generic products. Finally, generics don't have to look cheap to sell.

Durum Decrease

North Dakota State Wheat Commission reports preliminary indications project a 21 percent decrease in durum nationwide with 40-50 percent reductions in Arizona, California, and Minnesota. The 17 percent reduction indicated for North Dakota during acreage is likely to become more pronounced depending somewhat on price relationships and producer decisions on acreage reduction program participation between now and program ratification.

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With more than half a century of experience we believe we might be able to help if you have any problems in our areas of experience.

PACKAGING —we believe we have undoubtedly modernized more packaging than any other sources. We constantly continue our updating processes.

PROMOTION —we have not only conceived many promotional plans, but we have studied many that others have launched throughout the country. We believe we can help promote your products that you have by study, and recommend additional products that might be promoted in your trading areas.

MARKETING —rather than depending entirely on advertising dollars, we can show you modern marketing methods which will help capture more of your market. We have done it for others.

MERCHANDISING —We can point the way towards new profitable products and lay out merchandising methods for their development.

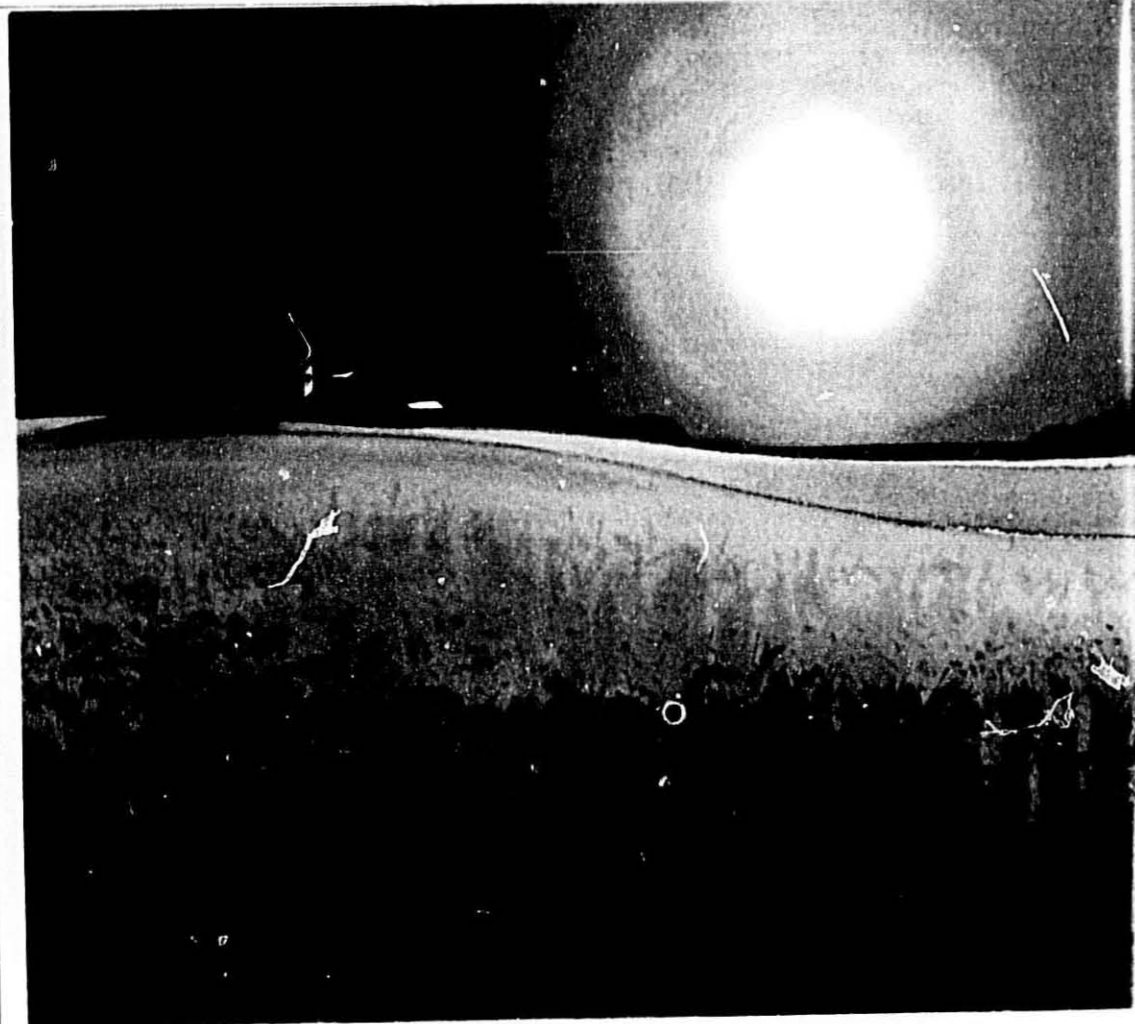
We have experience in these areas

Charles C. Rossotti, President

Jack E. Rossotti, Vice President

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Established in 1898



*We start with the finest durum and mill it to exacting standards
to insure you of dependable product quality. We're Multifoods.*



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