

**THE
MACARONI
JOURNAL**

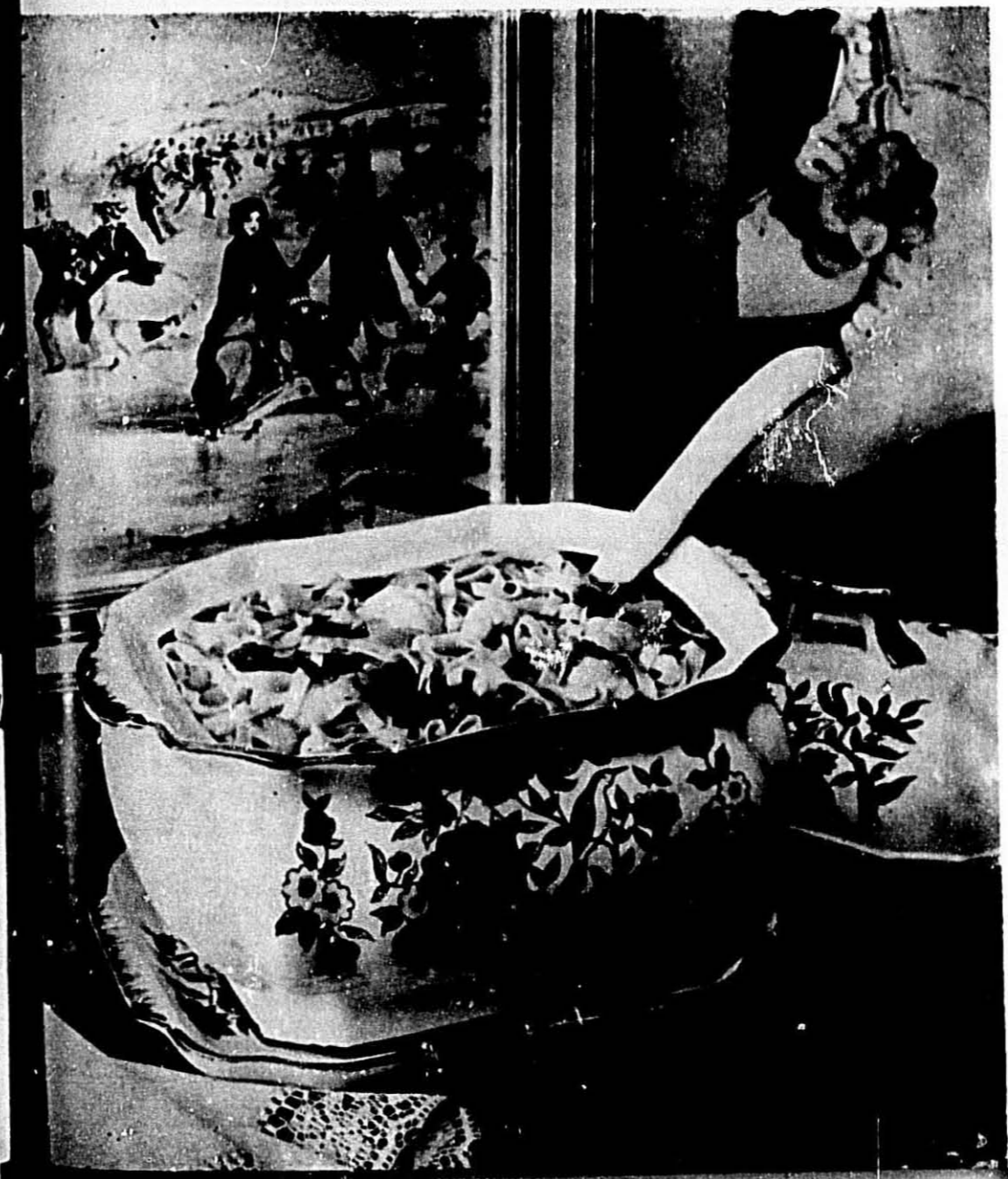
**Volume 65
No. 9**

January, 1984

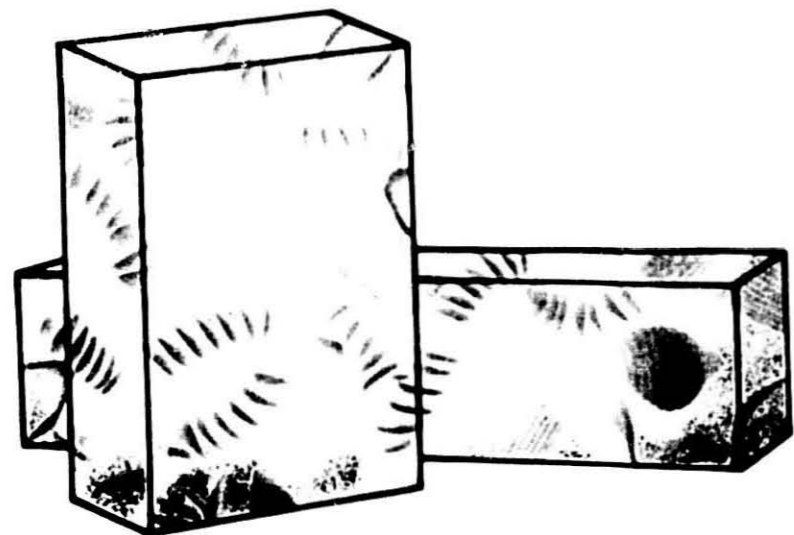
Macaroni Journal

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JANUARY, 1984



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The Macaroni Journal

Vol. 65
No. 9
January
1984

Published monthly by the National Pasta Association, Inc., 100 E. 17th Street, New York, N.Y. 10003. Telephone: (212) 512-1100. Second-class postage paid at New York, N.Y., and at additional mailing offices. Postmaster: Please send address changes to The Macaroni Journal, P.O. Box 10078, New York, N.Y. 10008.

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M. G. 1984

Soup's On

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Winter Harvest Soup
M. G. 1984

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Macaroni Journal

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\$4.00 per year
\$12.00 per year
\$24.00 per year

1983 HIGHLIGHTS AND OUTLOOK FOR 1984



Ted J. Settanny

Ted J. Settanny, President of Prince Foods Company comments regarding pasta growth, sales, public relations, and marketing variables in 1983. . . .

1983, generally speaking, has produced another banner year of extensive support from Food Editors regarding the "positives" of pasta.

While there have been a few articles that were not "pro-pasta," (and these have been, or will be addressed by the National Pasta Association), by and large we have, as an industry, received favorable commentary.

This commentary, as it relates to the food value and positive nutritional values of pasta, the versatility, convenience, ease of preparation, and economy of pasta dishes, contributes immeasurably toward helping increase the per capita consumption of pasta.

Also, there has been a more favorable trade reaction in 1983 in supporting and featuring pasta products.

The one denigrating factor in this whole picture is the influx and gains, generated by the *foreign brands*.

I personally have had favorable trade and consumer reaction (to the use of the designation "foreign pasta") in pleading our industry cause against imported pasta. "Foreign" tends to open up the subject of "Think American"; "Buy American." . . . and I sincerely believe goes a long way in helping us fight the foreign brands of pasta.

Foreign brands have very definitely gained ground in some of the Prince marketing areas. The increase in the number of foreign brands may contribute ultimately to their downfall. I find the foreign brands are fighting among themselves, and this should re-

sult in one or two brands surfacing as survivor brands.

Generic and private label pasta brands developed some softness in 1983. This is no doubt the result of strong promotional activity on branded pasta.

Regarding fresh pasta, at most I view it as a fad. I do not see sales growth for fresh pasta in the long pull.

1984 should continue to produce growth in the pasta sales and consumption. An upgrading in marketing concepts by the industry as a whole will strengthen brand share progress.



Paul A. Vermeylen

Paul A. Vermeylen, President of A. Zerega's Sons, Inc. says:

I think industry progress in 1983 was modest but encouraging. We seem to be gradually convincing the public that pasta is not too heavy or fattening for the average person. I consider that the most important trend at the moment is the increasing appearance of pasta in gourmet food stores, and the improving aura or ambience that pasta seems to be gaining with the upscale end of the population spectrum. In other words, pasta is "In."

A moderating factor, of course, is imports which have about a 10% share for example in the New York market. As you know, it's growing at the rate of about 20% a year. Generics seem to have leveled off, and with private label, have about 20% of the market. I think imports have affected private label and generics perhaps as much as they have affected advertised brands in the Northeast. As far as fresh pasta is concerned, we welcome it wherever it

appears. We know it can never compete with dry in volume because of production and handling limitations. However, its appearance means that people are more conscious of pasta and that has got to be good. On balance I am more optimistic for '84 than I was for '83. I think a lot of the good groundwork that has been laid, both by NPA and now to some small degree by the Wheat Industry Council, will begin to show good results. I also think that the major companies who now are part of our industry, while moving slower than I would have hoped, are probably now poised for some real action. I think we can expect some marketing techniques to be employed that will increase the total market rather than simply result in these companies stealing market share from each other. I have expected this development all along, and now I think it's overdue.



L. Thomas Gartner

L. Thomas Gartner, Vice President, Business Unit Manager, Basic Foods Business Unit, The Pillsbury Company, comments:

It looks as if 1983 will be still another good year for pasta consumption, continuing the favorable trends of recent years. Growth of 3-4% in F'83 is stronger than the food industry in total and is attributed to pasta's improving image as "good food" and providing the consumer with good value.

Major F'83 trends were the continuing spread of cheap Italian imports, sharply increasing trade feature support and softening demand for private label/generics. In our areas, it appears these factors are related. Increasingly, the consumer can get a

(Continued on page 6)

THE MACARONI JOURNAL

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Highlights and Outlook

(Continued from page 4)

"deal price" on an import or domestic brand, reducing the appeal of private label/generic lower everyday shelf price.

Looking to 1984, we see 1983 trends continuing to evolve and consumption growth perhaps being accelerated to 4-6% by the expected rise in meat prices.

Steven M. Brody, President, Ronco Enterprises, Inc. writes:

The pasta category has continued to grow in 1983 at modest levels. I believe the positive nutritional perception needs continued emphasis to stimulate further growth. Pressure will continue from the imported brands as well as private labels, especially considering escalating wheat prices. More aggressive marketing of high quality products is needed to stimulate further growth. Overall, I believe that the pasta category will benefit from the changing American lifestyle.



Harold J. Wendt

Harold J. Wendt, President, Gooch Foods, Inc. states:

Our industry, in my opinion, has been going through a period of transition. Our typical consumer is changing lifestyle. The image of pasta may have been distorted but positive change is being implemented.

I believe good progress is being made in changing the awareness of the value of pasta as a food. Many consumers are reading and hearing the nutrition story and will again frequent pasta in their menu planning. Working families are finding pasta is easily and quickly prepared and an enjoyment.

Foreign pasta is making its appearance in the midwestern states but is

being sold on its value that it is Italian and therefore, higher in quality than domestic products.

Generic pasta does not appear to be gaining additional market share and is providing a need to those consumers looking for low cost food. Most retailers carry a line of all cuts available to provide a service for their customers. Private label is growing in our market area. Good promotional activity on some private label brands has expanded market share and their customers appreciate and have confidence in their quality.

Fresh pasta is not really a factor in the Midwest market. There are a few fresh pasta retail outlets but I look at them as more of a gourmet food store.

1984 should be as good a year as calendar 1983. The continuation of foreign imports will have a decided affect on our total industry. The new programs of nutrition awareness will continually improve the consumption per capita. The brands with creative marketing will also have an edge. Service to your market and giving the best quality available to the consumer is the surest way to improve the image of the pasta industry.

John R. William, President, Western Globe Products, thinks industry progress declined in 1983. He states tough competition and low pricing are holding the industry back. Foreign imports have had little impact in the West "because we must compete with any pricing structure."

Mr. Williams says generics are the biggest problem to ever hit the pasta industry and he sees it growing.

Outlook for 1984: material costs up—competition keen—it's going to be a tough year.

John D. Herrick as President of Lancia-Bravo Foods, Toronto, says: "My comments are given from a Canadian perspective solely."

1. Industry Progress in 1983

The growth of the pasta market remains very strong in 1983, experiencing an annual volume growth rate of four to five percent. The industry continues to be very competitive, characterized by a few large dominant firms and a host of smaller—but very aggressive—manufacturers. Imports and generic/private label pasta have become an increasingly significant force.



John D. Herrick

I believe the industry in Canada has done a fairly good job in communicating the benefits of pasta consumption. Much of the advertising by firms is category-oriented, and certainly the efforts of the Canadian Pasta Manufacturers Association have increased the overall profile of pasta. As a recent Gallup Poll has incisively demonstrated, the industry has made most Canadians aware of how versatile, nutritious and economical pasta truly is.

2. Significant developments and Trends

I believe that there is increased awareness of the styles and varieties of pasta, indicating a more knowledgeable and sophisticated pasta consumer. As this trend develops, the likely outcome is increased market segmentation, as manufacturers attempt to fulfill the consumer-expanded needs.

Bulk foods have stormed Canada and, despite recent controversies surrounding their health safeguards, remain a trend that is worth monitoring. Although virtually all pasta users do buy pre-packaged goods, bulk pasta has had a trial rate in the 25% range.

Trade support continues to be a very important element in the promotional mix of most firms, and this development is likely to be maintained in the future.

Finally, per capita consumption of pasta probably will continue to increase in Canada.

3. Impact of Foreign Imports

The subsidization and resultant influx of foreign imports is not exclusively a U.S. problem, although it impacts on Canada in somewhat different manner. Canada has a very

(Continued on page 8)

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JANUARY, 1984

Highlights and Outlook

(Continued on page 6)

significant ethnic community; for example, outside of Italy, Metropolitan Toronto has one of the largest Italian communities (approximately 800,000) in the world! The Italo-Canadian community's per capita consumption of pasta is ten times that of Anglo-Canadians, and it is within the ethnic retail outlets that imported pasta has presented the most serious challenge. The imported pasta is extremely price-competitive, and is greeted with popular acceptance in such outlets.

4. Impact of Generics and Private Label

Generic and Private Label pasta products have been a significant market force for some time now, in Canada, and display remarkable resilience despite some drop in consumer popularity. Although private label brands have been experiencing declining volume over the past year, generics have taken up the slack with volume growth at twice the market level. Together, generics and private label products account for more than 15% of pasta sales. Nonetheless, I believe that the recent competitive feature activity of branded products has curbed the chance of further growth or development of these products.

5. Impact of Fresh Pasta

Fresh pasta competes in the specialty end of the market. Because of the small segment of the population that it caters to, fresh pasta is not looked upon as infringing on our business. Furthermore, the ease of preparation and generally regarded superior cooking performance of dry pasta pre-empt significant market penetration by fresh pasta. Fresh pasta impacts somewhat greater in the ethnic market, but remains a special treat as opposed to a day-to-day staple product.

6. Outlook for 1984

The market will likely continue to grow at four to five percent next year, and competition will remain strong. I would not be surprised to see increased promotional activity, and improved advertising messages.

Two important variables next year are the price of wheat and the state of the economy. Firstly, increased prices for wheat will have an adverse effect on our prices and/or profits, and may weaken pasta's image as an eco-

nomical meal. Secondly, as Western economies recover, it will be interesting to see if pasta's popularity with consumers is maintained or whether consumer prosperity influences them to substitute more expensive meals in the place of pasta.



Norman J. Weckerly

Norman J. Weckerly, U.S. Durum Growers Association, newly elected director on the National Pasta Association board, says the growers are most pleased with their increased involvement in N.P.A. and feel the Association is making great strides forward. Product promotion is moving forward and getting better. Some winners in the electronic media would help. The trade case has spotlighted industry problems in a new way for the grower. He looks forward to a good 1984 with the board and staff continuing to meet the challenges. We will move ahead by continuing projects already established. We can work on export possibilities, payment-in-kind, and hopefully get more participation from the durum millers.

Great Expectations Not so Great

As consumers tightened their belts to compensate for shrinking household budgets, and changed their tastes and lifestyles over the last decade, fewer dollars went to food retailers.

According to the American Institute of Food Distribution, a Fairlawn, N.J. based information and reporting association, the average urban household is spending approximately 20% less for food than they would have had consumer purchases of food consumed at home and away from home remained unchanged.

If consumer purchases had remained constant, the \$33.11 spent weekly by

the average urban household in the early 1970s would have grown to \$62.16 per week in 1980, because of an 84.6% increase in food price during that period. But according to the latest information from the Bureau of Labor Statistics, the average weekly food expenditure for 1980 to 1981 was \$50.50, \$11.66 less than the projected figure, a difference of \$606 annually per household.

"Consumers were apparently successful at holding the line on food spending, and then some—changing the product mix to accommodate shrinking household budgets during the decade," says Frank Panyko, vice president of the institute. He also notes that expenditures for food as a percentage of all personal consumption expenditures dropped from 19.2% in 1970 to about 17.7% in 1982, while the rate of spending for housing, transportation and other services, especially energy components, increased dramatically.

While dollar gains on food-at-home were lower than expected, increasing only 43.5%, spending for food away from home jumped 75.4%—good news for the foodservice sector. "Growing labor force participation among young married women helped to make eating out more of a way of life, rather than a luxury for many couples," says Panyko. "Our analysis shows greater gains in away-from-home food expenditures among households with multiple earners, compared to households with only one earner."

Perhaps supermarket retailers will recapture some of these lost dollars through the specialty foods they are now offering throughout their stores. Providing quality prepared food for at-home dining could satisfy the new lifestyle and changing tastes of today's consumer.

EDB Testing

Concern about the residue of ethylene dibromide (EDB), a pesticide normally used for grain and grain-milling equipment, in food has been raised. The Environmental Protection Agency recently phased out the use of EDB by millers.

Winston Laboratories, Ridgely Park, N.J. has the ability to test for EDB at one part per billion (ppb). Contact them at (201) 440.0022 for details.

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INTERNATIONAL DURUM FORUM

The Seventh International Durum Forum held at Minot, North Dakota, November 16-17 was the focal point of a week-long Pastaville celebration conducted by the Minot Chamber of Commerce.

The Forum program featured reports on the progress of the U.S. Durum Growers Association to demonstrations of microcomputers for farm and ranch.

President Monroe Scheffo of the U.S. Durum Growers Association said the 1984 Farm Program must have a comprehensive conservation program to take marginal lands out of durum production. The surplus is being cut and growers are working with marketing organizations to sell their production.

Richard Klosterman, Director of North Dakota Wheat Growers Association, told of a joint project conducted by growers, the mill-pasta plant at Cando and packaging suppliers to provide "Noodles for the Needy" in North Dakota and Cleveland, Ohio where many blue-collared workers were unemployed.

Joseph P. Viviano spoke on the domestic market (see story on page 20). Joseph Halow commented on the export outlook (see story in February, 1984 issue).

Robert M. Green was awarded the "Durum Man-of-the-Year" Award at the end of Bob Green Day. Monroe Scheffo presented a unique handcrafted award to Bob at the conclusion of the banquet. He said, "The Award symbolizes the great esteem the grower of the Northwest hold Bob Green and his valuable guidance, counsel and leadership as the representative of the U.S. pasta industry." Harold Hofstrand, Leeds, N.D. grower and past president of the USDGA, made the presentation address. The award was handcrafted by North Dakota artist Tom Neary of Washburn, N.D. The material is a pewter-like metal. A box of spaghetti on the base supports a relief map of the United States with a kernel of durum wheat where North Dakota would be.

The N.P.A. Sweepstakes Award to the best entry of durum wheat in the show was won again by Byron Aho, a high school student from Mohall. Winners in the various categories are as follows:

INTERNATIONAL DURUM FORUM



Left to right: Monroe Scheffo, Joe Viviano, Harold Hofstrand and Bob Green.

Commercial Division

Strong Gluten Class—

1. Roy Landved, Tioga
2. Donnel Michels, Beach
3. Chris Zabloutney, Makoti
4. Ross Brothers, Beach
5. Lowell Larson, Fortuna

Standard Gluten Class—

1. Gene Weippert, Columbus
2. Ralph Zook, Beach
3. Dale Peterson, New Town
4. James Schommer, Munich
5. Daniel Nelson, Egeland

Overall Winners—

1. Roy Langved, Tioga
2. Gene Weippert, Columbus
3. Donnel Michels, Beach
4. Ralph Zook, Beach
5. Chris Zabloutney, Makoti

Youth Division

Standard Gluten Class

1. Steve Martens, Stanley
2. Dale Rehawk, Stanley
3. Layne Nelson, Stanley
4. Joey Honrud, Stanley
5. Lief Hemstad, Stanley

Strong Gluten Class—

1. Byron Aho, Mohall
2. Bennie Aho, Mohall
3. Steven Littlefield, New Town
4. Michael Littlefield, New Town
5. Clark Piepkorn, Stanley

Overall Winners—

1. Byron Aho, Mohall, Sweepstakes Award

Crop Judging

4-H Division-Individual

- (42 4-H'ers Total)
1. Kent Vollmer, McHenry 757
 2. Jesse Vollmer, McHenry 737
 3. Kari Hansen, Ward 704
 4. Brent Vollmer, McHenry 688
 5. Tom Hinds, Burke 674
 6. Byron Aho, Renville 673 (81 HRSW)
 7. Virgil Laib, Sheridan 673 (77 HRSW)
 8. Tammy Zabloutney, Ward 663
 9. Lynae Hansen, Ward 650
 10. Kelly Lind, Burke 648

Team:

- First Place—McHenry 2,192
Coach: Roland Senechal
1. Kent Vollmer
 2. Jesse Vollmer
 3. Brent Vollmer
- Second Place—Ward 2,024
Coach: Marcy Hansen
1. Kari Hansen
 2. Tammy Zabloutney
 3. Lynae Hansen
- Third Place—Burke 1,906
Coach: Dick Hinds
1. Tom Hinds
 2. Kelly Lind
 3. Jerome Hinds

(Continued on page 14)

THE MACARONI JOURNAL

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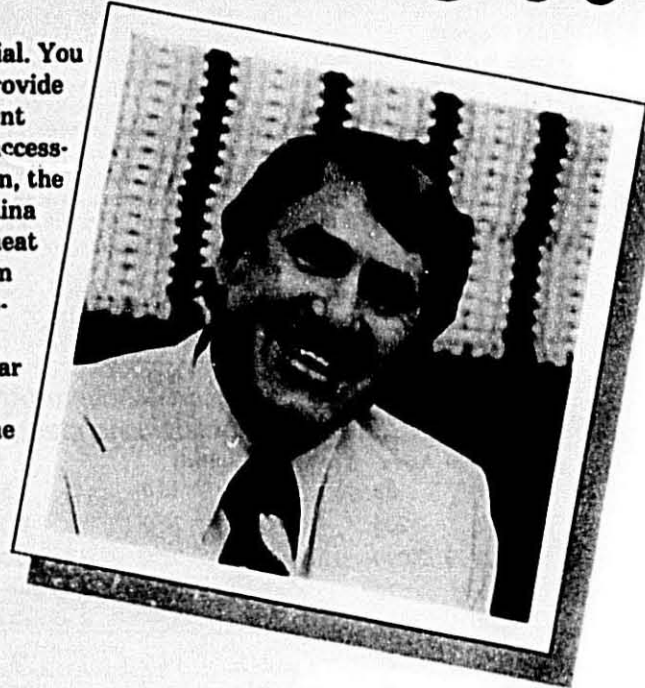
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International Durum Form

(Continued from page 10)

FFA Division—Individual

(26 FFA'ers Total)

1. Steve Vandal, Bottineau 698
2. Steve Waagen, Bottineau 687
3. Mark Loraas, Velva 681
4. Bob Gottbreht, Bottineau 678
5. Kurt Regstad, Velva 669
6. Paul Hoornaert, Fessenden 665
7. Dale Schmitz, Fessenden 662
8. Kerry Ebel, Fessenden 617
9. Mark Gathman, Des Lacs 603
10. Dave Kamp, Des Lacs 581

Team:

First Place—Bottineau 2,063

Advisor: Jerry Wettlauffer

1. Steve Vandal 698
2. Steve Waagen 687
3. Bob Gottbreht 678

Second Place—Fessenden 1,945

Advisor: Mark Zidon and Jeff Mootz

1. Paul Hoornaert 666
2. Dale Schmitz 662
3. Kerry Ebel 617

Third Place—Velva 1,914

Advisor: Noel Podoll

1. Mark Loraas 681
2. Kurt Regstad 669
3. Bard T. 564

Quarterly Durum Report

The Crop Reporting Board on October 1, 1983, forecasted the production of U.S. durum wheat at 72.3 million bushels (1.97 million metric tons), 51 percent less than 1982 and 61 percent below the record high set in 1981. The area for harvest of 2.46 million acres was the smallest area harvested since 1970 and down 42 percent from last year. An estimated yield of 29.4

bushels per acre was down 5.6 bushels from last year. The 1983 durum wheat crop with favorable harvest weather was a bright color and high test weight; however, according to mill standards quality was not all that good as hot weather during the summer resulted in small kernels reducing flour yields.

Stocks

According to the Crop Reporting Board as of October 1, 1983 totaled 170 million bushels (4.63 million metric tons), down 22 percent from last year's 218 million bushels (5.93 million metric tons). Farm holding: accounted for 73 percent of the total or 124 million bushels (3.36 million metric tons) compared to 177 million bushels (4.81 million metric tons) last year. Off-farm stocks totaled 46.5 million bushels (1.27 million metric tons) compared with 41.0 million bushels (1.12 million metric tons). Indicated disappearance of durum wheat during June/September totaled 44.6 million bushels (1.21 million metric tons) during the same period in 1982.

Exports

There was a strong overseas demand for durum wheat during the first quarter of the crop year and the United States shipped 25.7 million bushels into foreign channels during June/September, which was an increase of 9.5 million bushels over one year ago. Algeria the largest single importer of U.S. durum wheat took a total of 9.5 million bushels. Chile, Italy, Netherlands, Tunisia and Venezuela took another 13.4 million bushels which accounted for more than one-half of the durum exports.

Duluth/Superior

Duluth/Superior port durum shipments exceed previous year. In spite of the bleak economic factor of world recession and the strong U.S. dollar, exports of durum wheat out of Duluth/Superior ports since the opening of the shipping season through November 11, 1983 totaled 40.2 million bushels compared with 26.6 million bushels a year ago. Stocks of durum wheat at the twin ports as of November 10 1983 totaled 9,112,000 bushels compared to 7,204,000 a year ago. The increased stocks at the end of the shipping season reduced buyer demand causing spot prices to drift lower.

1983 Regional Durum Crop -- "Very Good"

For the third consecutive year durum wheat regional quality reports were issued by North Dakota State University for the four durum producing states—North Dakota, South Dakota, Montana and Minnesota. The study conducted by the Cereal Chemistry and Technology Department of NDSU was sponsored by the wheat commissions or the wheat promotion councils in those states.

"The 1983 regional durum crop should grade No. 2 hard amber durum or better, with a test weight average of 60.5 pounds per bushel, down 0.6 pounds from 1982," said Dr. Joel Dick, Associate Professor at NDSU.

The falling number value averaged a high 421, which is desired by processors because it indicates the wheat is free from sprout damage, he said Dr.

(Continued on page 16)

DURUM WHEAT

State	Area Harvested		Yield		Production	
	1982	Indicated 1983	1982	Indicated 1983	1981	Indicated 1983
	1,000 Acres		Bushels		1,000 Bushels	
Minnesota	78	38	39.0	36.0	5,400	1,368
Montana	340	205	30.0	20.0	11,040	4,100
North Dakota	3,450	2,020	32.5	27.0	130,790	54,540
South Dakota	145	77	24.0	29.0	5,750	2,233
Arizona*	79	55	89.0	86.0	18,275	4,730
California*	125	65	93.0	82.0	14,685	5,330
United States	4,217	2,460	35.0	29.4	185,940	72,301

* Estimates for current year carried forward from earlier forecast.

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Crop Quality Report

(Continued from page 14)

Dick described milling quality of the new durum as satisfactory, despite lower semolina extraction than in 1982. Pasta processing quality, appearance and cooking quality all rate very good according to Dr. Dick.

The Cereal Chemistry and Technology Department at NDSU was the recipient last year of an equipment grant in memory of James Winston. In addition, the NPA sponsors a graduate student in the Department.

A copy of the report and one for hard red spring wheat can be obtained from Mel Maier, Administrator of the North Dakota Wheat Commission, Bismarck, North Dakota (701/224-2498).

Durum Briefs

Semolina and durum flour production in August was up 28% from August '82, the largest total for a month in four years, according to the Census Bureau.

Durum Grind in August was 3.5 million bushels, compared to 2.7 a year ago, up 27%. It was 53% more than the 2.3 million bushels in July.

North Dakota farmers reported that 63% of all durum acreage was planted with the variety "Vic," up from 37% in '82. All other durum varieties showed a decrease in a survey conducted by the North Dakota Wheat Commission.

The House of Representatives passed legislation that cuts the target price on 1984 wheat crop from \$4.45 per bushel to \$4.38 and freezes it at that level for 1985. The bill sponsored by Rep. Thomas Royle (D-Wash.) provides sweeteners including PIK, diversion and unpaid acreage reduction.

The Minneapolis Grain Exchange, a regional cash exchange where most durum is traded, is trying to find new ways to grow. At stake is its future and perhaps its survival reports the *Wall Street Journal*. Regional cash markets are a "dying breed" because of changes in grain shipping and grading and marketing practices. New Exchange officers are planning options on wheat futures and a new name.

Neal Fisher Promoted

Neal Fisher has been promoted to deputy administrator of North Dakota Wheat Commission, it was announced

by Mel Maier, administrator. Mr. Fisher has been on the Commission's staff for six years as marketing specialist. He has been responsible for analyzing market demand and trade issues affecting spring wheat and durum sales potential. He has compiled and analyzed supply and demand information that is distributed to overseas customers, as well as producers.

As deputy administrator, Mr. Fisher will assume greater program responsibility and assist in a stronger Commission effort to establish more positive U.S. export trade policies for hard red spring wheat and durum, Mr. Maier said. He will continue to coordinate wheat marketing information programs. Mr. Fisher was raised on a farm and ranch near Tappen, N.D., and received bachelor's and master's degrees

in agricultural economics from North Dakota State University.

1983 Egg Product Prices

Dried whole eggs	\$1.48-5.68
Dried yolks	\$1.76-5.90
Frozen Whole eggs	.37- .70
Frozen whites	.15- .29

Pastaville IV

Pastaville activities planned and sponsored by the Minot Chamber of Commerce pretty much followed the format of former years:

There was a Pasta Mama contest with children's entries telling why their mom should be Pasta Mama.

An oodles of noodles display was set up at Town & Country Shopping Centers. These were creative and artistic presentations using pasta as the basic material. Stores, banks and supermarkets had special pasta displays.

Town & Country Shopping Center displayed the world's largest lasagna, five feet by ten inches, prepared by the Optimist Club. Materials were donated by the Creamette Company, Ragù Spaghetti Sauce, North Dakota Beef Commission and Winger Cheese Company.

The Shopping Center also featured a sidewalk Pastaville Cafe. Eight pasta food boutiques presented various pasta specialties with materials presented by the Creamette Company, Cowbills, North Dakota Wheat Commission and Winger Cheese Company. All girls basketball teams, coaches, media and the public were invited to attend the sidewalk cafe.

American Beauty Macaroni Com-



Pastolympic Winners



Darla Tufto dines at the Sidewalk Pastaville Cafe.



Upper left: Welcome to Pastaville, USA. Center left: Lineup for Pastolympics. Lower left: Shopping Center display.

Upper right: Spaghetti Slurpers. Center right: And the Winners! Lower right: Bank display.

pany sponsored the Pasta Mama Beautiful Pasta Giveaway.

On the final day, Saturday, November 9, Pastolympics were held at Dakota Square. These were sports oriented games for students in grades 3 through 8 and included the Lasagna Leap, Noodle Jump, Pasta Course, etc. The Minot Jaycees were the meet coordinators. TV personality John Ratzenberger of "Cheers" was on hand to hype the event and be Master of

Ceremonies.

The Rigatoni Run, sponsored by Happy Joe's, YMCA, Old Milwaukee and the North Dakota Wheat Commission, was run Saturday morning.

Other contests included the Mr. Spaghetti Legs Contest and the Speediest Spaghetti Slurpers featuring celebrities from the newspaper, radio and television media—sponsored by Town & Country Credit Union and the Minot Air Force Base Credit Union.

John Westerberg, Chairman of the NPA Industry Advisory Council, co-hosted a special dinner for the Board of the U.S. Durum Growers Association, North Dakota Wheat Commissioners and other guests the night before the opening of the Forum. Joe Pash, C. F. Mueller Company arranged for a gigantic pasta display in conjunction with Pastaville, U.S.A. and Joe Lichtenberg brought the growers up-to-date on N.P.A. activities.



**CONAGRA
AND PEAVEY:
MILLERS TO AMERICA'S
PASTA MAKERS**

No one mills more quality durum than Peavey and ConAgra. No one provides a more dependable supply — the right product at the right time at the right price.

That's why you can count on Peavey and ConAgra — America's largest supplier of quality Semolina and other fine durum products.

 Flour Milling Company

UPDATE ON PASTA AND THE N.P.A.
by Joseph P. Viviano, Chairman of the Board
National Pasta Association
at the Seventh International Durum Forum

I bring greetings and best wishes from the National Pasta Association to the finest durum wheat producers in the world.

I am pleased to recognize Mr. Norman D. Weckerly, one of your own, who is the most recent addition to the Board of Directors of the National Pasta Association. This was a significant move for the Association and it was done in recognition of the increased participation and the commitment of the North Dakota State Wheat Commission, the U.S. Durum Growers and other wheat grower organizations in the affairs of the Association. Norm brings impressive credentials, vast experience, and a needed new dimension to our Board of Directors.

Also I would like to recognize Mr. John Westerberg, who is chairman of the Industry Advisory Council of the Association. John is responsible for all of our activities with allied groups such as yours.

Before I get on to my message regarding the state of the industry, I also want to take the opportunity to thank Mr. Monroe Scheflo for his outstanding work as President of your Association. This fine meeting is a tribute to his involvement.

I would like to do several things today. First, I want to bring you up-to-date on the state of the Pasta Industry, then I want to review with you the exciting happenings with the NPA itself and finally, I want to wrap up with a review of our foreign imports trade case—imported Italian pasta.

Quiz Time

First, I want to test your knowledge about pasta. So it's quiz time. We have developed a "Pastability" Quiz that asks some multiple choice questions regarding pasta. Since pasta's popularity is at an all time high, the industry is on an upward trend and you are the producers of the wheat that goes into the pasta, we thought it appropriate for us to test your knowledge. (Quiz appears on page 00).

The quiz has been fun but its purpose is to demonstrate to people who should know all the answers, that misconceptions abound out in the mar-

ketplace. If you have answered many of the questions wrong, can you imagine the test score of the general public taking the same quiz. We view this kind of activity along with our other marketing research and promotion activities as a critical area of focus for our efforts in the future. Our promotion activities emphasize this kind of recurring theme.

Pasta in the U.S.

Now, about the Pasta Industry in the United States. Last year was a good year for the Pasta Industry with a gain in tonnage of 4.6% over 1981. In the three quarters of 1983, industry tonnage is still gaining at a rate of about 4%. The area of tonnage growth of the pasta industry has been more than triple the growth rate of all dry grocery-food categories as a group over the past five years.

The only problem is that since 1979, none of the gain in sales in this industry has gone to increasing that piece of the pie that represents advertised brands as a group. It is all attributable to generics and imports.

As a group, our industry's advertised brands have lost pounds and dollars steadily since 1978. In that year, the share of all advertised domestic brands totaled 80% of the total pounds sold in the U.S. At the end of 1982, the share had dropped 5 points to 75%.

Over the past four years of 1979 through 1982, advertised brands have lost sales totaling 137,000,000 pounds (or more than \$82,000,000) to generics and imports. That's the bad news.

The good news is that the rate of losses by brands to non-brands seemed to be plateauing in 1982. Generics seemed to lose much of their momentum in 1982 as their distribution peaked and the general economic recovery began to take hold. The newest threat is imported Italian brands and we will talk about that later.

New developments in the industry include the purchase of the C.F. Mueller Company by CPC International who have Hellman's, Mazola, Skippy, and Thomas Muffins in their grocery line. Prince has purchased Paramount. A D M-Gooch has acquired La Rosa



Joseph P. Viviano

and the D'Amico plant in the Chicago area from Mueller. Consolidation continues and the big get bigger.

**Association Affairs —
Gearing Up for the Eighties**

I am pleased to report to this group that the National Pasta Association has made significant strides over the last year to put ourselves in a position to be a more effective and efficient association — and to serve the entire industry better.

The one thing in business and society that you can count on as a constant — is that things are not constant, they change. The National Macaroni Manufacturers Association served its members well for almost 82 years, but in the last decade, most of the major businesses in the industry have changed hands, so that ownership is no longer within a family but within a corporation. With corporate ownership, in many cases, comes a different way of looking at the business and frequently new and different objectives for the business.

In addition, we have the increasing sophistication of today's business climate regardless of company ownership. Things are more complicated and demanding than they ever were in years gone by. Many things are happening to change this industry and I am sure there are parallels in your business as well. This is an exciting time of transition.

We are forging into some new areas — most of those associated with our move to Washington, D.C.

We have momentum. But more im-

portantly, the momentum is well directed. We have enjoyed the benefits of our farsighted leaders who several years ago foresaw the need for change — not only the need for, but the inevitability of, change and developed a strategic plan to achieve goals and objectives that were adopted by the entire group.

As most of you know, Robert M. Green, has been the Executive Secretary of the Association for the past 35 years. We are especially proud of the fact that your organization has chosen him as the "Durum Man of the Year." It is a recognition that he has earned for his many years of service, not only to the pasta industry but also to North Dakota growers as well. Bob will remain with the Association as editor of the *Macaroni Journal* and will continue to be located in Palatine, Illinois. He is currently writing a history of the pasta industry and is doing the statistical work of the Association.

The everyday responsibility for the affairs of the Association has shifted to our new Executive, Joe Lichtenberg. Just a quick rundown of some of the activities of the Association that may be of interest to you.

In the technical area, our moisture loss study continues under the auspices of Dr. Joel Dick at North Dakota State University. We hope when the results of this test are released in Spring of next year, that we will be able to work with regulatory officials with tolerances and standards.

In the promotion area, the 1983-84 National Pasta Promotion Plan is the most ambitious we have ever undertaken. And to back that up, the Board of Directors has approved increased expenditures. The highlight of our program next year will be the introduction of a pasta lover's diet cookbook. We have made a cooperative arrangement with the publisher of this book which we hope will make the best seller list. Through our press and electronic media activities, our goal is to reduce billions of individual favorable pasta impressions.

North Dakota Commitment

The National Pasta Association remains committed to North Dakota State University with a series of fellowships that are offered on our behalf. We continue to employ the Cereal Chemistry Department of the University for many of our technical activi-

ties. We continue to work with the North Dakota Wheat Commission staff on a number of common opportunities and problems. In fact, Daria Tufo is Chairman of the NPA's Nutrition Education Committee which has just produced an impressive study on the Nutrient Profile of Pasta. And we look forward to some new programs with the Northern Crops Institute and some cooperative efforts with the durum growers.

As we have reviewed with you in the subsequent years, foreign imported brands of pasta are making inroads into the domestic market. The situation demands a marshalling of time, energy and resources as well as those of our friends too.

Unfortunately, most of the gains in the industry today — the ones that I mentioned earlier — are coming from, if you will pardon my expression, *Un-American Pasta*. . . Foreign brands, primarily from Italy. These foreign brands as a group, have in 8 years shown an impressive 614% increase. Based on the three quarters of 1983 we fully expect a 30-35% increase from 1982 to 1983.

Rather than my telling you about the case, I thought you would be interested in seeing a segment of a TV program that appeared in early October on the MacNeil-Lehrer Report. MacNeil-Lehrer is an hour-long news and public affairs program on public television. This is also an example of our reaching out to communicate our situation to the public and it goes hand and glove with our efforts to work with the Reagan Administration and the Congress. I might add in that vein that the North Dakota Congressional delegation has been exceedingly supportive of our case. In addition, a number of contacts with the United States Department of Agriculture have been facilitated by growers associated with the NPA.

Many of you are asking, what's the latest? Very briefly let me tell you that tomorrow the GATT meets again in Geneva. The pasta panel report is on the agenda. It looks doubtful whether the GATT will adopt the report and therefore require the European Common Market to stop subsidizing pasta. There is a chance, however, that a compromise between the European Common Market and the United States can be worked out that would accommodate pasta only. Failing that, of

course, we then have to rely upon the President to take some unilateral action on our behalf.

The bottom line for us is that the American pasta industry can compete with other companies but we cannot compete with other countries. I can't emphasize that enough.

It will be a different ballgame if Italian imports keep increasing at their current rate unchecked. Several marketing analysts project that the American pasta industry will more than double in the next ten years. We have got to be about the business of ensuring that those increases are gained fairly and squarely on a playing field where the rules are the same for everyone. There are serious implications for the domestic pasta industry and for you as the principal suppliers of that industry, if this situation goes unchecked.

I hate to end on such a heavy note, but it is an issue that has caused us significant concern and we are devoting a lot of our time and resources to attempt to solve the situation.

Front Page Comment

Milling & Baking News carried this front page editorial comment in their November 22, 1983 issue:

Pasta Needs Import Relief

Increasingly, the market for pasta along the East coast is being negatively affected by the heavy imports of product from Italy. According to pasta manufacturers, the import level, currently estimated at 10% or more of the market in some important metropolitan areas, has caused serious deterioration in margins in a battle for shelf space against the subsidized imports. Relief is urgently required from a movement that is obviously unfairly underwritten by the bizarre workings of the European Community's Common Agricultural Policy.

A high level of frustration rules in the pasta industry over this difficult situation. Since a panel named by the General Agreement on Tariffs and Trade ruled many weeks ago in favor of the U.S. manufacturers' position protesting these imports, no relief has been forthcoming, and, disappointingly, last week's meeting of the GATT Subsidies Code Committee offered no assurance that the panel's ruling would be honored.

(Continued on page 24)



Pasta is in the "Good Group"

New research shows pasta releases
the right complex carbohydrates –
rewards us with better health, slowed aging
and built-in weight control.

pasta produces a flat
reading on insulin release

which

Pasta – let's tell it like it is.

ADM

ADM also supplies quality shortening, corn sweeteners,
CO₂ soy proteins, dough conditioners and vital wheat gluten
for the baking industry.

Front Page Comment

(Continued from page 21)

Under the leadership of the National Pasta Association, the American pasta case was forcefully presented in recent days to the U.S. Department of Agriculture and to the White House. If there ever was an example of the blatant misuse of subsidies, this is it!

Pastability Quiz

1. A 5-ounce portion of flounder baked with 2 pats of margarine and served with a medium baked potato (with no topping), has about 400 calories.
A 5-ounce portion of cooked spaghetti, served with 4 ounces of tomato sauce has about
A. 200-220 Calories
B. 280-300 Calories
C. 340-360 Calories
D. 380-400 Calories
2. One serving (5 oz. cooked) of pasta has about:
A. 180 Calories
B. 200 Calories
C. 210 Calories
D. 230 Calories
3. One serving of enriched pasta provides a significant amount (10% U.S. RDA or more) of these nutrients:
A. Vitamin A, B vitamins, and calcium
B. Vitamin A, B vitamins, and iron
C. Vitamin C, B vitamins, and iron
D. B vitamins, protein, and iron
4. Pasta products (except egg noodles) are usually made from the coarsely ground endosperm of durum wheat, which is called:
A. Semolina
B. Farina
C. Durum flour
D. Rolled durum
5. Pasta's largest nutritional component, by weight, is:
A. Vegetable protein
B. Vitamins
C. Simple carbohydrates
D. Complex Carbohydrates
6. Most of the durum wheat for U.S. pasta comes from:
A. Nebraska
B. Italy
C. North Dakota
D. Kansas
7. Italians consume about 60 lbs. of pasta per capita per year. Americans consume about:

- A. 25 lbs.
- B. 20 lbs.
- C. 15 lbs.
- D. 10 lbs.

8. Durum wheat (and/or other high-quality hard wheat) is used instead of other kinds of wheat to make pasta because durum gives pasta better:

- A. Nutritional value
- B. Al dente texture
- C. Flavor
- D. Color

9. Pasta (except egg noodles) provides the following nutrients, listed in order of highest to lowest U.S. RDA contribution:

- A. Thiamine . . . riboflavin and niacin . . . protein and iron.
- B. Riboflavin . . . thiamine and niacin . . . protein and iron.
- C. Protein . . . thiamine and riboflavin . . . niacin and iron.
- D. Iron . . . thiamine and niacin . . . riboflavin and protein.

(Answers on page 38)

PIK a Success

U.S. Secretary of Agriculture John Block told the annual meeting of Harvest States Cooperatives that the government's payment-in-kind program has achieved its three stated purposes: to reduce grain surpluses, strengthen prices and reduce the cost of farm programs next year. He stated that government outlays to farmers in 1984 will fall to \$6 billion compared to \$19 billion in 1983.

Canadian Crop Quality Good

A preliminary evaluation of Canada's 1983 crops by the Canadian Grain Commissions Grain Research Laboratory and Grain Inspection Division reveals a significant increase in the amount of grain that will qualify for the top grades, said H.D. Pound, chief commissioner. Mr. Pound estimated that well over half of the 1983 cereal grains and oil seeds crops will qualify for the top two grades.

Mr. Pound pointed out that the 1983 growing season was marked by extremely hot, dry weather in a number of areas during July and August, which caused premature filling and ripening. This in turn resulted in reduced seed size and test weight, but in higher protein in western Canadian red spring wheat.

In the case of amber durum wheat, the Canadian Grain Commission said that protein this year will be 0.7 percentage point above 1982, and added, "spaghetti cooking quality improves as protein content increases." Semolina yield is not affected by lower test weights and smaller kernels. It was estimated that 33% of the western amber durum crop will grade No. 1, 37% as No. 1, and 20% as No. 3.

Canadian Durum Exports

Canadians should take pride in last year's grain export records, James L. Leibfried, commissioner, Canadian Wheat Board, said in an address before the annual meeting of United Grain Growers in Saskatchewan Nov. 3. Mr. Leibfried pointed out that, in the 1982-83 marketing year, world wheat trade declined by 3%, but Canadian wheat exports rose by 8%.

With reference to durum, Mr. Leibfried pointed to improved prices over the past few months, which he attributed to reduced crops in the Mediterranean area, resulting in stronger demand. "We have relatively good sales and long-term arrangements in hand, so Canadian durum should continue to move well this year," he said. He pointed out that durum prices have risen from a discount to spring wheat to a premium above it, "but we should caution that durum prices are highly volatile and the U.S. still has very large supplies." Great pressure on prices could result from increased 1984 harvest, he said.

Pendleton Mills Appointment

Anthony J. Flagg has been named vice-president, grain operations, Pendleton Flour Mills, Inc., it was announced by Dan H. Breland, president. Mr. Flagg will be responsible for all the marketing and logistical aspects associated with the mill's grain needs and its millfeed production. In addition, Mr. Flagg will undertake the expansion of the company's grain trading activity within the Pacific Northwest market.

Before joining Pendleton Mills, Mr. Flagg spent seven years with United Grain Corp., Portland, most recently as assistant merchandising manager.

Mr. Flagg is a graduate of Willamette University, Salem, Ore. He and his wife, Lezlee, will soon move to Pendleton.



From left to right: Mr. Salvatore Di Cocco, Mrs. Laura Ricciorelli, Mr. Mario Ricciorelli, Mr. Aldo Ricciorelli, Mrs. Mirco Di Cocco, Mr. Alessandro Di Cocco.

Fight for Japanese Market

From Mainichi Daily News, Tokyo

A Japanese - Italian - U.S. sales battle is shaping up in Japan's 40 billion yen (\$167 million) pasta market.

Leonardo Inc., a U.S. government-backed company, is making spaghetti and macaroni in North Dakota from locally produced durum wheat with Japanese production technology for marketing in Japan. The first batch of shipments from Leonardo has already arrived in Japan.

The U.S. government is backing the venture as part of its campaign to promote exports of wheat products to Japan, which has yet to liberalize imports for wheat itself.

Leonardo, headquartered in Minneapolis, MN, has tied up with Volcano Foods Industry Co., a Japanese pasta manufacturer, to enter the Japanese market where growing imports from Italy already threaten home-made pasta.

The tie-up contract was signed in April but was not disclosed until recently.

Under the contract, Leonardo is making pasta with Volcano's production know-how at its plant in Cando, ND — the U.S. durum center — for exclusive marketing in Japan by Volcano.

Volcano is a food products division of Nihon Seima Co., a manufacturer of hemp bags for rice and wheat.

Volcano has started active sales efforts for U.S.-made pasta, aimed at major restaurant chains in Japan. The company, which traditionally has stressed business with restaurants rather than consumer outlets, reports active inquiries from major restaurant chains.

Present plans call for annual production of 3,600 tons in the initial year and 6,000 tons within three years — compared with Japan's 1982 pasta imports of 12,000 tons, all from Italy.

Volcano is predicting annual sales of 2 billion yen (\$83 million) in three years.

Import Threat

The news of the tie-up sent shock waves through the Japanese pasta industry, facing the threat of increasing imports from Italy.

Last year, Japan produced about 128,000 tons of pasta, up 4 percent,

and imported 12,000 tons, up 24 percent.

Imports have been growing at a much faster rate than local production in recent years, rising six times against only 18 percent since five years ago.

In Japan, Leonardo's pasta has a cost advantage over Italian imports.

Volcano's director Junichi Sasano, explains: "Italy imports durum wheat all the way from the United States to make pasta, and the manufacturers have to pay high freight costs and import duties for the wheat. Leonardo, on the other hand, has a plant right in the durum production center and has no such problems."

Sasano also notes that Leonardo, as a government-backed company, buys low-cost wheat directly from farmers in the durum producing area, rather than wheat handled by the Chicago Board of Trade.

Leonardo products, with 100 percent durum, are thus less expensive than Italian imports, also with 100 percent durum, but more expensive than Japanese-made products which contain nondurum flour, according to Sasano.

In terms of quality, he says, Leonardo products rival Italian imports and are much better than Japanese products.

Leonardo was established in 1980 with the backing of the U.S. federal government and North Dakota state authorities, which made a total of \$7 million available for construction of the pasta plant, according to Volcano. The company supplies provisions to U.S. forces and seeks to promote exports of wheat products.

U.S. Wheat Imports

"The venture clearly is designed to promote U.S. exports of wheat-based food to Japan, in the face of Japan's resistance to U.S. demands for import liberalization of wheat," says an industry analyst.

The Japanese government controls imports and exports of rice and wheat under its food control system.

Anyhow, the Japanese-U.S. pasta venture is certain to exacerbate the ongoing sales competition between imports and home-made products.

There are a dozen pasta manufacturers in Japan and a few of them have production and marketing tie-ups with Italian companies.

Among major manufacturers, Oh May, a subsidiary of Nippon Flour

Mills Co., has started local production of "Barilla" pasta under an Italian license.

Nissin Food Products Co., a subsidiary of Nissin Flour Milling Co., has linked up with de Cecco for exclusive marketing of the Italian company's products in Japan.

Kagome Co., a top foods manufacturer, is tied up with IBP to sell its "Buitoni" brand pasta in Japan.

May manufacturers like Oh May and Nissin, obviously concerned about the impact of the Japanese-U.S. venture, say they are gathering information and watching developments.

Volcano is bullish on its undertaking.

"We think active sales competition will lead to a general expansion of the Japanese pasta market," says Volcano's Sasano. "We expect annual demand for pasta in Japan to reach 200,000 tons in the coming years, as the Japanese eat more and more Western foods." (Kyodo)

Progressive Grocer Goes to Japan

The September issue of Progressive Grocer had an article on the Japanese food industry by Robert E. O'Neill. Item: Shielding mama-san and papa-san stores from supermarket competition is just one of the fascinating practices of the Japanese food industry. Item: Meanwhile, the westernization of Japan has contributed to a faster-paced lifestyle, more working women and a corresponding emphasis on convenience. In 1980, for example, more than four billion packages of "instant noodles" were sold, the equivalent of 40 packages for every person, and sales are still growing.

While convenience foods have become nearly as prevalent in Japan as in the U.S., so too has convenience eating. Fast food hamburger stands, pizza parlors, chicken shacks and doughnut shops abound, and eating out has reached such proportions that it is now larger in terms of volume than the much-acclaimed auto industry.

Noodle Containing 'Sardine Flour' Marketed in Japan

"Sardine noodles" is the name given to a new product developed by Choshi Kaiyo, a seafood company. Regular

(Continued on page 28)

THE MACARONI JOURNAL

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Sardine Noodles

(Continued from page 26)

noodles are being supplemented with "sardine flour." The product has gained acceptance in tests at local nursery and regular schools and is now being sold in supermarkets. The product is being presented as particularly high in protein, calcium, phosphorus and iron, as well as being low in fat.

According to *World Food Report*, "the advantage of using sardines is that they account for more than half of Japan's catch. They used to be used mainly as fertilizer, but because of their high nutritional value, increasing efforts have been made to use them for human food."

Noodles Gain in China

Consumption of convenience foods, including bread and noodles, is increasing rapidly in the large cities of China, according to a survey released by Xinhua, the official Chinese news agency. The five major cities—Beijing, Shanghai, Tientsin, Guangzhou and Wuhan—accounted for 36,000 tonnes of noodles in 1982, which was four times the consumption of 1980. The same cities produced more than 3,000 tonnes of bread in 1982, or 2½ times more than in 1981.

Production of convenience foods and special children's foods falls far short of demand, an official from the Ministry of Light Industry said at a national forum in Shenyang, in Liaoning Province. "A good supply of pre-cooked or fast foods on the market would be a great boon to working parents and an aid to better nutrition," the official said.

Commentary accompanying the survey pointed out that a package of instant noodles can be ready in about five minutes, while fried crullers and soybean milk, the traditional fare, take at least half an hour to prepare and frequently must be prepared the night before.

Instant noodles are now found at almost every shopping center and at small groceries in China's major cities, according to the Xinhua survey.

Profiteering on Pasta in Hanoi

Editorial from *Milling & Baking News*

Western sources monitoring broadcasts of Radio Hanoi recently heard an

account of skulduggery in noodle making that pales the charge made by Italian pasta manufacturers that their products are experiencing a good market in the U.S. because American manufacturers don't always use the best grade of durum semolina, or because they blend durum semolina with wheats less suited to pasta production. By way of background, Radio Hanoi in recent weeks has given major attention to "corruption and racketeering" supposedly encouraged by an effort by the Communist government to introduce economic liberalization.

But in the noodle case, Radio Hanoi said that Nguyen Xuan, former head of the state-owned noodle company, "cunningly replaced part of the good quality, state-supplied wheat flour, which he sold at high prices for his own profit, with cheaper, lower quality wheat flour, which he delivered to the food sector." According to the radio account, he used the fruits of his larceny to build a three-story house "lavishly and expensively decorated, furnished and equipped with every amenity, including a special room with ceiling fans set aside for his dogs." No one, even the Italians, have claimed larceny rules in U.S. pasta manufacturing. Indeed, such profits are non-existent in the American noodle industry, regardless of flour used. Maintaining quality, not stealing at the expense of customers, is the emphasis of U.S. pasta manufacturers.

Large sales through supply pacts will hold Canada's market share in China, Japan and the Soviet Union and account for 45 percent or more of 1983/84 exports. Despite the financial difficulties in Eastern Europe, a new three-year Durum and feed grain agreement, including commercial credits, was completed with the German Democratic Republic in September.

Nankin Express and IM

International Multifoods Corp. and Nankin Express, Inc., both of Minneapolis, have reached an understanding in principle under which Multifoods, as an exclusive area subfranchisor, will develop the Nankin Express Chinese fast food restaurant concept throughout the United States.

Nankin Express fast food outlets serve Chinese food for immediate order and pick-up by customers.

Multifoods under the agreement will receive warrants to purchase up to

850,000 shares of Nankin's common stock, at an exercise price of \$2 per share. The warrants are exercisable over a period of 10 years and exercise by Multifoods is contingent upon it achieving certain performance level in its Nankin Express franchise activities.

The arrangement is subject to satisfactory negotiation of definitive agreements, compliance with applicable regulatory authorities and approval by the boards of directors of the two companies.

French Pasta Dispute

World Food Report recently told of a disagreement involving the ownership of the principal pasta producing company in France. The newsletter said:

"The curious row which has developed between the partners in a holding company which accounts for a third of France's pasta output reached a new stage this month. The tribunal of commerce in Marseille ruled that the agreement which links Lustucru and Rivoire et Carret must be maintained. Lustucru had been trying to get the agreement dissolved.

"The agreement dates to 1967, when the main shareholders in the two companies, the Carret and Cartier-Millon families, set up a holding company which held 70% of the shares of both companies. Each family had the same number of votes in the holding company and it was agreed that decisions would have to be taken unanimously.

"The situation changed somewhat when the Carret family sold its shares to the Skalli group, which has milling and wine interests. Between 1971 and 1981 Rivoire et Carret was run by the representative of the Skalli group, Albert Cohen-Skalli, and Lustucru was run by a representative of the Cartier-Millon family.

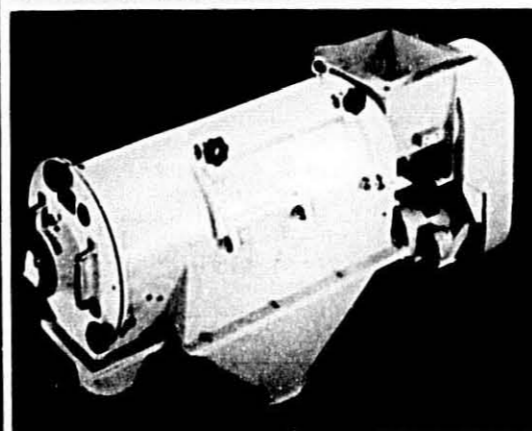
For more than two years, there has been substantial disagreement between the two groups, no doubt sharpened by the recession and keen competition from Italian pasta. Effectively, the Skalli group, which runs Rivoire et Carret, has been trying to bring about a merger between the two companies, leading to the closing of the Lustucru factory in Grenoble.

"Lustucru has been strongly resisting this course of action. Over the last few years it has been profitable while Ri-

(Continued on page 30)

THE MACARONI JOURNAL

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VITAL INFORMATION

Since 1975 the firm of Ernst & Whinney has conducted a Sales Index Study for the National Pasta Association. The contract with them expired at the end of June, 1983.

The responsibility has now been taken over by Robert M. Green of the Macaroni Journal.

Response to Ernst & Whinney was completely confidential and it will be kept that way. All information will be held in strict confidence and issued in summary form only. Monthly reports will go only to those firms which provide information.

Each participant in the program will be assigned a reporting code number so that no company name need appear on any report and all individual company data will be destroyed once it has served its purpose.

We believe pasta manufacturers who participate in this study will significantly improve management information.

Forms ask for production and sales for 1982 and 1983 in the following categories:

Sales to the grocery trade;
Sales to foodservice;
Sales to industrial users;
Sales to government.

Data and reports are on a monthly basis.

If you will participate send me the name, address and phone number of the individual in your company who will supply the monthly information.

Should there be any question regarding the nature or conduct of this statistical program, please call Robert M. Green at 312-358-1022.

THE MACARONI JOURNAL
P.O. Box 1098, Palatine, IL 60078

French Pasta Dispute

(Continued from page 28)

voire et Carot has not. It has diversified out of pasta into rice and vegetables in retort pouches. It also benefits from its premium position in the pasta market.

"The tribunal ruled against the dissolution of the group for economic reasons, saying effectively that it would weaken the French pasta sector. However, it seems likely that Lustucru will appeal. It is difficult to see how such a group can continue with top management at loggerheads."

Greek Durum Crop

Greece might not export any durum wheat this season, July 1983-June 1984, because of a severe drought earlier this year, according to the Greek Agricultural Ministry in Athens.

The durum wheat harvest this year is expected to fall to 584,700 tonnes in 1982. In 1982-83, exports of durum wheat were an estimated 572,000 tonnes.

In recent years, Greek exports of durum wheat to Algeria and Tunisia damaged prospects for U.S. wheat sales in those countries, according to U.S. Department of Agriculture officials.

The Greek ministry has also estimated a fall in the country's soft wheat harvest. It believes it will yield 1,524 million tonnes, compared with 2.2 million tonnes the previous year.

There are doubts about the quality of wheat still to be harvested in the big growing areas of Northern France, although wheat harvested to the south of Paris is looking good. The doubt over wheat in Northern France comes from the exceptionally high temperatures and lack of rain during June and July.

The same type of weather conditions may have reduced West German summer grain yields by about 20%, according to trade and agricultural officials.

A D M Dividend

Archer Daniels Midland Co. declared regular dividend of 3½¢ per share on the common stock, payable Nov. 28 to shareholders of record on Nov. 4. The dividend is the company's 208th consecutive quarterly payment. There are 87,317,250 shares of ADM common stock outstanding.

Live-alones Are an Undeveloped Gold Mine

One-person households are a "potential gold mine" for retailers and manufacturers and represent "an overlooked opportunity," Stuart Tolley, vice president of the Newspaper Advertising Bureau, said here recently.

Tolley, who based his conclusion on a study sponsored by the bureau last year, described the single shopper as more store-loyal on the average, more brand-loyal, less concerned with price and more concerned with convenience. Among other implications, this means they are good potential customers for higher-priced, more profitable goods.

The NAB survey was based on a telephone survey of 558 main food shoppers conducted in 11 cities by Hayes, Nedvea and Associates. Other findings from the study had been released earlier.

23 Percent of All Households

Tolley noted that single-person households represented 23% of all households as of the 1980 census, and this percentage probably has increased since then. In the past decade alone, the percentage increased by 64%.

According to the study, between 1977 and 1982 one-person households food— the highest level, \$43, having been reached in 1982. This compares with a \$23.33 per-capita average for two person households, \$18.56 per capita for three-person households and \$16.88 per capita for four-person households.

One major reason behind this, Tolley said, is that the food industry generally is set up for larger households, so if singles want to buy in smaller units, the cost per unit is higher.

Characteristics Ranked

Food shoppers were asked to rank in importance four food characteristics, with "No. 1" being the most important. Taste, nutrition, cost and ease of preparation are important to both groups in that order, but ease of preparation gets a 3.58 ranking by multi-person households, and a 3.07 ranking by one-person households, indicating it is more important to the latter group.

The Hayes, Nedvea finding on the importance of ease of preparation was supported by a study conducted by Simmons Market Research Bureau in 1981 based on a sample of 15,000 fe-

male homemakers. The survey found that 40% of one-person households had bought frozen dinners within the previous 30 days.

Similarly, 38% of one-person households had used frozen main courses within 30 days, compared with 32% for two-person households, 35% for three-to-four person households, and 34% for households of five or more. Tolley said the greater number of people to be fed in multiperson households makes it likely that greater percentages of these households would use these products than one-person households. There are only small differences, though, because of the importance of ease of preparation among single-person households. The study also found that 60% of one-person households had recently baked from scratch, compared with 71% for two-person households.

The Hayes, Nedvea study discovered that only 16% of one-person households use a third supermarket, compared with 37% for households of two or more. In addition, 20% of one-person households make extra trips for sales and bargains, compared with 34% for households of two or more, indicating they are relatively more concerned with ease and convenience, as well as more store-loyal and less likely to cherry-pick. If a retailer gets a single householder into the store, Tolley observed, he is "more likely to keep" that customer.

Generics

A total of 37% of one-person households— compared with 50% of other households—said they consider generics a good value, while 45% said either their stores do not carry them or they don't know, compared with 32% for larger households. This suggested a greater degree of brand loyalty among singles and that they are more concerned with cost.

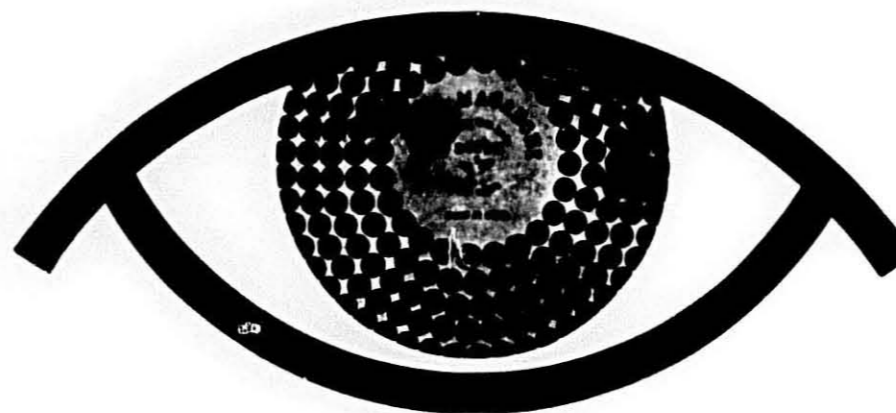
This is not to say, Tolley added, that singles are either careless or unconcerned about cost. About the same percentages as those in larger households, for instance, clip coupons, consult newspapers before shopping and prepare shopping lists beforehand.

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JANUARY, 1984

Stouffer to Build New Frozen Food Plant

Stouffer Foods Corporation has announced it will design and build a new \$75 million frozen prepared foods plant in Springville, Utah.

The nation's leading producer of premium quality, frozen prepared foods, Stouffer's will build the modern, food processing facility on a 60-acre tract in Springville's Industrial Park. The site faces State Route 75 and is a half mile east of Interstate 15, five miles from Provo and 50 miles south of Salt Lake City.

It is expected that ground will be broken for the new plant in March next year with startup of operations scheduled for early 1986. The plant initially will employ 200 with an ultimate employment of 1,200 when all production lines are in production.

Commenting on the new plant, Robert L. McGuigan, Stouffer Foods' President, said, "We're pleased to become part of the Utah industrial scene and anxious to start this project because we will greatly need these additional production facilities by early 1986. We looked at plant sites in 21 states west of the Mississippi before selecting Springville. We can't say enough about the fine cooperation we have received from Springville Mayor Brent Haymond, the City Council and Utah County and state officials who helped us locate and acquire this excellent site."

"Stouffer Foods, aided considerably by our introduction of "Lean Cuisine" products, has experienced tremendous growth in recent years," McGuigan explained. "This new plant will give us the additional capacity we will need in the future while helping us serve our western markets more efficiently."

Single Story Plant

The new, highly-automated, single story Stouffer Foods' plant will have approximately 300,000 square feet and a 90-foot tall freezer warehouse for raw and finished frozen food products maintained at minus 15°F. There will be two production lines in Phase I of construction with provision for additional lines as required. Initially, the plant will produce Stouffer's Foods' frozen regular and Lean Cuisine entrees as well as many side dishes. Ultimately, the plant will be capable of producing approximately 60 different frozen retail products sold in the na-

tion's supermarkets and other food stores, including U.S. military commissaries throughout the world.

With access to both the Union Pacific and Denver and Rio Grande rail lines, Stouffer's Springville Plant will be able to ship its frozen products by rail as well as refrigerated truck carriers throughout the western portion of the nation, McGuigan indicated.

Ron Mangan, currently facilities construction engineer for Stouffer Foods and a veteran of 20 years in engineering work, will be project manager for the new plant.

Webber-Smith and Associates of Lancaster, Pennsylvania, has been contracted to do the design and engineering work for the plant. The general contractor will be selected early next year.

At full operation, the Springville Plant will have two production shifts five days a week and a nightly sanitation shift to clean and sanitize the production lines. The plant also is being designed to allow future expansion of production and storage facilities when desired.

Frozen Prepared Foods

Stouffer Foods, in business since 1954, is the nation's principal manufacturer of quality frozen prepared foods including entrees, side dishes, French bread pizza, crepes, soups and "Lean Cuisine," the company's popular new line of 14 entrees, each with fewer than 300 calories per serving.

The Springville Plant will be Stouffer Foods' third frozen food production facility. The company's Solon, Ohio, Plant, which employs more than 1,650, went into operation in 1968. A second plant, located in Gaffney, South Carolina, started production in July, 1980, and now employs 1,200.

"In selecting a new site, we were concerned with a good, dependable work force; available, efficient utilities and environmental control facilities and an ample, high quality water supply," McGuigan pointed out. "In the Springville site, we are convinced we have satisfied all those needs. We are looking forward to the startup of what we think will be one of the most modern and efficient frozen food production facilities in the world."

The Stouffer Corporation, in addition to its frozen food operations, has approximately 80 restaurants located from coast-to-coast and a national

chain of 22 luxury hotels with more planned or under construction. Stouffer's, which was founded in Cleveland in 1924, was acquired by Nestlé S.A., in 1973. Nestlé is headquartered in Vevey, Switzerland, and is the world's leading food producer with plants in 55 countries. In 10 years under Nestlé's ownership, annual sales for Stouffer's have increased 600 percent.

Prego to be Produced At Sacramento Plant

Campbell Soup Company has announced it will spend almost \$3 million to begin producing Prego Spaghetti Sauce at its Sacramento, Calif. plant in December, due to better-than-expected sales of the product.

Prego was introduced nationally in August 1982 and in that brief time has captured close to 25 percent of the approximately \$700 million spaghetti sauce market, according to Robert Subin, general manager of Campbell's Grocery Business Unit. Subin added that current trends of the business are extremely positive, necessitating additional manufacturing capability.

Sacramento Plant Manager Thomas J. Grabowski said the new production facilities will employ 85 workers, all of whom will be drawn from the company's existing workforce—mostly seasonal employees who will now be put on full-time status. The plant, located at 6200 Franklin Boulevard, presently employs 1420 people full time.

The new facilities will include ending, filling and cooling lines. No new construction will be required.

The Prego will be packed in glass jars—each having a tamper-evident cap—and shipped to distribution points around the country, but mostly in the West. It is the first product manufactured at the plant to be packed in glass containers.

"This is an important step for us," said Grabowski.

"Since the plant was built in 1947, virtually all products manufactured here have been packed in cans. The experience we gain in glass should enable us to package additional Campbell products that come in glass and other kinds of containers. The net result of this added capability is that the Sacramento plant will continue to be im-

portant both to Campbell and to the Sacramento community."

Prego also is manufactured at plants in Camden, N.J., and Napoleon, Ohio.

The Sacramento plant also produces most varieties of Campbell soups and such beverages as "V-8" Cocktail Vegetable Juice and Campbell's Tomato Juice. It also is the major provider of tomato paste for processing at Campbell's other U.S. plants.

New Prego Sauce

Campbell Soup Company announced it has expanded its popular Prego Spaghetti Sauce line with the introduction of a sauce that contains no added salt, sugar, starch, or artificial colors, flavors or preservatives.

The company said the new "Prego No Salt Added Spaghetti Sauce," which was developed in response to consumer demands for more healthy food, should start appearing in the nation's supermarkets in October.

Campbell said the new product will substitute a special blend of herbs and spices for salt and sugar. No Salt Added Prego will be available in 15¼-ounce and 31¼-ounce jars (each having a tamper-evident "button" cap), and will be priced at the same suggested retail price as the other Prego varieties: Plain, Mushroom and Meat Flavored. The new offering has only 35 milligrams of sodium per four-ounce servings.

"Study after study has clearly indicated that more and more consumers want foods that have reduced sodium and sugar content," said Robert Subin, general manager of Campbell's Grocery Business Unit. "This new product is our response to that desire."

Subin said that, according to supermarket consumer advisors, consumer acceptance of low sodium products has been low.

"The ones that have fared well are those skillfully flavored with herbs and spices. That's why this new no salt added spaghetti sauce, with seasonings of oregano, basil and garlic, stands a few, bursts into the low-sodium market as a refreshing alternative."

Hunt's No Salt Added Line

Hunt's tomato products, from whole tomatoes to tomato paste and ketchup, are being packed with no salt added.



For more tasty ways to cut salt from your diet, discover the Hunt's Plan. It's a step-by-step salt reduction guide with recipes and cooking tips to make your reduced-salt diet delicious. Send 50¢ with your name, address and one label from any Hunt's No Salt Added Tomato Product to: The Hunt's Plan, P.O. Box 82643, St. Paul, MN 55182.

Chesebrough-Pond's Report

Net income of Chesebrough-Pond's Inc. for the third quarter of 1983 exceeded 1982's third quarter by 3.0 percent on a 3.3 percent increase in sales, it was announced by Ralph E. Ward, chairman and president.

Net income for the quarter ended September 30, 1983 was \$44,725,000 or \$1.25 per share, compared with \$43,434,000 or \$1.24 per share for the third quarter of 1982. Quarterly sales were \$460,525,000, compared with \$445,849,000 for 1982's third quarter.

For the first nine months of 1983, net income was \$98,038,000 or \$2.74 per share, 5.0 percent below the \$103,204,000 or \$2.95 per share for the first nine months of 1982. Sales for the first nine months of 1983 totaled \$1,251,737,000, up 1.4 percent from \$1,234,321,000 in 1982's first nine months.

Chesebrough's total advertising investment for the first nine months of 1983 rose about 14 percent from 1982's first nine months to about \$107 million, a record for any first nine months in the company's history. Mr. Ward said this increase "is beginning to have an impact on sales which will continue in the fourth quarter and beyond."

In Packaged Foods Division

Ragu Chunky Gardenstyle spaghetti sauce, a major new product under the Ragu brand name, was introduced during the third quarter and was available to consumers by late November. Beginning in the fourth quarter, this new product will benefit from the largest marketing program in the history of Italian food sauces—\$22 million in print and television advertising and a consumer coupon program with a face value of \$85 million. The new Ragu sauce is expected to create incremental sales and to further strengthen the Ragu brand's solid leadership position in the fast-growing spaghetti sauce market. In the Ragu Pizza Quick business, a new boxed pizza kit, including in one package everything a consumer needs to make a pizza at home, reached retail stores during the quarter and should contribute to the division's sales growth for 1983.

Hormel Pepperoni Advertising

Copy reads: "It's time America discovered a great Italian secret. Hormel Pepperoni is not just for pizza alone. Its unique spicy/sweet taste adds new excitement to old favorite dishes like omelets, salads, sandwiches and pasta dishes. Try this tasty Carbonara sauce recipe as a starter. Then let your imagination take it from there."

Pasta with Carbonara Sauce
4 eggs
¼ cup butter or margarine
¼ cup cream
1 lb. fettuccine or spaghetti
2 3½ oz. pkgs. sliced Hormel Pepperoni, cut in strips
1 cup Parmesan cheese, grated
¼ cup snipped fresh parsley, pepper to taste

Eggs, butter or margarine and cream must be room temperature. Beat together eggs and cream until blended. Cook pasta 10-12 minutes in boiling, salted water. Drain well. Turn pasta into heated (250°) over-proof serving dish. Toss pasta with butter and pepperoni. Pour egg mixture over and toss. Add cheese and parsley, toss to mix. Makes 4-5 servings.

NPA WINTER MEETING
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Van De Kamp's Promotes Quality Ethnic Formula

Taking a bite of the \$1.6 billion frozen entree market has given more than one food company a case of indigestion this year. The market is saturated with new items, and supermarkets have not hesitated to weed out the losers. The first to go have been low-quality, tin-tray dinners that many consumers have dropped for more exotic, better-tasting, and often pricier lines. "Every company in the industry had a problem with the TV dinner," acknowledges Steven H. Pokress, president of Van de Kamp's Frozen Foods.

Pokress has turned to better-quality ethnic foods for a solution to the problem. He believes that sophisticated consumers have an unsatisfied appetite for a wider variety of unusual convenience fare. Reminded that shoppers can now find many ethnic items in the supermarket, Pokress dismisses most of the entries as "stomach stuffers" — cheap Mexican burritos and poor imitations of Chinese food.

Marketing Strategy

The move is an important part of Van de Kamp's marketing strategy. The \$100 million company must compete with such frozen food giants as Nestle's Stouffer, Pillsbury's Green Giant, and Campbell's Swanson and Mrs. Paul's Kitchens units on a lean advertising and promotion budget of \$5.4 million. Campbell's Mrs. Paul's division alone spent \$14 million last year.

Pouring money into the largely undeveloped upscale ethnic category is a 180-degree turn for the company, which began as a family-owned, Los Angeles bakery and restaurant chain. In the 1960s, Van de Kamp's expanded into frozen foods and sold them in southern California supermarkets. But by 1973 it was losing nearly \$1 million on a paltry \$13 million in sales, and 80% of the business was still in Los Angeles. Losing patience, Van de Kamp's parent, General Host Corp., which had acquired the company in the mid-1950s, sold the restaurants, formed a separate bakery division, and decided to put more money into the Van de Kamp's frozen food business. At that time, the company had an undistinguished line of Mexican TV dinner, pot pies, and fish filets.

In 1974, Pokress, who had worked on the Van de Kamp's account at its

ad agency was named president. He quickly revamped the fish line, adding a higher-quality, lighter-tasting battered fish, expanding the product into other Western states, and advertising the new brand. Competitors were slow to respond and lost market share.

"Van de Kamp's was smart," says one industry observer. "[It] spotted a category that had a history of quality problems and filled a void." Today, the company holds a 16% national market share, behind Mrs. Paul's and General Mills Inc.'s Gorton's label. And it is using profits — \$7 million last year — to finance its expansion of ethnic food categories and to complete the national rollout of Today's Catch, an uncoated fish line aimed at the calorie-conscious.

Mexican Classic Line

The Long Beach (Calif.) company began its ethnic push in late 1980 when it introduced the more expensive Mexican Classics line. To outclass low-priced rivals, it used shredded beef instead of cheaper chopped meat, and flavored the food heavily with sauces and spices. Advertising stressed "restaurant quality" taste. The brand now racks up \$25 million in retail sales and leads the higher-priced segment of the Mexican frozen food market.

That success encouraged Pokress to look for other ethnic niches. Van de Kamp's is launching a line of Chinese Classics and Italian Classics in Western states, where the Van de Kamp's name is well-known and advertising spending can be concentrated. To avoid competition with R. J. Reynolds Industries Inc.'s Chun King, Van de Kamp's is offering spicier frozen Szechuan entrees. And to give pasta lovers a choice in an area where Stouffer and Green Giant dominate, Van de Kamp's offers Creamy Spinach and Beef & Mushroom. Pokress believes cosmopolitan consumers are his best prospects, so he plans to market the products in major cities across the country next year.

Male Members of Baby Boom Generation Enjoy Food Shopping More than Elders

Male members of the baby boom generation — 60 million individuals from 18 to 37 born after World War II — enjoy food shopping more than male non-boomers and demonstrate

noticeable differences in shopping attitudes, according to a new *People* Magazine Lifestyle Study.

Only 26% of male boomers believe food shopping is primarily a woman's job, as compared to 34% of non-boomers. According to the *People* study, boomers are significantly less price conscious and more experimental in their shopping.

Experimental

Seventy-four percent of male boomers "look for products reflecting personal tastes/styles," as compared to 61% of non-boomers. Thirty-four percent of male boomers "like to experiment with new products," as compared to 28% of non-boomers. Thirty-one percent of male boomers "buy many food products on impulse," as compared to 24% of non-boomers. Nineteen percent of male boomers like to "try new products before my friends and neighbors do," as compared to 13% of older men.

Less Price Conscious

Sixty-eight percent of male boomers are "willing to pay extra for quality," compared to 62% of non-boomers, and male boomers show significantly less concentration on cost. Only 72% of male boomers are "more conscious of price now than I was a year or two ago," compared to 79% of non-boomers. Only 35% of boomers shop the food stores with the best prices/bargains for a particular week," as compared to 46% of non-boomers. Only thirty-eight percent of male boomers "try to use as many coupons as possible," as compared to 46% of non-boomers. Forty-one percent of boomers buy "more convenience foods than five years ago," as compared to 2% of non-boomers.

With the majority of its 21.8 million readers members of the boom generation, *People* magazine set out to identify their values, attitudes and consumer patterns. Monroe Mendelohn Research Organization conducted the study for *People*, the most comprehensive research on boomers' lifestyles undertaken in the magazine industry. Researchers held hour-and-a-half, in-depth interviews with 2,074 individuals, a national probability sample, from January to March of 1983.

According to the study findings, America's biggest and best-educated generation are more "success oriented" than the older generation.

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U.S. Pasta Market To Hit \$1.64 Billion By 1990 Study Projects

National Brand Challenge, Italian Imports, Changing Lifestyles Are Key Issues

The U.S. pasta market is expected to grow from an estimated \$1.204 billion (1982 manufacturers' dollars) in 1983 to \$1.64 billion (1982 manufacturers' dollars) in 1990, says a new 200-page study by FIND/SVP, the New York based information and research firm. The study, entitled *The Pasta Market*, says volume is expected to grow from an estimated 2.349 billion pounds sold in 1983 to 2.66 billion pounds sold in 1990.

From 1977-1977, total U.S. pasta consumption had an average annual growth of 5% in volume and 10% in real, inflation adjusted, manufacturers' 2.2% in volume and 4.8% in real dollars, according to FIND/SVP. From 1977-1982, real growth was virtually flat overall, with peaks and valleys in between. Consequently, average annual growth for the decade was manufacturers' dollars.

The study speculates that, based on historical data and other factors such as expected stable durum prices, growth of the food service and ingredient markets, stabilization of import prices in line with domestic prices, and population projections, the flat market of 1977-1982 will end. Growth will resume at an average annual rate of 2.4% in volume and 4.8% in real dollars at the manufacturers' level.

"Increased advertising budgets in 1982 and 1983 are indicative of the aggressive marketing approach being adopted by the major producers," says Peter Allen, FIND/SVP Manager of Market Research Reports. "We expect this to continue, with these companies using sophisticated marketing segmentation and positioning of brands to capitalize on shifting consumer values, life-styles and demographics."

The study points out that there is still no national brand of pasta, in spite of the entry of the large, national food processing companies. What has thus far been missing in the "national brand challenge" is the absolute commitment by these companies to do what it takes to establish a national brand. The study

projects by 1990 there will be at least two national brands created out of the commitment to growth by two of the large processing companies presently in the industry.

Market Growth Areas

The growth areas will continue to come from the emerging segments of the consumer market, particularly the health conscious consumers who are interested in pasta as a nutritious, low-calorie complex carbohydrate, and the gourmet conscious, upscale consumers who are interested in special shapes and flavors, high quality, authentic (imported) pasta.

As these specialized pasta products become more widely distributed, the study foresees the market polarizing into specialty products and basic commodity brands like Muellers, catering to the traditional and declining market represented by housewives with families of three or four children. Even Muellers is currently expanding its line for the first time in its 117 year history with a packaged side pasta dish aimed at the convenience oriented housewife.

The "industrial" or non-consumer market will continue to grow. This market now accounts for more than half of total pasta being used in the fast growing frozen entree category with major national brands like Stouffers' Lean Cuisine, Armour's Dinner Classics, and Weight Watchers including pasta in their product lines. The average annual growth of this category over the last decade was almost 20% in real dollars, adjusted for inflation. The growth and increasing use of pasta in the market will continue along with the demand for quick, easy, and nutritious meals.

The food service and institutional sectors are using more and more pasta because of its nutritional and economical benefits. Corporate canteens, schools and most recently airlines are the major institutional users. Restaurants are capitalizing on the chic and trendy image being created at the top end of the market and are including more pasta dishes and pasta salads on their menus. In addition, there is a growing market for pasta created by the relatively new phenomenon of the pasta food restaurant chains such as

Spaghetti Pot in California and Old Spaghetti Warehouse in Texas. Even McDonalds is reportedly thinking of adding a pasta dish to its product line.

Controversial Italian Imports Issues

A recent development in the pasta industry is subsidized Italian imports. Imports presently account for approximately 5% of total pasta consumption, with reported shares of 20-20% in key areas of the northeastern U.S. In June 1983, a General Agreement on Trades and Tariffs (GATT) ruling was made in favor of cutting subsidies of Italian imports to the U.S. FIND/SVP forecasts stabilization of prices within two years, thereby opening up an opportunity for domestic producers to capitalize on the upscale, "authentic" specialty market created by the imports.

In response to the low priced imports and supported by lower durum prices in 1982, domestic producers, in the northeastern U.S. particularly, have resorted to intense trade dealing and discounting. FIND/SVP predicts a leveling off of trade deals and couponing and an increase in consumer advertising to support existing products. Market segmentation has become the name of the game and will become a critical factor in determining the success of pasta products marketing and advertising strategies says FIND/SVP.

"Clearly, pasta products producers will have to be aware of and monitor these shifting patterns in order to capitalize on the growth opportunities," says Peter Allen. "It appears that pasta producers are moving in this direction because of the influx of sophisticated food marketers into the business."

The FIND/SVP Study

The Pasta Market provides three forecast scenarios (best case, most probable case, and worst case). The study also looks at industry structure, acquisition activities, advertising strategies, and the leading pasta manufacturers. The study includes a mailing list of pasta producers and marketers, oriental noodle manufacturers, pasta advertisers and their advertising agencies; a list of trade associations and other sources for information; bibliography and glossary.



Walter D. Huddleston, U.S. Senator from Kentucky, accepted President Joseph P. Viviano's invitation to visit the Delmonico plant in Louisville during the month of August. In going through the operation, he stopped to inspect spaghetti being made from the new 4,000 pounds per hour Buhler spaghetti press installed in the Louisville operation within the last year.



Senator Huddleston also had an opportunity to visit and speak to the employees at a Delmonico Spaghetti Luncheon. He assured them that he was supportive of the U.S. Pasta Association's position against the unfairly subsidized Italian imports.

The Pasta Market was published September 1983. It is available for 1985 and can be ordered from FIND/SVP, Information Products Department, 500 Fifth Avenue, New York, New York 10110. To order by phone, call (212) 354-2424 and ask for Patricia Van Velsor.

Pasta Pundits

Using your noodle, answer true or false to the following:

- Suburbanites eat more pasta than city dwellers.
- Less pasta is consumed in the South than in any other region of the United States.
- As household income reaches the \$10,000 level, more pasta is consumed.
- The principal dry pasta consumers are ages 35 to 44.
- The United States imports pasta from Greece, Thailand, China, Japan, Hong Kong and Korea in addition to Italy.
- Canada is the largest market for American pasta; Saudi Arabia is the second largest.

If you answered true to all of the above chances are you're a pasta pro—or you sneaked a peek at *The U.S. Pasta Market: A Strategic Marketing Analysis and Biennial Review compiled by Business Trend Analysis of Commerce, New York.*

CPC Likes Mueller's Fit

The proposed acquisition of C. F. Mueller by CPC International, Inc. marks CPC's entrance into yet another

sector of the processed foods business, and for McKesson Corporation, the seller, a continuation of a narrowing business focus reported *Milling and Baking News*. The two companies recently announced an agreement in principle and now await the execution of a definitive agreement and to the approval by government regulator authorities and by the Boards of Directors of the two companies. The Chairman and Chief Executive Officer of CPC, James W. McKee, Jr. said "We enthusiastically welcome the prospect of adding Mueller pasta products to CPC's lines of high-quality foods, traditional leaders in their categories."

"This fine favorite fits well with our existing food lines, our technological base and our desire to meet the growing consumer interest in nutritional benefits from complex carbohydrates. In addition, Mueller distribution will complement CPC's business in the eastern United States. Upon completion of this transition, it is our expectation that CPC's support will enable the Mueller business to make significant advances in both the strength of its consumer franchise and the modernization of its operations," concluded McKee.

Appointment at Ideal Macaroni Co.

Mr. Pat Ippolito, president of Ideal Macaroni Co., Cleveland, Ohio announced the appointment of Mr. John Augustine to their sales staff. Mr. Augustine will be regional manager under the supervision of Kenneth Ippolito, vice-president in charge of

sales. He will service the western part of Pennsylvania and the northeastern part of Ohio.

The appointment was made to better serve the needs of this growing company which is the only macaroni manufacturer in the state of Ohio. He will give their customers better and more efficient service.

Mr. Augustine resides in Poland, Ohio, a suburb of Youngstown with his wife and daughter. He comes to Ideal Macaroni Co. with 15 years of experience in the retail food business.

Hershey Foods' Zimmerman Is Elected Chief Executive

Hershey Foods Corp. said Richard A. Zimmerman, president and chief operating officer, was elected to the additional post of chief executive officer, effective Jan. 1.

The 51-year-old Mr. Zimmerman succeeds William E. C. Dearden, 61, who will become chairman. The current chairman, Harold S. Mohler, who will be 65 in March, is retiring.

The moves, which were expected, are seen as logical transition for top management of the chocolate, food-products and restaurant concern, Mr. Zimmerman, who joined Hershey in 1958, rose steadily through the company's management ranks, having been an assistant to the president, a group vice president of Cory Food Services Inc., a Hershey subsidiary. He has been Hershey's president and chief operating officer since 1976.

Mr. Dearden has been Hershey's vice chairman and chief executive since 1976.

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Quiz Answers

(Continued from page 24)

- | | | |
|------|------|------|
| 1. B | 4. A | 7. D |
| 2. C | 5. D | 8. B |
| 3. D | 6. C | 9. A |

Sympathy

Mrs. Alma Kuhl died suddenly November 20 while visiting her daughter in Seattle. Mrs. Kuhl was the wife of Sam Kuhl, President of the North Dakota Mill and Elevator, Grand Forks. Sam was in North Africa at the time on a trip for U.S. Wheat Associates.

The family suggested memorial contributions to Gideons International, Grand Forks.

Promotions at Hershey

Joseph P. Viviano has been named Senior Vice President of Hershey Foods Corporation, effective January 1, Richard A. Zimmerman, President of the Corporation and Chief Executive Officer-elect, has announced.

For the past four years Viviano has been President and Chief Executive Officer of San Giorgio-Skinner Company, the nation's second largest producer of branded pasta products and a subsidiary of Hershey Foods.

In his new position, Viviano will be responsible for the Corporation's Human Resources, Productivity and Administration functions plus two operating divisions — San Giorgio-Skinner Company and Hershey International Ltd.

Succeeding Viviano as President of San Giorgio-Skinner will be its Executive Vice President, C. Mickey Skinner.

Viviano began his career in 1960 when he joined his family pasta business, Delmonico Foods, in Louisville, Kentucky. Hershey Foods acquired Delmonico in 1966. Viviano was named Vice President of Operations in 1968 and promoted to President in 1972.

In 1975, Hershey combined Delmonico with another pasta company, San Giorgio Macaroni, and Viviano was named President. In 1980, the pasta division was again enlarged with the acquisition of Skinner Macaroni Company, and Viviano became president of the newly formed San Giorgio-Skinner Company.

A Louisville, Kentucky native, Viviano is a graduate of Xavier University, Cincinnati, with a bachelor's degree in business administration. He is currently serving as Chairman of the National Pasta Association.

C. Mickey Skinner joined Skinner Macaroni in 1951, serving in many production and engineering capacities, and was Superintendent, Production, Packaging and Shipping from 1972 to 1975. He was also President, Plant Operations, from 1972 to 1976, when he was promoted to Executive Vice President. When Hershey formed the San Giorgio-Skinner Company in 1980, he was named its Executive Vice President.

A graduate of the University of Nebraska, Omaha, Skinner is a member of the National Pasta Association, the Grocery Manufacturers of America and the National Cereal Chemists Association.

Catch the Pasta Spirit

NPA WINTER MEETING
Contemporary Hotel
Walt Disney World
March 11-15, 1984

The National Pasta Association and Walt Disney World have teamed up to create a "magic" winter meeting for NPA members and guests.

Excitement... fun... fascination... they all go into making up the Walt Disney World "magic". They are also the ingredients that make a Walt Disney World meeting one of the most unique experiences you will ever enjoy.

Here, you will discover 43-square-miles worth of elegant resort accommodations, outstanding dining and shopping, all kinds of live and lively entertainment, and a host of outdoor activities, including golf, tennis, swimming, boating, fishing, and lots more. All, in addition to the charm, delight, and grandeur of the Magic Kingdom and EPCOT Center.

EPCOT center, Walt Disney's dream is a reality; taking you on incredible "journeys" through time and space - across the continents of the world - and beyond your wildest imagination.

The two dazzling "worlds" of EPCOT Center are Future World and World Showcase. Future World features futuristic "themed" pavilions sponsored by major corporations. See Spaceship Earth, Universe of Energy, World of Motion, Journey into Imagination, The Land and more.

World Showcase is a tour of the world. Travel through the many countries represented and discover shows and attractions, delightful shops and colorful entertainment and cuisine unique to each nation. The center piece is the American Adventure - a special experience.

Of course, The Magic Kingdom with forty attractions to explore is a destination within the Disney compound.

The Contemporary Hotel: Convention Headquarters

The stunning Contemporary Resort Hotel has 1,046 rooms. Sleek monorail trains glide through the spectacular Grand Canyon Concourse, connecting the Magic Kingdom and EPCOT center. Family dining, shopping, entertainment, and recreational opportunities are within moments of your room.

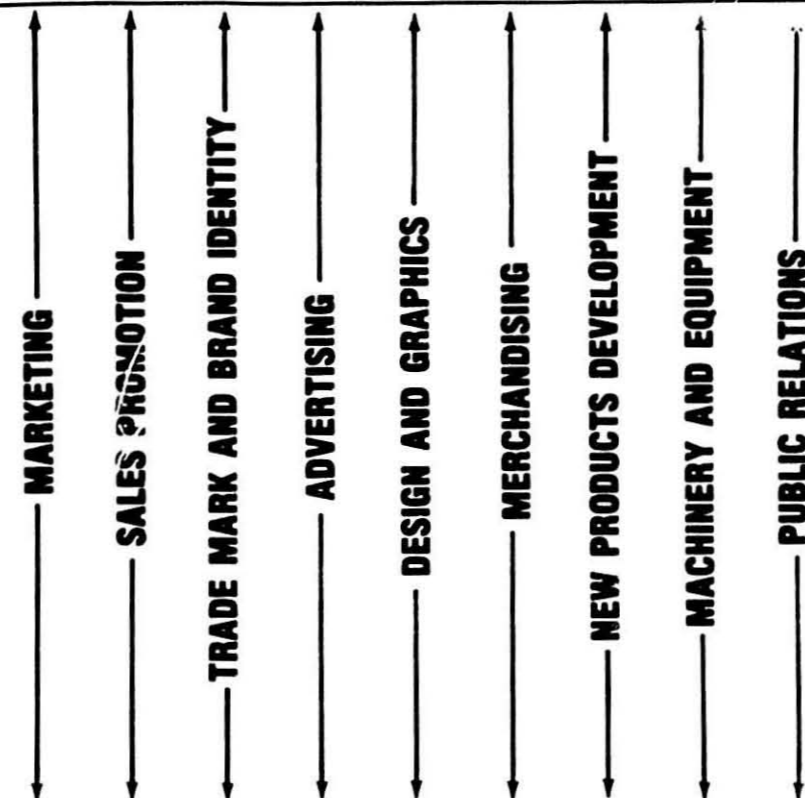
Crowning the Contemporary Resort Hotel, the Top of the World supper club features a dazzling dinner show - "Broadway at the Top", dancing, singing, and a spectacular view of the Vacation Kingdom.

Room reservation forms and convention reservations are available from the National Pasta Association, 1901 N. Fort Myer Drive, Arlington, VA 22209.

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