

**THE
MACARONI
JOURNAL**

**Volume 66
No. 7**

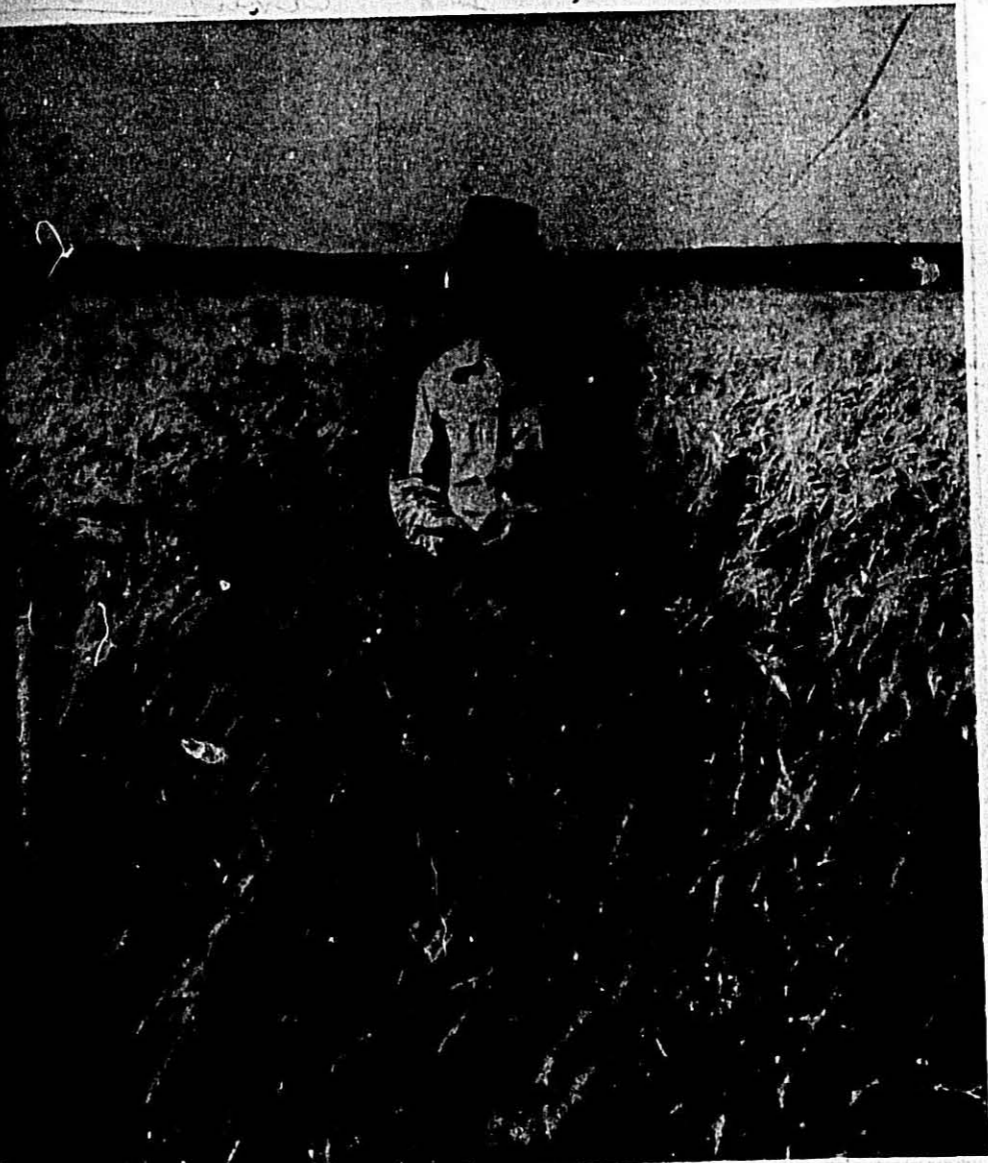
November, 1984

Macaroni Journal

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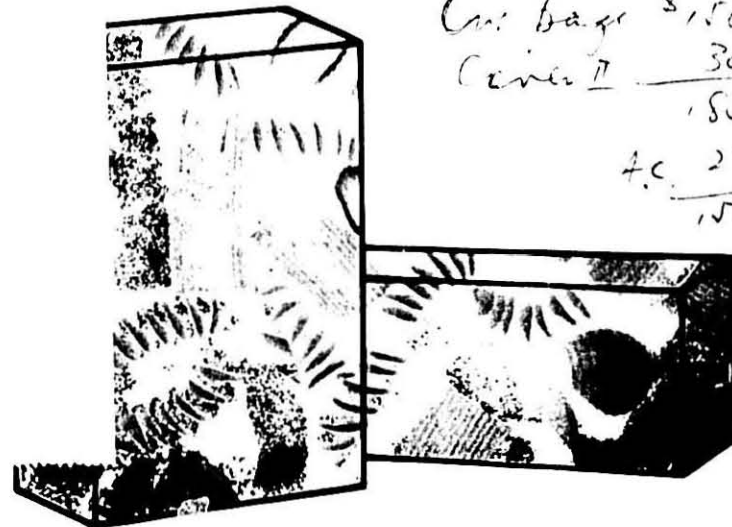
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12

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NOVEMBER 1984

In This Issue:

	Page
Acquisitions	3
Durum Forecast and World Supply	8
Durum Harvest Tour and Conference	8
Panel on Industry Concerns	10
Variety Development and Improvement	12
Domestic and World Perspective	16
Statistics - Canadian Research Lab Report	20
Wheat Industry Council Sets Projects	24
The English Acquisitions	26
The Demise of Marketing 101	34
Index to Advertising	38

Hershey to Purchase American Beauty from Pillsbury

Hershey Foods Corporation announced that it has reached an agreement with the Pillsbury Company for the purchase of American Beauty Macaroni Company, a division of Pillsbury.

Terms of the agreement were not announced.

Under the agreement, subject to approval by federal regulatory agencies, Hershey would purchase certain assets of the American Beauty business including three plant facilities, fixed assets, inventories and trademarks.

It is contemplated that the transaction will be consummated on or before November 30, 1984.

American Beauty is a full-line, consumer branded dry pasta company which conducts its business primarily in central, southwestern and western United States. Its three plants are located in Fresno, California, Denver, Colorado, and Kansas City, Kansas.

"This acquisition is consistent with the company's stated objectives of expanding its business into geographical areas where essentially it does not

market its pasta products. The American Beauty brand will complement nicely the company's existing pasta business, which is well known for its premium quality products and strong consumer franchises," said Richard A. Zimmerman, Hershey's President and Chief Executive Officer.

Borden to Acquire Ronco

Coca-Cola Co. and Borden, Inc. have signed a letter of intent for the sale of Ronco Enterprises, Inc., a regional producer of dry packaged pasta, to Borden.

Acquisition of the Memphis-based pasta producer in September 1982 by Coca-Cola marked the entry of the company into the production and marketing of solid foods. In its annual report for the fiscal year ended Dec. 31, 1983, Coca-Cola said its Foods Division "intends to broaden its product base beyond its traditional scope of expertise in the fruit juice and fruit-based beverage arenas." The report also noted that at the end of 1983, Ronco introduced products "in two markets and test-marketed a consumer-oriented marketing plan to evaluate its competitive pasta category."

Borden to Acquire Ronco

(Continued from page 3)

At the time of the purchase, Ronco Enterprises, producer of cut goods, long goods and selected noodles under the Ronco brand for retail and institutional markets, had annual sales in excess of \$10 million.

For Borden, acquisition of Ronco would continue an expansion of its pasta operations. In 1981, Borden acquired National Food Products, Inc., Harahas, La., producer of Luxury brand pasta, and began construction of a \$7.7 million Creamette Co. pasta plant at Tolleson, Ariz., near Phoenix. That facility, the first pasta plant to be built in the West in the past decade, was completed last year.

Borden said that acquisition of Ronco will allow it to extend its pasta distribution to the Mid-South region.

Terms of the agreement with Coca-Cola were not disclosed. The agreement is subject to the negotiation and execution of a definitive agreement between the companies and other required approvals. Completion of the transaction is expected in a few weeks, it was indicated.

Coca-Cola said it will realize a slight gain on the transaction.

Prince-Italgrani Durum Mill Begins Operations

One of America's largest pasta companies and a huge Italian agricultural conglomerate have joined forces to build a large, highly automated flour mill some 40 miles outside of Boston. The \$11 million plant, the world's most advanced and the first-ever on the east coast, has a daily grinding capacity of 360 tons to produce some of the finest durum wheat flour available anywhere, and will cut raw material costs by 25 percent.

The mill also brings together the talents of two families—one Italian, the other Italian-American—that have several hundred years of experience in the production of wheat and pasta.

The new mill, NEMCO (New England Milling Co.) is the joint venture of the Prince Company, one of America's largest pasta producers, and Italgrani, Ltd., one of the world's largest traders of wheat, run by the Ambrosios, who have dominated the milling business in Italy for some 300 years.

Why New England?

What is a flour mill, a commonplace sight around Minneapolis, doing sitting on a bluff surrounded by 30 acres of bucolic New England countryside?

"Providing higher quality flour than we have ever been able to obtain from any of our suppliers," says Joseph P. Pellegrino, president of Prince. Prince is the only major pasta company to build its own mill, but Pellegrino says that there are centuries of tradition behind this seven-story plant that needs only 18 employees to keep it going 24 hours a day, seven days a week.

Wheat flour and its byproducts were crucial to survival in medieval Europe. The land on which the wheat was grown was owned by royalty, who supplied the wheat to the serfs. The gentry also owned the first mills to supply flour to the masses, increasing the poor man's debt to royalty.

After the reformation, many of the serfs were hired to operate the mills, where they worked for survival.

The twentieth century brought a wave of immigration to the U.S., and many Italian immigrants settled in the ghettos of Boston, Philadelphia, New York and other eastern industrial cities to establish a free and better life. Many of them were pasta makers, called "pastaios."

The pastaios began to set up small pasta shops in the ghettos, one of which opened on Prince Street in the north end of Boston. They bought the flour from small distributors who, in turn, bought it from the large "Nordic" flour mills of Minneapolis. To the immigrants, this represented the royalty of America, and another debt. Even as the pastaios established success in this country, they still felt dependent on the large mills and would never consider building their own mill from simple fear that they'd interrupt their sources and credit from the barons of Minneapolis.

Self Sufficiency

Today, in Ayer, the Prince flour mill means more than a facility to produce pasta. It represents a milestone in the evolution of an independent pasta maker. "We like the idea of being self-sufficient," Pellegrino says. "And plans are underway to build another mill near our factory in Detroit."

Today Prince has a production capacity of five million pounds of pasta

per week in Lowell. In addition to regular line of pasta, Prince markets Superoni, a high-protein pasta, and Prince Light, pasta with less calories than regular pasta. Prince also produces and markets a line of sauces, bread crumbs, cheeses and both general and institution-sized products. Prince has created a marketing strategy that not only has made them the largest independent pasta maker left in the U.S., but has allowed them to broaden their base and establish related and unrelated industries such as Prince Congregated Container, Prince Lithographers, and Chem-Tech International.

Japanese May Build North Dakota Pasta Plant

A Japanese company may build pasta processing plant in North Dakota, but state officials don't want to say much more about the deal for fear of throwing a monkey wrench into negotiations as reported by *Rec Karaim* in the *Grand Forks Herald*.

Sara Jones, public information director for the North Dakota Economic Development Commission, said the EDC has made a presentation to a Japanese company that is considering several sites in the United States for a pasta plant, including North Dakota.

She termed the Japanese as very sensitive to publicity and said it is EDC policy not to publicize the name of a company under such circumstances.

Jones emphasized that the company "is in the very preliminary stages" of its deliberations on plant location. The EDC has known of the Japanese interest for about a year, Jones said.

State officials do not know how large the plant would be, how many people it would employ, where it would be located in the state, or how much durum it would use, she said.

However, at a North Dakota Industrial Commission meeting held at the North Dakota State Mill, Allen Olson said he is optimistic about the chances of the Japanese building in the state.

Sam Kuhl, North Dakota Mill and Elevator general manager, also said he felt the pasta plant "had a pretty good chance of ending up in North Dakota."

The optimism stems from North Dakota being the No. 1 durum wheat producing states in the nation, said Tom Forsythe, Governor Olson's press

secretary. Durum wheat is used to make pasta. "North Dakota has a real advantage," Forsythe said, "because we've got the raw material they need." Several state officials said they believe the Japanese would ship pasta from the plant back to Japan for sale, but they could sell directly into the U.S. market, officials admit.

If the Japanese decide to build in the state, construction could begin in 1985, officials said, although Forsythe termed this "a best case scenario."

Forsythe thought the plant would be similar to Noodles by Leonardo near Cando, N.D. which is presently the only plant in the United States where durum is milled and processed into pasta under one roof.

Tim Dodd, a supervisor of the Cando plant, said a Japanese plant would mean little to Noodles by Leonardo if the Japanese did market their product only in their homeland.

Noodles by Leonardo was selling pasta in Japan, principally through Volcano Foods, Inc., he said, but couldn't compete with Italian pasta, cheaper than the U.S. product because of Common Market export subsidies.

Forsythe said the Japanese also may be considering Italy for the plant.

"If the Japanese were to sell into the United States market, Dodd said, they'd simply be another competitor in an already crowded market."

"If they decide to sell in the U.S., all I can say to them is, 'Good luck,'" he said.

Commerce Department Aides Companies Injured by Imports

The U.S. Commerce Department's Trade Adjustment Assistance Program is designed to help U.S. companies hurt by imports.

DeFrancisci Machine Corporation, Brooklyn, New York, a NPA Associate member, has been helped. Businesses that can satisfy that they have been hurt by imports may borrow up to \$1 million directly or borrow as much as \$3 million from a bank with a guarantee of default. The government will also pay up to 75% of the cost of technical assistance to make a company more competitive, such as devel-

oping new technology or improving manufacturing processes.

Contact the NPA or Department of Commerce for more information regarding the services and locations of the 13 Trade Adjustment Assistance Centers (TAACs).

Durum: Harvest Forecast and World Supply

Increased durum yield estimates over expectations were the major factors increasing 1984's harvest forecast. This summer's dry weather in the northern wheat belt region did not erode the harvest outcome quite to the extent that the dry August conditions had suggested.

U.S. DURUM WHEAT SUPPLY/DEMAND 1984-85 ESTIMATE

Supply	Durum Ml. Bu.
Bgn. Stocks	101
Production	105
Total Supply	208

(Continued on page 6)



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Demand	Durum Ml. Bu.
Domestic	51
Exports	65
Total Use	116
End Stocks	92

Durum yield estimate increases in North Dakota, South Dakota and Minnesota were the basis for a slightly larger production estimate. USDA increased, from 97 million bushels to 105 million bushels, its durum harvest forecast as average yield estimates were increased from 27 bushels per acre to 30 bushels per acre in North Dakota where 80 percent of this season's durum crop was grown. Durum's export projection was increased slightly to 65 million bushels according to Tim Oviatt, U.S. Wheat Associates.

World Durum Outlook Update

A larger 1984 Mediterranean durum Crop may be partially offset by diminishing North American durum potential. The European Economic Community (EEC) is expected to export a potential total of 22 million bushels of durum as grain from Greece and Italy this year. While semolina exports to North African countries are common, this is the first time a significant amount of durum is likely to be shipped from Italy as grain. The EEC is expected to announce plans for such an export program early this fall to minimize storage costs on what is projected to be a bumper EEC durum crop reports the North Dakota State Wheat Commission.

Italian durum production in 1984 is expected to reach 130 million bushels, up 25% from the drought reduced crop of 1983 and the second largest Italian durum crop in 15 years. Greek production is estimated at a record 37 million bushels, nearly twice as large as the 1983 crop which was also affected by drought. This large increase in the exportable supply of EEC durum indicated strong competition for U.S. durum in the Mediterranean Basic countries which purchased 55% of all U.S. durum exported in 1983-84. Algeria and Tunisia, the two major North African importers of durum and durum products, have better crops of their own this year but their demand for durum from major exporters should remain relatively strong as it has in recent years, said Neal Fisher, North Dakota State Wheat Commission.

The U.S. and Canada are typically the major suppliers in the world durum market which in itself accounts for only 5% of total world wheat trade.

ConAgra's First Quarter

ConAgra, Inc., posted record first quarter sales and earnings in the three months ended Aug. 26, it was announced last week by Charles M. Harper, chairman and chief executive officer. Mr. Harper said that the record first quarter earnings "came from ConAgra's diversified business mix across the food chain."

Net income of ConAgra in the 13 weeks ended Aug. 26 was \$19,317,900, equal to 83¢ per share on the common stock, up 57% from \$12,340,000, or 63¢ per share, in the first quarter of fiscal 1984. Net sales aggregated \$1,466,650,000, almost double the first quarter sales of \$742,547,000 in fiscal 1984.

Strong Growth in Trend Line Expected

"We believe the company will enjoy another year of record reported earnings in fiscal 1985," Mr. Harper said. "We continue to expect strong growth in ConAgra's trend line, or underlying, earning power in U.S. businesses and worldwide trading operations."

Good Earnings in Grain Processing

ConAgra Grain Processing Companies, the company said, had good earnings in light of burdensome excess capacity in the flour milling industry and disappointing results in feed ingredient merchandising.

Singleton Seafood Co. enjoyed a substantial first quarter earnings gain and Caribbean Basic Foods Co. significantly improved its earnings contribution, it was noted.

ConAgra Poultry Company were a major contributor to the first quarter earnings gain, along with United Agri Products, ConAgra said. The U.A.P. operation, it was stated, achieved major gains in pesticide sales and earnings as planted acreage returned to normal levels.

ConAgra Consumer Frozen Food Companies, which include Banquet Foods Co. and Armour Frozen Food Co., achieved increases in unit volume and higher earnings, the company said.

Armour Food Companies, which include Armour's processed and fresh

meat businesses, performed well below plan due to keen competition for supplies and sluggish demand, ConAgra said. Results, it added, are an upswing and should improve significantly during the season's second quarter of fiscal 1985.

Among worldwide trading and merchandising businesses, the recently formed ConAgra Trading Companies were profitable and continued their expansion in the first quarter. Earnings contribution of Woodward & Decker son were on plan, and Geldermann Peavey, ConAgra's unconsolidated commodity futures brokerage business, achieved good profitability.

Unfavorable Conditions in Grain

Peavey's North American operations remained unprofitable due to unfavorable barge transportation and Gulf export conditions, ConAgra said. The grain merchandising environment, it said, looks somewhat more favorable over the coming months, "supporting ConAgra's expectations for substantially improved full-year results in merchandising and trading businesses." ConAgra's pre-tax income from continuing operations in the first quarter totaled \$33,045,000, up 71% from \$19,335,000 in the first quarter of fiscal 1984. After-tax income from continuing operations was \$19,317,000, up 48% from \$13,047,000 a year ago.

ConAgra said its first quarter effective tax rate was 42%, compared with 29% in the first quarter of fiscal 1984, due to higher investment tax credits as well as the change from 50% ownership of the poultry business in fiscal 1984 to 100% in the current fiscal year.

Annual Convention — Boca Hotel and Country Club Boca Raton, Florida — February 17-21, 1985

As previously announced, the NPA Board voted to change the format of the Association's conventions. The Annual Meeting and Convention will now be held in the winter, February or March. The summer, previously called the Annual Meeting, has been discontinued.

An Executive Conference consisting of all business meetings to include board and committee/council meetings will be scheduled each fall in Washington.

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P O I N T S O F I F



MACARONI DIES WITH INTERCHANGEABLE COMPONENTS



Participants in Pasta/Durum Wheat Conference at Northern Crops Institute, Fargo: First row, left to right: Neal Fisher, North Dakota Wheat Commission; Ardyce Grant, Northern Crops Institute; Mary Kay Dehm, Creamette Co.; Gary Rivers, Zerega's; Luke Dupras, ACB Industries; Mary Hiner, General Mills; Dr. Brenden Donnelly, NCI; Second row: Steve Wall, Mrs. Grass; Debbie Coon, NCI; Jim Keiva, ConAgra; Joe DeFrancisci, Demaco; Gordon Smith, Ronzoni; David Huang, Mueller; Dr. Jack Carter, North Dakota State University. Third row: Ken Day, RHM Macaroni; Sam Kuhl, North Dakota Mill & Elevator; Tom DeFrancisci, Demaco; Willard Peterson, North Dakota Wheat Commission; Richard Gioia, Gioia Macaroni; Jim Jacobs, NCI. Fourth row: C. Mickey Skinner, San Giorgio-Skinner; Orville Banasik, North Dakota State University; Joseph Lichtenberg, NPA; Richard Schryer, Mueller; Steve Helland, NCI.

Durum Harvest Tour and Conference

Some fifteen members of the National Pasta Association were treated to the beautiful sight of North Dakota at harvest in mid-August. Although the harvest was earlier than anticipated when the seminar was planned, many fields were standing tall. The sixteen participants toured the central part of the "Durum Triangle" and spent twenty classroom hours learning about durum from breeding through to grain market trading.

The fifteen members were:

- Ken Day
RHM Macaroni
- Joseph DeFrancisci
De Francisci Machine Corp.
- Thomas De Francisci
De Francisci Machine Corp.
- Mary Kay Dehm
Creamette Company

- Luke Dupras
ACB Industries
- Richard Gioia
Gioia Macaroni Co.
- Mary E. Hiner
General Mills
- Dr. David Huang
Best Foods
- Joe Lichtenberg
National Pasta Association
- James Reiva
ConAgra
- Richard Schryer
Best Foods
- Mickey Skinner
San Giorgio-Skinner
- Gordon C. Smith
General Foods Corp./Ronzoni
- Steve Wall
Mrs. Grass
- Gary Rivers
Zerega's Sons, Inc.

Following an extensive durum wheat technical course at the Northern Crops Institute (a teaching institute on the campus of North Dakota State University sponsored by the Wheat Commissions of North Dakota, South Dakota, Montana and Minnesota), the group toured the durum fields, a set of local elevators, and the State Mill & Elevator. There were stops at Tony Braunagle's farm, Devils Lake, where night combining was in progress. Then on to the Langdon Experimental Station where the fruits of the Breeding Program (partially sponsored by the NPA) were described by Dr. Roy Cantrell, project director. The North Dakota Mill and Elevator, Grand Forks, N.D., the pride and joy of Sam Kuhl and his staff, was the final stop.

The hospitality shown the group by the North Dakota Wheat Commission, U.S. Durum Growers Association, the North Dakota State University and the

(Continued on page 10)

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Northern Crops Institute made the trip memorable.

The crop looks good this year and is expected to exceed last year's crop of 72 million bushels by some 30% or about 97 million bushels. The harvest was about two-thirds completed and the forecast of clear weather held out the prospect of a quick conclusion to the harvest. Yields in eastern North Dakota were quite good, often better than expected, but were much smaller in the dry areas to the west. Protein so far was half a percentage point or more below year ago.

Panel on Industry Concerns

A panel composed of representatives of the various elements of the industry gave opinions concerning industry problems and major concerns.

C. Mickey Skinner, President of San Giorgio-Skinner, had concern on five points: (1) Will the National Pasta Association continue to support durum research for variety improvement and improved technological procedures? He observed that few pasta manufacturers have been greatly interested in their raw materials but because it is the essence of quality and consumer satisfaction with pasta products we must continue our support to research. (2) Will the North Dakota farmer continue to plant durum? Sunflowers and pinto beans have taken large acreages recently and farmers must look at a variety of options. (3) Italian imports are unfair competition because they are subsidized. "We do not object to imports coming in—we can compete but not if they are subsidized by the Common Market." The impact of imports has been largely on the Eastern pasta manufacturer but it affects the whole country. (4) Quality—will the American pasta manufacturer continue to use quality or will he blend? San Giorgio-Skinner feels their use of top grade semolina has contributed to their success. Some of the product going to Government programs such as School Lunch is of very poor quality—and we are teaching our children (future markets) what poor quality is. (5) Consumption—with U.S. population at 230,000,000 people look at what an increase of one pound per person would do for the industry. Our competition is not among each other—it is against other foods. Look at the potato campaign—they have convinced

the public that they are a versatile vegetable and not a fattening food. We have a similar story to tell but we must tell it. We are one of the original convenience foods—we have a bright future but we have to earn it.

Norman Weckerly, farmer and representative of the U.S. Durum Growers Association expressed his concerns. (1) Farmers are in a difficult financial position paying interest rates that are too high. (2) Too much of the farmer's income comes from Government programs. Durum prices are too low. Farming is a capital intensive industry—there is a lot of borrowed money out there. (3) There are declining asset values for both land and used equipment. (4) Figures have been flat in our efforts to increase market share.

At the bottom of all of these problems are government programs. The predictions were that we were going to run out of food and that we would have to feed the world—this hasn't happened. Commodity prices are depressed because we are carrying huge stocks — grains have never been cheaper.

Farmers would like government programs to be simplified. Agriculture today needs government transfer of funds until commodity prices rise because the market is below the cost of production. There are less price fluctuations than we had in the past because of greater production and that production is better balanced. But there is price resistance on the part of buyers—the Russians for example will not pay a premium for durum. They are a safety valve but not a consistent customer.

Challenges to industry: (1) continue support for research. (2) understand problems of Agriculture—it represents 25% of Gross National Product. (3) realize the Agriculture is in financial crisis.

Sam Kuhl, General Manager, North Dakota Mill & Elevator, stated the concerns of the durum miller. The miller has the responsibility of supplying semolina and durum flour of specified quality and competitively priced. The grain buyer must buy grain to meet the customer's specifications. A large carryover can create problems—we are still seeing 1980 durum coming through with low falling numbers score. Even a good group such as this year creates the question will we have low protein

because of increased yields? The carryover also creates infestation problems—the farmer reserve storage program requires the farmer to spend money but he cannot control infestation.

EDB (Ethylene Dibromide) a fumigant suspended by the government Environmental Protection Agency was not a problem in North Dakota said Mr. Kuhl.

Another concern expressed by Mr. Kuhl was excess milling capacity. "We have been running at about 75% of five-day capacity when we would like to run seven days. And more capacity is coming on-stream."

Transportation deregulation has created problems in distributing products to customers around the country. Mr. Kuhl concurred with Mr. Skinner that the government should sponsor the best quality product possible by specifying semolina for pasta in the School Lunch Program—"Children are being fed mush pasta."

Tim Oviatt, Research Director, U.S. Wheat Associates, observed that world production of durum is small—some 5% of total wheat tonnage. It is grown in twelve to fifteen countries with 90% of the export trade handled by Canada and the United States. Italy exports semolina to North Africa with Algeria the largest importer. Algeria has some 17 mills on line so there will be a shift in the future. Durum is not a substitutable commodity so trade is fairly stable. . . . Price is a major concern and price is largely set by the export market.

Joe Lichtenberg, President of the National Pasta Association, briefly traced some of the past history of the organization and pointed out that the organization is governed by a fifteen man board. There is one member on the Board—Norman Weckerly. NPA's mandate is to increase consumption of pasta and provide service to industry members. It works through five councils: (1) Product Promotion; (2) Government Affairs; (3) Technical Affairs—such as moisture loss study, FDA standards, nutrient profile, etc.; (4) Internal Affairs—meetings and conventions, newsletter, Journal, etc.; (5) Industry Liaison Council dealing with North Dakota Wheat Commission, North Dakota State University, Durum Wheat Institute, Wheat Industry Council, etc.

(Continued on page 12)

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Mary Kay Dehm, Creosettes; Ed Volk, Wheat Commission; Gordon Smith, Ronzoni; Bill Ongsted, Durum Grower.



Mary Kay Dehm, Gordon Smith, Richard Schryer with Prof. Orville Benasik.

ments may be in grain yield and/or other agronomic characteristics, quality, and disease resistance, as rapidly as possible. Also they do basic genetic studies of important traits in durum wheat to facilitate variety development.

Cooperative efforts are made with North Dakota State University (Experiment Station) in the departments of Agronomy, Cereal Chemistry, Plant Pathology, Soils, and through the six branch stations. Also with U.S. Department of Agriculture—disease tests, regional yield tests, quality laboratory; With Agriculture Canada and their cooperative nurseries. With CIMMYT (International Center for Maize and Wheat Improvement) and ICARDA (located in the Middle East) with their international nurseries.

INDUSTRY DEMANDS

1. **Farmer:**
 - Grain yield
 - Height and maturity
 - Disease resistance
 - Sprouting resistance
 - Grade
2. **Miller:**
 - Kernel size
 - Semolina color
 - Semolina specks
 - Semolina yield
 - Vitreousness
3. **Processor:**
 - Protein
 - Gluten strength
 - Spaghetti color
 - Absorption
4. **Consumer:**
 - Spaghetti color
 - Spaghetti firmness

Cooking loss and Resistance to overcooking

5. **Exporter:**
 - Test weight
 - Gluten strength
 - Spaghetti color
 - Protein

MAJOR DURUM WHEAT BREEDING OBJECTIVES

1. **Agonomic:**
 - Grain yield
 - Test weight
 - Kernel weight
 - Height
 - Maturity
 - Lodging resistance:
2. **Disease Resistance:**
 - Stem rust
 - Leaf rust
 - Tan spot
 - Blackpoint
 - Root-crown Rot
 - Scab
3. **Quality:**
 - Kernel size
 - Vitreousness
 - Semolina protein
 - Semolina specks
 - Semolina color
 - Semolina yield
 - Spaghetti color
 - Spaghetti firmness
 - Gluten strength
 - Cooking characteristics
 - Sprouting resistance (Pre-harvest dormancy)

BASIC BREEDING SCHEME

1. Parental selection
2. Hybridization

3. Genetic Segregation and Stabilization
4. Evaluation
5. Discard, Recycle, or increase
6. Increase (seedstock project)
7. Release

BREEDING PROGRAM

Generation	Location
Crossing	300-400 Greenhouse
F1	300-400 Greenhouse
F2	200-300 Field rows North Dakota
F3	Approximately 20,000 Field rows North Dakota or Texas winter nursery
F4	Approximately 10-15,000 Field rows North Dakota
F5	Approximately 5,000 field rows in North Dakota or Texas winter nursery
F6	Preliminary yield trial Approx. 600 entries 2 locations
F7	Advanced yield trial Approx. 150 entries 2 locations
F8	Elite advanced yield trial 50 entries 3 locations
F9-F11	URDN, drill strip preliminary increase 3 years, 15 locations Release 8-10 yrs from initial cross

Variety Release Committee Members

Durum Breeder
Experiment Station Director
Agronomy Department Chairman
Plant Pathology Department Chairman
Cereal Chemistry Department Chairman

(Continued on page 16)

THE MACARONI JOURNAL

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Variety Development

(Continued from page 14)

Cereal Chemist (Durum Specialist)
Plant Pathologists (two)
Seedstocks Project Leader
Branch, Station Representatives (two)
Extension Agronomists (two)
USDA Research Leader
Area Agronomist
Representative of N.D. County Agents Association
Representative of U.S. Durum Growers Association
Representative from State Seed Department

Desert Durums

by Richard Cooley, Vice President
Valley Seed Co., Phoenix, AZ

I would like to give you a historical review of the production of durum in the Southwest and some quality data on the varieties grown.

In 1975 durum production in Arizona and Southern California were combined at about 6,000,000 bushels—Arizona production was about five times that of California. In 1976 and 1981 there were high values in Duluth for export—about \$2 a bushel higher than now—which led to heavy production. In 1984 durum production for the two states will be about 15 million bushels.

In 1982 there was a shift with more durum being grown in California than Arizona because in Arizona cotton is king and California had some insect problems with their cotton crop. Sugar beet production was also down in California.

Exports for San Diego and Long Beach go to Italy, Algeria, Tunisia and Chile. Exports so far this year are 2,300,000 bushels with none to Italy because the price is too high. Durum not sold for export goes to the feed grain business.

More than half of the Southwestern crop has a test weight of 62 pounds or higher; 13% protein or better; 67% of the crop has an HAVC of 90 or better; 79% of the crop has 9% moisture or lower; and 90% of the crop grades No. 2 or better.

Western Plant Breeders conducts research for new varieties. The three current prominent varieties are Aldura, 54% of the Arizona crop, Mexicali 29%, and West Grade 881 a new high gluten introduction at about 2.6%. Yield has not been satisfactory for West Grade 881. California acreage

RECENT PROGRESS

Cultivar	Date	Advantages
Rolette	1971	Early, yield, seed size, lodging
Ward	1972	Yield, lodging, leaf rust, stem rust
Crosby	1973	Yield, diversity
Botno	1973	Early, yield
Rugby	1973	Color, stem rust
Cando	1975	Semidwarf, yield
Calvin	1978	Semidwarf, seed size
Edmore	1978	Strong gluten, root rot resistant
Vic	1979	Strong gluten, root rot resistant, yield
Lloyd	1983	Strong gluten, semidwarf Root rot resistant



Steve Wull, Tony Braunogel, Gordon Smith

has flip flopped between Aldura and Mexicali at about the same percentages as Arizona.

Western Plant Breeders have nurseries in the South-West testing durums since 1978. Comparison tests show West Grade 881 higher in gluten strength, protein content, ash content of semolina and good color.

A 1981 sample of West Grade 881 compared with Canadian durum showed higher test weight, higher sedimentation test, ash content, good color but lower protein. The kernel size was larger and the al dente quality of the spaghetti it produced better.

Western Plant Breeders have been working with Pillsbury in Idaho Falls, Pendleton Flour Mills in Washington and Oregon, and with ConAgra in Phoenix.

Domestic and World Perspective

by Neal Fisher, Associate Director,

North Dakota Wheat Commission
Mr. Fisher observed that durum is less than five percent of the world wheat crop. The Common Market will have a larger crop this year because of increased production in Italy and Greece. Canadian and Argentine crops will be smaller. Turkey will have pro-

duction of 191,000,000 bushels of durum.

Canada's stocks were drawn down before this year's lower production. Their durum area has been hit by drought.

He cited the following as characteristics of U.S. durum:

- Grown in Northern Spring Wheat Area and Southwestern United States.
- Comprises 5% of U.S. wheat exports.
- Hardest of all U.S. wheats.
- Moderately high protein/amber in color.
- Subclasses based on vitreousness
Hard Amber Durum
Amber Durum
Durum
- Provides semolina for spaghetti, macaroni, other pasta products and couscous.

He gave the following statistics as reference:

WORLD WHEAT PRODUCTION		
	1984	1983
	(Mill. Tons)	(Mill. Tons)
EEC	65.5	59.2
Canada	20.2	26.0
U.S.	68.8	56.0
USSR	84.0	78.0
Argentina	10.5	12.0
Australia	16.5	22.0
China	84.0	31.4
India	44.6	42.5
Others	100.7	122.4
World Total	491.8	439.5

HISTORIC WORLD WHEAT PRODUCTION

	(Mill. Tons)
1980	442.6
1981	450.4
1982	450.8
1983	489.5
1984	491.8*

* Current USDA Est.

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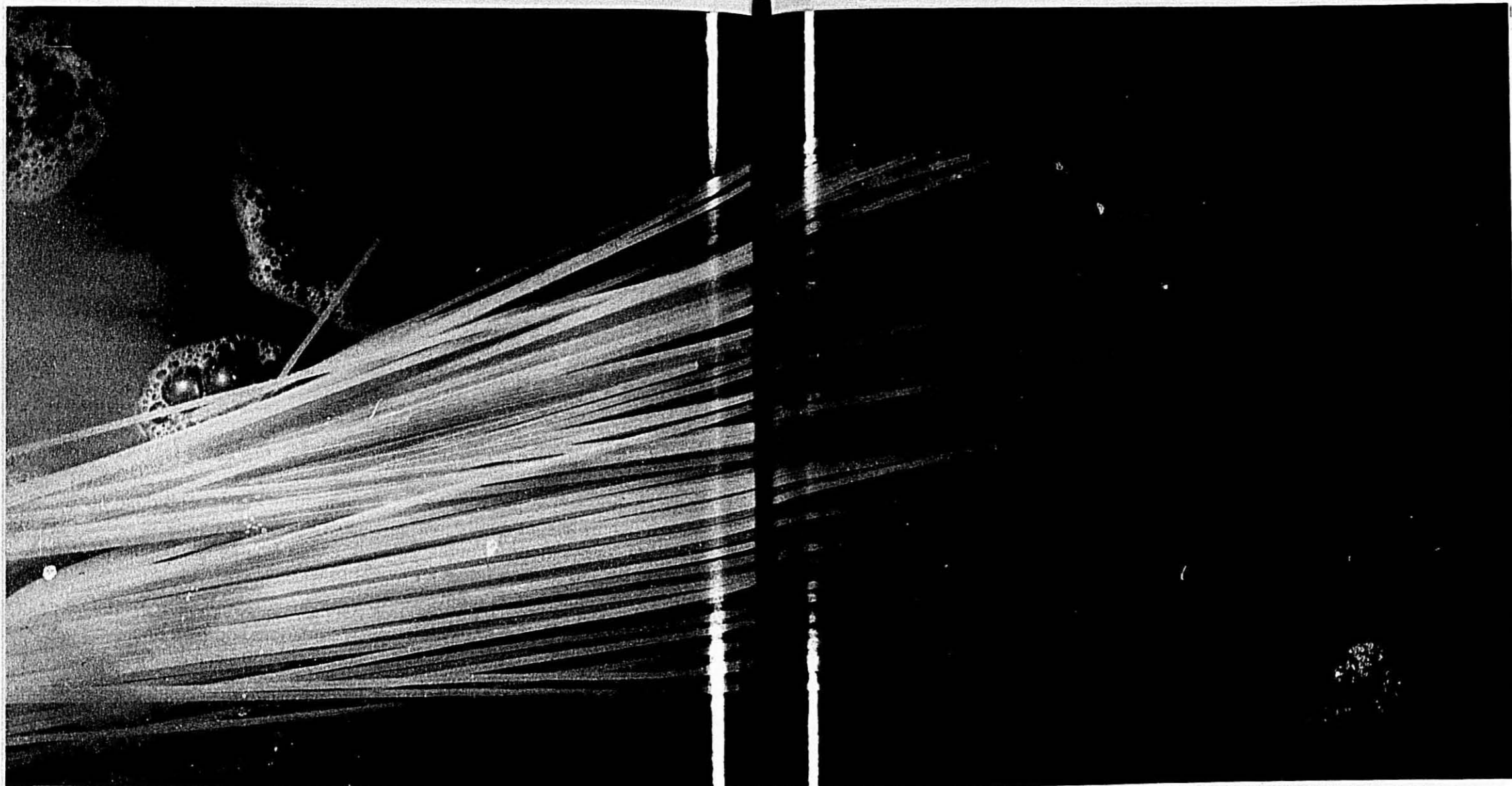
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 products.*



WORLD PRODUCTION OF DURUM
(Million Bushels)

	1979	1980	1981	1982	1983	1984
West. Europe	158	184	165	165	151	187
EEC	151	173	158	154	140	179
North America	173	180	294	261	173	173
Canada	66	70	110	114	97	70
USA	107	110	187	147	72	97
South America	7	7	7	7	7	7
Middle East	212	237	251	266	206	220
Syria	17	35	31	19	18	22
Turkey	165	176	196	225	186	191
North Africa	95	107	81	107	92	96
Algeria	22	29	28	24	18	27
Morocco	48	48	22	52	40	44
Tunisia	22	26	29	28	18	22
Others	129	129	110	92	110	112
World Total	774	844	910	894	753	795

DURUM EXPORTS BY SOURCE
(Million Bushels)

	Avg.	Canada	EEC	U.S.	Others	Total	U.S. Share
1975-76	6	56	1	62	1	126	50%
1976-77	13	49	2	39	—	103	38%
1977-78	9	71	1	61	1	143	43%
1978-79	—	50	2	63	5	120	53%
1979-80	3	58	1	82	8	155	53%
1980-81	5	80	3	59	4	152	39%
1981-82	—	85	11	82	15	178	46%
1982-83	—	99	21	59	—	179	33%
1983-85	2	88	12	65	—	166	39%
1984-85	—	—	—	60 est.	—	—	—

U.S. DURUM PRODUCTION

	Harvested Area (Million Acres)	Yield (Bu./Acre)	Production (Million Bu.)
1974	4.1	19.8	81.2
1975	4.7	26.4	123.4
1976	4.6	29.4	134.9
1977	3.0	26.4	80.0
1978	4.0	33.1	133.3
1979	3.9	27.1	106.7
1980	4.8	22.4	108.4
1981	5.7	32.4	183.0
1982	4.2	34.9	145.9
1983	2.5	29.3	73.0
5 Yr. Avg	4.2	27.9	117.0
10 Yr. Avg	4.2	29.4	123.4
Est. 1984	3.2	30.4	97.1

**Canadian Grain Commission
Grain Research Laboratory
1983 Report**

Amber durum wheat

Amino acid composition of spaghetti: Effect of drying condition on total and available lysine. This study, initiated last year has now been completed. Drying conditions had a pronounced effect on the amount of available lysine lost during spaghetti processing but did not affect any other amino acid. Increasing the drying temperature and the duration of the high temperature increased the loss of available lysine. When spaghetti is dried at 85°C for 8 hours, only 66% of the lysine is nutritionally available; 90% is available after drying at 39°C. Relatively short term exposure of spaghetti to high temperature during drying resulted in improved spaghetti color and much reduced loss of available lysine without sacrificing cooking quality compared with drying programs with longer exposure to high temperature. Cooking of spaghetti had no effect on amino acid composition and available lysine levels.

Updating of quality monitoring tests for durum wheat. To reflect durum wheat quality as assessed commercially, a number of changes have been introduced into the Laboratory's testing program. The milling flow has been modified to increase semolina yield to approximately 66% and total milling yield to about 75% but with very little increase in ash content. In place of yellow pigment content, semolina color is expressed in units determined on an AGTRON direct reading reflectance spectrophotometer. Spaghetti is processed on a DEMACO laboratory-scale continuous extrusion press and dried both by a conventional low-temperature drying cycle (39°C) and by a high-temperature cycle (85°C). New parameters adopted for characterizing semolina and spaghetti quality include speck count (the number of dark specks in semolina per unit area), the stickiness of cooked spaghetti (measured on the GRL compression tester) and cooking loss (the amount of material lost in the cooking water).

The role of lipids in spaghetti stickiness. A preliminary study on the effect of lipids on cooked spaghetti stickiness indicated that lipids decreased stickiness. Since the initial study, in collaboration with Dr. A. Boudreau of Laval University, further research on sticki-

ness methodology has been conducted so that instrumental measurement of stickiness is more sensitive. Work is now underway to extract a large quantity of semolina with hexane. Spaghetti will be processed from defatted semolina, semolina and semolina with two levels of added lipids. Profiling will be replicated so that results can be analyzed statistically.

Cooked spaghetti stickiness. The effect of the amount and type of material rinsed from the surface of cooked spaghetti. The claim of Italian workers (D'Egidio *et al.*, Cereal Foods World 27:367 (1982) that cooked spaghetti stickiness can be related to the amount of material that can be rinsed from the surface of cooked spaghetti has been investigated. Spaghetti was processed from a wide range of raw materials by a laboratory-scale continuous extrusion press, and was dried by both a conventional low temperature (LT) and a high temperature (HT) drying cycle. Spaghetti was cooked in cooking waters of various hardness, stickiness was measured by the GRL compression tester, and total material rinsed from the surface was determined by the Italian method. As cooking water hardness increased, the correlation of stickiness to amount of isolated surface material improved. This was consistent with changes in the composition of the surface material. The surface material contained varying amounts of maltose, a by-product leached from the interior of the cooked spaghetti during surface material isolation. As cooking water hardness increased, the total amount of maltose present in the surface material remained constant but the proportion of maltose declined due to an increase in total amount of isolated surface material. A buffer solution prepared to simulate the hardness of water used by the Italian workers, a correlation coefficient of 0.85** (n = 27) was obtained between the instrumental evaluation of stickiness and total isolated surface material.

A secondary factor associated with cooked spaghetti stickiness may be the proportion of amylose in the surface material. Surface material isolated from sticky spaghetti consistently contained more amylose than surface material from less sticky spaghetti. When the stickiness of spaghetti prepared from raw material which yielded intrinsically sticky spaghetti was reduced by either HT drying or by softening of

**DURUM WHEAT
Supply & Demand**
—Million Bushels—

Year Beginning June 1	Supply			Disappearance			Ending Stocks May 31
	Beginning Stocks	Production	Total	Domestic Use	Exports	Total	
1979-80	86	106	193	49	83	132	61
1980-81	61	108	171	51	59	111	60
1981-82	60	186	248	58	82	140	108
1982-83	108	148	259	60	59	119	136
1983-84	136	73	211	48	62	110	101
1984-85*	101	97	200	51	60	111	89

* Projected

the cooking water, the proportion of amylose in the surface material decreased.

Noodle technology. One of the difficulties encountered in the Laboratory is achieving proper drying. In China and even in Japan, drying conditions are not rigidly controlled; yet noodles dry satisfactorily. In our Laboratory noodles dried in 3 to 5 hours without humidity control invariably split along the plane where the dough sheet was initially folded when a torsional force is applied to the strand. Accordingly, it is not possible to determine the cooking quality as the strands split during the cooking. However noodles can be dried properly in the GRL spaghetti drying cabinet employing a controlled humidity in relative humidity at 39°C for 22 hours. Some work on Malaysian-type wet noodles, which are made with alkali, boiled and coated with coconut oil, has been done. The fact that coconut oil solidifies at Laboratory room temperature complicates the work. Furthermore, because of the high ambient temperature in the tropics, noodle shelf life is only 24 hours. It is very difficult to simulate Malaysian conditions in our laboratory, in order to evaluate properly the quality of Malaysian-type noodles.

A high extraction mill flow for producing semolina with the Buhler Laboratory Mill. The mill flow previously used for milling semolina with the Buhler laboratory mill was modified to increase total milling yield to about 76% for No. 1 C.W. amber durum wheat. Semolina yield is about 66%; the granulation is such that less than 1% passed through a 149 micron sieve. The new high extraction method is equally as reproducible as the old low extraction procedure. Preliminary results indicate that the high extraction

procedure gives a much better prediction of commercial milling potential for amber durum wheat than the low extraction procedure.

Canadian Cultivars

Varieties grown by Canadian plant breeders. Fifteen new cultivars of amber durum wheat grown at 7 locations in Western Canada in the summer of 1982 in the annual Co-operative Test were evaluated for their end-use quality characteristics in the Research Laboratory early in 1983. Two cultivars were in the test for the third consecutive year, four cultivars for the second consecutive year, and eight cultivars were in the test for the first time.

One third year entry, DT371, and two year entries, DT376 and 379, were rated equal in quality to Hercules. Four of the first year entries, DT380, 381, 385 and 443, appeared equal in quality to Hercules. The third year cultivar, DT369, and second year cultivars, DT374 and 441, along with first year cultivars, DT382, 383, 384 and 442 were rated not equal in quality to Hercules.

Milling, pasta-making and spaghetti-cooking tests were also carried out on 31 new amber durum wheat cultivars plus five check varieties grown in the 1982 Co-operative "B" Test. Cultivars exhibiting suitable quality characteristics are introduced by the plant breeders into the annual Durum Wheat Co-operative Test.

Canadian Crop Off 23%

Production of wheat in Canada in 1984 is estimated by Statistics Canada at 749,093,000 bus, down 23% from

(Continued on page 24)



All that meat and no potatoes

Not a bad idea, especially when you consider that a very recent study on foods that "hold calories" in our body lists white potatoes right up there with candy bars.

Simply stated, what the study says is that "the way we hold calories in the body may be a result of our insulin response to different foods. One function of insulin is to pack away every calorie that the body takes in." If we eat foods that don't immediately jump the insulin level, our overall metabolism responds differently and we don't necessarily deposit the calories.

Most nutritionists have been urging us to cut down on our intake of fats and protein and increase our intake of foods with complex carbohydrates.

But which carbohydrates we eat make a difference in insulin release.

For example: new studies show white potatoes shoot the glucose and insulin levels as high as a candy bar. The circulating glucose from the potato is likely to be packed away as fat.

Pasta (made with semolina), on the other hand, qualified for the "good group," a finding that astonished many. Pasta produces a flat reading on glucose levels and insulin release.

We have nothing against the good ol' potato. The fact is, we enjoy potatoes. And we don't suggest totally replacing the potato with pasta. We just suggest that it's a good idea to vary our diet — like meat and pasta a couple of times a week.

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Canadian Crop

(Continued from page 21)

last year's harvest of 976,915,000 bus and 24% below the record outturn of 984,396,000 bus in 1982. The decrease is attributed to the severe drought that reduced average per-acre yield to 23 bus from 28.9 in 1983. Yield per acre in 1982 was 31.7 bus. Estimate of spring wheat production is 625,793,000 bus, down 25% from 835,893,000 bus last year. Durum outturn is estimated at 77,600,000 bus, down 20% from 97,300,000 bus in 1983.

Wheat Industry Council Sets Projects

The Executive Committee of the Wheat Industry Council has approved launching of what it describes as the Council's two most important generic communications projects to date—development of a national print and broadcast campaign targeted to women with children, and production of a nutrition education film for a multi-generation audience. In authorizing the two projects, the Council's Executive Committee, headed by Lauren H. Batty, ITT Continental Baking Co., Rye, N.Y., chairman, named Jordan, Case & McGrath, a New York-based creative group, to develop the multimedia project, and Renan Productions, Los Angeles, to produce the feature film on wheat food products.

The new Wheat Industry Council projects follow the recent release of a consumer education packet, under the name of "Inside Wheat Foods," which is designed to provide diverse audiences with information on the nutritional and caloric content of wheat foods.

Incorporates Consumer Research Work

The national print and broadcast campaign being developed by Jordan, Case & McGrath will incorporate findings of previous consumer research by the Wheat Industry Council—a nationwide survey entitled "Food, Nutrition and Diet" and testing of consumer focus panels. The campaign will be directed to the nation's primary food shoppers—women ages 18 to 49 with children.

According to the Council, creative concepts and consumer testing of the print and broadcast campaign will be completed by January 1985.

The nutrition education film to be developed by Renan Productions, the



Al Kenner, Darla Tufto, Rogert Kenner left to right.

Council said, is targeted for audiences ranging in age from the teens to 55 and older. It will focus on the importance of wheat foods to a balanced diet, the variety of products available, and appeal of wheat foods for all family members.

The Council hopes to premiere the film at a regional meeting of the Administration on Aging at Dallas in December. Initial distribution of the film will be through this organization.

Fact Sheets on Product Categories

The Council's recently released "Inside Wheat Foods" includes a cover brochure explaining the nutritional importance of wheat-based foods and their relatively low cost, and five fact sheets on different product categories—bread, cereals, pasta, crackers and desserts. The sheets discuss the background, ingredients, nutrition and consumption patterns for each of these product groups.

To Schools, Food Chains, Editors

The consumer education packet is being made available to schools, senior citizen centers, home extension economists, nutritionists, food chain consumer affairs representatives and food editors.

After a brief explanation of wheat varieties and the milling process, "Inside Wheat Foods" points out that Americans are eating less than the recommended amount of grain-based foods.

"Adults," the introductory brochure says, "get only about 18% of their total daily calories from wheat foods. But even from this small amount, per-

centages of various nutrients the average adult gets each day from wheat food products are impressive." The brochure encourages use by consumers of ingredient and nutrition labels on wheat foods, stating, "This information can be very helpful in achieving improved health and fitness."

"Bargain For Value Received"

Describing wheat foods as "a bargain for all the nutritional value received," the brochure concludes:

"For good nutrition, health and ideal body weight, we must eat a variety of foods, not overdo on any one kind, particularly fats, and exercise regularly. But we haven't been eating enough of the types of food which supply complex carbohydrates, very likely because of mistaken fears about starch. We hope that the information presented here has allayed any such concerns so you may feel free to eat a lot more wheat foods."

Durum-Film Project

Work has commenced on durum film project by Thea Marsh, 1 Communications, Washington, D.C. and Prairie Public TV, the crew. Arrangements are being coordinated by the North Dakota Wheat Commission.

Planting and cultivation scenes will be shot at the Weckerly farms, Hurdsfield, N.D. Harvest, storage and handling facilities at the Rogert Kenner farm, Leeds. Harvey Elevator and North Dakota Mill are also included in the schedule, as are interviews with personnel at North Dakota State University.

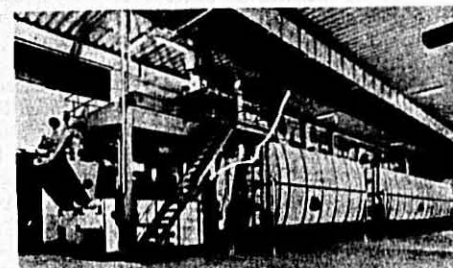
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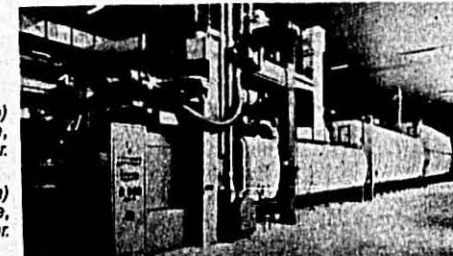
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THE ENGLISH ACQUISITIONS

Ranks Hovis McDougall Limited, London, is one of the world's leading food companies, with strong emphasis on grain, milling and baking in the United Kingdom. Including overseas affiliates, RHM sales in fiscal year ended August, 1975 were 795 million pounds (\$1,850,000,000). Among their subsidiaries were two companies in the United States that produced and marketed vinegar and apple cider. In Canada, Gattuso Corporation Ltd., a macaroni manufacturer, was an RHM subsidiary.

In the summer of 1976 RHM acquired majority interest in Gioia Macaroni Company of Buffalo, New York. Anthony H. Gioia was retained as president and chief executive officer. J. Malcolm Semple, a director of RHM, became the new chairman of the board.

Gioia

Gioia's beginnings as one of the country's largest pasta producers took place in 1910 in Fredonia, New York, a small town west of Buffalo. It was here that Antonio Gioia, homesick for the authentic taste of Italian pasta, started making macaroni and spaghetti in his home. His friends clamored for this "different," quality pasta—thus the start of Gioia Macaroni Company 74 years ago.

From these humble beginnings Gioia has expanded continually, first moving to Rochester in 1919, then returning to their present location in a 75,000 square foot plant in Buffalo in 1948. Since moving to Buffalo the plant has been completely modernized and expanded to a total 120,000 square feet.

As Gioia grew, additional varieties of pasta were added to the line so that currently the company markets 110 different macaroni shapes and sizes in 300 boxes. In addition, the company markets three varieties of spaghetti sauce, a pizza sauce and a complete line of Italian Specialty items.

Buffalo Hub

Gioia's major marketing area is within a 50 mile radius of Buffalo. The company enjoys distribution in almost all major food chains in Up-state New York. Gioia's reputation has been built on quality. In fact, Gioia has won awards for pasta in the Rome



Anthony H. Gioia

Food Fair on several occasions. The company was the first to use the window box on pasta products so that consumers could see the quality of the product. Most important is the quality of the product itself. Gioia uses only the finest Semolina wheat flour and is able to store half a million pounds of flour to assure continuous production—which, in fact, is the schedule—seven days a week, three shifts a day.

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

This was followed by even greater expansion starting in 1972 was the addition of two long goods lines. In 1973, a production line for extrusion, cutting and drying of noodles was added. Finally, in 1976 an additional long goods line was added.

Part of Gioia's growth has been through acquisition. In 1960 Piscitello Macaroni Company of Rochester was acquired and absorbed into the Gioia operation.

In 1977 the company acquired Bravo Macaroni, which had a very strong franchise Upstate and produced quality pasta and sauce products for distribution throughout the Northeast and West Central areas. The added production facilities enabled Bravo/Gioia to keep up with consumer demand which has more than doubled

since 1971. The merger of Bravo and Gioia actually re-united the Gioia family after 40 years operating two completely separate organizations.

Presidential Timber

Alfonso Gioia of A. Gioia & Brother, Rochester New York (the brother went to Buffalo), was elected the twelfth president of the National Macaroni Manufacturers Association in June 1932. During his administration invaluable work was done in solidifying all interests in the trade and amalgamating smaller organizations under the banner of the Association. The initial steps were taken towards the adoption of a Macaroni Code under the National Recovery Act.

In 1958 his son Horace P. Gioia was elected the 24th president of the National Macaroni Manufacturers Association. He had a keen interest in durum relations and frequently attended the Durum Show in Langdon, North Dakota.

In 1984 Anthony H. Gioia was elected Chairman of the National Pasta Association.

Ravarino & Freschi

Ravarino & Freschi, Inc. was founded at the turn of the century by A. Joseph Freschi and John Ravarino, immigrants from northern Italy. Settling in St. Louis they set up a wholesale importing business and later became founders of Mound City Macaroni Company. The name was changed back to Ravarino & Freschi, Inc.

John Ravarino died in 1941 and Joe Freschi in 1949. The business passed on to William Freschi, Joe's son, who managed production and Albert J. Ravarino, Joe's nephew, who handled administration and sales.

The St. Louis Food News carried this information on the "Macaroni of the Month" in June, 1963:

Al Ravarino is a large, friendly, enthusiastic, soft spoken man who thoroughly enjoys the food business. As president of Ravarino & Freschi, manufacturers of fine macaroni products and frozen ravioli dinners, Al has ample opportunity to enjoy his hobby — the macaroni business.

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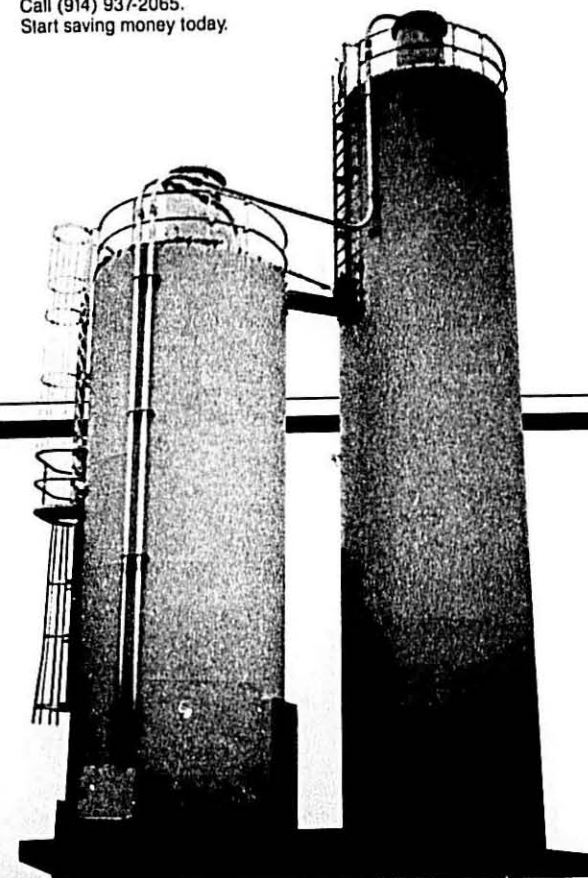
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Ravarino & Freschi

(Continued from page 24)

"As far back as I can remember," he reflected, "I was sure that I would go into this business. We lived in Webster, and my father used to drive me to St. Louis U. High. I'd come over to the plant after school and help out until time to go home. The business has always fascinated me."

He is a native of north St. Louis, and lived at 5221 Maple until 1923, when his family moved back to Italy. He was 10. "I guess my mother was homesick," he said. "We have always had many family connections in northern Italy, and she wanted to be near her people." While in Italy, Al attended a Catholic military academy near Genoa, and remembers the time spent there as a remarkable memorable experience.

The family didn't stay long in Italy. At that time, during the early years of Fascism in Italy, times were bad, the country was in unrest, and the elder Ravarino decided the family fortunes would be better served in the United States. They returned to St. Louis, after an absence of two years.

There were four Ravarino children: three boys and one girl. Al's youngest brother, Ernie, is a member of the macaroni firm, and his other brother, Mario, is manager of the Chase Manhattan Bank office in Rome, Italy.

Background

Al was graduated from St. Louis University High School in 1931. He says he still picks up boys on their way to and from school, while driving between his home and the company plant on Shaw near Kingshighway. He always asks these boys their names, because many of his former classmates have sons who now attend the school. "I like to keep in touch," he says.

After high school, he attended Notre Dame University. He majored in business administration. In 1935, after he received his degree from college, he joined the family firm, in the sales department.

"I thought I was in a dying business," he recalls. "In those days, 75 per cent of the macaroni and spaghetti business was in 25-pound boxes of bulk products that sold to individual grocers whose trade was mostly people of Italian birth. These people were growing older, and it looked as though the spaghetti business wouldn't last.



Albert J. Ravarino

There wasn't the same kind of market among native Americans as there was with Italians. You see, in those days, the Italians ate 70 pounds of macaroni products per capita annually, against only seven pounds of native Americans."

The problem was to make these products more appealing to the general public, and to create more awareness of the quality of Italian foods. He spent most of his time developing packaging and traveling around the company's trading area from Pittsburgh to Salt Lake City, developing new business and trying to help the old Italian customers modernize their merchandising methods. The work wasn't easy. He recalls that at the time he came into the business there were over 350 spaghetti factories in the country. Today there are about 125 of commercial importance.

Philosophy

Al Ravarino says the future of the food business, and his own business, he feels, depends on how well the food manufacturer keeps up with the changing buying habits of people, and with their social and economic ways of living. Constant attention is needed.

"Spaghetti and macaroni have always been convenience foods," he claims. "There's no peeling or special preparation needed—and the way to more business is to teach the housewife the easy ways to develop her own special recipes. Prepared mixes are just stepping stones to their own special way of fixing these products. The fascination of spaghetti cookery is well known, and it has developed particularly since World War II. Millions of

people have discovered that they can prepare 'gourmet' dishes with their own private sauce recipes. A few of the secrets of fine Italian cuisine, he says, depend on good Parmesan cheese and butter, they key ingredients of the splendid dishes based on northern Italian cooking.

Al Ravarino was elected president of the National Macaroni Manufacturers Association in 1962. He became Chairman of the National Macaroni Institute in 1964. This was the product promotional arm of the industry and a prime interest of Mr. Ravarino. During his regime the annual family reunion or New York press party was inaugurated. He was a participant on the first Spaghetti Safari, a tour for food editors to durum country during the harvest period.

Acquisitions of two Chicago firms, New Mill Noodle Company, originator of Polish style Kluski noodles, and Red Cross Macaroni Company, strongest franchise for pasta in the market, were accomplished by Mr. Ravarino's persuasiveness.

When he died in 1976 he was eulogized by a competitor who took space out in the Macaroni Journal to salute this dedicated industry worker.

He left behind his wife of thirty years, Helen Marie and two daughters, Anne Marie and Mirella.

The purchase of the business took place by RHM in October, 1977.

Merlino's Macaroni

Guido Merlino arrived in Seattle in 1928, eight years after emigrating from Taranta Pelicciola, Italy, with John Madonna and Joseph Merlino, a cousin. For four years the three men worked for day wages, saving their money and with a \$10,000 investment started the Mission Macaroni Company.

The outlook was dim—it was the depths of the depression. Fierce-cutting competition had taken all profits out of macaroni, and had given the line a bad reputation in the food field.

But the partners kept working. Guido kept after more sales. He was the sparkplug. Promises were kept. Orders were delivered. A reputation was established.

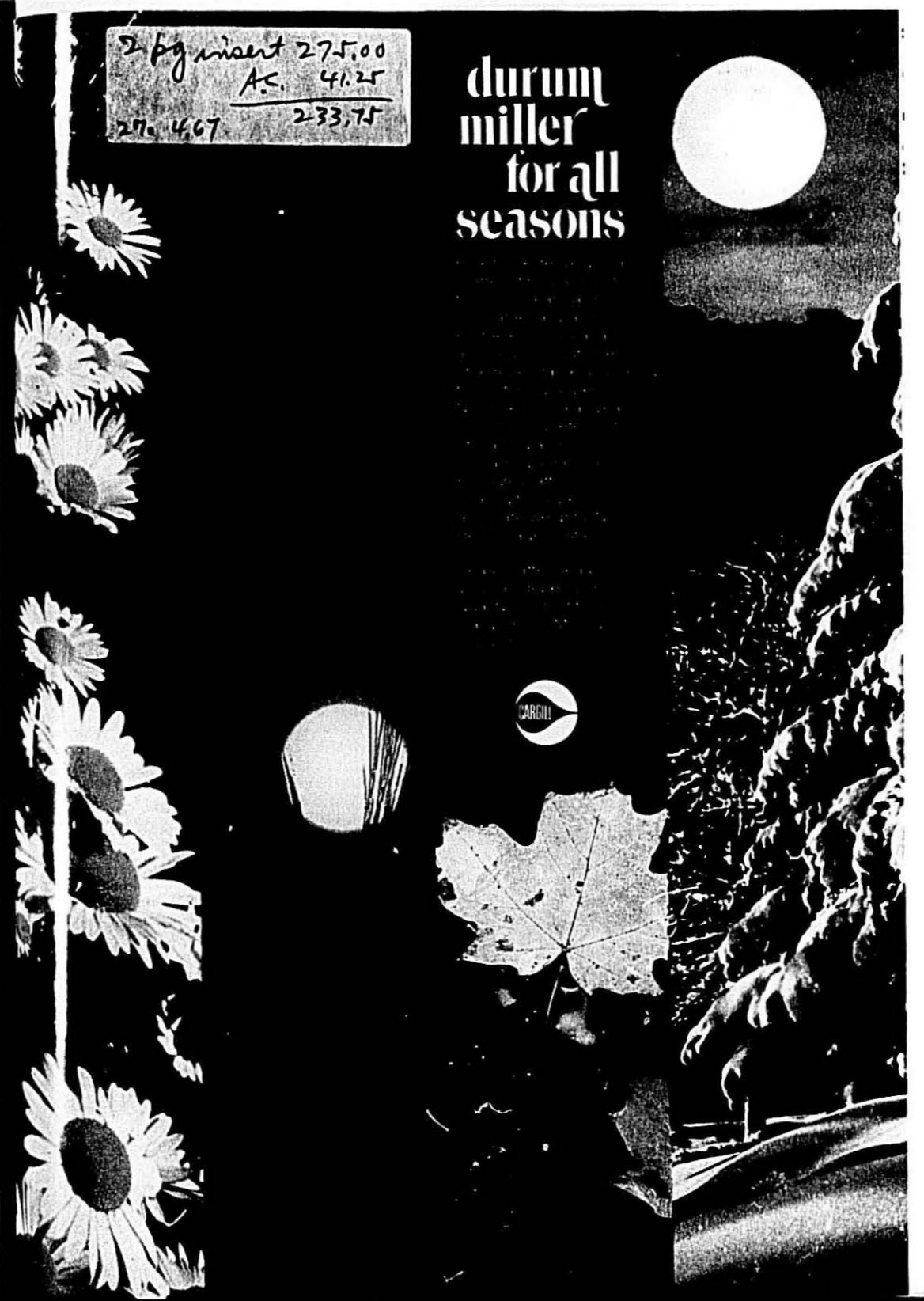
In twenty years they had gained nearly a 70% market share of Seattle and had representatives in Washing-

(Continued on page 31)

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Merlino's Macaroni

(Continued from page 28)

Oregon, Idaho, Montana, Alaska, Hawaii, and parts of California.

By the age of 50 Guido Merlino had realized his ambitions - all but one: the security of his two deaf-mute children, so he sold out to Golden Grain Macaroni Company, accepting a five-year management contract. John Merlino and his sons took their share of the sale and started Major Italian Foods.

Ernest Merlino, Sr. was one of those sons. He and his brother inherited the tradition of hard work from their forebears. They made the new enterprise go.

In 1976 they opened a 41,500 square foot plant as a replacement for an older establishment. This was the fifth plant with which the senior Merlino, 56, and chairman of the company, had been associated. He worked in his father's plant as a youngster.

With two highly automated lines operating around the clock five days a week the new plant produced 4 different products, and it packaged for four private-label customers in addition to its own Majorette brand. Annual capacity was 30,000,000 pounds.

With space for two more production lines, the company needed more room for storage and handling of output. That led to construction of an additional 27,000 square feet of warehouse facilities. The investment in building and equipment, including the addition, ran better than \$5,000,000.

Ernest Merlino, Jr., 28, who had moved to president, was a business administration graduate of Seattle University who has worked in all phases of the operation.

He installed the first bolt in the new plant and intended to place the final one even though Andy Gildore, a graduate mechanical engineer from Manila, was vice president and plant superintendent.

First year's sales from the new plant topped \$4,000,000 and the Merlino's were adding new products with accompanying recipes and anticipating continuing growth.

In 1977 the business was sold to RHM. Shortly thereafter the name was changed back to Merlino's Macaroni.

EXPANSION OF A PASTA PLANT

Gioia Macaroni Company, Inc., Buffalo, NY

by Felix Grunenfelder
in Buhler-Miag Diagram 80



Felix Grunenfelder

The Gioia Macaroni Company, Inc., a wholly owned subsidiary of RHM Holdings (USA), Inc., dedicated its newly built pasta production facility in Buffalo, New York, in April 1983.

The project involved the expansion to and upgrading of the existing Gioia plant representing years of planning and coordinating with officials of government and industry. More than half of the total investment was spent in new, state-of-the-art automated pasta manufacturing and packaging equipment. The new complex has to be considered one of the most efficient and economical pasta facilities in the U.S.

In the recent past, this industry has experienced quite a transformation. While it was traditionally of a regional character, the recent mergers and acquisitions have transformed this segment into a national industry and through this have brought along a number of expansions and, of course, some plant closures due to shifting market requirements.

Gioia has with the addition of these two lines increased its capacity from 12,000 to 20,000 lbs./hr. (5500 to 9000/h), i.e. an increase of 65%. This will enable Gioia to maintain and enlarge its market share in the heavily populated northeast section of the U.S., which includes a strong ethnic group of Italian-Americans, traditionally the large volume pasta consumers on a per capita basis.

After careful evaluation and inquiry of suppliers, Gioia, on September 30, 1981, awarded the contract for engi-

neering and supply of the flour handling system as well as for one 4000-lb./hr. (1800 kg/h) capacity line for short goods and one 400-lb./hr. line for long goods to Buhler-Miag, Inc., in Minneapolis.

Installation

A well-coordinated effort between Buhler-Miag, Inc., the Austin Company as the overall project contractor, suppliers of related equipment and various sub-contractors led to a smooth completion of this project. A new building was designed and built by the Austin Company of Cleveland to house this new machinery, and in June of 1982 installation of equipment began. Supervision was supplied by Buhler-Miag, Inc., and after eight months both lines produced pasta.

Equipment

The machinery represents the most up-to-date equipment on the market today. The two lines and the flour handling system are automatically controlled by a PC system (programmable controller), with features like automatic start-up and shutdown of the equipment in timed sequence, each to change program in a short period of time, and a device to hook up the system via a public telephone line to the terminal in the Electrical Department of Buhler-Miag, Inc., Minneapolis, in order to control and change the program. The dryers are designed for high-temperature operation. The lines run 24 hours a day fully automatic; two operators per shift are needed for control functions only.

Flour Handling System

The raw material received by rail-car or truck is conveyed to silos at a capacity of approximately 40,000 lbs./hr. (18 metric tons per hour). The two silos hold a capacity of approximately 400,000 lbs. (180 t), and the bin for regrind and filter dust holds approximately 20,000 lbs (9 t). From the silos and the regrind bin, the product is fed via airlocks into a DFMC batch mixer, which is mounted in a scale. Once the formula is presented to the system, the programmable controller automatically controls the weight of the different ingredients entering the batch mixer. Each batch is

(Continued on page 32)

Expansion of a Plant

(Continued from page 31)

2000 lbs. (900 kg), which after thorough mixings is dumped into a holding tank and then conveyed to the press bins. Each press bin can hold 4000 lbs. (1800 kg), which is about the amount needed for one hour's production of pasta. The programmable controller is capable of delivering two different formulas to the lines and additionally ensures that each line is at all times sufficiently fed with product to allow continuous operation.

Short-goods Line

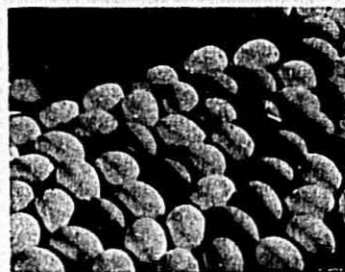
The capacity of the short-goods line is 4000 lbs./hr. (1800 kg/h) of dry, ready-to-pack elbows. The ingredients, water and semolina, are mixed and extruded by a TPBD double-screw press. From the two die heads, the shaped pasta drops into two TPFB shaker predryers, where the surface of the product is dried in order to avoid sticking. After the two shaker predryers, it is collected and transported by one bucket elevator to the TRNC belt predryer. The short goods are dried in two stages: in the TRNC predryer at a temperature of approximately 160°F (71°C) and in the TTNC final dryer at approximately 165°F (74°C). The drying time is only 4½ hours. The two drying zones are completely independent in order to maintain a stable climate in each zone. After drying, the product passes through a TBFB shaker cooler to bring it down to room temperature before it enters one of five finished goods storage bins. The total capacity of the five bins is approximately 80,000 lbs. (36 t), representing 20 hours of production. This feature allows Gioia to run the line for 24 hours and pack in only four hours if so desired. The hoppers above the packaging equipment control which silo will discharge into which bin via which belt. This complete program is also controlled via a programmable controller.

Long-goods Line

The capacity of the long-goods line is 4000 lbs./hr. (1800 kg/h) of dry, cut, ready-to-pack spaghetti. The long goods are produced on the same type of TPBD press as the short goods, but instead of two heads with round dies, there is only one head with a rectangular die. The strands leaving the die are evenly spread over four sticks at a time by the TSBB spreader. They re-

main hanging on the sticks until they are dry and ready to be cut. The long goods are dried in three independent stages; the temperature in Zone I is approximately 110°F (43°C), in Zone II approximately 135°F (57°C), and in Zone III approximately 160°F (71°C). The total drying time is about ten hours. After drying, the product passes through a cooling zone and then enters one of nine available storage levels. The TAG storage is sized for holding 16 hours of production. After storage, two TSTA stripping and cutting machines strip the product from the sticks and cut it to the desired length, the two machines work simultaneously and are synchronized with the packaging machines. The cut spaghetti from both machines are collected and conveyed in a cascade to the packaging equipment on the lower floor. All empty sticks are returned to the TSBB spreader by the automatic stick return.

The new pasta plant at Gioia Macaroni is definitely a remarkable addition to the U.S. pasta industry. Buhler-Miag is dedicated to continue to serve this growing industry with its leading know-how and quality equipment.



Egg Outlook

Production of eggs is increasing in 1984 and will likely continue growing through 1985. With supplies increasing, prices for eggs will remain relatively weak.

Even though producers sold more hens in June than last year, the number of layers on July 1 was up 3 percent. During the second quarter, the number of layers was above last year but the rate of lay was down. Egg production in April through June was 1,408 million dozen, nearly the same as in 1983.

Very favorable returns last fall and winter encouraged egg producers to order more replacement pullets, and these will enter the laying flock in second-half 1984. Productivity should increase during the remainder of 1984,

climbing again to near last year's level. With additional pullets entering the flocks in the third quarter, egg output is expected to increase 1 percent from the 1,399 million dozen produced in 1983. During the fourth quarter output may be 3 percent above the 1,418 million dozen.

In July, wholesale prices were below the cost of production. If this continues, producers are likely to slow orders for replacement pullets for next year's flocks. However, the pullets added in second-half 1984 will continue to increase production throughout 1985. During first-half 1985, egg output may be 3 percent above first-half 1984. The rate of increase may slow in second-half 1985 so that consumption in 1985 could be near the 1983 level. Per capita consumption would be leveling off but down sharply from prior years.

Prices for eggs have been volatile in 1984. Any seasonal increase in demand, such as at Easter, greatly strengthened prices. During July, cationed Grade A large eggs in New York averaged 71.5 cents per dozen up from 68 cents last year, but down from the 83-cent average for the second quarter. Prices will likely strengthen seasonally as school resumes; in the third quarter they may average 70 to 74 cents, down slightly from last year's 74. With production increasing in the fourth quarter, prices may average 68 to 72, down from 1983's 71 cents. During first-half 1985, prices are expected to average 60 to 68 cents, down from 93 this year. With production only slightly in second-half 1984, prices then may average about the same as in second-half 1984. Exports of shell eggs and egg products were 52 percent below last year in first-half 1984. Japan was our best customer, taking 15 percent of egg products. Exports are expected to improve as domestic prices weaken and become competitive in more markets.

Darla Tufto Leaves Commission

Nutritionist Darla Tufto resigned her position as Nutrition Specialist for the North Dakota Wheat Commission in September to pursue an MBA at the University of Minnesota. She has worked closely with the NPA over the years and was most recently chairperson of the Nutrition and Education Committee and oversaw the publication of the Nutrient Profile of Pasta.

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THE DEMISE OF MARKETING 101

by George Lazarus, columnist in the Chicago Tribune, Adweek

I've been writing a Business-Marketing column for 23 years for three newspapers, the most recent one for 13 years. I've been exposed to various marketing textbooks. My undergraduate major was marketing and I took Principles of Marketing or Fundamentals of Marketing or plain old Marketing 101, if you want to call it, at an eastern university. I suppose, if I hadn't taken those courses and been covering the marketing beat, I might be fooled by what I have been reading recently or am led to believe in media. I'm sure you've seen the same articles that I have. The gist of them is that companies are discovering marketing or rediscovering it. Only a few months ago I spotted an article in *U.S. News and World Report* entitled "Marketing is the Name of the Game in 1980s." And, there was a cover story in *Business Week*, certainly a first-rate publication, claiming marketing as a new priority. And you may have seen the guest editorial in *Industry Week* magazine on marketing with the new consumer. Quite frankly, I find such editorial reporting and coverage very amusing, if not naive, and I hope you do too. It makes me wonder sometimes about the smarts of business journalists, some of whom I'm sure, have misreported events in your companies and even worse, misquoted you or your spokesperson. As you can see, I'm a very candid person.

Name of the Game

But, you know and I know that marketing was the name of the game in the 1950s, the 1960s, the 1970s, and it will be so in the 1990s for most businesses, pasta included. But if you really want to know where I learned my basics in marketing, the answer is the Lazarus "Mom and Pop Grocery Store in Worcester, Mass., where in the late 1940s, as a teenage clerk, I grew up on Campbell's Tomato Soup at 10 cents a can. I knew why it had more shelf space than vegetable, chicken with rice, chicken noodle and vegetable beef combined. Now, I really don't fault the publications I've mentioned for their marketing coverage. Rather, I would show more respect if they had simply stated something along these lines: How can a



George Lazarus

marketer grow in the more competitive markets, the 1980s or the 1990s for that matter? There is no doubt that there are some very competitive present day markets or product categories compared with the 1950s and the 1960s and even the 1970s. Firms slugging it out for market sharepoints. Cigarettes are a very dramatic illustration. Well, there have been many line extensions in cigarettes. Believe it or not, presently there are 261 different brands of cigarettes. And that's more than triple the 85 there were in the market just ten years ago. Mind you, the past decade was a period in which broadcast advertising was blocked out for cigarettes. Officially, the broadcast ban went into effect January 2, 1971. And then there's the beer business. All of the mergers and shut-downs would suggest that the competitive factor has been lessened. That Anheuser-Busch is running away with the market. Not exactly. Like the cigarette business, the beer business has been flat with hardly any growth the last two years. So to hype business, Anheuser-Busch and some other brewers are out there scrambling with new, low-alcohol beers designed to get new customers and bring back lost customers. The lost customers have jumped on the wine bandwagon of the 1970s. The low-alcohol beers also have fewer calories than regular beers. And I suspect that Anheuser-Busch's strategy is

to try to steal some of the light business from Miller Company's Lite Beer with its new L.A. Beer. I frankly think L.A. is one big, huge mistake on the part of Anheuser-Busch and the other brewers but that's their problem. Anyway, as you all know, the beer that really shook up the category was Lite. It's been a huge success for Miller. It's a beer that created an entire new market.

Lite is one of the great success stories in American business. It's done so well that it's the No. 1 brand at Miller. But it wasn't always that way. Let's really go back to yesteryear and I'll tell you about my first Lite experience. I've gone to hundreds of press conferences over the years and there is one that still sticks in my mind — the introduction of Lite Beer in 1967 in Chicago by a Chicago brewer. That conference was a really exciting event. They had a gal dressed as a Lite girl, running around passing out samples, and they really put a public relations hype into it. Lite in those days showed a good deal of promise except for one thing. A thing which really didn't help the brand. It was positioned as a drink for women even though the men are the biggest consumers of beer. The company misread its target and audience. Sure the company didn't mind if there was some spillover to the men's market but Lite was for women. Much like Phillip Morris' Marlboro cigarette and was positioned for women until 1954 when a new advertising strategy made it a macho men's brand. Of course, what happened since, is that Phillip Morris' Marlboro brand is the No. 1 seller worldwide and has 20 percent of the U.S. market as the leader.

Well, Lite hung in there in Chicago, the Midwest and in other parts of the country under licensing agreements with other brewers. The former management now says that if it had the resources of Miller Brewing, it could have made Lite a big winner. But you've all heard that old hindsight story and that's strictly hindsight. Miller Brewing Company bought Lite and the Meister Brau trademarks from the Meister Brau Company in 1971. Lite was reintroduced two years later as a less-filling, low-calories brew for men. The rest, of course, is history.

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Demise of Marketing 101

(Continued from page 34)

Miller Brewing did it by identifying the market and promoting the hell out of it.

There is another similar example in the distilled spirits business. Brown-Forman Distillers Co. back in 1971. This company sold Early Times and Old Forester. Brown Forman went outside to acquire Canadian Mist, a Canadian whiskey. That brand promoted as a quality Canadian whiskey has become Brown Forman's top seller.

What Does It Mean?

What does this all mean and how does it apply to Marketing 101. Obviously, timing is critical in any marketing opportunity. Acquisitions sometimes pay off and sometimes they don't, recognizing the fact that sometimes acquisitions strip the company of the entrepreneurial spirit the company was built on. Sometimes companies have gone on buying sprees and found they overpaid on the purchase. Later they unloaded the companies they acquired because these firms no longer fit and/or other priorities have surfaced. For example, consider your own pasta business. Foremost-McKesson was in and out of business with the Mueller Company, now part of CPC International and Best Foods. More important, companies for one reason or another fail to identify marketing opportunities. They either are too late jumping in or they compete with a me-too product — a product with no distinctive edge over the competition in a particular category. In conversations with scores of company marketing officials and their advertising agencies in preparing for this talk, introduction of a parity product was identified as one of the two biggest mistakes companies make. I'll discuss the other problem later on. A me-too product isn't going to make the grade. Introducing a me-too product, a market that is no longer growing, can be a disaster. Insensitivity to market changes is another problem. Something you won't read in Marketing 101. That is, companies must increasingly realize as my friend at Campbell Soup Co. says, there are no neat little piles of consumers out there. A package goods firm with some fine-tuned research has to identify the differences as well as similarities in the marketplace, regionally and by ethnic origin. People along the east coast indeed

have different tastes than in southern California.

Regional Differences

Recently, I saw some consumption characteristics of the frozen pizza market and I was absolutely overwhelmed at the differences from one section of the country to another. Indeed, the American marketplace it seems has turned topsyturvy in a little more than a decade. Is there a typical American household? Well, many of my friends say there is. That household has long been identified as having two adults and two children. The husband is working and the wife is at home unemployed. And neither parent has had a divorce yet. What percentage of American households do you believe that household characteristic measures up to? How many? 20 percent, 5, 10, 12, 30 percent? Remember that there are 88 million households in this country. The figure according to the Census Bureau is 4 percent. So, as you can see, consumers don't come in neat little piles. America has been individualized with more segmentation, more diverse interests, more time, more money. Brand loyalty isn't what it used to be. Especially for nationally advertised items. At one time, the consumer was a she, she was loyal, deliberate and predictable. Today, the typical consumer doesn't exist, just as the typical household no longer dominates the marketplace. Indeed, she as a customer is multi-faceted mosaic of conflicting wants and needs. She is price conscious and at the same time is value conscious. She shops where it is convenient or inexpensive or chic. She buys products, not for the utility, but also how they fit her lifestyle or personality. And more and more, she is a he. But, whether it's a she or he, sometimes the combination, brand loyalty has been eroded. Not entirely, but enough of a decline to cause headaches for any marketer. Target marketing and/or identifying markets, of course, were part of Marketing 101. So were such other marketing essentials as quality, price/value relationships as perceived by the consumer, advertising and innovation. But you won't find a chapter in any marketing book on street smarts or corporate gut feelings. Both of which can produce a winner, or at least point a company in the right direction. Gut feeling is alive and well in many executive suites. For example, the Avis campaign,

"we're number two, we're harder" actually tested out very poorly in preliminary research. But the agency insisted that the client run with it, and you know what happened. It's an example.

Importance of Quality

Earlier I mentioned that the introduction of me-too products, especially in the non-growth markets is a no-no. And many firms privately admit they did so in my own recent survey. Parity product is the problem of quality and it is a very serious problem in all levels of business today. It is not easy to fool consumers of quality. Because of the cost squeeze or acceleration of costs, companies often find themselves in a dilemma about quality. Raising prices to maintain quality may not be a solution especially when your prime competitor doesn't do so. So the question is this: How far can you cut quality in the marketplace today? Consider the P — a concept or formula that many companies utilize. PI means improvement is okay, but how you do it is something else. Improving the bottom line often involves cutting back on quality. Consider that your replacement product A with product B by reducing quality. The next time around you take another cut in quality and you reduce product B to get product C and so on. I suppose that's okay, but the problem is that comparisons for quality are only made between products B and C or C and A and should be between product C and A. By not doing the right comparisons, you fail to realize the big difference in quality. A prime example is the Schlitz brand. It was industry's top seller for many years until Budweiser. Now, Schlitz is headed for the bottom of the heap. Schlitz management changed formulation, cut on ingredients and quality, in the 1970s hoping to improve product. Brand was selling 16 million a year back in 1974. What happened? Consumers realized they were not drinking the same old Schlitz and sales fell. From 16 million to less than a million in 1983.

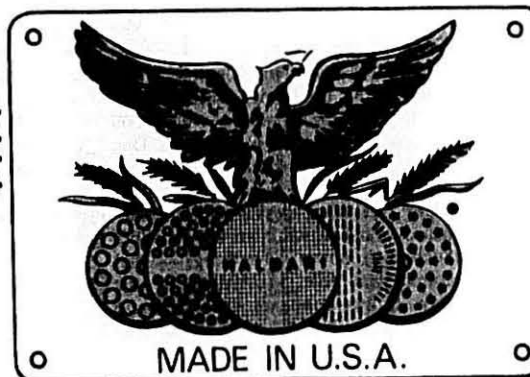
Nichemanship

Let me conclude with a few observations about nichemanship — a contemporary strategy, a term coined that you won't find in any marketing textbook. Very simply, it is identifying

(Continued on page 38)

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INDEX TO ADVERTISING

A D M Milling Co.	Page 22-23
Amber Milling Co.	33
AZO	17
B.E.S.	27
Breibentl Corporation	19
Buhler-Mieg Corp.	25
Cargill Flour Milling Div.	29-30
ConAgra Peavey Company	18-19
DeFrancisci Machine Corporation	11
Fold Pak Corporation	2
International Multifoods Corp.	40
Macaroni Journal	5
Melderi Sons, D., Inc.	37
North Dakota Flour Mill	9
Ricciarelli Packaging Machines	35
Rossotti Consultants Associates	39
Tetko, Inc.	15
Trefile Ricciarelli Niccolai	7
Winston Laboratories	5

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Demise of Marketing 101

(Continued from page 36)

opportunities in the marketplace and developing strategies to capitalize on opportunities. Once it was OK to manufacture a product and figure out how to sell it, now companies are asking what products should they be manufacturing and to whom should we be selling them. Not an easy trick, by the way. But, it can be done. The problem sometimes that companies run into is confusing line extensions with niches. They think that a name, even a well accepted name can carry an entry into a new market. Well, look at Pepperridge Farm last year, a unit of Campbell Soup. This company last year came up with a children's cookie line called the Star Wars and it bombed. As I mentioned, it is not easy carving out niches in the marketplace, but isn't that what Apple did in personal computers? Isn't that what Prince tennis rackets did? Isn't that what Haagen-Daas did in the ice cream category? And Perrier? Nichemanship sometimes can create entirely new categories. I brought some commercials

along to give you a few examples of categories where companies were able to carve out niches themselves and actually develop new categories.

Federal Express, no planes, virtually no company, seven years ago. Present day overnight delivery market for small packages is a three billion dollar a year business and Federal Express has 45% of it.

Burger King's strategy was to establish its uniqueness in the cooking process. But it was Burger King's advertising niche or proposition to promote heavily the broiling technique versus the frying technique of McDonald's and Wendy's.

Diet Coke presently is selling 5 percent of the total soft drink market. Each percentage point is worth 200 million dollars. It is true that Diet Coke cannibalized some of Tab's established brand which came out in 1866. Such high power advertising — that commercial cost \$1,250,000 by the way. It was done not only in Radio City Hall in New York City, but also at the Academy Awards with people like Bob Hope and Susan Anton. Diet Coke's ad agency did a super job of editing.

That Southern Airways commercial was voted best at the Cannes Film Festival three years ago. You probably didn't see it because it ran regionally in southern markets, but to me it was a super commercial. I think the xerox commercial was pretty good too.

Essentials for Success

I've tried to give you some insight on me-too products and the problem with quality. My friends in business often ask what it takes to be a success these days, I guess, perhaps, to reassure themselves that they are on the right track. Well, whether it was Marketing 101 or what you've learned in business, there are certain essentials for success. Actually, there are four ingredients for success. And in no particular order, the list is good product, good value, good marketing, (which would include, of course, this type of high-powered advertising you've seen this morning) and good luck. You have control of the first three and I wish you all the best.

NPA WINTER CONVENTION
Boca Raton, Florida
February 17-21, 1985

International Multifoods Earnings Reported

International Multifoods Corporation reported earnings of \$2.1 million or 25 cents per common share on sales of \$313.8 million for the second quarter ended August 31, 1984. During the same period a year ago, Multifoods recorded earnings of \$6.2 million, or 75 cents per share, on sales of \$254.3 million.

Currency devaluation and related actions in Venezuela continued to be the most significant factor in the second quarter earnings declines recorded in the Consumer, Industrial and Agriculture market segments. Price controls and restrictions on commodity imports reduced margins, more than offsetting a healthy 15 percent volume increase. Earnings from Venezuela declined 39 cents per common share. Last year's results included a gain of approximately 14 cents per share from currency transactions.

In the United States, reduced second quarter earnings were principally due to depressed results from animal and peanut butter operations, and the absence of royalties from the Japanese Mister Donut business sold in December 1983. Partially offsetting these declines were continued strong earnings from specialty meats, and inclusion of results from recently acquired VSA.

In Canada, operations remained strong. Improved second quarter earnings were led by strengthened margins in family flour, good results in poultry meats, and a major improvement in specialty meats.

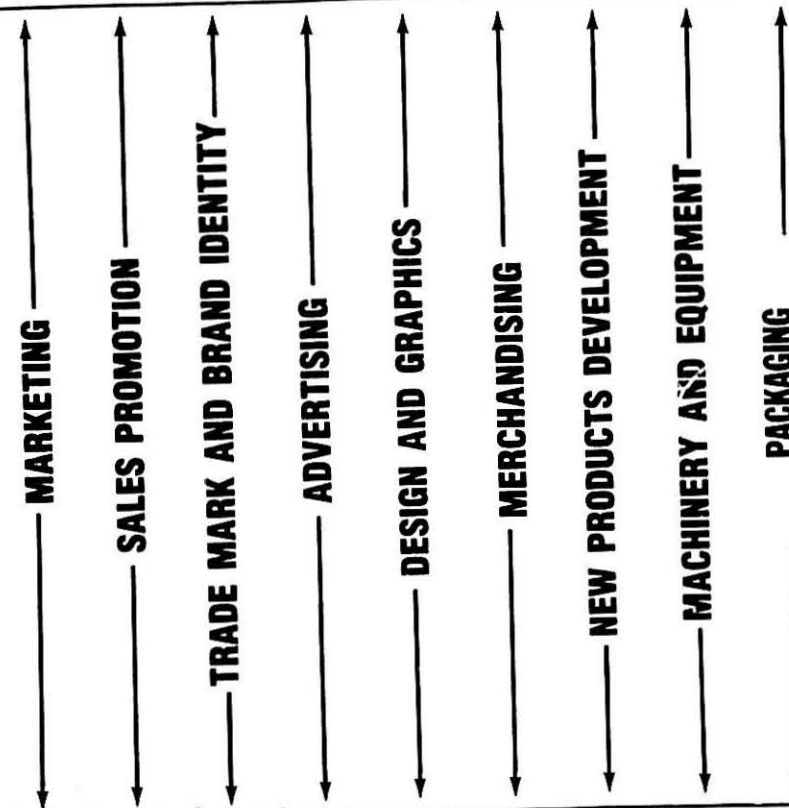
For the first six months of the company's fiscal 1985, net earnings were \$2.3 million, or 27 cents per share, on sales of \$559.7 million. This compares to earnings of \$11.1 million or \$1.36 per share, on sales of \$497.9 million for the same period a year ago.

President and CEO Andre Gillet said, "First half results were not unexpected as restrictive controls continued in Venezuela. However, we are well into the process of restructuring domestic operations through management and operational changes, and these actions will lead to renewed growth in fiscal 1986 and beyond. VSA, Inc., our latest acquisition, is already contributing to increased domestic sales and volume, and our asset redeployment program is proceeding on plan."

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