

**THE
MACARONI
JOURNAL**

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March, 1973

MARCH, 1973

Macaroni Journal



AT THE WINTER MEETING

Top picture: Vice President H. Edward Toner leads a prayer for peace following the announcement of a cease-fire in Viet Nam.

To the right: George W. Koch, president, Grocery Manufacturers of America, keynotes the seminar discussions on manufacturer-distributor cooperation.

Lower picture: Grocers' Panel, left to right—R. G. Katzenbach, Fleming Foods; Richard Lancer, Grand Union Company; C. L. Pete Newsome, Publix Supermarkets; and Clarence Adamy, National Association of Food Chains.



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In This Issue:

	Page
Winter Meeting Explores Keys to Profits, Phase III, Nutritional Labeling, Management Matters	4
Nutritional Labeling Rules Set—Phase III Focus on Food	6
Grocery Merchandise to Improve Profits	10
Areas of Concern	14
Business Is A Two-Way Street	16
Report on the Durum Wheat Institute	22
In the Milling Industry—Pasta Personnel	28
New Concept in Noodle Manufacturing	32
Index to Advertisers—Convention Calendar	34

Editor's Notebook:

The Winter Meeting was acclaimed as one of the best ever held by the National Macaroni Manufacturers Association. Thanks go to the Convention Committee: Anthony Gioia, Lester Thurston, Jr., and Bill Henry, for the excellent talent they obtained and in the well organized manner in which material was presented and discussions held. NMMA officers and directors can also take a bow for their assistance in planning and execution.

Golfers can thank Sal Maritato and Bob Cromwell for the fine golf tournament. And the tennis players finally got recognition this time.

Counselor Harold Halfpenny discussed Phase III at the convention and will have an article in next month's 54th April Anniversary issue. Other features will include articles of interest and a Buyers' Guide listing of suppliers of goods and services to the macaroni industry.



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MARCH, 1973

Winter Meeting Explores Keys to Profits, Phase III, Nutritional Labeling, Management Matters

MORE than two hundred macaroni manufacturers and allies gathered at the Doral Country Club in Miami, Florida January 24-28 to participate in a stimulating industry meeting.

Opening Session

President Vincent DeDomenico predicted that 1973 would be a challenging year with packaging revision for nutritional labeling deadline Dec. 31. He noted that imitation macaroni will not have to be labeled "imitation" and the corn-soy-wheat macaroni controversy has not been resolved. He declared that Phase III was profit and wage control rather than price control and predicted labor unions would shoot for increases of 8-9%. "Thank the Lord for good business and peace in Viet Nam," he concluded.

Product Promotion

Ted Sills and Elinor Ehrman reported on the vast amount of national publicity the industry had garnered since Sophia Loren was named "Macaroni Woman of the Year" at the last summer convention. The box-score of placements in magazines, newspapers, syndicated columns, Sunday supplements, special publications, radio and television will be reported in detail in the next NMI Progress Report. Elinor Ehrman made an excellent presentation with audio visuals showing examples of the many pick-ups.

Howard Lampman reported on the work of the Durum Wheat Institute including five issues of Durum Notes distributed to some 44,000 each mailing; the listing of macaroni products in the Plentiful Foods Promotion by the U.S. Department of Agriculture; the distribution of the film "Macaroni Menu Magic" to the hotel-restaurant-institutions field. It was proposed that film distribution be curtailed or discontinued so funds for 1973 could be expanded entirely for a Pasta Recipe Contest for students in the H-R-I field.

Phase III

Harold Halfpenny declared that regardless of what you have read we do have controls, and if voluntary controls do not work they will become mandatory again. They are mandatory, of course, for food, health and construction industries, and agricultural raw materials are still not under controls. Cost increases can raise margins 1 to 1½%, said Mr. Halfpenny, but flexibility can be a two-edged sword. There is no ap-

peal machinery now but new regulations for Phase III should be spelled out shortly. He warned that every company needs some individual to keep fully abreast of government regulations: Phase III, OSHA, FDA requirements, etc.

Nutritional Labeling

Dr. Robert Harkins, Director of Scientific Affairs for Grocery Manufacturers of America, gave a detailed back-

ground of the Food & Drug Administration and urged food companies to keep their lines of communications open with FDA. Commenting on the 40 pages in the Federal Register just issued on Nutritional Labeling, Dr. Harkins noted that such labeling is mandatory for enriched macaroni and uniform type size is required. The legend might appear as follows:

Actual	Label Claim may read:
One cup serving of cooked enriched macaroni	210 (figures are rounded off).
Food Energy (calories)	7
Protein(grams)	42
Carbohydrates (grams)	1
Fat(grams)	
Per cent of U.S. Recommended Daily Allowance	
Protein(grams)	10.8
Vitamin A(IU)	0
Vitamin C (milligrams)	0
Vitamin B1 (milligrams)	250 16.6
Vitamin B2 (milligrams)	140 8.3
Niacin	2.0 10.0
Calcium	1.5 1.5
Iron	1.5 8.3

An announcement was made of a Food Industry Briefing Meeting to be held February 8 at the Statler Hilton Hotel in Washington, D.C. The meeting was sponsored by some thirty food trade associations including the National Macaroni Manufacturers Association.

Anthony Gioia of Gioia Macaroni in Buffalo was chairman for the session.

Seminar on Distribution

Lester R. Thurston, Jr., president, C. F. Mueller Company, was chairman of the second day's session. It began with a stirring address at breakfast by George W. Koch, president, Grocery Manufacturers of America. "The food industry does not see itself as the engine of inflation," he declared. Citing increased productivity as the key to maintaining or possibly lowering food prices, Mr. Koch said, "We are against controls for the very reason that we believe that in their present form they are a deterrent to productivity."

"Get to know your legislators," Mr. Koch admonished. "He has a P&L expressed in votes and he can't go back to surplus." And he set the stage for the discussions that followed by asking, "How do you maximize the relationship with your customers?" By putting your cards on the table and working on mutual problems such as making a profit, he said.



Dr. Robert Harkins

Grocers' Comments

R. G. Dick Katzenbach, president of Fleming Foods, discussed some ways in which manufacturers and distributors can work together to improve the flow of goods to the retail stores. He observed that the combined goal is to place product in the supermarket at the lowest possible cost and in such a way that it may be efficiently handled at the retail level so that the cost savings will be passed onto the consumer. He reviewed palletizing, shrink-wrap in-



An attentive audience absorbs the interesting discussions.



Chairman Les Thurston thanks Pete Newsome, George Koch and Dick Lencer.

lieu of corrugated containers for products already trayed for shelf-stocking, scheduled deliveries and using empty trucks for back-hauling. He noted that the Universal Product Code would require reexamination of packaging processes and materials handling techniques.

C. L. Pete Newsome, vice president, Publix Supermarkets, discussed promoting productivity with people. He cited George Washington's admonition of associating with people of good quality to assure your own success. Loss of faith in our ability to endure endangers democracy and the free enterprise system.

Richard Lencer, general merchandising manager, Grand Union Co., Hialeah, urged better utilization of the manufacturer's sales force—help is needed in the stores. A well-planned promotion is only as good as its execution in the store. He summed it up by saying: "Profits come from sales, sales come from promotions."

Clarence Adamy, president, National Association of Food Chains, emphasized the energy crisis which is particularly bad in the midwest and declared it might bring on rationing and controls for three to thirteen years. He, too, underlined the needs for productivity and said the food industry is on the threshold of important technology such as automatic warehousing, automatic check-out, modulation of packaging sizes, and the interface problems of differences in the first return. He advised that we learn how the other guy makes money. He sees opportunity ahead, but the requirement of statesmanship to realize it. He noted that food has been a stabilizing influence in the past—but not in 1972. Meat and grains brought frustration to the consumer who doesn't want to be bothered with facts—she just wants rising prices to stop.

Round-table discussions with the individual speakers gave delegates opportunities to get into nitty-gritty of distribution problems that was most interesting and helpful.

Management Matters

A panel of three specialists were invited and moderated by Bill Henry of Skinner Macaroni Co. for the third session.

David G. Kay of Shearson, Hammill put the question to the audience: "What are the objectives of your company? What do you want to put in and what do you want to take out?" He observed that the macaroni industry is regional and fragmented and asked if it would stay this way. He noted it takes money to grow and the sources of capital will be dependent upon your objectives. He discussed in some detail various sources of funds, their advantages and disadvantages. He underscored the essential need of certified financial statements.

Richard King, International Multifoods, stressed the importance of planning, and declared that planning must be a catalyst to communications. Management must take advantage of change by (1) planning, (2) implementation, (3) controls, (4) feedback. You have got to know where you are and where you are going to maximize results and minimize risks.

Richard R. Crow, vice president-personnel, The Sherwin-Williams Co. distributed a kit of tools for personnel management from an application form to setting standards of performance for administrative personnel. His counseling was down-to-earth and provocative.

On the Social Side

On the social side Suppliers' Socials sponsored by the suppliers in attendance started each evening's activities. Our thanks to the list below. The Italian Dinner and Dinner-Dance pleased the conventioners as did the golf and tennis tournaments.

Winner of the Ted Sills' silver bowl for low gross in golf was Joe Viviano. Other low gross winners included:

Donald Maldari
Bill Freschi
Walter Villaume
Ralph Maldari
Don Gilbert
Joe Bradley

Winner of the Ted Sills' silver bowl for low net winners:

Bill Brezden
Al Gioia
Bob Worthington
Frank Matocci
Gene Kuhn
Ed Sordelet

In Ladies' Golf, low gross winners were Mrs. Bob Howard and Mrs. Bob Cromwell. Low net winners were Mrs. Mickey Skinner and Mrs. John Lin-stroth.

In the tennis tournament, winners were:

Andy Russo
Frank Martocci
Paul & Nancy Vermylen
Bill & Ellen Blodgett
Dave & Doris Wilson
Dick & Beth Balkite
Vincent & Kathleen La Rosa
Helen Marie Ravarino
Mark Weiss
Bill Viviano
Al Karlin

Our thanks to the representatives of the firms sponsoring the Suppliers' Socials:

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Vitamins Inc.
Milton G. Waldbaum Co.

Nutritional Labeling Rules Set

United Press International reports from Washington, D.C.: In what it called the most significant change in food label rules in 77 years, the Food and Drug Administration last Wednesday ordered food processors to begin listing on labels such things as calories, fats, carbohydrates and the breakdown on vitamins in each serving.

Consumers could begin seeing the new labels as early as summer, although the full impact of the change is still two years away. It will affect any food product "fortified" with a nutrient, or mentioning in its label or advertising about protein, fat, calories, dieting, vitamins or the like.

The FDA could not estimate what percentage of the nation's food supply would be covered, but it appeared a wide range of processed products would be included. Such things as fresh meat and raw vegetables would not be affected—unless advertising assertions about their nutritive value are made.

It could cover, for instance enriched flour and bread, frozen orange juice, diet soft drinks (because they make caloric assertions), breakfast cereals, diet foods, fruit juices and maybe even candy bars (some say they give "quick energy").

Most Significant Change

"The actions we are announcing will result in the most significant change in food labeling practices since food labeling began," said Commissioner Charles C. Edwards.

The nutrition labeling order is technically voluntary. If a company decides to stop adding nutrients to its products, or to stop advertising its caloric content for instance, it would not be covered. But competition is likely to prevent such changes.

The rules specify that the nutritional information must be placed immediately to the right of the main label, unless the configuration of the container force it to be printed elsewhere.

On the Label

Here is what the label would list:

- Serving size (by cup, spoon or whatever).
- Servings per container.
- Protein content (grams, per serving).
- Carbohydrate content (grams, per serving).
- Fat content (grams, per serving).
- Percentage of U.S. recommended daily allowances of proteins, vitamins and minerals (vitamins A, C, thiamin, riboflavin, niacin, calcium and iron, plus others, if desired, per serving).

Phase III Focus on Food

Wage and price controls were ended in early January by the Administration except for "problem areas" such as food, health and construction industries. The surprise move substitutes a quasi-voluntary system amounting to jaw-boning with teeth for most of the economy.

Food processors will be required mandatorily to comply with present regulations, somewhat modified, including prenotification and approval of cost-justified price increases. Food retailers will be held to present margin mark-ups. Minor administrative modifications will be made. Pay units in the food processing and retailing industries will continue to be covered by present regulations.

A committee drawn from the Cost of Living Council will be established. It will be chaired by the chairman of the Cost of Living Council and composed of the chairman of the Council of Economic Advisers, Secretary of Agriculture, director of the Office of Management and Budget, and Director of the Cost of Living Council. The committee's purpose will be to review and recommend appropriate changes in government policies having an adverse effect on food prices.

"It Will Be Rough"

Supermarket News reports the food industry's immediate reaction was resentment, confusion and apprehension. In Washington, Clarence Adams, president of the National Association of Food Chains, termed the Phase III approach unfair to the supermarket industry but inevitable. He warned that "it's going to be a very rough six months," with Federal agencies watching the food industry closely. He added that the industry is likely to receive little sympathy in Congress either.

Second Half Relief

Food-price relief as early as the second half of 1973 was predicted by the Administration as it announced further steps to expand farm-commodity production. The moves include rapid disposal of remaining Commodity Credit Corp. grain stocks, ending additional government loans on grains harvested before 1972, expanding grain and meat production further through "set aside" changes and ending the last export subsidies.

Wall Street Journal reports commodity futures prices dropped after a weeks-long surge as speculators took profits. Wheat, soybeans, wool, plywood and coffee were down the daily limit Thursday, Jan. 11.

In Minneapolis

In Minneapolis, cash spring wheat closed 3-4¢ lower for the week ended

Jan. 11. Prices advanced sharply mid-week, as buyers reacted to rumors of additional grain export business to Russia. At the close, however, Minneapolis future market dropped the limit. The USDA announcement eliminating mandatory set-aside wheat programs freeing nearly 15,000,000 acres for crop production.

Food Industry Expects Better Treatment Than Shown by Phase III

The food industry does not see itself as the engine of inflation," George W. Koch, President of the Grocery Manufacturers of America, told the National Macaroni Manufacturers Association convention.

Citing increased productivity as the key to maintaining or possibly lowering food prices, Mr. Koch said, "We are against controls for the very reason that we believe that in their present form they are a deterrent to productivity."

The executive of the association representing the majority of grocery products sold in this country observed that only thirty days after the National Commission on Productivity urged the "reduction or elimination of impediments to productivity due to Federal, state and local government regulation," the Cost of Living Council began Phase III controls on the food industry. "The limits on profit margins retard corporate efforts to improve productivity—there must be incentive, it's what makes the world go round," Koch said.

Adding that "food manufacturing companies expect to cooperate in Phase III as they have in Phase II," Koch nonetheless cautioned "the design of Phase III is unfair to singling out food manufacturers and retailers when the fundamental problem area in the food component of the Consumer Price Index is with raw agricultural products." "Our industry is at the cross-roads," the food executive said, "The combination of continued government controls coupled with intense competitive pressures has created operating problems for all of us, but particularly for our retailer partners."

"As a result of these pressures, it is anticipated that 1972 after-tax profits for the average supermarket chain will drop to the lowest level in history, one-half cent for every dollar of sales," Koch estimated.

Warning that "our customers (the retailers) are fighting for their lives," Koch explained that the "companies remaining under controls expect more equitable treatment under Phase III than they were shown under Phase II."



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MARCH, 1973

Grocery Industry Review and Outlook

by George W. Koch, President, Grocery Manufacturers of America, Inc.

THE outlook for the grocery industry is "more optimistic" than in 1972, but remains "mixed" largely due to uncertainties related to the future direction of the Economic Stabilization Program.

In 1972, total personal consumption expenditures for food and non-alcoholic beverages set a new record at approximately \$124 billion—up \$7 billion from 1971. Food store sales advanced to \$95.5 billion in 1972. Estimates for 1973 food store sales are figured at \$103 billion.

Despite wage and price controls food prices rose 4.7% in 1972. This increase resulted primarily from the higher cost of raw agricultural commodities, as well as labor, packaging and transportation. If food processors and supermarkets had not absorbed some of the increase in farm prices, the retail price of food would have been higher for the year.

Higher consumer prices during the first quarter of 1973 may be anticipated for beef, poultry and dairy products as brisk demand is expected to couple with higher feedprices.

Phase III and Grocery Economics

Prior to the announcement of Phase III of the Economic Stabilization Program, major segments of the grocery industry expressed the belief that economic controls in their present form should be terminated. While continuing to support the anti-inflationary objectives of the Stabilization Program the Grocery Manufacturers of America still believe that permanent controls are not in the best interests of the economy and that the removal of mandatory controls from most sectors of the economy is a step in the right direction that should be extended to food manufacturing and retailing.

Experience under Phase III has shown clearly that the supply of raw agricultural commodities is the single most important factor in maintaining stable food prices and that controls on food processors and retailers are of comparatively marginal economic impact, continued government control and intense competitive pressures have created serious operating problems for the industry. As a result of these pressures, anticipated 1972 after-tax profits for the average supermarket chain will drop to the lowest level in history, one-half cent for every dollar of sales.

Many food manufacturers believe that the singling out of the food industry



George W. Koch

by retaining mandatory controls over processors and retailers misdirects consumers by implying erroneously that food manufacturers and retailers represent an inflationary force in the economy. In point of fact, it is among these commodities that are the least processed that price increases over the last year have been the most severe, while products other than meats and fresh fruits and vegetables such as cereals, baked goods, dairy and other products have shown remarkable price stability.

Traditionally, food products have had a stabilizing effect on consumer prices. It is the objective of the food industry to restore itself to that position.

However, for as long as mandatory controls are retained, GMA will seek to bring about more equitable policies and procedures in the administration of the Phase III program. In particular, GMA is most concerned about delays in issuing decisions on wage and price requests, legitimate cost increases that companies, for various reasons, are not permitted to pass on and the increasingly burdensome and counterproductive limits on profit margins.

Couponing Use Defended

The use of coupons as a major marketing tool came under threat of highly restrictive and unworkable FDA regulations in 1972. The regulations which were issued would deprive manufacturers of flexibility in coupon use, and the limitations set would substantially reduce legitimate realized savings to the consumer.

As a result of a suit filed against FDA by GMA and 20 of its member companies the regulations have been stayed pending the outcome of litigation. GMA will file its brief by February 21 and FDA will have 30 days to respond. The suit is the first in GMA's history to be initiated against a Federal agency.

Substantial progress was made in 1972 on the industry-wide effort to bring into being a Universal Product Code which is required for the automation of supermarket checkout stands. A standard code symbol, a major step forward in implementing UPC, is scheduled to be selected March 30.

Improved Pallet Exchange

With efficiency and productivity key areas of concentration, the Grocery Industry Liaison Committee on Distribution formed a task force in early 1972 to identify problems in pallet exchange between manufacturers and distributors and to recommend solutions.

The creation of this task force was prompted by noticeable deterioration in the effectiveness of this exchange program which could result in potential losses of many millions of dollars of savings which were brought about through the development of a standard grocery industry pallet in 1968.

Under the chairmanship of GMA, representatives on this task force include member company executives from National Association of Food Chains, Cooperative Food Distributors of America and National American Wholesale Grocers Association as well as GMA.

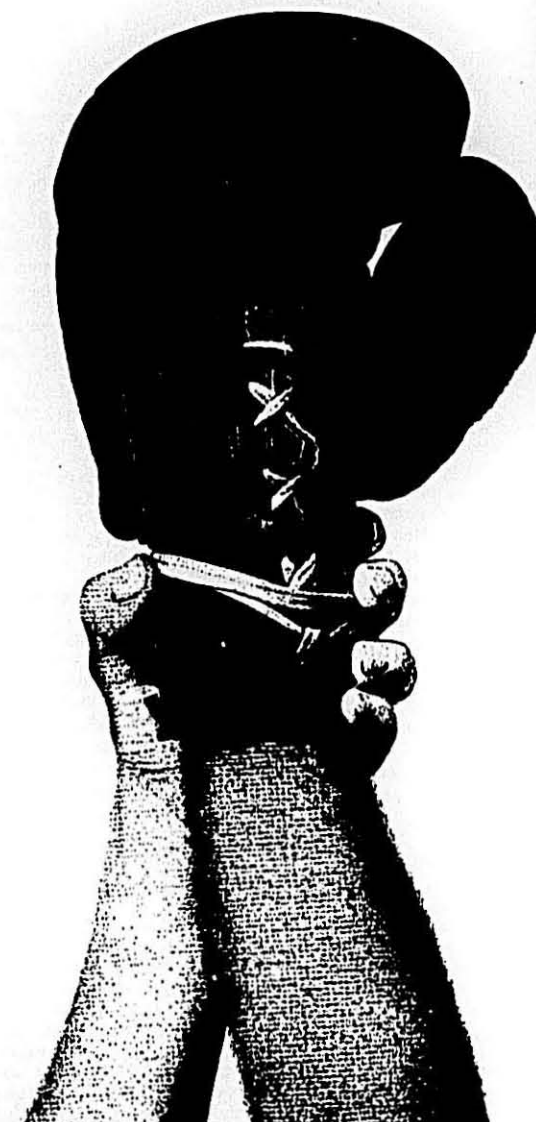
It is the conclusion of this task force that a pallet corporation should be established to license pallet manufacturers to place a grocery industry logo only on those pallets which meet industry specifications. This detailed proposal is currently under consideration by the full membership of the participating trade organizations.

Advertising Claims

The substantiation of advertising claims for grocery products called for by the Federal Trade Commission rose to a peak in 1972. Despite some notable reversals of FTC charges against manufacturers last year, particularly those dealing with nutritional claims, the practice will receive renewed impetus in 1973. Furthermore, in light of the new FDA nutritional labeling regulations (Continued on page 10)

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Grocery Industry Review

(Continued from page 8)

tions, which specifically allude to advertising, FTC guidelines for nutritional advertising are likely to be developed.

Consumer and government emphasis centered on issues related to food quality, nutrition, health and safety last year. This step-up in interest has its roots in the 1969 White House Conference on Food, Nutrition and Health. In 1973, however, as federal agencies and staffs are re-organized, the Congress may test agency authority, effectiveness and capacity to provide consumer protection in the marketplace. In this effort, more activities dealing with health and safety are likely to be initiated. Regulatory interest bearing on marketing and advertising practices will continue, but not at the pace set a few years ago.

Food Product Labeling

A highlight of 1972 was the Food and Drug Administration's proposal for voluntary nutritional labeling. The labeling was widely supported by consumers and industry alike. Research by the industry-sponsored Consumer Research Institute clearly indicated that consumers were able to understand and utilize nutritional labeling. FDA received some 3,000 comments on its initial proposal. Thus far, two major manufacturers, both GMA members, have voluntarily adopted nutritional labeling with FDA's prior consent.

The final proposal was released in mid-January, 1973. At the same time, FDA issued some 12 regulations or proposals covering labeling of dietary foods, fatty acid declaration information panels, food standards for vitamin and mineral supplements, imitation foods and a proposal for cholesterol labeling. With nutritional labeling as a front runner it has become clear that other inter-related labeling proposals must also be reviewed this year. Several times during 1972, GMA urged FDA to establish labeling priorities to allow for orderly implementation rather than the issuance of piece-meal proposals.

In conjunction with its labeling proposal, FDA will launch a nutrition education program this year using mass media.

On February 8, GMA and 30 food related trade associations, will sponsor an industry-government program in Washington to review FDA's new regulatory package.

The labeling of all ingredients in standardized food products, similar to that required by law for non-standardized foods, received additional industry

support in 1972. GMA is on record favoring mandatory ingredient labeling.

Legislation was introduced in the last Congress to require mandatory ingredient labeling.

Consumerists petitioned for ingredient labeling in 1971 and at that time, in the absence of FDA's authority to require it, GMA recommended that the industry immediately adopt ingredient labeling on a voluntary basis. In the last two years, many manufacturers voluntarily incorporated ingredient information on labels. The trend will continue in 1973 as additional products are re-labeled.

Net Weight — Package Fill

At the year's end, net weight and package fill standards for food products were proposed by the U.S. Department of Agriculture. While the proposed standards ostensibly apply to foods purchased solely for USDA programs, the ramifications of more than one standard for net weight and package fill could have a broad effect on the entire food processing industry. A fractional variance in "overflow" practices could cost manufacturers millions of dollars which could not be regained from the marketplace.

GMA's petition to USDA for an extension of filing time until April to allow for industry-wide comments has been granted. GMA supports uniform standards, but has urged USDA to consider other segments of industry and the international standard-making bodies.

The phenomenon of mandatory consumer protection legislation directed at the grocery industry by State and local governments increased in 1972. Most prominent and representative was action proposed in Massachusetts covering packaging and labeling, including open dating, nutrient, ingredient, natural and organic labeling. Many facets of the Massachusetts' proposal are in contradiction to either existing or proposed Federal legislation.

GMA, joined by several major trade associations, urged revision of the Massachusetts labeling regulations at a hearing January 23.

The situation which is magnified by proposals in other states, could seriously disrupt distribution and marketing by national or regional manufacturers should such legislation expand or be enforced this year. For example, 24 states considered various open dating proposals in 1972.

Controls

Overall, significant activity at all levels marked the industry's progress in 1972. Wage and price controls were

a major concern which will again be a dominant issue in 1973.

The grocery manufacturing industry does not view itself as the "engine of inflation" and will therefore continue its efforts toward price stability, while at the same time encourage decontrol of the food segment.

Moving Merchandise

OUR task is to explore some ways in which manufacturers and distributors can work together to improve the flow of goods to the retail stores. Our combined goal is to place product in the supermarket at the lowest possible cost and in such a way that it may be efficiently handled at the retail level so that these cost savings will be passed on to the consumer.

Since many of you may not be familiar with the Fleming Foods Company, I would like to explain that Fleming Foods is the food distribution division of the Fleming Companies, Inc. Fleming Food services approximately 1,700 retail outlets located throughout the Midwest and in the East, West and Gulf Coast areas. Fleming's growth in its early years paralleled the growth of the Voluntary Group Movement, in which it played a significant part. While this growth continues, the company's mix of retail affiliates has shifted so that today approximately 55% of Fleming Foods sales are to chain stores and independent retailers who operate under names other than those of Fleming's voluntary groups. The approximate 45% in transfers to voluntary members are to IGA, Thriftway, United Super and Minimax supermarkets.

While Fleming Foods has merchandisers located in each of its 10 distribution warehouses who are responsible for the procurement and movement of products in their own division, there is a central merchandising and procurement office in Topeka, Kansas.

With this brief background then, let me share with you some thoughts on improving the flow of goods between manufacturers, specifically macaroni manufacturers and distributors, specifically the Fleming Foods Company.

Improve Productivity

In the first place, the improvement of productivity and performance in the food distribution industry, while always desirable in the past, is today a "must." The constrictions placed on our industry by the government through Phase II, Phase III and maybe Phase IV, make it imperative that we increase productivity or suffer a diminution in profits. With the continuation of wage

Moving Merchandise to Improve Profits

by G. Richard Katzenbach, President, Fleming Foods, Topeka, Kansas

rate increases, even if only at 5.5% and the continuation in the rise of other costs, coupled with the inability to raise margins, the only way to have continuing better results on the bottom line is to improve productivity and thereby reduce expenses somewhere in the middle.

You and I must admit that while some attempts have been made to improve distribution systems, with the resulting lowering of costs, there has been mighty little real progress. For the most part, you are delivering merchandise and we are receiving, warehousing and delivering merchandise essentially the same as was done 20 or 30 years ago.

Let us look together at the well-known opportunity areas for reduction of cost and see what we have done together to exploit them and what further progress we might make.

Scheduled Deliveries

One of the cost reduction techniques in common usage today is the concept of scheduled deliveries. Most macaroni products are received at our warehouse by truck. Where these truck receipts can be scheduled to the day and in many cases to the hour when they will arrive, it can result in elimination of congestion at the dock and much less waiting and unloading time for the carrier, with a resulting cost saving to all involved. Unfortunately, many times the schedules are not met and the carrier is late making the delivery, often one or two days late. When scheduled deliveries are not met, it means further delay for incoming trucks because they must be unloaded on a day when other deliveries are scheduled and the whole concept of scheduled deliveries breaks down. An early delivery is almost as bad.

It is not always going to be possible for a carrier to meet a scheduled delivery date but if he will call ahead and receive a new delivery date when he is not going to be on schedule, it allows his spot to be reassigned to another shipment. The fact that some companies have an almost perfect record of meeting their scheduled delivery dates while others are closer to 50% indicates that good performance in this area can be accomplished where there is sufficient effort applied.

Backhauls

One of the major opportunity areas for savings in our business is the ability



G. Richard Katzenbach

to use our empty trucks, coming back after making a delivery, to pick up backhauls. Conversely, there is probably nothing more wasteful than sending a truck out to make a delivery and having it head back, sometimes for several hundred miles, completely empty. Proper utilization of backhaul opportunities can have the effect of cutting our delivery costs more than in half on certain runs. Macaroni products ideally lend themselves to backhauling. Where our trucks can meet a scheduled pick up time at your warehouse and you can have the product already palletized, preferably tied at the top of the module to avoid shifting in transit, we can end up with a very efficient utilization of equipment and labor. Backhauling eliminates the scheduled delivery problem on our receiving platform and usually enables us to unload our trucks at night when other deliveries are not being received at the dock. There is certainly nothing new and startling about either scheduled deliveries or utilization of backhaul opportunities but it is amazing how many times these techniques are not being employed and are resulting day after day in unnecessary costs.

Palletized Loads

Considerable headway has been made in shipping palletized loads in rail cars. It would seem that the total distribution system could benefit if more truck deliveries were palletized and hand stacking on the receiving platform could be minimized.

I believe most manufacturers palletize product for handling in their own

warehouse after it is manufactured and packaged. If this palletized module can remain intact until it is selected from our selection line for delivery, it can result in cost savings. Unfortunately, many times you hand stack it into the truck, or your carrier does, and then it is hand palletized on our delivery platform. Both of these operations result in unproductive labor and tying up docks unnecessarily. If you will load the product palletized, tied at the top to reduce shifting and it can be unloaded in our warehouse the same way, an obvious saving in time and labor results.

Warehouse damage is a major problem throughout our warehouses. A primary cause of warehouse damage is the fact that in many instances the case size is such that it cannot be palletized without an excessive overhang or results in too small a module on the pallet. Attention to designing case sizes to fit on both 40 x 48 and 40 x 32 pallets comfortably would be helpful in controlling damage.

There are a number of times when it is very helpful if the pallet patterns are printed on the case. It is suggested that printing these pallets on the top of the case where very little information is usually found, is a most practical way to convey this information. Just the two separate patterns labeled either 40 x 48 or 40 x 32 as the case may be, can be very helpful on the top of the case.

In most food distribution warehouses, macaroni products are stored in the racks rather than stacked in a floor slot. Most distributors like to use the 40 x 32 pallet in the racks rather than the 40 x 48. This is certainly true at Fleming. Therefore, palletized shipments should most certainly be on 40 x 32 pallets rather than the larger pallets currently being used by most rail shippers. Unfortunately, a large portion of the product shipped by rail on the larger pallets has to be manually re-palletized upon receipt in the warehouse which negates a large portion of the savings realized from receiving palletized cars.

Strong Cartons for Macaroni

Macaroni products, particularly if packaged in cello, or film require a strong outer carton because a cello package will not support a lot of weight. Even though these products are generally lighter than canned goods and not usually stacked as high, there are cases when cartons will give way and

(Continued on page 14)

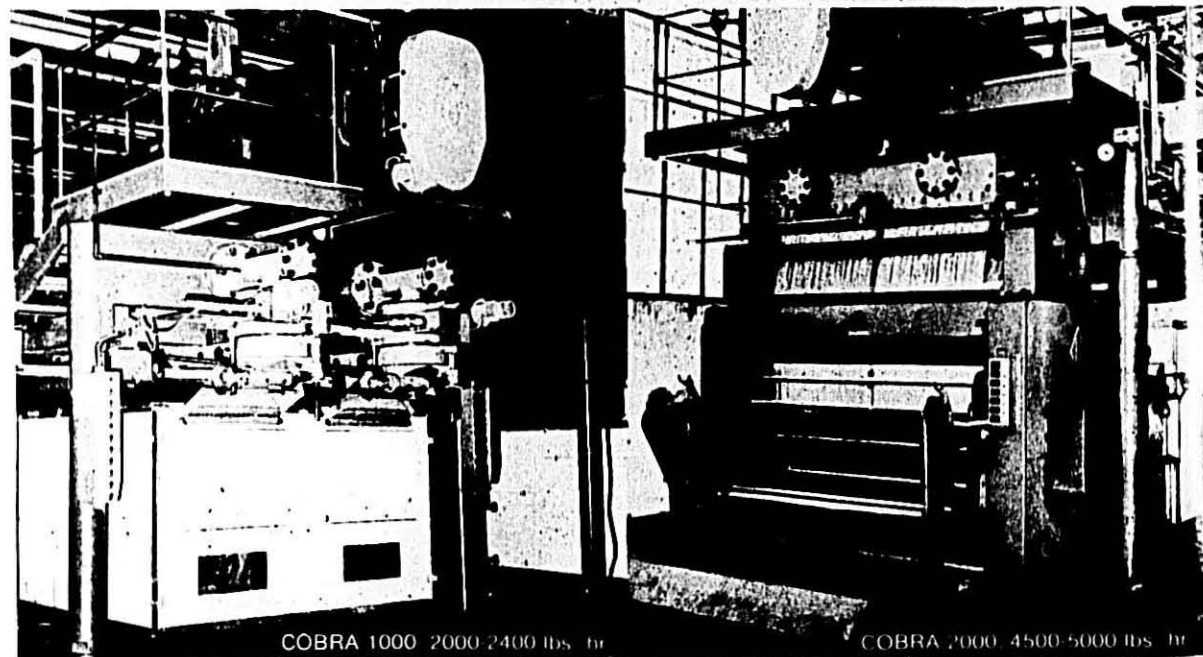
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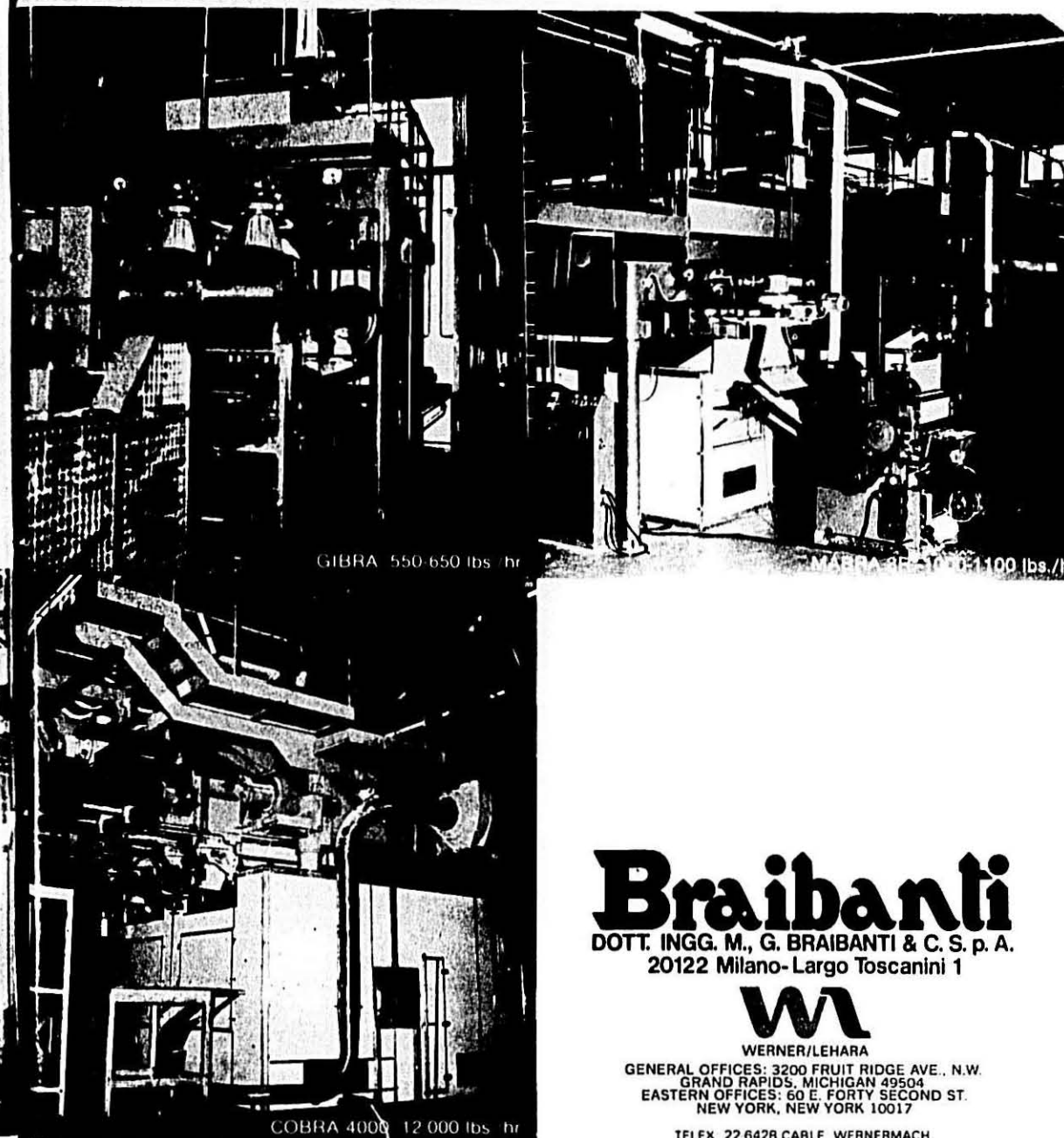
Of course the Braibanti presses are just the beginning of a great pasta line. Braibanti also makes flour handling equipment, cutters, spreaders, stampers, pinchers, shakers, pre-dryers, dryers and packaging equipment. In short, everything it takes to make any pasta product on the market.

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Moving Merchandise

(Continued from page 11)

when this happens with a cello packed item, it can result in considerable damage. Attention to proper carton strength is most important. A saving at the manufacturing level can result in costs at other points in the distribution system.

Coding for Stock Rotation

Stock rotation is mighty important in a food distribution warehouse, particularly with macaroni products. At Fleming we have adopted a system of color coding to facilitate stock rotation control. For those of you who are close enough to see, here is a copy of the colored labels which are placed on each pallet load as it is received. We use 6 colors: one for each of the months January to June and then a repeat of these same colors from July through December. Warehousemen refilling selection slots from reverse areas are expected to pick the pallet load with the oldest color code to insure freshness.

I guess the opposite of freshness is staleness. If we can design a system for stock rotation to insure freshness, can manufacturers design a system that will insure against staleness? In other words, is there some way that product could be coded with a pull date, stale date or whatever you might call it, that would enable us to determine at the warehouse level whether or not the product was still fresh and usable or whether it should be exchanged for new stock. Perhaps this is already being done but if it is, I am not aware of it.

Shrink Wrap

One of the new packaging techniques that seems to be coming at us fast is the shrink wrap concept. Here I am referring to the new plastic film wraps that are being substituted for the traditional corrugated carton to enclose the product in the case. This idea is presently being pioneered by some canned vegetable packers, canned soft drink bottlers and others. I recently met with a California packer who tells me that their packaging cost can be reduced 1½¢ per case by a switch to shrink wrap film. The machinery cost to convert to such an operation is considerable. However, in his case he estimates the company would have this cost back in less than 3 years at 1½¢ per case. In addition to that, shrink wrap film would appear to have the following advantages:

1. Already trayed for shelf stocking after the film has been removed.
2. Less weight per case which should reduce shipping costs.
3. A non-slip texture which can re-

duce the shifting of cases during shipment and should facilitate handling and palletizing.

4. Non-porous texture of the wrap reduces absorption in case of wetting through sprinkler damage, rain, etc.
5. Some wraps presently being developed have a fire resistant quality.
6. The advertising value of being able to see the product in the case.
7. The ease with which the product may be displaced at the retail store.

There are some obvious disadvantages in packing macaroni products in shrink wrap film. One of these is the fact that if you are using a cello pack, it would appear to be impractical at the outset. However, I would think that cartons would lend themselves very well to this kind of packaging. It is quite possible that identification could prove a problem where you have such a number of cuts and sizes. Proper case marking may prove to be difficult. In any event, shrink wrap film seems to be gaining popularity and our experience with it so far has been very favorable.

Carton Module

One factor that will influence the type of packaging used and the carton module is the coming of automation in food distribution warehouses. We have all seen a number of these in successful operation. This breakthrough in food handling techniques is long overdue and will require considerable investment and certain changes in our traditional systems. We are researching ways in which we may adapt ourselves to these new methods and I am sure that you are too.

The universal product code will also require the re-examination of our packaging processes and our materials handling techniques. It appears to me that the automated front end operation at retail is coming a lot faster than I would have suspected a year or so ago. This new concept, along with the automation of warehouses, gives promise of being the first two real breakthroughs in technology of food handling that we have seen in a number of years.

We at Fleming are anxious to pioneer as many of these new concepts as practicality will allow. We welcome the opportunity to join with you in testing any new methods, packages, etc. that you would care to undertake in any of the markets where we presently operate.

Plant Operations Seminar
Hotel Hilton, Omaha
April 29-May 2



C. L. Pete Newsome

Areas of Concern

by C. L. Pete Newsome,
Vice President, Publix Supermarkets,
Miami, Florida

WHAT can we do to help each other? Here is a question with no answer and with a hundred answers. George Washington said, "Associate with persons of good quality and character, if you esteem your good name, for it is better to be alone than to be in bad company."

I guess that could be turned around to say "associate your product and your company with persons of good character." And to be perfectly fair, we as buyers should say, "Associate the salesman calling on you with persons of good character if you want all parties to be fairly represented."

Honesty Best Policy

This, of course, is an over-simplification but if I had to make one request today on how you can help us, it would simply be this: make an honest product—put it in an honest package—price it at an honest price—and represent it with an honest person.

Conversely, if I had to suggest a way that we could help you. The suggestion would be very similar—that we demand honest representation from our buyers and store personnel, on whom you and your representatives call.

Sure, this is a gross over-simplification, but it is one we must believe and try to practice all the way—particularly at retail level.

In trying to identify some of the common problems existing between Publix Super Markets, Inc. and representatives of the National Macaroni Manufacturers Association, I have come to the conclusion that we don't have any prob-

(Continued on page 16)

ASEECO CONVEYING SYSTEMS

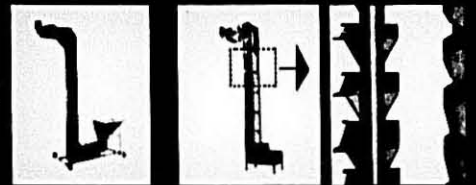


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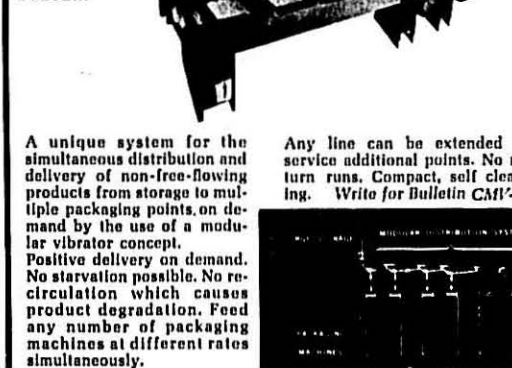
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Write for your nearest representative.



Areas of Concern

(Continued from page 14)

lems with anyone represented in this room—and that's the truth.

Back in 1953 when I was first appointed buyer by Mr. George Jenkins, the founder of Publix Super Markets, he told me this, "Always treat a salesman as though he were a guest in your home. Render him no abuse, and tolerate none from him."

And this is easy to do, because most of the gentlemen that call on us act as though they were guests in our home. So you see, I really can't find much to complain about as far as the relationship between my organization and yours.

Concern with Government

Of course, we do have some areas of great concern which affect us both. I'm concerned about the government getting into our business in so many different ways now. The Occupational Safety and Health Act being one, and even most recently, Phase III.

The government, in its sincere desire to kill the horse thief called inflation, fired the shotgun into the barnyard—killed the horse, wounded the cow, scared the hell out of the chickens and incidentally, I believe, missed the horse thief!

I am also concerned about the population of this country turning more and more to the government for relief of its consumer complaints. More frequently I hear the remark "There ought to be a law." I too, believe there ought to be one more law put on the books, and that law would be—for every new law that is put on the books—two will be taken off.

Incidentally, there are quite a few laws which are not on the books, but which govern our lives every day. Many of you in business might be familiar with some of them.

Murphy's Law—If something can go wrong, it will.

Weller's Law—Nothing is impossible for the man who doesn't have to do it himself!

Chisholm's Law—Anytime things appear to be going better, you probably overlooked something.

Finhele's Law—Once a job is fouled up, anything done to improve it makes it worse.

Parkinson's Law—Work will expand to the amount of time available.

No—no matter how many laws we have, they can't solve our problems. People cause problems—people solve problems.

If we continue to demand more services and more protection more loudly

from the government, we end up having government control; and I ask you to consider the alternative of free enterprise or government control. Over-simplified again, the solution of these problems are people of character.

Loss of Faith

A little more than a hundred years ago, this country was torn apart by a war that turned fathers against sons, and brothers against brothers—yet, we endured. Forty years ago, depression shattered the security of millions of citizens—yet, we endured. Today, we are facing some of the most serious problems in our history, but perhaps our most serious problem of all is the loss of faith in our ability to endure.

The prime mover to recovery from difficult times in the United States has always been American business under the free enterprise system. Now this too, is being attacked by some; some who mean well, but are uninformed. And by some who would like to see it replaced by government controls and eventually, another economy and form of government.

Many of these crusaders are marching under banners which look and sound very noble (ACLU, Ecologists, Consumerism) but, if they reach their ultimate objective, the results will be the same. The destruction of the free enterprise system followed quickly by destruction of democracy itself. Most of you here today, represent—in one way or another, the free enterprise system; and the free enterprise system should do one thing—it should guarantee a person the opportunity to grow and fulfill his ambitions, limited only by himself and his character.

Life has never been simple in this country—it never will be. Each generation will face a new set of problems, but as long as we sustain our faith in our religion, our nation, our business, and above all, faith in ourselves—we will not only endure—we will prevail!

Although our government is not perfect, it is yet the best to be designed in the history of man. Don't be misled by the radical fringe—there are still many good people of good character—there are still many fine young people growing up today and looking for leadership.

Demand Character

How can we help each other? We must demand character in each other—we must demand character in government—we must support organizations such as the NMMA and GMA who believe in honest, fair dealings in the free enterprise system. We must back Clancy Adams and his National Asso-

ciation of Food Chains, back them to the fullest—including writing letters and contacting our elected representatives concerning the attitude they take towards our business and law making.

What can we do to help each other? We must maintain faith in the free enterprise system—guard it jealously—fight for it—protect it.

We must maintain the quality and value of our products and services.

We must represent our companies and our country with people of good character.

If we put up a good enough fight our companies—our country will be remembered for how great it is . . . not how great it was.

Business Is a Two-Way Street

We are here to discuss "Keys to Profits" and how we can work together to improve them. To review the profit picture of today in detail is unnecessary. We all know it is poor. A recent survey of 48 chains demonstrated a 21¢ profit on a hundred dollars of sales. Under existing conditions, we find it extremely difficult to generate improvement using many of the older techniques of the past. The hard swinging machete tactic must be replaced with a finely honed stilleto approach. We must review each and every facet of our business . . . mind you, I said OUR not MY or YOUR business, to eliminate waste of time, energy, space, and dollars. Our procedures MUST be reviewed and updated. The consumer revolution must be reckoned with and not swept under the rug. Business is a two way street, and both manufacturer and distributor must understand each other's needs and problems before the fact . . . not after. In short, we must establish better and more frequent communication lines both internally and externally. All the necessary tools to accomplish this are available; they must be reviewed and maximized for their greatest potential. First, let us talk of YOUR sales force. The retailer's position of unprofitability has forced him into a store manpower coverage that cannot stretch much thinner. Compounding this is the out of stock situation resulting from such reasons as short supply of trucks and railroad cars, poor delivery timetable compliance, weather conditions affecting supply of merchandise, desire to reduce inventories and increase turn of product, and many more too numerous to enumerate. These very real store conditions pose frustrating problems to any and all broker and direct sales organizations that are responsible for maintaining an

Business Is A Two-Way Street

by Richard Lencer, General Merchandising Manager, Grand Union Company, Hialeah, Florida

effective presentation of their products.

Utilize Your Sales Force

What can be done about it from YOUR point of view? One answer lay in more effective utilization of a sales force.

1. Presently, where do we allocate the quality and quantity of men? The ultimate goal of a store retail man is to be able to call on the buyer. Good men work up to this position and are replaced in the field with new recruits. Management fosters and perpetuates the use of the quality man at headquarters office and new people at store level. However, the existing store retail situations I discussed previously, dictate a change in thinking . . . store level now needs as good or even better quality people than at buying office level. THIS is where the ultimate sale is made and this is where the QUANTITY of BETTER people should be, whether from direct sales force or brokers staff. A well planned promotion is only as good as its ultimate execution. I do not wish to have you interpret my remarks in the light that the headquarters sales force should be diluted in quality, I only recommend an increase in the number and an upgrading of the quality of store retail men.

2. Planning and Training

This retail force now MUST be oriented towards planned TOTAL line coverage. Erratic visits to cover a promotion or when requested by the buyer, are insufficient. Product movement figures must determine the frequency of his (or even her) visits to a particular store. A routine procedure must be developed for these visits, whether or not a major promotion is in effect.

Primarily, good and trusting relations must be built with the store manager . . . and I refer not to the purchase of a cup of coffee and a 30 minute review of the latest sporting event. A notification of his arrival at the store and his intent to review his products, will suffice.

Check Shelves

Next, shelf product observation will reveal in or out of stock condition, possible need of rotation, removal of product due to infestation, and correct or incorrect pricing of your product. Damaged packages demand a decision at this time and must be removed for credit. Back rooms should be checked



Richard Lencer

Promotions

Second, your promotions . . . We, at Grand Union, consider pasta as a highly promotable item. It enhances sales as

well as profits. It is basic and highly desirable particularly in today's economy. Elbows have been promoted, displayed, and featured for many years, the same is true of spaghetti. But the secret is to work with the entire line of 15/20 various cuts. Granted, a substantial allowance is offered on the entire line, the retailer is confronted with the problem of a wide variation in movement. He can stay in stock by displaying spaghetti #8, 9, and 17, yet he desires not to end up with an overstock by doing the same with the slower movers. Thus he tends to work completely off the shelf. This promotion is doomed to 50% effectiveness. The other alternative is to feature two or three items, where in store handling and display is simple. Once again, a very minimal promotion.

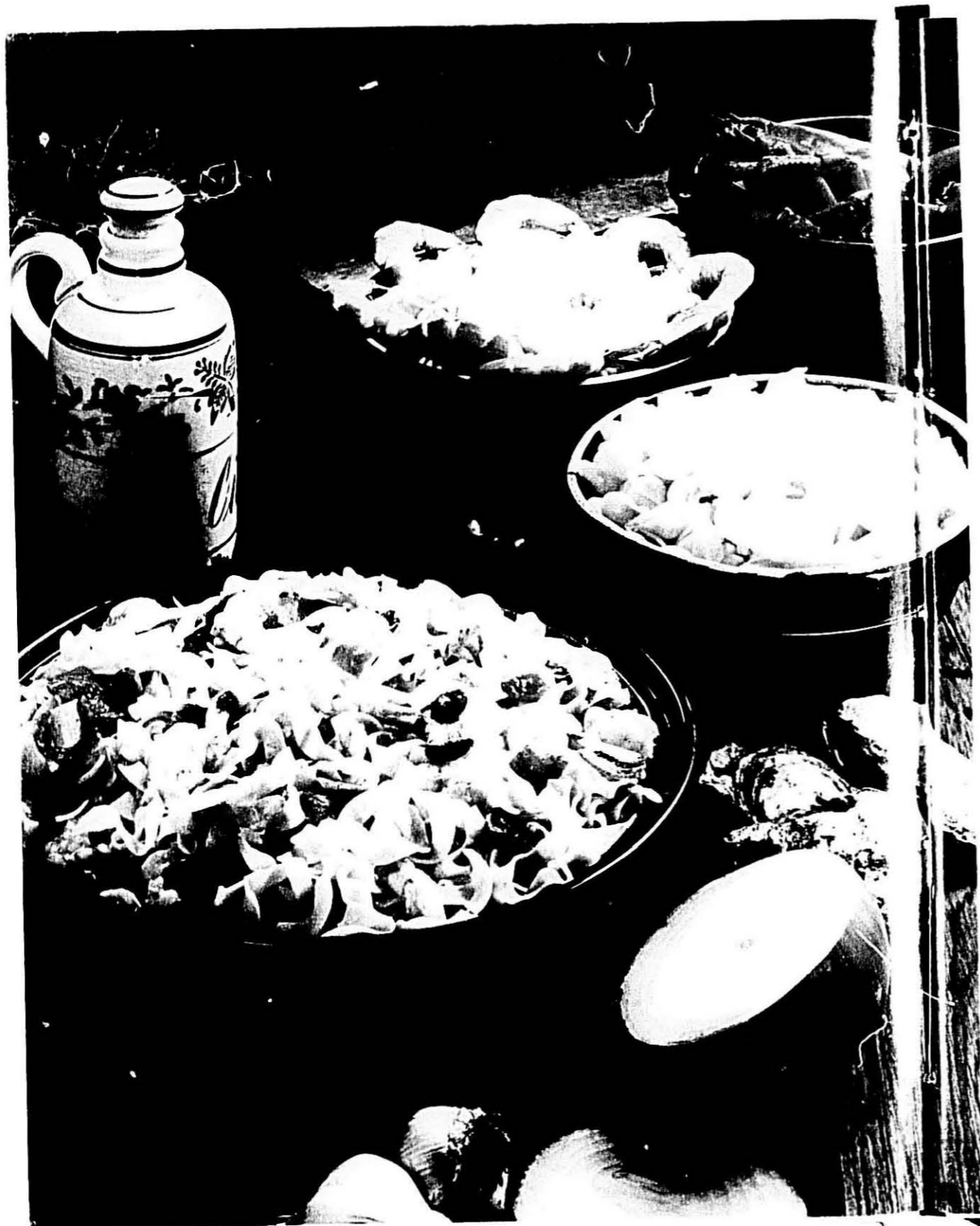
Now try to envision a well designed, easily assembled, portable, light weight wire END rack . . . planned to hold a case of each slow seller, and multiple cases of each faster seller. Add to this, small satellite displays of sauce, mushrooms, and grated cheese, plus recipe pads and point of sale photographs of the finished product to help introduce the consumer to new and more exotic cuts she has always hesitated to purchase. With sharply rising meat prices, she is ready for a substitute meal that will be exciting and simultaneously easy on her budget. Spaghetti she knows all about. She may be totally unfamiliar with the other shapes of macaroni that are prepared with meat, fish or cheese, and do not minimize the importance of some new and original menu development. The various "helpers" have made big inroads in today's market place doing just that.

So by coordinating the buyer, your headquarters salesman, the store retail team and store manager, you will have in my estimation, a successful, profitably advertised promotion.

New Items

Lastly, the topic of new items and their promotions. This subject has put the retailer in a real dilemma. New items, numbering approximately 1,000 a year, cross our buyers' desks. Some ARE new, some just expanded sizes of existing products, some another new flavor or shape. Some are backed by TV advertising to such a point the retailer believes he has no alternative other than add it to his line. Some new

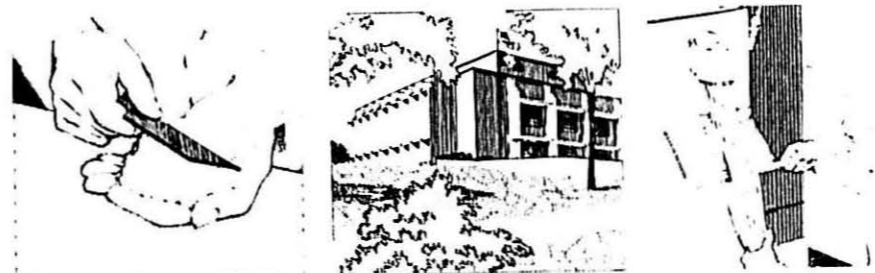
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King Midas Semolina and Durum Flour
Where Quality Pasta Products Begin



King Midas Semolina and Durum Flour are made from the purest, most nutritious wheat available. The quality of our flour is maintained throughout the entire process, from the selection of the grain to the final product. This is why our pasta products are so popular and so delicious. They are made from the pure, golden color of quality.



PEAVEY COMPANY
Flour Mills

Business Is A Two-Way Street

(Continued from page 17)

Items are enhanced by manufacturer's offers that no profit minded retailer can refuse. Yet on a 90 day review, we find more new items fall than succeed. The initially high profit deal, prompts the merchandiser to plan a display; TV advertising help it sell, but when deal and short lived TV cease, so do sales in the majority of items. Today, we are being more critical of new items. The costs of adding one to the line . . . from initial buyer time, thru Tab department costs, warehouse costs, delivery costs, store handling costs . . . and finally the potential disposal costs . . . are growing ever larger and we feel they very well could outweigh the potential profits of this new item. Over the long haul, substantial promotion of established items can prove equally profitable or even more profitable gambling on the risks of promoting new ones. So keep the deals on established items coming.

Deals

Along the line of promotion, let me explore a common practice employed in developing a new item. Upon presentation, a lucrative deal is offered to get placement. This could be in effect for as long as two months. Naturally, movement is slow and dollar profits minimal. At the conclusion of the deal, the advertising program commences. Now movement could and should increase, but all those high margins from the deal are no longer present. This split deal/advertising promotion, really accomplishes nothing other than forcing the retailer to invest in dollars and warehouse space before advertising so he can profit when movement starts. Why not run the two simultaneously, the cost will be the same, introductory time will be cut in half, and retailers will be more conducive to cooperate.

Off-Invoice Allowances

Another example of promotional practice that I believe is false economy . . . packers have offered off-invoice allowances on the entire line. Some retailers for reasons I explored above, so elect to feature only the fastest three movers, and just buy-in the balance of the line for long term warehouse stock and extra margin. Naturally, the packer was short changed. Therefore, he offers one-half the original allowance on the line and supplements it with extra money on 3 or 4 spot items in return for a feature of those 3-4 items. Sales results are the same, the packer now saves a few cents on the balance of the line buy-in.

Think Total-Line

Once again, I say, think total-line promotion. Give one-half the original allowance off invoice on all merchandise purchased. Supplement this with the balance of the original offer, given in the form of a bill back only for those items featured and promoted. In this way, the retailer may elect to go the 3-4 item route for small bill back . . . or promote the entire line for larger bill back income. This way both parties get their money's worth. Other thoughts on maximizing the effectiveness of your promotional expenditure . . .

1. Communicate with local retailers regarding their thoughts on advertising schedules, various media to be used, et cetera. Too often out of town agencies have selected wrong and insufficient promotional media for this market.

2. Cents off labels are frowned on today. They present a problem by having two retails on the shelf simultaneously, causing consumer confusion. In addition, they complicate the "price per measure" shelf sticker program.

3. Lastly, they afford the retailer no extra profits from a buy-in.

Grand Union Test In-Store Consumer Nutrition Program

The department of consumer affairs, Grand Union Co., East Paterson, N.J., has launched a six-month pilot in-store consumer nutrition program.

With the University of Connecticut Cooperative Extension Service, the 580-store chain is testing the feasibility and consumer acceptance of point-of-purchase consumer nutrition education through trained people.

As part of the in-store education program. Extension representatives (working under a \$3,000 grant from Grand Union) explain to shoppers how—by utilizing such consumer aids as unit pricing, open dating and the company's customer policies—they can more wisely spend and better stretch their food dollar.

Point-Of-Purchase

According to Joyce Barger, consumer affairs specialist, Grand Union, many consumer educators have long felt point-of-purchase might be the best area for consumer education, but have found it difficult to have access to the system to test the concept. At the same time, markets have recognized the value of a consumer information resource person in each store, but economics in a large chain make total implementation unfeasible.

Grand Union is providing five stores in the Connecticut area with the machinery, the reproduction of materials and some of the publicity. The university is providing trained people and the content of the consumer communications.

Defense Support Center Seeks Suppliers

The Defense Personnel Support Center is looking for additional companies to bid on its purchases for the Armed Forces.

The Center, largest field activity of the Defense Supply Agency, has the mission of providing quality food, clothing and medical supplies to the Armed Forces worldwide. In carrying out this mission, the Center spends approximately a billion-and-a-half dollars annually.

Air Force Major General A. J. Dreiseszun, Center Commander, said his activity has a continuing need to add responsible companies to its bidders lists. He noted that in the subsistence field, his Center is seeking firms who can provide the following items: non-perishable food items including canned, frozen and dehydrated meats, poultry, fish, fruits and vegetables; beverages; packaged rations; dairy products; macaroni products; cereals; condiments, and sugar.

Competition—Diversification

General Dreiseszun pointed out that doing business with the Center benefits both the Government and the businessman. For the Government, new bidders increase competition which in turn, ensures reasonable prices and serves to reduce Government spending. New bidders also provide a reservoir of production talent which can be drawn upon during national emergencies. For businessmen, he noted, Government contracts provide the opportunity to diversify their markets and to take up the slack caused by seasonal sales or other economic factors.

However, it is General Dreiseszun's firm position that the Center will only procure material from fully qualified companies which have the capability to manufacture products in total compliance with definitive specification standards.

General Dreiseszun urged responsible companies who are interested in doing business with this Center to write to him directly at the following address: Major General A. J. Dreiseszun, USAF, Commander, Defense Personnel Support Center, 2800 South 20th Street, Philadelphia, Pa. 19101.

MICROWAVE

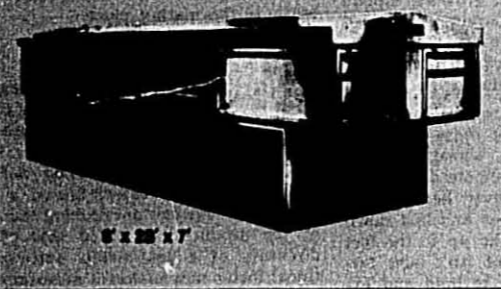


puts the heat on
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■ It dries ten times faster. ■ It reduces dryer maintenance to about one hour a week (all stainless steel). ■ It improves product quality. ■ It can double or triple production. ■ Lower capital investment. ■ It generally can be installed without shutting down the line.

AND NOW the latest development incorporates (1) preliminary drying, (2) drying, and (3) controlled cooling all in one 8x23x15 foot unit . . . taking only 1/5th the space required for conventional drying. U.S. Patents Pending



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Report on the Durum Wheat Institute

by H. Howard Lampman, Executive Director

WHEN I saw my name on the program—to report on the Durum Wheat Institute—I wondered what I could say that might be new, fresh, different, interesting. Not S.O.S., which stands for "same old stuff." Of course, I could tell you that the Institute produced five copies of the home economics bulletin, "Durum Wheat Notes," during the year each with a circulation something in excess of 44,000—or a total circulation of almost a quarter million copies for the 12-month period.

Durum Wheat Notes

Each copy of "Durum Wheat Notes" may be more important than it seems at first glance—because they go into the home economics classroom where, more frequently than not, they wind up as the teacher's lesson plan. Or, most certainly, they influence and affect the way the teacher instructs her students about foods and nutrition, and especially pastas.

Now, if each teacher has an average of 30 students in her class (and most of them teach more than one class), you can count on reaching a total school-room audience of more than seven million students annually with features, recipes and stories that improve the image of macaroni products made from durum wheat; or, actually call for the use of those products in laboratory kitchens.

We know what kind of response we get from "Durum Wheat Notes." At one time we offered a nutrition quiz in a coupon on the back page. As a result, we received requests for more than 100,000 copies of the quiz sheet. In fact, in some ways we get a better response from "Durum Wheat Notes" than we do when we run paid advertisements in the commercial home economics journals.

Plentiful Foods

Or, I could tell you that, working with the Plentiful Foods people of the USDA, we succeeded in getting them to list enriched macaroni, spaghetti and noodles in the monthly "Smart Shopper." The "Smart Shopper" is actually a reproduction proof sheet emanating from Washington and circulated to all state and local agencies concerned with popular nutrition. It provides the "best buys" of the month as well as recipes and meal plans.

The "Smart Shopper" is reproduced in state after state, city after city—to gain an estimated total circulation of 12 million each month . . . 144 million a



H. Howard Lampman

year and still growing! Quite a record . . . and we have plans for more.

We also use "Durum Wheat Notes" to offer or sell other teaching aids and materials, and during the past year requests were received for almost 20,000 pieces of teaching material—mostly recipes for use in the classroom or school lunch kitchens.

FDA Battle

But these are on-going "S.O.S." type activities. They hardly reflect some of the more hectic aspects of the past year. We lost the battle with Food and Drug, apparently, to prevent the issuance of a standard of identity for so-called "Enriched Macaroni Products with Fortified Protein," made with wheat, corn and soy.

We lost another round with Agricultural Stabilization and Conservation Service, when durum growers, millers and macaroni manufacturers appealed for a specification requiring durum to be used in the fabrication of all government-donated pasta foods.

But did we really lose? It is the firm conviction, at least of those who subscribe to the Durum Wheat Institute, that we must now promote durum and durum quality as never before. Perhaps we needed to get knocked down a couple times to wake up to the fact that the pasta market isn't ours forever—we must work to hold and expand it.

As a footnote to the FDA action, however, you might consider this: It may well be that the Food and Drug Administration is violating its own regulation which would require public hearings on protests against a proposed standard of identity—like that for "Enriched Macaroni Products with Fortified Protein"—whenever "Any person who will be adversely affected by such an order" . . . objects . . . "specifying with particularity the provisions of the order deemed objectionable."

As you know—such objections were filed, and—again according to the regulations—"shall operate to stay the effectiveness of those provisions of the order to which the objections are made." We have been told, however, that FDA does not want public hearings. It was also recently reported that the proposed standard had not been stayed, but its effective date has not yet been confirmed . . . whatever that means, I leave to you.

It is my guess that the standard of identity for "Enriched Macaroni Products with Fortified Protein" has in part been superseded by the newly announced regulations for "Nutrient Labeling," which state that so-called "imitation" products must be identified as imitation if they are nutritionally inferior to the real thing, but they are not "imitation" if they are nutritionally equal or superior to the real thing.

Actually, insofar as members of the Durum Wheat Institute are concerned, they are unanimous in their agreement to oppose public hearings—not for the same reasons one might attribute to Food and Drug. It's simply a matter of money . . . and with special counsel required to prepare for a public hearing charging \$80 to \$70 an hour—perhaps a total of from \$15,000 to \$50,000—durum millers believe that such money would be better spent in promoting durum and quality pastas. As Bob Green says—we must win the battle in the market place.

Problems With Soy

As far as soy as a macaroni ingredient is concerned, it looked for a time that the Department of Agriculture itself had come to our rescue. The USDA's Committees on Food Safety and Nutritional Research issued a report two weeks ago questioning the use of soy products. It stated that "The discovery of a heat-stable, anti-nutritional factor now makes it necessary to

(Continued on page 24)

ADM Milling Co.

Durum Wheat Institute

(Continued from page 22)

reevaluate soy protein products as components in foods for human consumption and to develop new or improved processes for their production." The need for such work was called urgent because of the increasing use of soy protein products as nutritional supplements, especially for infants and pre-school children.

The newly discovered anti-nutritional factor was said to inhibit the growth of young animals. The report mentioned macaroni made with CSM—corn-soy-milk.

That USDA report might have blown the FDA's "phony-roni" case out of water. But it didn't. A week later, another branch of the USDA announced that additional research had been found showing that the heat stable, anti-nutritional factor in soy was of no practical importance. Thus, for the time being at least, there the issue sits. And it may fade into insignificance when you begin to dig into the problems of food labeling, which I suspect will be the chief topic covered by Dr. Robert Harkins, later this morning.

Promote Durum

As for the Durum Wheat Institute, we are right back at that basic point—promote durum . . . promote durum . . . promote durum! And here is how we propose to do it during the next year, step by step, project by project. Please remember that these are recommendations subject to your approval.

See & Taste Session

First, we have a project in cooperation with the USDA Agricultural Marketing Service (Plentiful Foods). While it may seem we're going back into the enemy camp, the Durum Wheat Institute has been asked to participate in a SEE and TASTE session sponsored by the Marketing Service in Washington in March. The purpose is to provide government communications personnel with up-to-date information concerning products and new product development in selected industries. On this occasion, you—durum growers, millers and macaroni manufacturers—are the selected industry. It is our chance to let the government people themselves learn why durum is better—for taste, texture, color and its other attributes. The occasion also serves as an opportunity to introduce representatives of industry to government personnel—providing a direct source for future information and two-way communication as needed on both sides.

Growers, millers, manufacturers, industry education and promotion will be invited to participate in this informal demonstration and question and answer session.

For the SEE and TASTE session, Mrs. Joyce Short, the USDA Home Economist for Agricultural Marketing Service, and Plentiful Foods, has asked for samples—two each of every product available in the United States. As you can see, however, this project needs planning if for no other reason than Mrs. Short might wind up deluged with a carload of pasta products. We plan to get together with Bob Green to work out the details.

The Durum Wheat Institute will prepare press kits for those attending the SEE and TASTE session giving the complete background of the industry, its economic position in relation to other food manufacturing enterprises, the reasons for durum excellence and other pertinent information. These will be distributed to all government home economists and personnel of the Agricultural Marketing Service, Food and Nutrition Service, Office of Information and Department of Health, Education and Welfare.

Recipes used to prepare the dishes served in the SEE and TASTE session and other information provided will be included in a 1973 edition of the "Smart Shopper Food Guide," the AMS publication that we've already mentioned. It reaches 12 million consumers each month.

Home Economics Classes

Another Durum Wheat Institute project has as its objective the entrance into home economics classrooms across the nation—to provide something for every student . . . something he or she can take home . . . about your products. This is a most important point. Children, as you all know, dictate many of the purchases in a family. If you get them to accept information and material, and especially get them to take it home, it is indeed an achievement.

To accomplish this goal, the Institute plans to develop four complete lesson plans per year. These will be directed to the home economics teacher and printed on master sheets for reproduction in great numbers by a spirit duplicator. If you've ever had anything to do with a spirit duplicator, cutting an original stencil, you know what happens—you turn purple. But these "master sheets" are already printed, and amongst junior high and high school home economics teachers, they are most welcome. They are also both inexpensive and effective.

Each teacher gets a master stencil from which she can run up to 400 reproductions. It costs the school almost nothing. Teachers use about 88 percent of the spirit master originals they receive. Perhaps more important, the students take the copies home and follow them implicitly.

We have another plan to reprint and offer for classroom distribution in quantity the "Durum Wheat Notes" February, 1972 bulletin, "What Is a Macaroni?" If you remember that bulletin, it contains a complete definition of pasta, durum, a statement of Federal standards, a comparison chart in which durum products are related to others on the basis of nutritive values, and considerable other information. This offer to schools would be made in future issues of "Durum Wheat Notes." Here again, we have an inexpensive way of getting, not only to the teacher, but to her students.

School Lunch

As number three in our projected program for the next year, we have a fresh, new approach to stimulate use of durum-based pasta in school lunch programs. We publish one issue of "Durum Wheat Notes" each year featuring quantity recipes either now being developed or in current use in school lunch programs that have standardized, tested menus for their children. The words, "standardized, tested," are important—because only a few school lunch systems in the United States offer such menus . . . for example, Milwaukee, St. Louis, Philadelphia and a number of other large cities. So when we make arrangements with the school lunch systems in those cities, we can broadcast the recipes as tried, tested and proved—with the stamp of approval of large city school lunch systems.

Pasta Contest

And this brings us to a program for the institutional market—jointly sponsored by durum growers, millers and the National Macaroni Institute. We have prepared an "Outline of Considerations, Second Biennial Pasta Contest—1973, Durum Macaroni H-R-I Program," for the consideration of the Board of the National Macaroni Institute and any others of you who might be interested. The "Outline" is nine pages long. I read only a part of it.

"The 'phony-roni' blends are being actively promoted for school lunch and institutional use—by welfare agencies, the U.S. Department of Agriculture and other organizations associated directly or indirectly with government. Never

(Continued on page 26)

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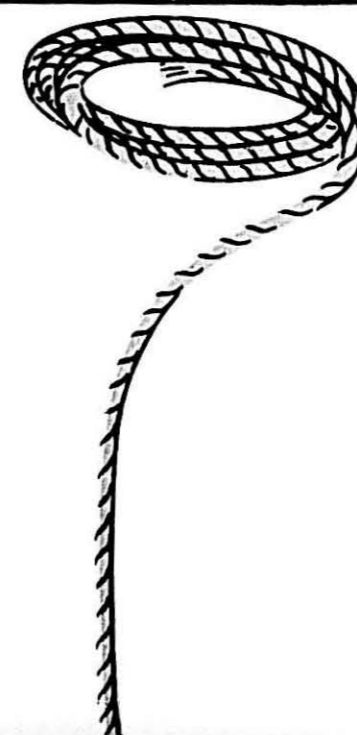
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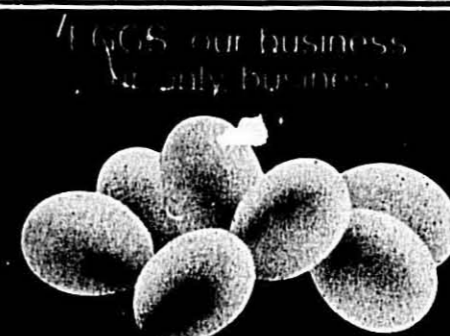
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Durum Wheat Institute
(Continued from page 24)

was there a time when aggressive promotion of 'durum' as a standard of quality is more urgently needed in the H-R-I field, or for that matter—to the public in general. The institutional market is both sizable and worthy of consideration by itself. It is also a 'sampling' ground where consumers learn to like or dislike pasta on the basis of what is served to them."

Perhaps you think contests are in themselves shallow, transient, fleeting, or use any other adjective of disparagement which you wish. But I should point out that the Sandwich Contest, conducted by the Wheat Flour Institute, gains two and a quarter million lines of editorial coverage each year.

New Approach

For the Pasta Contest—1973, we propose a new approach. "Mr. Richard Landmark, Executive Director of the Council on Hotel Restaurant and Institutional Education (identified by the acronym, CHRIE), thinks that the Pasta Contest—1973, opened to CHRIE students only, is an excellent way to promote durum products as well as his own organization. The Contest would be among the first directed at the student market. He adds that this market, consisting of students, has increased by 113 percent since 1968—from 89,519 students to almost 191,000 today. Instructors add that H-R-I students are tremendously enthusiastic about competition—but there are few opportunities to compete. We would provide one.

"Mr. Landmark was so enthusiastic about the student contest idea that he offered the use of his extensive mailing list which now includes 700 schools reaching approximately 101,000 H-R-I students. He also offered to help publicize and promote the Pasta Contest—1973, using the CHRIE publicity facilities in Washington, D.C. There is a possibility, too, that CHRIE might co-sponsor the Contest. Mr. Landmark suggests that CHRIE might also cooperate in the publication of a cookbook of winning recipes.

"Now, while the Contest identifies 'durum,' the conclusion is also obvious that those who wish to try a prize-winning recipe will use the product at hand—durum, non-durum or blend. Macaroni, spaghetti and noodles in all their varieties, shapes and sizes become the preferred ingredients. Thus the Contest serves both durum and non-durum interests."

Movie Distribution

We have been told there is some controversy, however, concerning the val-

ue of the circulation of the movie, "Macaroni Menu Magic," versus a Pasta Contest—1973. Let me point out, that according to Mr. Landmark, there are only about 700 schools that teach any phase of hotel, restaurant or institutional management. Had we chosen to supply each of those schools with one copy of the movie, "Macaroni Menu Magic," it would have cost \$28,000. The audio-visual department of the school would care for the film and see that it was kept in proper running order.

But we have already spent \$38,500 in Modern Talking Picture Service distributing the film, presumably to H-R-I markets. On the other hand, we are also certain that this film has been shown to Boy Scout troops, summer camps, homes for the aged, or any other place in which Modern Talking Pictures could find an outlet. Accordingly, on November 20, 1972, we cancelled our contract with Modern Talking Picture Service for distribution of the film. We did this on the ground that (1) their rates had changed; (2) they were not reaching the intended market for the film—namely, H-R-I students who will soon become influential in what is purchased and served in restaurants; and, (3) the cost of their distribution was eating up the funds which had been designated to finance the second Pasta Contest—1973.

Large Quantity Recipes

With the Contest project, we also plan to reprint and offer free the instruction leaflet, "Large Quantity Pasta Preparation." And lest you think we have neglected the movie market entirely, we have supplied the American School Food Service Association, official organization of school lunch people, with six prints of the film for circulation at a small charge from their headquarters in Denver.

For Cable TV

And, now, for a fifth part in the Durum Wheat Institute program, we have something for television—a novel idea, a great opportunity.

We propose to convert copies of the existing filmstrip, "How to Cook Macaroni Foods," into slides and distribute sets of these slides free to the 400 cable television stations of the United States as well as to educational television stations.

This would be an inexpensive project, and you might wonder with what result. It so happens that the Federal Communications Commission has told cable TV stations that they must originate programs in their own right, as well as broadcast existing, old programs or reruns. Therefore they seek and need

material such as the slides we propose, together with a narration guide, which they can "originate."

Related Item Advertising

We also have a chance for cooperative promotion, and I can best illustrate by reporting on what happens in Sandwich Month—in which the total value of cooperating editorial and advertising matter climbs to more than \$15 million each year. For example, at the present time, the manufacturer of "Glad Bags," is running a multi-page insert in the Sunday supplements of 70 newspapers—offering the leaflet, "20 Award-Winning Sandwich Recipes of 1972," and featuring a number of prize-winning sandwiches which have emerged from the Contest over the years. This is the sort of thing which can be done with the Pasta Contest both on the institutional side and for consumers, if you wish—with canners, meat packers, other industry associations such as the American Dairy Association, National Live Stock and Meat Board, Western Vegetable Growers, California wine industry, etc.

Low-Cost Recipe Folders

As a seventh project—exerted through university extension programs—we plan to develop low-cost recipe folders for distribution through extension home economists to urban residents, either in mimeograph or spirit duplicated form. I emphasize urban residents, because most of us tend to think of extension programs as something aimed at rural residents. But more and more, as the rural population shrinks and the urban population grows, the extension program has been redirected toward the more densely populated areas and their residents. We plan with each of these folders or leaflets, a low-key pitch on the value of durum products as they are used.

Cook-Book

We have another project, which in the text of my talk, I scratched out. It is simply the proposal to compile two cookbooks of all-time favorite pasta recipes . . . or, perhaps to publish in booklet form the prize-winning recipes of the Pasta Contests, presuming we have the second one. These need not be elaborate and should be offered at nominal cost. Certainly, it is a project we would not undertake unless we could be sure that it would be entirely self-liquidating.

Great Bulletin

Finally, we will continue the writing, production and publication of "Durum Wheat Notes" and use it as a vehicle to promote the availability of other teaching materials. At the same time—and I'm sure you must be aware of the

(Continued on page 28)



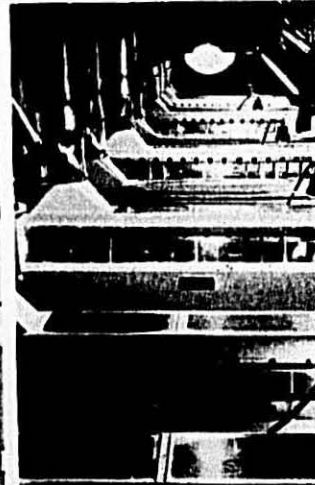
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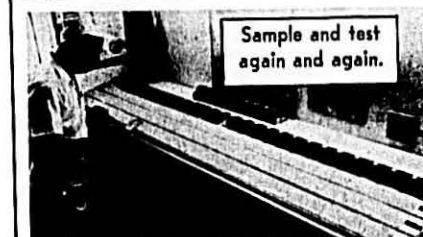
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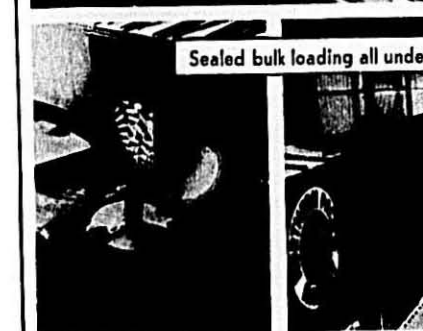
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Durum Wheat Institute

(Continued from page 28)

great job this little bulletin can accomplish—we appeal to you, the macaroni manufacturers, to contribute information and ideas for this publication.

This leads to my concluding statement. It is simply this. The program of the Durum Wheat Institute is your program. Like anything else, you are rewarded by the plans and projects only according to the degree of your own input. The durum millers cannot cook up a whole brew of plans, projects, publications and activities without reference to the needs and desires of the wheat growers and macaroni manufacturers. Such program would not only be pointless, it would be an exercise in futility—unless it serves your interest and purposes.

Therefore, may I close on this note. Please give us your thoughts, ideas, criticism—both positive and negative—but let us all work together. In so doing, we shall overcome. Thank you very much.

Durum Stocks Down

Stocks of durum in all positions on Jan. 1 totaled 98,786,000 bushels, 17% less than 119,268,000 bushels a year earlier but 5% above two years ago. Farm holdings were 72,169,000 bushels or 24% below 94,340,000 bushels a year ago, but off-farm stocks were up 7%. Disappearance during the October-December quarter was 15,400,000 bushels compared with 13,500,000 in the same quarter of 1971.

Durum mills operated at capacity during January. Backlogs on shipping directions were gradually being worked down by the end of the month but the prospect was for continued heavy grinding and good macaroni business.

Prospective Plantings

North Dakota farmers expect to plant eight percent more acres in 1973, of eight crops surveyed by the North Dakota Crop & Livestock Reporting Service as of January first. Farmers expect to plant more corn, wheat, oats and soybeans but less flax and sorghum. No change in barley acreage is indicated.

Hard red spring wheat is expected to total 6,109,000 acres, an increase of 17% from 1971, but 10% below the record seeding of last year. Durum, at an intended 2,500,000 acres, is up 7% from last year but 4% under 1971's acreage. Nationally, durum wheat prospective plantings total 2,800,000 acres, 9% greater than a year ago.

A D M Earnings Rise

Net earnings of Archer Daniels Midland Co. in the second quarter of the 1972-73 fiscal year increased 50% over a year ago.

Donald B. Walker, president, said ADM net earnings for three months ended Dec. 31 amounted to \$3,208,756, equal to 46¢ a share on the common stock. That compares with net of \$2,129,309, or 33¢ a share a year ago.

For the first six months of the current fiscal year, ended Dec. 31, ADM net income amounted to \$5,998,139, equal to 87¢ a share on the common stock, compared with \$4,565,139, or 71¢ a share, in the previous year, up 31%.

Provisions for federal and state income taxes in the first six months of the current fiscal year totaled \$4,509,844, against \$4,132,000 previous year.

An average of 6,887,574 shares of ADM common stocks was outstanding in the October-December, 1972, quarter, against 6,461,808 a year ago, adjusted for the two-for-one stock split in December, 1972.

ConAgra Stock Listed

Common stock of ConAgra, Inc. was listed this morning on the New York Stock Exchange, with the initial trade at \$18½ a share. The stock closed Friday, Jan. 5, in the over-the-counter market at \$15½.

J. Allan Mactier, president, purchased the first 100 shares as the opening trade on the exchange. He said he plans to donate the stock to the United States Equestrian Team, signifying ConAgra's active interest in the production of performance horse feeds.

The Stock Exchange symbol for ConAgra, Inc. common stock is C.A.G. In all of its previous 53-year history, the company's shares had traded in the over-the-counter market. The company has more than 4,300 shareowners.

In the fiscal year ended June 25, 1972, ConAgra's net earnings before extraordinary items were \$3.7 million, equal to \$1.23 per share. In the first quarter of the 1973 fiscal year, ended Sept. 17, 1972, net was \$1.3 million, or 43¢ a share, up 41% from a year earlier.

Kraftco Earnings Up

Kraftco Corp. net operating profit for 1972 was 10 per cent above the previous year, helped by a sales increase of 8 per cent in record net income and sales for the fourth quarter, which rose 13 per cent.

Net earnings for the year, before extraordinary charge, were \$10,635,000. This is the first time in the history of

the 50-year-old company that earnings reached \$100 million and sales \$3 billion. After an extraordinary charge in the third quarter of \$12,300,000, net profit for the year was \$88,335,000, or \$3.13 a share. The non-recurring charge was taken to cover the cost of consolidating and closing certain unprofitable United States milk and ice cream plants.

Fourth quarter net income was \$27,527,000 or 98¢ a share, compared with \$24,382,000 and 87¢. Sales totaled \$847,366,000 against \$750,513,000.

Both sales and earnings in the fourth quarter were aided by good volume increases recorded in our manufactured dairy products and processed packaged foods, according to William O. Beers, chairman.

Peavey Offering

Goldman, Sachs & Co., as managers of the underwriting group, announced the public offering Jan. 18 of 525,000 shares of Peavey Company common stock at a price of twenty-four dollars per share. The offering marks the first public sale of the company's stock.

Of the shares being offered, 475,000 are being sold by certain shareholders and 50,000 shares are being sold by the company. The company will use the proceeds of the shares to be sold by it to reduce the company's requirements for short-term indebtedness incurred primarily to carry grain inventories. The company will not receive any of the proceeds from the sale of the shares being offered by the selling shareholders.

Peavey Company is a diversified food and agribusiness company. It is engaged primarily in producing flour and flour-based food products in the United States for distribution to other food companies and food retailers, and in the merchandising of grain and ancillary services and farm supply items, including animal feeds, in the United States and Canada. The company recently expanded its consumer food products line through the acquisition of Brownberry Ovens, Inc. and has signed an agreement to acquire Northwest Fabrics, Inc., a retail fabrics business.

Egg Prices May Slip

After a dramatic turnaround of egg prices in December there was some stabilization in January, probably due to relatively mild weather for that time of the year. But winter came back in February.

Dr. Don Paarlberg, economist for the U.S. Department of Agriculture predicts a slump in egg prices in April.

Packaging Power

Ever since the Uneeda biscuit box made the cracker barrel obsolete, the package has been a powerful influence on both buying and selling. Now Walter P. Margulies, head of Lippincott & Margulies, consultants to some of the largest corporations in the United States, has written a definitive book on packaging for the advertising and marketing professional.

Too often packaging is considered simply a matter of design, Mr. Margulies says: in "Packaging Power" he places it in its proper perspective—in the context of the total corporate sales effort. Using a "systems approach," he provides guidelines to enable executives to answer vital packaging questions in terms of the specific needs of their products.

When To Change

"When should an established product's package be changed?" "Should a company promote every new product as a new member of the corporate family?" "How strongly should convenience determine the nature of the package?" "How important is the name of the product, the color of the box, the copy on the back?" "How closely should the package design be tied to the advertising campaign?" "How often should the package be reviewed, and by whom?" These questions and hundreds like them require individualized answers, and Mr. Margulies applies his experience and observations to enable the reader to reach a sound conclusion.

"I have witnessed packaging decide the ultimate of both new and established products," Mr. Margulies declares. This informative book is written to increase the "awareness and respect for the power of positive packaging" in the business world as well as to provide a pragmatic guide drawn from the realities of the marketplace.

The World Publishing Co. of New York and Cleveland offers the book at \$8.50.

Hidden Food Costs

In 1970, the United States consumer paid out 8.8 billion dollars in food packaging costs. These costs were 13% of the 68.5 billion dollar total marketing bill which includes transportation, processing and distribution. Packaging costs are only second to labor, which ranks number one in food marketing. The paper packaging industry has done a magnificent job of market development in the new uses and new products developed for food packaging. Does the average consumer realize how much paper he is buying annually?



Edward A. Horrigan

Horrigan Named Buckingham Chairman, President

Edward A. Horrigan, Jr. has been named chairman of the board and president of The Buckingham Corporation, a Northwest Industries, Inc. subsidiary which is the sole U.S. importer of Cutty Sark Scotch Whisky, and wines of Baron Philippe de Rothschild, S.A.

Hr. Horrigan joins Buckingham, headquartered in New York City, from Thomas J. Lipton, Inc., Englewood, N.J., where since 1968 has been vice president-general manager of that company's Continental Division. He joined Lipton in 1961, and before being named a divisional vice president in 1968 held several key management positions.

The top Buckingham position has been filled in recent months by Richard P. Strubel, vice president-corporate development for Northwest Industries, who now returns to the parent company.

As Buckingham's new board chairman and president, Mr. Horrigan will head up a company which last year set an all-time record for U.S. sales of Cutty Sark Scotch.

In November 1972, Buckingham announced that it would also import and distribute the world renowned Chateau Mouton Rothschild and the world's largest-selling vintage Bordeaux, Mouton Cadet.

Mr. Horrigan, who is 43, his wife and four children live at 535 Carlton Road, Wyckoff, N.J. He is a 1950 graduate of the University of Connecticut and attended the advance management program at Harvard Business School.

Jenny Lee Sales Manager

Walter F. Villalume, president of Jenny Lee, Inc. has announced the appointment of Ned H. Kronberg as general sales manager of Jenny Lee. Prior to his new assignment, Kron-

berg had been with Jenny Lee in the Milwaukee area. While in Milwaukee he was on the board of directors of the National Grocery Manufacturer's Representatives Association, serving as treasurer during 1972.

A native of Wisconsin, Kronberg attended the University of New Mexico. He resides with his wife, Kay, and their two children, Nick and Lisa, in White Bear Lake.

Jenny Lee is a regional manufacturer of spaghetti and macaroni products with distribution throughout the upper midwest. The firm is now in its 80th year of business.

Plant Manager Available

C. Edward Finch, former plant manager of Grocery Store Products in Los Angeles acquired by Anthony Macaroni Company a year ago, is available for relocation anywhere in the macaroni industry. He can be contacted at 1950 Regina, Grants Pass, Oregon 97526.

Obituaries

Carlotta Ravarino, mother of Albert and Ernest of Ravarino & Freschi, St. Louis, Mo., died of a stroke on Dec. 29. She was 86 years old.

Mrs. Lurline (Frenchie) Robilio, wife of John S. Robilio, Jr., died after a brief illness on Jan. 9. She was 62 years of age.

Mr. Robilio is an executive with Ronco Foods of Memphis. She was a retired nurse. She was a retired nurse. She leaves a son, John S. Riblilo III, three sisters and five brothers.

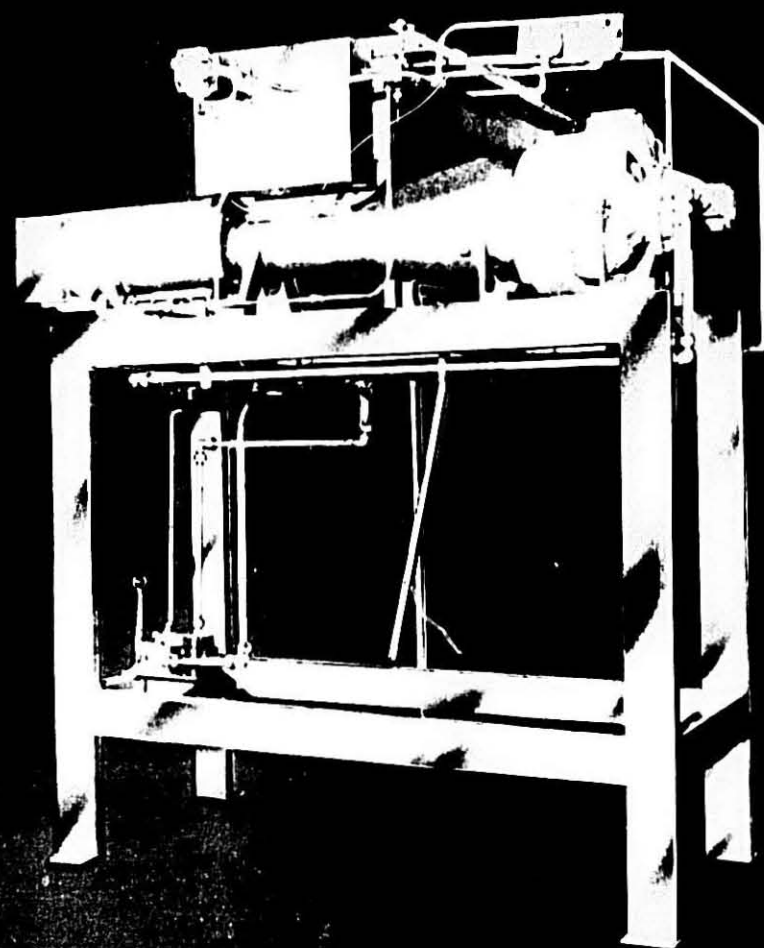
At Lipton

The following executive appointments were announced by Thomas J. Lipton, Inc.:

President and chief executive officer since 1959, W. Gardner Barker has been named chairman of the board, and will also continue as Lipton's chief executive officer. Mr. Barker joined the company in 1956 as vice president/new products.

Succeeding Mr. Barker as president is Hubert M. Tibbetts. Mr. Tibbetts had been executive vice president and a member of the Lipton board of directors since 1969. He was previously associated with Borden's Inc. as president of the foods division.

The newly created post of executive vice president/operations has been filled by Robert B. Law. Mr. Law, who joined Lipton in 1959, was previously vice president/manufacturing and was formerly with the Pillsbury Co.

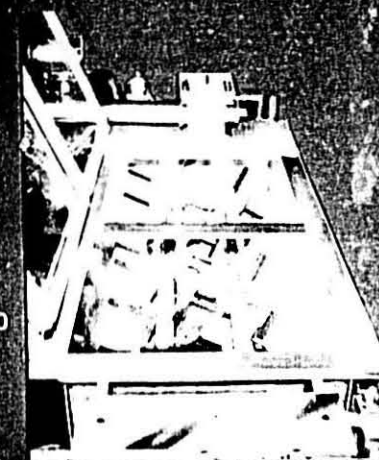


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SIMPLY IMMACULATE

- There are no cracks or crevices where bacteria can form. Mixer paddles are welded to shaft, eliminating all joints.
- Gear box, pulleys and motors have been eliminated from extruder.
- There are no corrodible materials to contact the product at any time.

And of most importance . . . it will produce 500 to 3,000 pounds per hour for you under conditions that are simply immaculate.



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New Concept in Noodle Manufacturing

THE Gioia Macaroni Co. of Buffalo, New York has gone on stream with an extremely successful new noodle production line with several innovations heretofore untried in noodle manufacturing.

The new noodle line was designed and built by the De Francis Machine Corporation (DEMACO) of Brooklyn, New York. The express intent of the new design was to make the best possible looking and cooking noodle while at the same time insuring a microbiologically pure and sanitary product.

Novel Design Cutter

The first innovation is a novel design noodle cutter and conveying method. The noodles are extruded on a long rectangular die similar to spaghetti products. The cutting knife works directly against the die cutting noodles continuously as they are extruded.

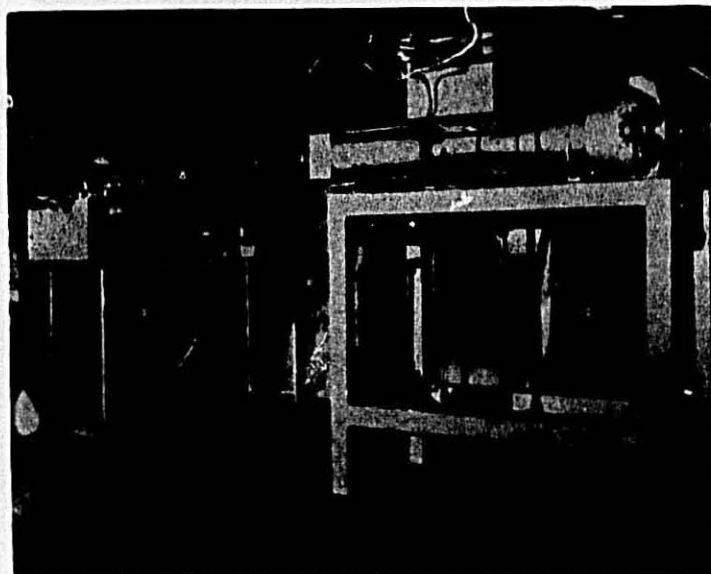
The length of the extrusion die is the same as the effective width of the dryer screen. The cutter is positioned directly above the first drying screen which comes out of the dryer under the cutter. The cut noodles thus fall directly on the first dryer screen. The obvious advantage of the system is a uniform spread of noodles on the first dryer screen resulting in an extremely fluffy noodle, because each noodle folds as it is deposited on the dryer screen. The density of the noodle can be regulated by changing the angle of the slider baffle between the cutter and the screen. The length of the noodle can be regulated by changing the speed of the cutter.

This method of conveying directly on the dryer screen is again used to convey the product from the last screen of the pre dryer into the finished dryer. The use of the dryer screen for conveying eliminates two big problem areas in noodle processing; namely conveying to and distributing the product on the drying screens. The inherent breakage and limping normally caused is virtually eliminated, while at the same time the noodles can be made as fluffy as desired and free of breakage.

Uses Sanitary Press

The second innovation on this noodle line is the use of a sanitary press for pasta production. This is the first time a USDA approved extruder has been used for a dry pasta application. The press built by Demaco complies with the most rigid sanitary standards in the food industry. Its primary features are as follows:

1. All contact parts are made of approved materials and are constructed in an approved manner. All attached



Novel Design Noodle Cutter in the DEMACO machine shop.

parts which are not readily removable for cleaning are continuously welded ground and polished. For example the mixer paddles are welded to the mixer shafts and the mixer shell is continuously welded both inside and out.

2. The press is specifically designed for wet cleaning both in the product zone and in the exterior areas. A tile floor with drains was built around the press to facilitate wet cleaning and sanitizing of the entire machine. The drives on the extruder and mixer use hydraulic transmissions to eliminate electric motors, gearboxes, chain or belt transmission and other encumbrances which may interfere with effective wet cleaning.

3. The press is equipped with a high-speed pre-mixer which not only improves mixing efficiency and product quality but also keeps the mixer cleaner by reducing the free water and flour dust which normally build up on the mixer sides and shafts and paddles.

Dry Egg Feed System

The third important innovation on this noodle line is the use of a Demaco dry egg feed system. This system utilizes powdered eggs directly from shipping containers, conveys the egg and meters it accurately into the pre-mixer.

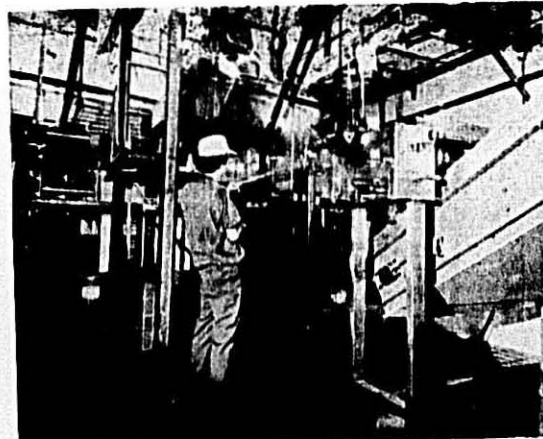
Mr. Anthony Gioia president of Gioia Macaroni Co. stated that he is extremely pleased with the results of the new line and gave some of the following

reasons why a line with these particular design features was selected.

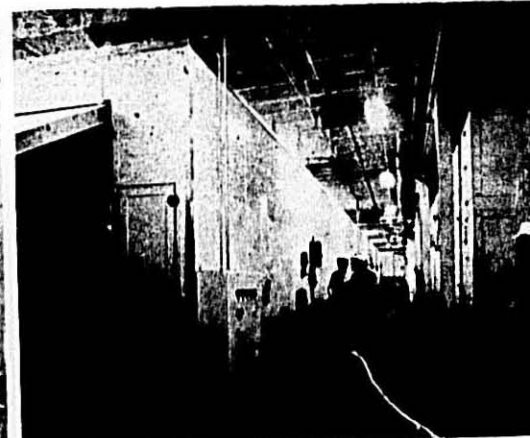
Although high temperature processing is an effective method of pasteurization, the quality of the finished product is not always acceptable for a dried product. The high temperature processing tends to bleach and or brown the color, cause blisters, and flatten out the dried noodle. This method of bacteria control is to use the sanitary press and dry egg feed to minimize bacteria growth from the start of the process rather than trying to pasteurize a contaminated product. This method of bacteria control is more acceptable to us because it allows us to make the quality noodle our customers demand and is more acceptable to all regulatory agencies because it reduces the possibility of toxin formation which is not always destroyed by pasteurization.

Scots Eating More Pasta; Larger Plant Needed

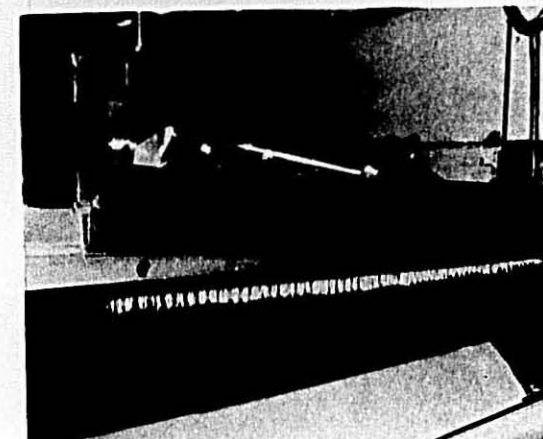
James Marshall of Glasgow, Scotland, managing director of the pasta manufacturing company in Glasgow that bears his name, is moving his plant into larger facilities in Cumbernauld, Danbartonshire, because of the burgeoning demand for pasta in Scotland, the "land of scones." The company has manufactured pasta in Glasgow for 95 years and is the only pasta plant in



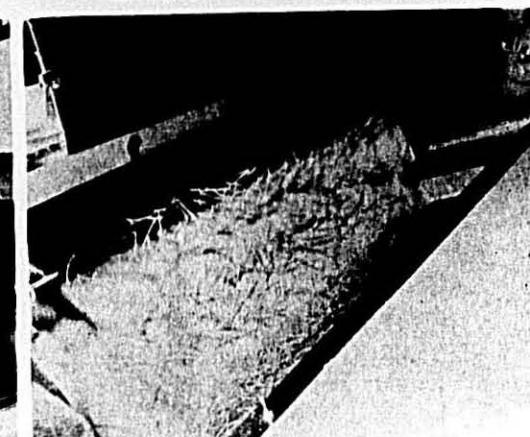
Richard Gioia washes down stainless steel press.



Anthony and Horace A. Gioia inspect the dryer.



Noodles extruded through die about to be cut by blade.



Cut noodles falling on drying screen.

Scotland. Mr. Marshall attributed expanding demand for pasta to rising meat prices. "We are producing spaghetti and macaroni 16 hours a day on a new production line purchased in Italy. We are transferring the plant in our present premises in the new factory," Mr. Marshall said.

Rapid Rise in Britain

Spaghetti sales were up 80% in the first ten months of 1972 according to Pasta Foods, St. Albans, Great Britain. Gordon Telford, Retail Sales Manager, cites tonnage of dry pasta in Britain at 8,960 in 1968 and up to 13,500 in 1972.

Pasta Foods new plant (page 28, Macaroni Journal, Dec. 1972) is fully equipped with Bralbant machinery.

Control of Filling Lines

"The control of filling lines based on mean value of package weights" is the title of a four-page report available from Hi-Speed Checkweigher Co., Inc. of Ithaca, N.Y. The report is a reprint of an address given by Philip F. Locke, Jr., Electrical Supervisor at Hi-Speed, during the Annual Meeting of the IEEE's Industry and General Applications Group.

Variations with Volumetric

Mr. Locke explains how volumetric filling of packages can result in considerable variation in package weights. The addition of a 3-zone checkweigher to the packaging line can classify packages into three categories of underweight, overweight and acceptable. The use of a 5-zone control provides "instant" feedback to actuate a servo

mechanism for adjusting the amount of fill, but Mr. Locke points out that this may bias the filler on the heavy side, and result in unnecessary product giveaway. He suggests using a servo control system based on average value of package weights. Diagrams show this operation electrically, and formulas explain it mathematically.

A computer analysis can be utilized to print out the running average of sample package weights to determine control feasibility. Actual computer printouts are included in the report to illustrate how the use of the average value results in much more precise control over the filler (and weight) than the use of instantaneous package weights.

Copies of the report may be obtained by writing Hi-Speed Checkweigher Co., Inc., 605 West State Street, Ithaca, New York 14850.

INDEX TO ADVERTISERS

	Page
A D M Milling Co.	23
Amber Milling Division	27
Aseeca Corporation	15
Braibanti-Werner Lebara	12-13
DeFrancisci Machine Corporation	30-31
Diamond Packaged Products Div.	35
International Multifoods Corp.	36
Jacobs-Winston Laboratories	25
Maldari & Sons, D., Inc.	7
Macaroni Journal	25
Microdry Corporation	21
North Dakota Mill	9
Peavey Co. Flour Mills	18-19
Rexham Corp.	2
SoBrook Machine	34
Waldbaum, Milton G. Co.	25

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Food Trade Convention Calendar

April 8-12: Millers' National Federation, Hotel Mayflower, Washington, D.C.
Apr. 29-May 2: N.M.M.A. Plant Operations Seminar, Hilton Hotel, Omaha.
May 8-9: Super Market Institute annual convention, Dallas Convention Center.
May 7-10: 42nd National Packaging Expo, McCormick Place, Chicago.
June 10-13: Institute of Food Technologists, Miami Beach Convention Hall.
July 8-12: N.M.M.A. Annual Meeting, The Homestead, Hot Springs, Va.

Macaroni Plant Operations Seminar

Plans are being made for the annual Plant Operations Seminar, to be held this year in Nebraska, April 29-May 2. Headquarters hotel will be the Omaha Hilton and reservations forms will be distributed by the NMMA office. Registrations and a mixer are planned for Sunday evening, April 29. On Monday, April 30, the group will visit Tooch Foods mill and macaroni plant at Lincoln. May 1 visit to the Waldbaum egg operation in Wakefield. May 2 tour of Skinner Macaroni Co. in Omaha. Details will be mailed soon.

Packaging Show

"New Priorities in Packaging" will be the theme of the American Management Association's National Packaging Conference scheduled for McCormick Place, Chicago, in May.

The conference is held concurrently with the A.M.A.'s National Packaging

Exposition. Both, now in their 42d year, open May 7. The show continues for four days and the conference for three.

The exposition is the most comprehensive in the packaging field. In reality, it is five shows in one: a packaging machinery show, a packaging materials show, a containers show, a packaging supplies show, and a packaging services show. Products in scores of classifications, often with hundreds of examples of each, are demonstrated in the booths under simulated factory or shelf conditions.

Market Pressures—Controls

The emphasis on new priorities in this year's conference theme refers to the many new market pressures and governmental controls which packagers currently face. Revision of labels, designs, copy and even materials—to meet pollution and safety requirements—are among these increasing problems.

Visitors Guide

A "Visitors Guide" to both the exposition and conference is now available. Listed are the types of products to be exhibited, names of exhibiting companies, conference program topics, hotels which have reserved blocks of rooms for visitors, hours for the show, conference registration details, car rental arrangements, Chicago bus services to the exposition hall, and air transportation.

Also included in the Guide are application blanks for Rapid Registration Cards which speed entrance to the exposition, and advance registration blanks for the conference. The Guide is available without charge from Clapp & Pollak, Inc., 245 Park Av., New York, N.Y. 10017.

NATIONAL BUSINESS TRENDS

Industrial Production
Up 10.3%

Economic Indicator	Latest Figure	Year Ago	Percent Change
Population (millions)	210.0	208.3	+ 0.8%
*Gross National Product (billions)	\$1,164.0	\$1,056.9	+ 10.1%
*Consumer Expenditures (billions)	\$ 728.6	\$ 670.7	+ 8.6%
*Spendable Income (billions)	\$ 798.8	\$ 750.4	+ 6.4%
*Personal Savings (billions)	\$ 50.8	\$ 61.0	- 16.7%
*Savings as % of Spendable Income	6.4%	8.1%	
*Net Farm Income (billions)	\$ 18.8	\$ 16.1	+ 16.8%
*Corporate Profits (billions)	\$ 13.9	\$ 46.6	+ 15.7%
Corporate Profits as Percent of Gross National Product	4.6%	4.4%	
*Industrial Production (1967=100)	118.5	107.4	+ 10.3%
*Housing Starts (thousands)	2,445	2,228	+ 9.7%
*Employment (millions)	82.5	80.0	+ 3.1%
*Percent Unemployed	5.2%	6.0%	
Factory Hourly Earnings	\$ 3.88	\$ 3.59	+ 8.1%
Consumer Prices (1967=100)	126.9	122.6	+ 3.5%
Consumer Credit Outstanding (billions)	\$ 150.6	\$ 133.8	+ 12.6%
*Unit Labor Costs (1967=100)	125.5	123.9	+ 1.3%
Gross Federal Debt (billions)	\$ 450.6	\$ 421.9	+ 6.8%

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long chance of contamination, and less time and mess.

- Duregg eliminates the need to re-freeze unused egg.
- Duregg assures a consistent blend.
- Duregg eliminates the necessity to inventory two ingredients. Storage and record keeping is reduced.
- Duregg simplifies delivery. Now it's one source — Multifoods.
- Duregg lowers your manpower requirements.

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