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Who Eats Out?

A. C. Nielson, conducting a survey in cooperation with Chain Store Age magazine, found that the average amount of the expenditure for eating out was about \$20. In the study, some three-quarters of all consumers queried said that someone in their families eat out on an average of once a week. Reasons for eating out was 1) to vary the daily routine (50% of the respondents), 2) convenience of eating out (37%). Consumers said that approximately 15% of their meals are eaten away from home (however, this includes meals such as a school lunch or a picnic which are prepared at home, but not eaten there). Only 8% of all breakfasts are eaten out, 31% of all lunches and 14% of all dinners. A large portion of the lunches eaten away from home are eaten by school children and by employed members of the family.

Eating Out in Italy

World traveler Jane Morse, writes in the Chicago Daily News:

American tourists need to know some basic facts about eating out in Italy.

One thing to know is that in a bar or cafe you're expected to consume what you buy standing up. If you prefer to sit, you can, of course, take a chair at a table. But in that case you're supposed to order from the waiter and from a different menu.

What's different is the price. In effect, you rent your table by paying roughly two to three times as much as you'd pay if you stood. The 35-cent indoor ice cream can become the \$1 ice cream out of doors.

High-priced Pasta

Tourists who don't know the scene hazard several such embarrassing or expensive incidents in Italy. Spaghetti lovers, for instance, have come to the right country—unless they go to a restaurant and order spaghetti without anything else except perhaps a salad. This is because a ristorante is for diners who are having full meals and pasta is considered a separate course to be eaten in addition to a main dish.

This in turn is why spaghetti and other pastas have prices that make innocent visitors think they've just discovered the bargain meal of their lives when they really haven't.

If there's a policy, sometimes the waiter will explain. But more and more the spaghetti-only problem is handled by presenting a bill based not only on the price of the pasta but on the restaurant's minimum charge for a meal.

So what's a poor pasta freak to do? Answer: Go to a tavola calda (a "hot table" luncheonette), where you can pick as much or as little as you want in the way of courses and usually eat sitting on a stool at a counter. Tavola caldas are also a good way to dine fast. Nearly everything is ready.

Cafes to Pizzerias

Besides ristoranti and tavola caldas, there are osterias, trattorias, pizzerias, rosticcerias, cafes and bars. In the country, add locandas, too.

Although a locanda is principally a very simple, rustic inn, it is also likely to offer casalingha food, homecooking, the kind of cuisine also found in an osteria or an unpretentious trattoria.

Good, inexpensive examples of osterias and trattorias are the most sought-after places in the big cities by food fans. The game is to go either to the top and dine at the famous establishments like Rome's Dal Bolognese, George's or Nino's, or discover a mama-and-papa spot where you can sit for hours and go slowly through a giant meal of very plain but freshly made dishes.

Freshly made is the key. Pasta that comes immediately upon being ordered is suspect. Italians are prepared to wait 20 minutes for al dente (more firm than soft) spaghetti and appropriate other times for other dishes.

Wine's the Drink

Similarly, they ask the waiter to suggest a good "origin controlled" bottle of wine, although carafe wine is at least made of grapes and drinkable if young.

Italians are still horrified when they hear Americans ordering colas to drink with their meals. And coffee is something the Italians take after a meal, not with it.

Careful Italians also say to beware of osterias unless they are famous. Famous osterias offer a kind of gracious, medieval atmosphere and superior food—naturally at heavy prices. Infamous ones merely take the title and charge inflated prices for mediocre osteria food. At the same time, many osterias are really only wine-drinking places and often only your eyes can clear up the confusion.

Look out as well for the "ristorante-pizzeria." More likely to have better food and uninflated prices is something labeled "trattoria-pizzeria."

Only pizzerias with wood fires are acceptable to purists, who also want a thin crust that crackles at the edges. It is soft in the middle yet cooked and never, never burned. With it, they drink beer, not wine, on grounds that the pizza is hot and therefore the drink should be cold.

Bread and Circuses

Trattorias started as simple, informal restaurants, but there's confusion here, too, as many have turned into circuses of a sort, full of performing waiters and other tourist trapping. Again, your eyes should tell you something, and the posted bill of fare should tell you more.

Italy does offer some of the most reasonably priced dining in Europe. Tips of 12 to 16 per cent are added to the bill, but that's not supposed to stop you from generously adding 5 to 10 per cent more.

Lately escalating totals have inspired some backlash. A Roman newspaper recently carried on a campaign encouraging readers to report the most outrageous "over-charges"—and there was no dearth of candidates. Tourists, though, might have more reasons for complaint. Italian waiters would easily win a competition for illegible bills and when you don't speak the language... well, buona fortuna.

The Foodservice Industry - 1976

The National Restaurant Association has again commissioned a study to provide the foodservice industry, its suppliers and investors with further annual data and estimates on the size and scope of the industry. The statistical information presented in this report was prepared by contract with the firm Malcolm M. Knapp, Inc.

The purposes of this study are to continue to define the extent of the foodservice industry and to construct a statistical framework for analysis of the relative importance of the different market segments. We took as a working definition that the foodservice industry encompasses all meals, snacks and drinks prepared outside the home. Thus, takeout meals and beverages are included in the foodservice industry.

Three Major Classifications

This report classifies the foodservice industry into three major groupings which together contain 54 separate segments. The table depicts the various segments by type of establishment, number of units, food and drink sales and food and drink purchases. Where applicable alcoholic beverage sales and purchases are included.

With regard to the groupings described below, there are many ways to define the foodservice industry. We have chosen a way that seems reasonable to us, but we recognize that this is a very complex industry and that there are several communities of industry participants. Our approach, therefore, is to break the elements of the foodservice industry into many fine segments so that any industry participant can recombine them into different major groups or subgroups to suit his particular needs. Groupings are to some extent arbitrary and the categories rarely have sharp, neat boundaries. We have followed the new definitions of the 1972 Census of Retail Trade where applicable.

Commercial Feeding (Group I)

This group comprises those establishments which are open to the public, are operated for profit, and which may operate facilities and/or supply meal service on a regular basis for others. It is the largest of the seg-

ments, accounting for 84.46 percent or \$68.2 billion of total sales and \$23.3 billion or 73.84 percent of total purchases in Groups I and II.

Sales data for restaurants, lunchrooms, cafeterias, limited menu restaurants, social caterers and ice cream stands are geared to the sales figures of the 1972 Census of Retail Trade rather than to data in the recently revised Current Retail Trade Report. NRA is currently involved in discussions with Census Bureau officials concerning the newly revised retail series. One issue relates to 1976 sales growth for "restaurants, lunchrooms and cafeterias" versus "limited menu restaurants." The revised Census data indicate a 1976 sales gain of 15 percent for "restaurants, lunchrooms and cafeterias" and a somewhat smaller increase in the area of 12 percent for "limited menu restaurants." These data showing restaurant, lunchroom and cafeteria sales advancing at a faster pace than limited menu establishment sales are inconsistent with other evidence, including "Franchising in the Economy, 1976-78," and for that reason have not been used here. Institutional Feeding (Group II)

Business, Educational, Government or Institutional Organizations which operate their own foodservice make up this group. Food is provided as an auxiliary service to complement their other activities. While some establishments operate at a profit, this is not the aim of the foodservice activity. Rather, they serve food principally as a convenience for their own employees, students, patients, etc.

Military Feeding (Group III)

This group is shown separately because most suppliers treat it as a distinct entity for sales purposes.

The figures in this study were obtained through published sources, from trade associations, by inference through interrelating various government data, published and unpublished, by discussions with foodservice executives in many segments of the industry, and by personal judgment. As a method of attack, wherever possible, several approaches and sources were used for the industry segment under examination to triangulate a set of answers in close

agreement with each other. This has proved particularly useful where data are "soft." Source materials are listed above.

In general, in the commercial group the sales figures are determined first and purchase figures calculated from the sales figures on a basis of food and beverage cost as a percent of sales. In the institutional feeding group, purchases are calculated from a cost per meal, times the number of meals consumed in the particular segment. Sales are a multiple of food and beverage costs. Where a direct charge for food is not made, as in a proprietary hospital, sales are calculated as a commercial equivalent with food cost as a percent of operations as the divisor.

There are some exceptions. For airlines, estimated sales are taken to mean estimated purchases from a contractor or the imputed cost of foodservice operations by the airline. The sales figures do not include the cost of serving the meals or beverages. In some cases, we do not consider sales as having taken place at all; for example, feeding of patients in Federal hospitals, which do not charge for service to veterans.

What Caused Changes?

In this report, data for 1976 are examined more closely to point out changes from the previous year and discuss some of the underlying factors associated with the changes. The data for 1976 are comparable with 1975 for which no revisions were necessary.

The eating place sales figures given here are comparable with the revised Current Retail Trade figures published by the Bureau of the Census for 1976 although several adjustments have been made and should be kept in mind. NRA eating place sales figures exclude nonpayroll establishments as well as non-food and drink sales unlike figures from the Current Retail Trade Reports. In addition, NRA figures show contract feeding sales as a separate category whereas Census eating place sales include such contract feeder volume. If NRA and Census data are adjusted in light of the above they are in line with each other.

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On the contrary, the NRA drinking place sales figure is somewhat lower than the Current Retail Trade series figure. The NRA 1976 sales estimate is based on data from the 1972 Census of Retail Trade which showed that the Census' Current Retail series, providing annual figures since 1972, tended to overstate drinking place sales. When the Current Retail Trade series was revised last year, we concluded that its upward revision of drinking place sales was not justified based on various evidence, including the decline of the neighborhood bar. It is noteworthy that the Census sampling error is large for drinking places. Thus, we will remain with our more conservative estimate of drinking place sales volume pending the results of the full 1977 Census of Retail Trade which should be available next year.

Comparisons to be Difficult

Mention should be made of the fact that improvements in the 1977 eating and drinking place Census questionnaire initiated by NRA will make comparisons with data from previous years somewhat difficult particularly for restaurants and limited menu refreshment places. There will for the first time in 1977 be tighter definitions requiring an establishment to have waiter or waitress service with the patron seated in order to qualify as a restaurant. In addition, the Bureau of Census has changed the way establishments will be reported which will effectively reduce the number of establishments. These improvements and others will make the analysis of historical time series more difficult because the coverage will be different in more recent surveys; however, tighter definitions and more uniform reporting will create a better base for future time series.

Other points to be borne in mind are:

- Individual firms in any part of the industry can and do significantly deviate from the average percent changes.

- Data presented in this report are national in scope and do not show regional variations which can be substantial.

- Percent changes in this report cover only two years and are not necessarily indicative of long term trends.

For 1977 and 1978 forecast information see the November 7, 1977 Washington Report. Also, in August look for a midyear review of NRA's 1978 forecast, in light of developments the first half of this year.

Foodservice Industry 1975-1976

Food and drink sales data and percent changes in sales are shown for 48 foodservice markets on pages 3 and 4 of this report. All data on retail and lodging industry food and drink sales are based on the 1972 Census benchmark. When the full five year Census data for 1977 are published we will revise our estimates as necessary. Sales of other foodservice industry groups are estimated in accord with the latest published data for the group. In a project now underway, NRA data for prior years will be adjusted so that all years from 1970 forward are comparable for trend analysis.

This report classifies the foodservice industry into three major groupings which are discussed in the following paragraphs.

Commercial Feeding (Group I)

This group accounted for approximately \$66.2 billion or 84.46 percent of total food and drink sales in 1976. Sales rose 12.1 percent, about the same as the 12.2 percent gain in 1975. In previous years sales rose 11.4 percent in 1974, 13.2 percent in 1973, 8.8 percent in 1972 and 7.2 percent in 1971. It should be noted that foodservice contractors regardless of the

generic category they serve, are included in the Commercial Feeding Group because they operate for profit, and in most cases, conduct the purchasing operations just like any other large foodservice chain. More than a few also operate restaurant chains.

Institutional Feeding (Group II)

These business, educational, government or institutional organizations which run their own foodservice accounted for \$12.2 billion or 15.5 percent of food and drink sales and \$8.2 billion or 26.2 percent of food and drink purchases. Group II sales rose by 7.0 percent in 1976 compared with 8.6 percent in 1975, 12.6 percent in 1974, 12.6 percent in 1973, 5.4 percent in 1972 and 5.1 percent in 1971. The decrease in the rate of sales gain in 1976 was due to the 3.8 percent decline in wholesale prices and a continued leveling off in the populations served by Group II organizations. It is likely that institutional foodservice will decline slowly in importance relative to commercial feeding for the next few years as some of the populations served, such as school children, continue their downward trend.

There are two reasons why institutional feeding accounts for a much higher proportion of food and drink purchases than of sales. For several markets, such as penal institutions, no sales are recorded as having taken place because no payments were made. In others, such as schools, only actual payments are recorded rather than a full commercial equivalent. In addition, the purchases of alcoholic beverages by bars and taverns in the

CHANGES IN GNP AND CONSUMPTION EXPENDITURES, 1975-1976

	Percent Change (Current Dollars)	Percent Change (Constant Dollars)
Gross National Product	+11.62	+ 6.04
Personal Consumption Expenditures	+11.59	+ 5.96
Durable Goods Expenditures	+19.56	+13.13
Nondurable Goods Expenditures	+ 8.16	+ 4.55
Services Expenditures	+12.34	+ 4.90

Source: Survey of Current Business, July, 1977, revised data.

CHANGES IN FOODSERVICE INDUSTRY SALES, 1975-1976

	Percent Change (Current Dollars)	Percent Change (Constant Dollars)
Foodservice Industry (Groups I and II)	+11.23	+4.86
Commercial Feeding (Group I)	+12.06	+5.58
Eating Places*	+13.79	+7.23
Institutional Feeding (Group II)	+ 6.96	+1.16

* Eating places include restaurants, lunchrooms, social caterers, commercial cafeterias, limited menu restaurants, and ice cream and frozen custard stands.

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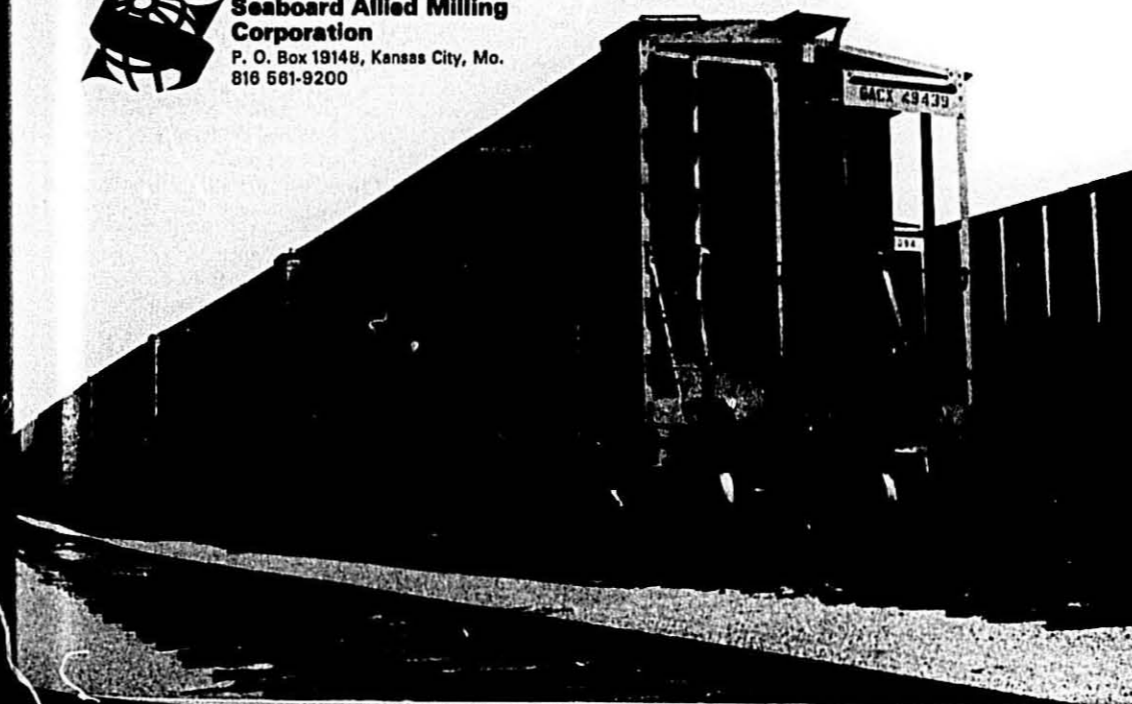
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Commercial Feeding Group are not included in the total purchase data but sales of alcoholic beverages are included in food and drink sales. We exclude alcoholic beverage purchases by bars and taverns, since in the other segments we are primarily reporting on the purchase of food and the inclusion of the alcoholic beverage purchases for bars would substantially distort the food purchase relationships of the different segments. In 1976, alcoholic beverage purchases by bars and taverns totaled \$1.9 billion. The alcoholic beverage purchases by restaurants, lunchrooms, social caterers, cafeterias and refreshment places amounted to \$1.3 billion.

ALCOHOLIC BEVERAGE SALES IN EATING AND DRINKING PLACES, 1976

	Sales (\$000)	Percent
Restaurants, lunchrooms	\$3,798,028	38.46
Social caterers	72,622	.74
Cafeterias	57,491	.58
Refreshment places	476,901	4.83
Bars and taverns	5,469,462	55.39
Total	\$9,874,504	100.00%

Note: Only those establishments with payroll are included. Hotel, motel and motor hotel restaurants had combined alcoholic beverage sales of \$1,265,092,000. Alcoholic beverage sales in other establishments totaled approximately \$720 million in 1976.

Military Feeding (Group III)—Defense foodservice for troops is not considered to have a sales value with the exception of sales transactions at officers' and NCO clubs and foodservice at military exchanges. Therefore sales figures are for commercial military transactions. In 1976, these transactions for food and drink totaled \$574 million an increase of 5.7 percent from 1975 which is slightly lower than the 3.4 percent increase in 1975 but an improvement over the declines of 12.8 percent in 1974 and 4.2 percent in 1973.

Foodservice Performance Improves in '76

The foodservice industry, with a sales gain of 11.2 percent in 1976 did not outpace growth in personal consumption expenditures or GNP as it did in 1975. Foodservice industry sales growth, in both current and constant dollar terms, did outpace nondurable goods growth in 1976,

THE FOODSERVICE INDUSTRY—ESTIMATED FOOD AND DRINK SALES AND PERCENT CHANGE, 1975-76

Type of Establishment	1975 Estimated F&D Sales (\$000)	1976 Estimated F&D Sales (\$000)	% Gain (Loss)
GROUP I—COMMERCIAL FEEDING			
Restaurants, Lunchrooms	\$23,584,728	\$26,541,072	12.33
Social Caterers	930,091	1,037,451	11.54
Commercial Cafeterias	2,243,995	2,499,595	11.39
Limited Menu Restaurants (Refreshment Places)	12,767,350	14,903,154	16.73
Ice Cream, Frozen Custard Stands	487,978	551,025	12.92
Bar and Taverns	5,923,911	6,308,491	6.49
	\$45,938,053	\$51,840,788	12.85
Food Contractors			
Manuf. and Indus. Plants	1,350,981	1,450,683	7.38
Comm. and Office Bldgs.	351,788	379,368	7.84
Hospitals and Nursing Homes	531,741	565,293	6.31
Colleges and Universities	711,647	755,783	6.20
Primary and Secondary Schools	430,524	448,177	4.10
In-transit Feeding (Airlines)	267,785	301,041	12.34
Recreation and Sports Centers	524,550	603,967	15.14
Hotel Restaurants	2,223,933	2,463,415	10.77
Motor Hotel Restaurants	556,506	608,650	9.37
Motel Restaurants	1,220,391	1,367,656	12.07
Drug and Prop. Store Restaurants	458,315	489,114	6.72
General Merchandise Store Restaurants	35,658	38,996	9.36
Department Store Restaurants	725,642	809,163	11.51
Variety Store Restaurants	520,825	542,183	4.10
Food Stores, ex. Grocery	146,102	157,717	7.95
Grocery Store Restaurants	312,682	360,272	15.22
Gasoline Service Stations	160,298	173,731	8.38
Drive-in Movies	98,634	107,097	8.58
Misc. Retailers (Liquor, Cigar, etc.)	118,409	127,372	7.5
Vending and Nonstore Retailers	1,403,861	1,500,306	6.87
Mobile Caterers	268,515	295,017	9.87
Bowling Lanes	294,869	329,840	11.86
Recreation and Sports Centers	393,477	448,249	13.92
TOTAL GROUP I	\$59,045,386	\$66,163,875	12.06

however. As the economy recovered from recession, durable goods posted a substantial gain of 19.6 percent in 1976 with real growth of 13.1 percent in 1975 with real growth of 13.1 percent boosting overall growth in personal consumption expenditures.

Continued inflationary pressure was felt by the foodservice industry. Rising menu and alcoholic beverage prices combined for a weighted increase for food and beverages away from home of 6.4 percent in 1976, down from 9.3 percent in 1975, however.

Food and drink sales in the commercial feeding group rose 12.1 percent in 1976 after a similar gain of 12.2 percent in 1975. Real growth, however, reached 5.6 percent in 1976 versus 2.9 percent in 1975 and a decline in the previous year.

The accompanying tables show percent changes in GNP, personal consumption expenditures, durable goods, services and the components of the foodservice industry in both current and constant dollars.

The eating place component of foodservice was again the star in terms of real growth. Eating places real growth of 7.2 percent outpaced both real GNP and personal consumption expenditures.

Although foodservice growth lagged somewhat behind real GNP and personal consumption expenditures in 1976, it registered a strong real sales gain of 4.9 percent and the commercial sector advanced .6 percent. Both not only outpaced their 1975 growth, but in addition, the advance of the commercial feeding group exceeds gains in any of the prior four years. The primary reasons for improved gains in 1976 as the economy rebounded from recession were a decline in wholesale food prices of 3.8 percent versus increases of 6.7 percent in 1975 and 18.7 percent in 1974 and the continued willingness of consumers to increase their spending for food away from home.

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The structural changes in life and work styles which encourage an increasing need and desire to eat out have continued though at a slower pace. For instance, labor force participation of females continued to rise but at a somewhat slower rate.

Food at Home versus Food Away From Home

In 1976 the Consumer Price Index (CPI) for food at home rose 2.1 percent averaging 179.5 while the CPI for food away from home increased 6.8 percent, to an average of 186.1. Thus, for the first time since 1972 the food at home index was lower than the index for food away from home. Despite industry fears that this shift in relative prices would promote eating at home versus eating out grocery store sales advanced only 5.6 percent on a current dollar basis and 3.5 percent in real terms compared to increases for eating places of 13.8 percent in current dollars and 7.2 percent in real terms. Apparently consumer requirements and attitudes and the efforts of restaurant operators to satisfy those demands were balanced in favor of foodservice again in 1976.

Foodservice continued to become an increasingly important part of the nation's food industry as the proportion of the food dollar spent away from home rose to 37.3 percent in 1976 from a revised 35.6 percent in 1972. Payments for food away from home are likely to account for about 40 percent of the food dollar in the early 1980's. The timing of when food away from home will account for half of the food dollar, however, depends on underlying industry growth patterns as well as relative inflation of grocery store and menu prices.

Spending on food away from home represented 5.7 percent of disposable income in both 1976 and 1975.

Commercial Feeding

Eating and drinking places—This, the largest portion of the commercial feeding group, consists of restaurants, lunchrooms, social caterers, commercial cafeterias, limited menu restaurants (refreshment places), ice cream and frozen custard stands and bars and taverns. Only those establishments with payroll are included in our figures. Sales of nonpayroll eating

GROUP II—INSTITUTIONAL FEEDING—BUSINESS, EDUCATIONAL, GOVERNMENT OR INSTITUTIONAL ORGANIZATIONS WHICH OPERATE THEIR OWN FOODSERVICE

Type of Establishment	1975 Estimated F&D Sales (000)	1976 Estimated F&D Sales (000)	% Gain (Loss)
Employee Feeding			
Indus. and Commercial Organizations	891,570	955,050	7.12
Sea-going Ships (1,000+ Tons)	41,655	43,866	5.31
Inland Waterway Vessels	138,880	133,909	(3.58)
Public and Parochial Elementary and Secondary Schools	1,686,782	1,734,482	2.83
Colleges and Universities			
Public	1,080,922	1,133,325	4.83
Private	415,818	450,069	8.24
Transportation			
Passenger/Cargo Liners	64,157	71,650	11.68
Airlines	260,468	284,744	9.32
Railroads	22,806	22,512	(1.29)
Clubs	696,462	737,929	5.93
Voluntary and Proprietary Hospitals	2,940,680	3,223,485	9.62
State and Local Short-term Hospitals	454,763	481,640	5.91
Long-term General, TB, Nervous and Mental Hospitals	746,542	733,707	(1.72)
Federal Hospitals	203,679	215,354	5.73
Nursing Homes, Homes for Aged, Blind, Orphans, Mentally and Physically Handicapped	1,457,821	1,638,299	12.38
Sporting and Recreational Camps	78,892	85,769	8.72
Community Centers	196,220	224,750	14.54
Convents and Seminaries	—	—	—
Penal Institutions	—	—	—
Federal and State Prisons	—	—	—
Jails	—	—	—
TOTAL GROUP II	\$11,378,117	\$12,170,540	6.96
TOTAL GROUP I and II	\$70,423,503	\$78,334,415	11.23

GROUP III—MILITARY FEEDING

Defense Personnel	—	—	—
Officers and NCO Clubs (Open Mess)	352,400	370,992	5.28
Food Service—Military Exchanges	190,600	203,011	6.51
TOTAL GROUP III	\$ 543,000	\$ 574,003	5.71
GRAND TOTAL	\$70,966,503	\$78,908,418	11.19

and drinking places totaled \$2,488,276,000 in 1976.

Take out sales accounted for 3.8 percent of meals and snacks in restaurants and lunchrooms, 4.7 percent in cafeterias and 46.1 percent in limited menu places. The high figure for limited menu establishments is due in part to the substantial number of places which are almost exclusively take out. Drive through windows are helping to maintain this percentage even though some traditional high takeout operations are adding more facilities for eating on location.

Food and drink sales for eating and drinking places totaled \$51.8 billion in 1976 accounting for 66.2 percent of total foodservice industry sales and 56.8 percent of industry purchases. Sales rose 12.9 percent in 1976, a slight slowing from 13.4 percent in

1975 but higher than the 11.6 percent gain in 1974. It is notable that eating and drinking place sales rose \$5.9 billion in 1976. Eating place sales, alone, rose by 13.8 percent in 1976, slightly less than the 14.9 percent of 1975. Real growth achieved in 1976 of 7.2 percent was well above the 3.5 percent of 1976, however.

Limited menu restaurants, which include most known as fast food establishments, continued to lead the sales gains with a 16.7 percent increase, above 1975's strong 16.1 percent. This group continues to increase its share of the foodservice industry. It is notable, however, that menu expansion which has created distinctive menus for various times of the day may signal the merger of the limited menu group into the broader based

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Photo: Maria D'Agostino, of tv-cooking and cookbook fame, serves up proof-packed pasta at Minneapolis' popular Sammy D's restaurant.

The proof is in the pasta!

If it looks good and tastes good. That's good pasta! But good pasta requires good products. Like Amber's Venezia No. 1 Semolina, Imperia Durum Granular, or Crestal Fancy Durum Patent flour. Thanks to uniform high quality, color and granulation, these ingredients make your pasta operations run more smoothly. Amber works exclusively with the finest durum wheat grown by farmers of the northern plains. And Amber grinds this fine durum in its modern efficient mill. And Amber serves you right...by matching your specs and by shipping when promised. And the consumer gets a break, too, because the proof is in the eating. Call Amber now for your own proof.



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The Food Service Industry

(Continued from page 10)

family restaurant category. The major difference between a limited menu establishment and a restaurant is whether waiter/waitress service is provided while the patron is seated. This distinction may appear for some portion of the limited menu group as service employees are used for dinner, shifting a part of the relatively high growth sales establishments into the restaurant category.

There is little doubt that the major focus of many chains today is on breakfast and dinner business. Much recent advertising focuses on these meals. The frequency of going out to dinner and breakfast is lower than for lunch. The lunch period appears less likely to increase in frequency, but there is still much untapped potential to increase breakfast and dinner business. Such increases can often be realized without changing the size of a store, thus increasing return on the investment in facilities.

Competition Encourages Changes

Menu changes are being made to offer a more complete meal, provide platters and upgrade offerings. In addition, there is more emphasis on service, e.g., table service sometimes being introduced at dinner time.

Competition also centers around decor as well as friendly service. More establishments are making capital investments to upgrade decor because these improvements raise consumer awareness of value but do so at a fixed cost, compared with the continually increasing costs for additional labor. Increased competition benefits the consumer by providing an even greater selection of eating experiences. This competition is likely to be a key element in maintaining the overall growth in restaurant sales at a high level relative to other personal consumption expenditures.

With regard to pricing of menu items, many restaurants are trying to establish an atmosphere in which a patron can choose comfortably among menu offerings over a fairly wide price range, resulting in higher frequency of visits from a particular customer. The intent of much of the new design packages is to expand the consumer base without losing an

established identity. These design changes are aimed at consumers who now distinguish carefully what atmosphere/price they want for different eating out situations.

Last year we reported that repositioning of restaurants was underway through the mechanisms of price range, decor, locations, menu composition, hours open and type of service. Currently there is an added emphasis in restaurant advertising focusing on the consumer as an active participant rather than as just a recipient of the good things a particular restaurant has to offer.

Much Experimentation New

There is greater emphasis on keeping a concept current in all units among chain operators. There has never been as much experimenting as there is now among chains repackaging items to create varied meals while staying within equipment limitations. This activity among the chains has led smaller operators to think hard about who the customer is and what he wants.

The NRA has increased its flow of market and consumer research to assist the foodservice industry in its market positioning. Research reports issued over the past year include "Consumer Reaction Toward Restaurant Practices/Responsibilities," "Consumer Attitudes and Behavior in Evening Dining Out by Married Couples," and "Survey of Senior Citizens' Eating Out Behavior and Attitudes."

Bar and tavern sales were up 6.5 percent in 1976 as business continued to decline in large cities. There is a counter trend, however, noted last year of bars which have very substantial foodservice sales although by definition less than half of their total sales. This type of establishment caters to younger people primarily although there are some places which attract a wider age spectrum.

Food contractors—Among foodservice contractors, sales for those feeding manufacturing and industrial plants increased by 7.4 percent. This is a welcome change from 1975 when sales declined by 1.1 percent. The number of manufacturing workers rose 3.3 percent in 1976 while white collar employment continued its steady increase with a rise of 3.6 percent. This increase is typical of white

collar employment and is one reason employee feeders want to penetrate this market. There is a potential obstacle to expansion of this market, however, in the IRS desire to convert the difference between the value and the price of the meal into employee income.

Food contractor sales in hospitals and nursing homes rose 6.3 percent reflecting a leveling off of contractor penetration. Most activity has to do with switching accounts, not really adding to the new stock of accounts. The greatest penetration is in the medium size 150-300 bed institutions because they are large enough to be worthwhile to a contractor and not quite large enough to attract a top hotel foodservice manager. The larger institutions are adopting the latter route.

Food contractor sales in primary and secondary schools increased by 4.1 percent. They too are not really gaining ground in terms of number of new accounts. Enrollments continued to dip slightly and are expected to do so until the early 1980's.

Sales in colleges and universities by foodservice contractors were up 6.3 percent, a smaller increase than 1975's rate of 8.2 percent. Average board charges increased 7.0 percent for all public colleges and 8.2 percent for private colleges. Enrollment was down in public colleges by 2.0 percent and up 0.3 percent in private colleges.

Food contractor sales for airlines increased by 12.3 percent in 1976 versus 6.9 percent in 1976. The number of domestic air passengers increased by 9.0 percent after declining 0.5 percent in 1975. The number of international air passengers increased by 6.2 percent, an improvement over the 11.1 percent drop in 1975. Supplemental air carriers flew 3.4 percent fewer passengers for a small decrease than the 23.5 percent decline experienced in 1975.

Hotel and Motel Restaurants—Hotel restaurants experienced a 10.6 percent sales increase in 1976, slightly better than 10.5 percent gain in 1975. Room occupancy was 65 percent, up 3 points from 1975. Both food and beverages declined slightly as a percent of total hotel revenue as room rates increased at a faster pace than menu prices.

The foodservice proportion of total revenues in hotels with 500 or more rooms is higher because of convention and catering business. There is an increasing trend in the newer hotels to reestablish the hotel as a center of eating as it was in an earlier era. Some hotels in the 150 to 200 room category in smaller cities also have relatively high food and beverage sales as a proportion of total sales because they are the natural place in the area for banqueting and catering business. In addition, some established hotels are making an effort in the smaller communities to upgrade their restaurants and expand the quality of their offerings to meet consumer interest.

Motel restaurants continue to lead the way among lodging places with a sales gain of 12.1 percent versus 14.1 percent in 1975. Motor hotels had the smallest increase of 9.4 percent down slightly from 9.8 percent in 1975, on the other hand.

Retail Hosts—Among retail hosts, grocery stores paced by convenience stores led the group with a 15.2 percent gain. This is due to extensive foodservice programs by the convenience food stores, particularly one chain. Department store restaurants continue to be active and have increased their merchandising effort in a successful attempt to increase profit. Most stores are thinking of new ways to increase profit while serving overall retail image objectives of the host store. Drug and proprietary stores continue their slow rise, slowest of the retail host group at 6.7 percent with the exception of variety stores at 4.1 percent. The variety stores are coming back from a 5.7 percent decline in 1975 due to the partial elimination of a major chain. Retail hosts are the retail establishments which incorporate a restaurant, cafeteria, snack bar, etc.

Other Commercial Feeding—Mobile catering sales rose 9.9 percent due to an increase in construction activity and an increase in industrial employment. Foodservice in recreation and sports centers continued strong gains at 15.1 percent for contractors and 13.9 percent for host locations. Attendance was strong and new facilities continue to develop their potential. Vending sales were weak with a sales gain of 6.9 percent. There seems to be resistance to large price hikes in the vending market.

Institutional Feeding

Employee Feeding—As noted earlier in this report, employment of both blue collar and white collar workers increased in 1976 and was reflected in higher employee sales. Reversing a trend, U.S. flag merchant seamen increased by 2.9 percent. The volume of inland traffic on U.S. waterways declined by 3.6 percent, however.

Schools—Foodservice sales of public elementary and secondary schools showed an increase of 2.8 percent in 1976 as children's payments increased by 2.3 percent, local purchases rose by 4.9 percent and the value of commodities increased 9.2 percent. We consider a sale to be the actual cash a student pays. The difference between what the student pays and the cost of a meal is borne by state, local and Federal governments.

Colleges—Public college food and drink sales increased 4.8 percent while private schools, with a slight increase in enrollment and a higher meal cost increase, rose 8.2 percent. The decline in public college enrollment versus private colleges, mentioned in the section for contract feeding, is a surprise since rising costs put private colleges at a disadvantage.

Transportation—There was increased demand for cruises and this increased sales by 11.7 percent on passenger/cargo liners. Railroads posted a slight decline of 1.3 percent as the energy impact which caused many to turn from autos to public transportation has dissipated.

Other Institutions—Hospitals continue to show an overall decline in average daily census. All categories of hospitals showed patient census declines except voluntary and proprietary hospitals.

Nursing homes, homes for the aged, blind, orphans, etc. showed a gain of 12.4 percent due principally to an increase in the number of people in nursing or custodial care homes.

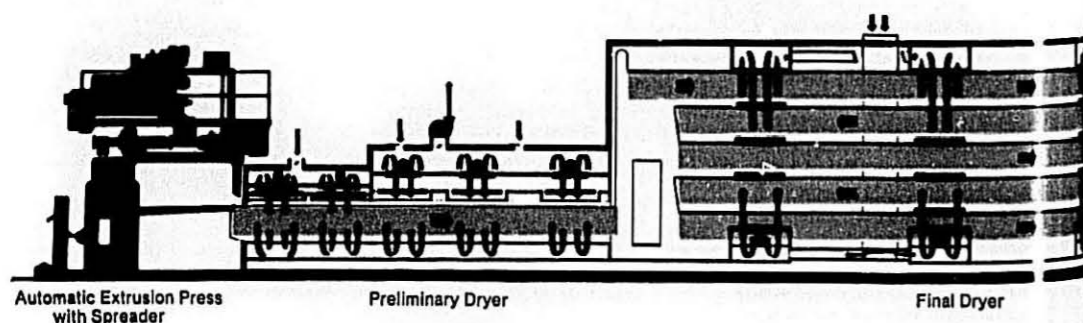
SOURCES

1. U.S. Bureau of the Census: Census of Business; 1972 Census of Retail Trade, Merchandise Line Sales; Sales Size; Miscellaneous Subjects; 1972 Selected Services; Hotels, Motels, Trallerini Parks and Camps; 1967 Census of Retail Trade; Sales Size, Miscellaneous Subjects, Current Retail Trade Reports, Monthly Selected Services Receipts, Series B5.
2. Industry sources.

3. Based on data from U.S. Department of Agriculture, Food and Nutrition Service and HEW, Office of Education "Fall 1976 Statistics of Public Schools," HEW Digest of Educational Statistics, 1975, 1976. National Catholic Education Assn./Granley's 1975 and 1976, Catholic Schools in America.
4. Estimated: Based on College and University Business, "College Operating Practices Analysis, 1970-71," December, 1970; HEW Digest of Educational Statistics, 1975, 1976; HEW Projections of Educational Statistics 1986; Bureau of the Census Current Population Report, Series P-20, No. 245 "Living Arrangements of College Students," October, 1971; HEW National Center for Educational Statistics unpublished data.
5. Estimated: Based on U.S. Department of Commerce, Office of Business Economics Survey of Current Business, July, 1977; "Personal Consumption Expenditures"; Laventhol and Horwath, Annual Country Club Studies, 1973.
6. Estimated: Based on data supplied by U.S. Maritime Commission, Immigration and Naturalization Service; Statistical Abstract of the United States, 1977, Tables 128 and 1126.
7. Estimated: Based on data supplied by American Waterways Operators, Inc.; individual companies; Statistical Abstract of the United States, 1977 "Waterborne Commerce of the U.S.," Table No. 1116.
8. Estimated: Based on data supplied by the U.S. Maritime Commission, Immigration and Naturalization Service; and individual passenger lines; Statistical Abstract of the United States, 1977, Table No. 1131.
9. Estimated: Based on data supplied by Air Transport Association, Air Transport World; individual companies; CAB Form 41 and Merrill, Lynch, Pierce, Fenner and Smith air transport analyst.
10. Estimated: Based on data supplied by the Association of American Railroads and Amtrak Corporation.
11. Estimated: Based on data from the American Camping Association and individual companies.
12. Estimated: Based on information from YMCA Statistical Division, U.S. Department of Agriculture, Food and Nutrition Service and industry sources.
13. Estimated: Based on data from the American Hospital Association, Hospital Statistics 1976; "HAS Six Month National Comparison period ending December 31, 1975, December 31, 1976, June 30, 1975, June 30, 1976," American Hospital Association; Veterans Administration and individual companies.
14. Estimated: Based on data from the National Center for Health Statistics; 1970 Census of Population; American Hospital Association; NIH Master Facilities Inventory 1973, unpublished data.
15. Estimated: Based on information from the Bureau of Prisons, Department of Justice, "Prisoners in State and Federal Institutions," Bulletin SD-NPS-PSF 1 and 2; Corrections Magazine.
16. Estimated: Based on Department of Justice, Law Enforcement Assistance Administration, "1972 National Jail Census," Table No. 289, "1972 Survey of Inmates of Local Jails," Advance Report, and unpublished data.

(Continued on page 18)

ATR: The hotter, faster, cleaner dryer.



Automatic Extrusion Press
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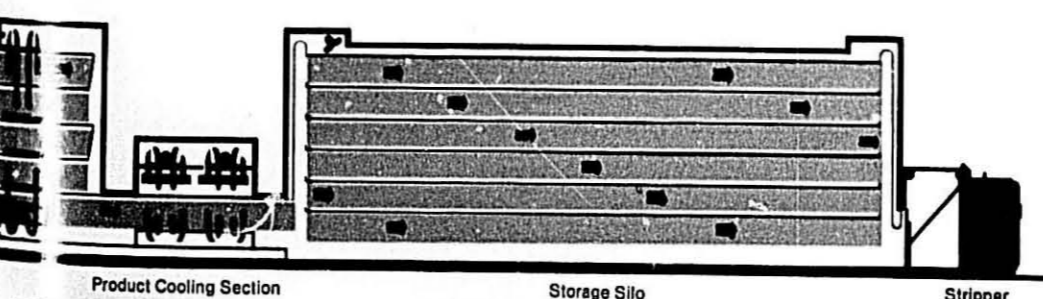
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He's a Breadwinner

Stunt work demands the strength of a finely tuned athlete—the coordination of a ballet dancer—the nerve of a tightrope walker—the energy of a child. When the crew breaks for lunch he may find himself in a deserted ghost town or barricaded on the 17th floor of a building. Rarely, if ever, is he working near a restaurant.

He's learned that the surest way to provide himself with the energy he requires, is to bring it with him. He likes macaroni—always has. Aside from tasting good, he needs the energy it supplies and likes the versatile ways it can be prepared.

He's probably unaware that his favorite brand of pasta starts at the ADM Milling Company. ADM begins with fine durum, milled into golden semolina. The quality pasta blends are then delivered, clean and consistent, to the pasta manufacturer.

At ADM, we don't mind if this stunt man doesn't know about our contribution to his favorite food. After all, we don't know that much about stunt work. What we do have in common, is the pride we take in the work we do. From the milling center—to the pasta manufacturer—to the consumer.

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

The Food Service Industry

(Continued from page 13)

17. Estimated: Based on information from the Office Catholic Directory, P. J. Kennedy & Sons, interviews with suppliers.
18. Defense Personnel Support Center, Philadelphia, unpublished data; *Survey of Current Business*, July, 1977.
19. Estimated: Based on *Vending Times*, "Survey of the Industry," May, 1976 and May, 1977.
20. Estimated: Based on *Vend Magazine*, January, 1971 and industry sources.
21. *Franchising in the Economy, 1976-78*, Bureau of Domestic Commerce, U.S. Department of Commerce.
22. *Wholesale Price Index: Consumer Price Index*; Bureau of Labor Statistics, U.S. Department of Labor.
23. Company annual reports.
24. Estimated: Based on *Statistical Abstract of the United States, 1977*, Table Nos. 379, 387, 388; *Survey of Current Business*, July, 1977.
25. Estimated: Based on Laventhol and Horwath, *Lodging Industry 1977: Trends in the Hotel-Motel Business, 1977*; Harris, Kerr, Forester.
26. American Hotel and Motel Association, *Construction and Modernization Report*.
27. Estimated: Based on *Employment and Earnings*, Bureau of Labor Statistics, "Nonagricultural Establishment Employees," "Employed Persons by Major Occupation Group and Sex, 1960-1977."
28. Army Times Publishing Company.
29. *Aud Arena Stadium, 1977*.
30. *Department and Specialty Store Merchandising and Operating Results of 1976*, National Retail Merchants Association.



Pasticchio is an international favorite made with elbow macaroni, ground beef and parmesan cheese.

Eating Out in Canada

From Statistics Canada (Urban Family Food Expenditure 1976) come the most recent figures on how much city families spend on eating away from home. In 1974, 22% of the food dollar was spent on food away from home. In 1976, two years later, that figure had jumped to 28.2%, a rise of 28%. Total food and beverage expenditure for 1976 was \$49.99 for all eight cities covered (St. John's, Halifax, Montreal, Ottawa, Toronto, Winnipeg, Edmonton, Vancouver),

and total food expenditure away from home was \$14.10. During the same period: 1974-1976, the annual average consumer price indices for Canada showed a 19.34% increase for food away from home, while food for home consumption had only a 14.30% rise. (Source: Consumer Prices and Price Indices, Catalogue 62-010, Statistics Canada.)

Buying Guidelines For Schools

Food purchasing guidelines for local schools and public districts have been published by the U.S. Department of Agriculture, it was announced by Carol Tucker Foreman, assistant secretary for food and consumer affairs.

Entitled "Food Purchasing Pointers for School Food Service," the new publication is intended to guide schools in buying food in quantity. Although schools receive some commodities from U.S.D.A., they purchase many items directly from vendors, Mrs. Foreman noted. She said the booklet suggests procedures and specifications which buyers can adapt to fit individual school purchasing needs.

Copies of the publication (Program Aid No. 1160) have been sent to state agencies which administer school food programs for distribution to local schools. Other interested persons may purchase copies for \$3 each from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20250.

Student Option

Carol Tucker Foreman, assistant secretary of agriculture for food and consumer affairs, announced implementation of a new statutory requirement that junior high and middle school students would no longer have to accept all items of the school lunch if they do not intend to eat them. The proposal, aimed at reducing food wastes, would allow school students to accept only three of the five items offered daily as part of the school lunch. At present, students are required to accept all five items, whether they intend to eat them all or not.

The five parts of a school lunch are bread, milk, meat or meat substitute,

and two vegetables or fruits.

Under a 1975 law, high school students have been allowed to accept as few as three of the five items. The proposed regulation would give local school officials authority to extend that policy to junior high and middle school students.

USDA Integrates Nutrition Program

A Human Nutrition Policy Committee has been formed to coordinate U.S. Department of Agriculture's nutrition programs, including food assistance, safety, quality, research and education, according to Secretary of Agriculture Bob Bergland.

The committee will recommend through the programs and budget review board appropriate nutrition policies and progress, and assure coordination between the nutrition research activities and nutritional aspects of other programs, Mr. Bergland said. It will be headed by Carol Tucker Foreman, assistant secretary for food and consumer services, and M. Rupert Cutler, assistant secretary for conservation, research and education.

"There is a need for coordination among agencies within the department and among departments within the government," said Mr. Bergland. "Further, there is a need for the department to coordinate and implement its responsibilities concerning food and nutrition policy as required under the Food and Agriculture Act of 1977."

He said the human nutrition activities conducted by U.S.D.A. for many years must be "enlarged, coordinated and given strong nutrition policy direction."

Tables on Pages 20-21

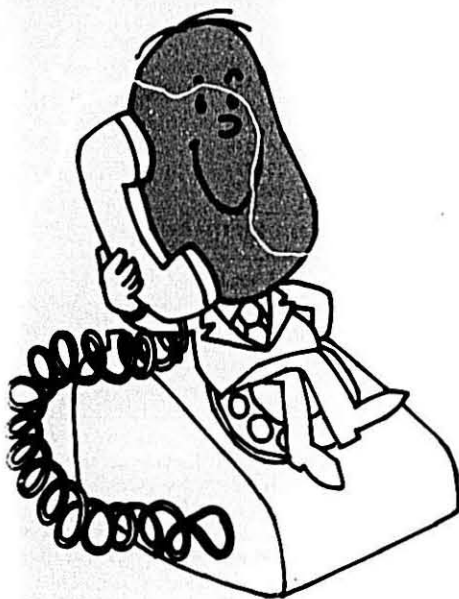
The Foodservice Industry—estimated food and drink sales and purchases, 1976, for

Group I—Commercial Feeding—Restaurants, Caterers, Food Contractors, Hotels, Stores, Recreation Centers.

Group II—Institutional Feeding—Business, Educational, Government or Institutional Organizations which operate their own foodservice.

Group III—Military Feeding.

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THE FOODSERVICE INDUSTRY—ESTIMATED FOOD AND DRINK SALES AND PURCHASES, 1976

Number of Units	Type of Establishment	Estimated F&D Sales (\$000)	Percent of Total F&D Sales	Estimated F&D Purchases (\$000)	Percent of Total F&D Purchases	Source
Group I—Commercial Feeding¹						
112,180 ²	Restaurants, Lunchrooms	\$26,541,072	33.88	\$10,539,791	33.43	1, 21, 22, 23
3,944	Social Caterers	1,037,451	1.33	421,464	1.34	1, 22
8,222	Commercial Cafeterias	2,499,595	3.19	948,122	3.01	1, 22, 23
80,609	Limited Menu Restaurants (Refreshment Places)	14,903,154	19.03	5,360,366	17.00	1, 21, 22, 23
5,550	Ice Cream, Frozen Custard Stands	551,025	0.70	187,348	0.59	1, 21, 22
44,112 ³	Bars and Taverns	6,308,491	8.05	385,954	1.22	1, 22
		\$51,840,788 ³	66.18%	\$17,843,044	56.59%	
5,836⁶ Food Contractors						
	Manufacturing and Indus. Plants	1,450,683	1.85	676,018	2.14	1, 19, 27
	Commercial and Office Bldgs.	379,368	0.48	176,786	0.56	1, 27
	Hospitals and Nursing Homes	565,293	0.72	226,117	0.72	13
	Colleges and Universities	755,783	0.97	267,540	0.85	4
	Primary and Secondary Schools	448,177	0.57	210,643	0.67	3
	In-transit Feeding (Airlines)	301,041	0.38	144,500 ⁷	0.46	9
	Recreation and Sports Center	603,967	0.77	223,468	0.71	1, 23, 24, 29
13,438	Hotel Restaurants	2,463,415	3.15	826,175	2.62	1, 23, 25, 26
2,498	Motor Hotel Restaurants	608,650	0.78	204,806	0.65	1, 23, 25, 26
13,551	Motel Restaurants	1,367,656	1.75	496,994	1.57	1, 26
9,323	Drug and Prop. Store Restaurants	489,114	0.62	185,863	0.59	1
1,269	Gen. Merchandise Store Restaurants	38,996	0.05	14,818	0.05	1
3,882	Department Store Restaurants	809,163	1.03	323,665	1.03	1, 30
6,509	Variety Store Restaurants	542,180	0.69	211,449	0.67	1
3,299	Food Stores ex. Grocery	157,717	0.20	53,624	0.17	1
12,579	Grocery Store Restaurants	360,272	0.46	133,301	0.42	1
7,738	Gasoline Service Stations	173,731	0.22	64,280	0.20	1
3,384	Drive-in Movies	107,097	0.14	35,342	0.11	1
3,622	Misc. Retailers (Liquor, Cigar, etc.) ⁸	127,372	0.16	46,491	0.15	1
2,750	Vending and Nonstore Retailers ⁹	1,500,306	1.92	510,104	1.62	1, 19
	Mobile Caterers	295,017	0.38	103,256	0.33	1, 2
3,866	Bowling Lanes	329,840	0.42	135,234	0.43	1
	Recreation and Sports Centers	448,249	0.57	165,852	0.53	1, 24, 29
TOTAL GROUP I		\$66,163,875	84.46%	\$23,279,370	73.84%	

¹ Data are given only for establishments with payroll.
² Figures are latest Census Area Reports or Merchandise Line detail counts or updates when reliable data become available.
³ Unit count includes only those establishments serving food; however, sales figure is

for all bars and taverns with payroll.
⁴ Food only. Cost of alcoholic beverages totaled \$1,914,312,000.
⁵ Food and drink sales for nonpayroll establishments totaled \$2,488,276,000 with eating places accounting for \$1,666,027,000 and drinking places \$822,249,000.

⁶ Individual businesses, not locations. Contract feeders are included in eating place totals in all Bureau of the Census publications although their sales volume figures for contract feeders are significantly understated.
⁷ Food purchases only.

Defense Support Center Computerizes

The Defense Department's food management operation has moved alongside the giants of the food industry with the establishment of a centralized computer programming activity that will see keener management of stock levels. This will translate into savings for the government in terms of reduced stock volumes and thinner pipelines leading to service personnel and their families worldwide. It will also translate into maximum assurance of the freshest food available for these mili-

tary customers of the Defense Personnel Support Center (DPSC). The new facility is the Directorate of Subsistence Management Systems of the Defense Logistics Agency Systems Automation Center, Columbus, OH. The directorate has been established at DPSC headquarters in South Philadelphia. When fully staffed, the directorate will employ more than 70 analysts and programmers. Nearly 50 of these positions are newly created. "This new facility will give us the same type of management information that is indispensable to any efficient, economy-minded chief execu-

tive of the largest American corporations," Navy Captain Stuart F. Platt, deputy commander for subsistence and commander, subsistence field activities, for DPSC, said. He described the new tool as a recognition by DoD that food has the same importance and same complexity of management problems as weapons systems production and support. DPSC has a worldwide purchasing, warehousing, and distribution network. Total food bill comes to \$3.14 billion annually. Served are nine million individuals, including service personnel, their families, and others authorized by the Congress.

THE FOODSERVICE INDUSTRY—ESTIMATED FOOD AND DRINK SALES AND PURCHASES, 1976

Number of Units	Type of Establishment	Estimated F&D Sales (\$000)	Percent of Total F&D Sales	Estimated F&D Purchases (\$000)	Percent of Total F&D Purchases	Source
Group II—Institutional Feeding—Business, Educational, Government or Institutional Organizations Which Operate Their Own Foodservice						
Employee Feeding						
4,000	Indus. and Comm. Organizations	955,050	1.22	467,065	1.48	20, 27
548	Sea-going Ships (1000+ Tons)	43,866	0.06	26,320	0.08	6
4,248	Inland Waterway Vessels	133,909	0.17	81,348	0.26	7
92,297	Public and Parochial Elementary and Secondary Schools (89,381) (National School Lunch Program) ¹⁰	1,734,482	2.22	2,337,845	7.41	3
Colleges and Universities¹¹						
980	Public	1,133,325	1.45	646,947	2.05	4
1,407	Private	450,069	0.57	257,196	0.82	4
Transportation						
61	Passenger/Cargo Liners	71,650	0.09	39,407	0.12	8
32	Airlines	284,744	0.36	141,838	0.45	9
2	Railroads	22,512	0.03	14,828	0.05	10
10,310	Clubs	737,929	0.94	355,298	1.13	5
4,120	Voluntary and Proprietary Hospitals	3,223,485	4.12	1,289,394	4.09	13
1,836	State and Local Short-term Hospitals ¹²	481,640	0.61	346,789	1.10	13
746	Long-term General, TB Nervous and Mental Hospitals	733,707	0.94	293,482	0.93	13
380	Federal Hospitals ¹³	215,354	0.27	190,229	0.60	13
26,672	Nursing Homes, Homes for Aged, Blind, Orphans, Mentally and Physically Handicapped ¹³	1,638,299	2.09	1,052,214	3.34	14
3,165	Sporting and Recreational Camps	85,769	0.11	51,461	0.16	1, 11
16,010	Community Centers	224,750	0.29	265,198	0.84	12
	Convents and Seminaries	***		265,198	0.84	17
Penal Institutions						
620	Federal and State Prisons	***		156,976	0.50	15
3,921	Jails	***		126,612	0.40	16
TOTAL GROUP II		\$12,170,540	15.54%	\$ 8,249,570	26.16%	
TOTAL GROUP I and II Food Furnished Food Service Employees in Groups I and II		\$78,334,415	100.00%	\$31,528,910	100.00%	
TOTAL GROUPS I and II and FSE		\$78,334,415		\$33,628,681		18
Group III—Military Feeding						
	Defense Personnel			799,527		18
	Officers and NCO Clubs ("Open Mess") ¹⁴	370,992		126,972		28
	Food Service—Military Exchanges ¹⁴	203,011		89,325		28
TOTAL GROUP III		574,003		1,015,824		
GRAND TOTAL		\$78,908,418		\$34,644,505		

¹⁰ Includes SIC 59, except 591 and 596. Includes sales of hot food, sandwiches, coffee and other hot beverages.
¹¹ School lunch program commodities furnished in the calendar year 1976 under Sec. 632,401 are worth \$473,224,487. In addition, 2,282,051,651 half pints of milk worth \$147,786,139 were supplied to 83,553 outlets.
¹² Total number of colleges and universities which have foodservice whether contracted or not.
¹³ Represents only sales or commercial equivalent to employees.
¹⁴ Sales (commercial equivalent) calculated for Nursing Homes and Homes for

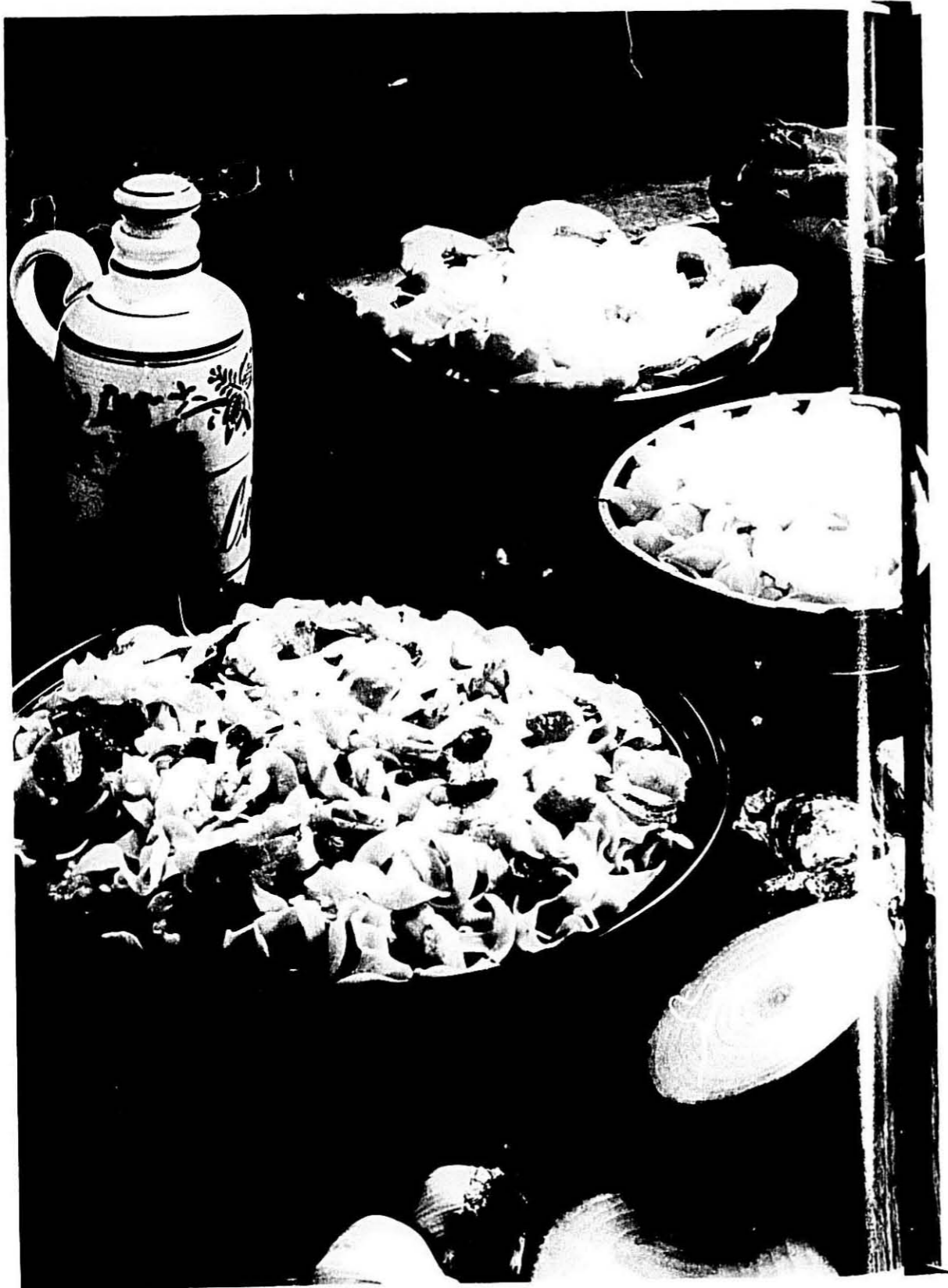
Aged only. All others in this grouping make no charge for food served either in cash or in kind.
¹⁴ Continental U.S. Only.
*** These installations make no charge for food served either in cash or in kind.

Fallacy Behind Minimum Wage Boosts

"Wages are paid for each worker's contribution to a product or service that consumers are willing and able to purchase. Consequently, government-directed increases in wages make it

less attractive for business to hire inexperienced or less skilled workers."—Dr. Jack W. Carlson, chief economist of the Chamber of Commerce of the United States. "American workers must have the right to choose their representatives by secret ballot. They deserve the

right to follow the dictates of their conscience in religion and politics. They deserve the protection of due process of law, in collective bargaining and in all other matters."—William K. Eastham, chairman of the Board of Directors of the Chamber of Commerce of the United States.



the Pure, Golden Color of Quality

At Peavey, research and development and quality control activities we keep focused in a flat, sun-drenched North Country, where the sun pours out into the North Country's prime durum areas, where demanding field tests are conducted. That's where we work and produce what we want them.

Then samples of durum are prepared for further testing. And then the sun-drenched, honest-to-goodness, sealed-drum product, with its miniature press and their special, enables us to duplicate domestic production procedures. It's the hard work that makes the difference. We work hard to produce

the pure, golden color of quality.

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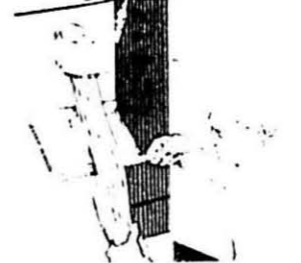
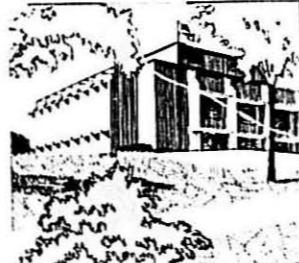
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King Midas Semolina and Durum Flour Where Quality Pasta Products Begin



King Midas Semolina and Durum Flour are the foundation of quality pasta products. They are produced from the finest durum wheat, which is grown in the North Country of New York. The grain is harvested and then processed into semolina and durum flour. This process involves several steps, including cleaning, grading, and testing. The result is a high-quality product that is ideal for use in a wide variety of pasta dishes.

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Peavey Industrial Foods Group

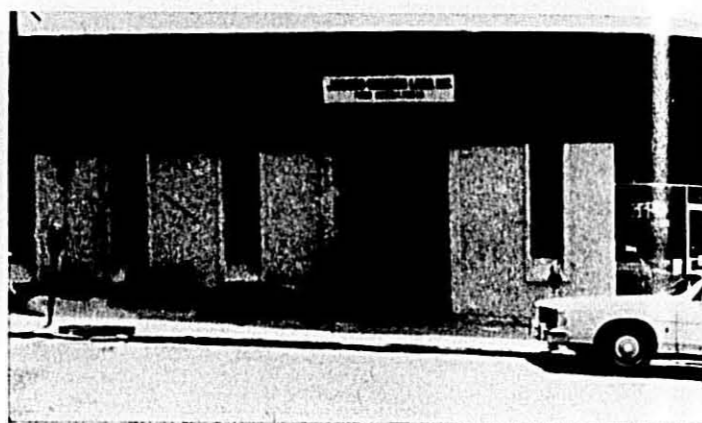
**Jacobs-Winston
Laboratories Expand**



James J. Winston

Growth and progress are not only characteristic of young men and young businesses. The Jacobs-Winston Laboratories approaching 60 years old, and its president and director, James J. Winston, whose age has not been publicly divulged, have both taken on a great expansion this year.

"The development of food science in recent years is an amazing phenomenon," said Jim Winston, with his



New facilities in Ridgefield Park, New Jersey.

inimitable ebullience. "We have to keep more than one step ahead."

The firm took a giant step with the expansion of its laboratory in new quarters of some 12,000 square feet at 25 Mount Vernon Street, Ridgefield Park, New Jersey. The staff has been expanded, and both chemists and bacteriologists are functioning with the most modern and sophisticated equipment and procedures available for analysis, sanitation evaluation, product formulation and nutritional analysis.

Winston explained that every member of the staff is required to take at least one academically advanced

course each year in his specific specialization. "That way, the equipment and the staff keep in step."

Jacobs-Winston Laboratories was established in 1920 by the late Benjamin R. Jacobs, who was associated with the old Bureau of Chemistry of the F.D.A. Fifteen years later Jim Winston joined Jacobs and in 1949, Winston succeeded Jacobs as director and President. Associate Director and Vice President is Marvin E. Winston, who completed graduate studies in food science at Rutgers University after an undergraduate major in Chemistry at Indiana University.



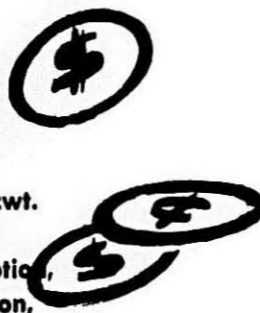
Pictured is Marvin Winston with a Beckman Model 25 Spectrophotometer which monitors absorption of radiation characteristics of different compounds. It is used in quantitative analysis and purity detection.

Benjamin Chen is shown using Jarrell Ash model 850 atomic absorption spectrophotometer which detects metal for nutritional analysis and/or contamination.

A 5830 Hewlett Packard Gas chromatograph is linked with com-

puter 18850A GC terminal which enables sensitive analysis of organic compounds, pesticide residues, chloroesters, fatty acid analysis, and anti-oxidant analysis such as in packaging materials.

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Invest 1 $\frac{3}{4}$ c per cwt. monthly in pasta production promotion, consumer education, and trade advertising to keep sales up.

Constant promotion of macaroni, spaghetti, and egg noodles by the National Macaroni Institute, keeps these products in the consumer's view.

Recipes and photographs go to food editors of every type of media.

Educational materials and recipe leaflets are distributed to consumers, teachers and students.

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TV Kits are periodically prepared for program producers.

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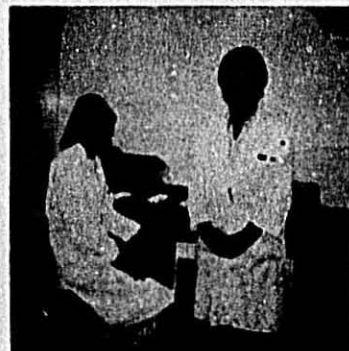
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Jacobs-Winston Labs
(Continued from page 24)



Pictured are microbiologists Don Moneses and his assistant Susan Christiansen at an isolated clean work station. Background shows Coliform incubator and Quebec counter (partially hidden) with culture tubes on table.

Study Cereal Products

The lab has been primarily occupied with the study, analysis and formulation of cereal products, macaroni and egg noodles, and egg ingredients. However, in the past 15 years the scope of its work has been extended to include other types of foods such as, meat, fish and bakery products. "Especially now our potential for working with other products is exciting," the director explained. "We're ready for all kinds of investigations of food materials."

The firm boasts accreditation by the U.S.D.A. certified both in general analysis and in pesticide residue examinations. It has also been the scene of several food science conferences with its updated library and comfortable meeting rooms, which boasts a gallery of portraits of, "Who is Who and was Who," in the macaroni industry, dating back to the leaders of the industry more than 50 years ago.

Recall Rules Formalized

The Food and Drug Administration adopted rules describing its role in recalling products and spelling out what it expects manufacturers to do to cooperate.

The rules basically make formal the procedures the agency already has been using for the past few years. The FDA first proposed the rules in June 1976.



Pictured is Angel Elasiague doing a protein analysis.



Pictured is Denise Nims doing an ash determination on a Lindberg furnace.

The FDA is limited by federal law in what it can require companies to do about defective or misbranded products. The agency can't, for example, order a manufacturer to conduct a product recall, or even require the manufacturer to tell it when the company itself orders a recall. But the agency can request that a manufacturer begin a recall, and can go to court for an order to seize the products if the manufacturer doesn't cooperate.

Under the new rules, which take the form of voluntary "guidelines" for manufacturers, the agency said companies are "expected" to begin a recall if the FDA requests it, to tell the FDA when the companies themselves initiate a recall and to keep the agency informed of any recall's progress.

The agency said the new rules "make clear that FDA expects manufacturers and/or distributors to take full responsibility for product recalls, including follow-up checks to assure the recall is successful."

While the FDA routinely makes public all recall and seizure actions, the agency said it "seeks publicity only when it believes the public needs to be alerted about a serious hazard."

The agency's new rules took effect July 17.

Campbell Soup Builds In North Carolina

Campbell Soup Company announced that it has begun construction of a large distribution facility in

Robeson County, North Carolina, and is also in the process of acquiring additional land for a canned food production facility, which the Company is considering building here in phases over the next seven to eight years.

Campbell President Harold A. Shaub said the distribution facility will be built on a 340-acre site recently purchased at a cost in excess of \$2 million. The 250,000 square-foot facility will employ about 65 persons, and have the capacity to store about 2½ million cases of canned food products. It is expected to be in operation by early 1979.

A wide variety of the Company's canned convenience foods will be distributed from the facility to customers in the Southeastern states.

The Company currently expects to build its next canned food processing plant on the same site, Mr. Shaub said, and has recently exercised a purchase option on an additional 731 acres of land which could be used for a waste water land treatment system for the production facility.

The proposed production facility is contemplated to be constructed in phases, and could ultimately employ 1,000 persons by the mid-1980's. An initial construction phase for the plant could be under way within two years, Mr. Shaub said, and eventual cost of the facility as now envisioned would be in excess of \$50 million.

Campbell currently has production facilities at 29 locations in the U.S., along with facilities in nine other countries. Of the 29 current U.S. facilities, five are canned food production plants.

A SEECO BIN STORAGE SYSTEMS

BIN STORAGE

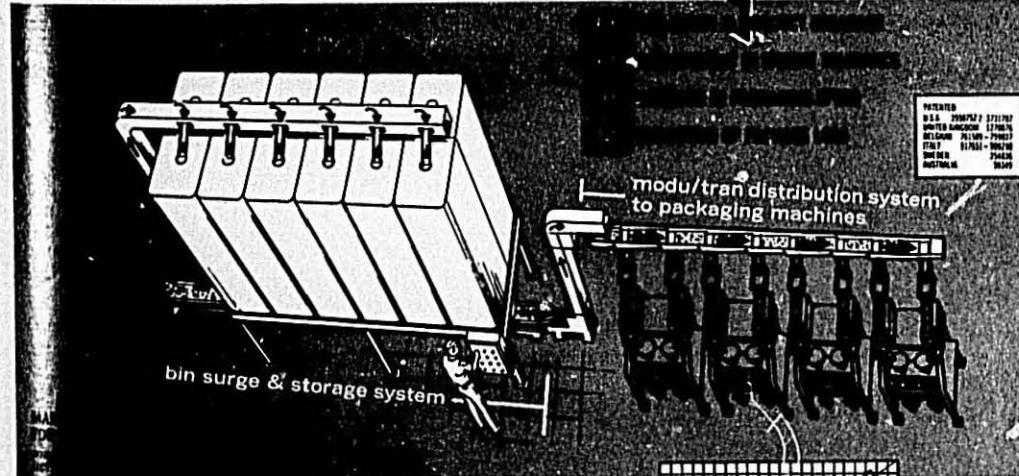
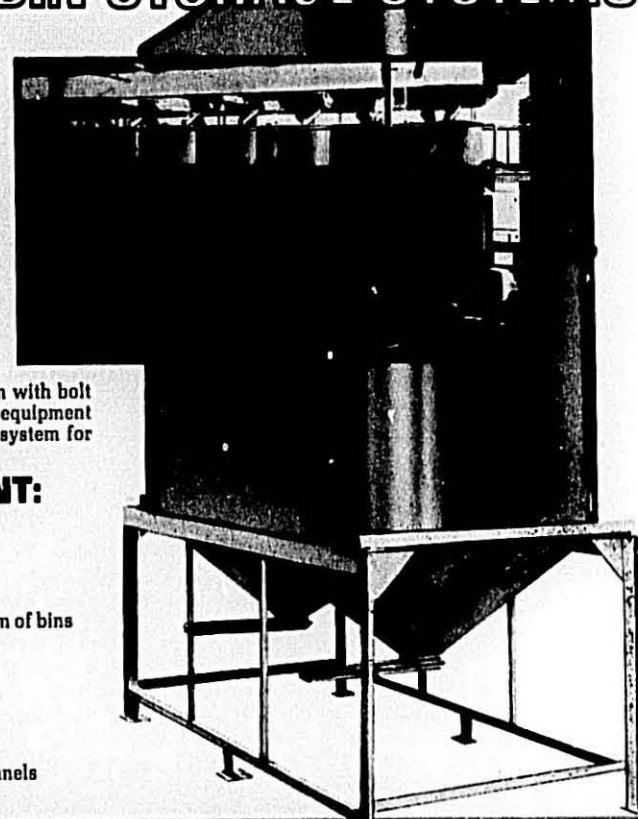
A fully automatic bin storage system for free flowing materials—Product is conveyed from processing into the Aseeco Bin Storage System by means of conveyors. The operator can fill any bin by operating a selector switch at floor level. In a few hours, when the bin is full and a signal is actuated, the next bin can be selected manually or automatically.

Material is discharged from bins on demand from packaging or processing machines. Automatic discharge gates at bottom of bins control material flow into belt or Vibra-Conveyors.

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Box Industry Display

Waves of corrugated paperboard carrying scores of new box designs will greet the 35,000 buyers, users and designers of packaging materials and machinery expected at Pack Expo '78. The trade show will be held in Chicago's McCormick Place on October 30—November 3.

Members of the Fibre Box Association, who manufacture 80 percent of the nation's corrugated boxes, are participating in the 'Box Expo' exhibit. The companies are entering hundreds of shipping containers, display stands and articles made from corrugated in the Association's 11th Box Competition and display.

Pack Expo, sponsored by the Packaging Machinery Manufacturers Institute, is attended by packaging users from a broad range of manufacturing industries.

The corrugated industry's display, measuring 48 by 158 feet, will produce the effect of three separate corrugated 'waves,' reminiscent of the fluted center sheet in corrugated board itself. The waves serve as both a unique eye-catching design and as a display surface. Each crest represents a division of the 15 categories in the competition, several are high enough to permit visitors to pass back and forth between groupings.

Major Categories

The competition is divided into three major categories—1) Boxes for specific end use products, such as fresh fruits and vegetables, other food products, and small consumer products; 2) Merchandising uses, including counter and floor displays; and 3) Special categories for materials handling innovations, distinctive design features of boxes, and other fibreboard products.

Kaulfuss Designers, Inc., a Chicago-based firm, working with Container Corporation of America, designed the dramatic concept used to display the 1978 competition entries. The brightly colored blue, yellow and green rippling runners of corrugated board give an updated, contemporary look to one of the country's most important packaging industries.

Pack Expo '78

McCormick Place, Chicago
October 30—November 3



Model of Box Expo

European Packaging Machinery

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

"Steady growth is foreseen as new types of packaging give rise to more sophisticated machinery," the 277-page study says, though it acknowledges that packaging machinery markets incurred a setback in 1975 along with the rest of the European economy.

The study, entitled "Packaging Machinery in Europe," also projects that end-users in Europe, who bought \$705 million worth of machinery in 1976, will step up such purchases to \$800 million in 1980 and to \$920 million in 1985 (all figures based on current prices).

However, a very important wrinkle that is critical to understanding the packaging machinery marketplace goes along with such growth projections: About 74 percent of European production is exported; and imports into the EEC account for some 57 percent of total consumption.

Indeed, the report emphasizes, EEC production is primarily geared to export, with West Germany and Italy the only two exceptions. Most of the trade is carried out between EEC member countries, of course, through the Middle East, Africa, Spain, and Eastern Europe are becoming "increasingly attractive" markets.

Imports, meanwhile, come mainly from the United States, Scandinavia,

and Switzerland. "East German machinery is also becoming increasingly competitive," the study adds.

The seeming mismatch between home consumption and local production is accounted for by the specialization now necessary for success in the packaging machinery field. West Germany, for example, is particularly strong in bottling, form fill and seal, labeling, and cartoning machinery.

Italian strength is in bottling machinery especially, but also in cigarette packaging and tea bagging machinery and soap wrapping, as well as cartoning machinery. Holland has had "good success" in milk packaging machinery.

The United Kingdom has a fine reputation for wrapping, form fill and seal, and labelling machinery; British manufacturers also compete strongly in cigarette packaging machinery. Other countries dominate yet other machinery types.

Certain market needs are fueling such production segmentation. Currently, the main emphasis is on multi-function, highly flexible machinery that enables easy changeover to produce different packs. An increasing preoccupation with energy and labor costs has led to machine designs that are increasingly automated, simple to operate, and require little servicing. End-user industries also prefer integrated systems that link conveyors, scramblers, classifiers, palletisers, and other equipment. And they tend to favor machinery whose packaging output is suited both to transportation and retail display.

Here are some study highlights by machine type:

- Labeling Machinery: Self adhesive designs occupy about 25 percent of the label market. Major gains are projected, such that self-adhesives "could end up with 50 percent of the total label market."

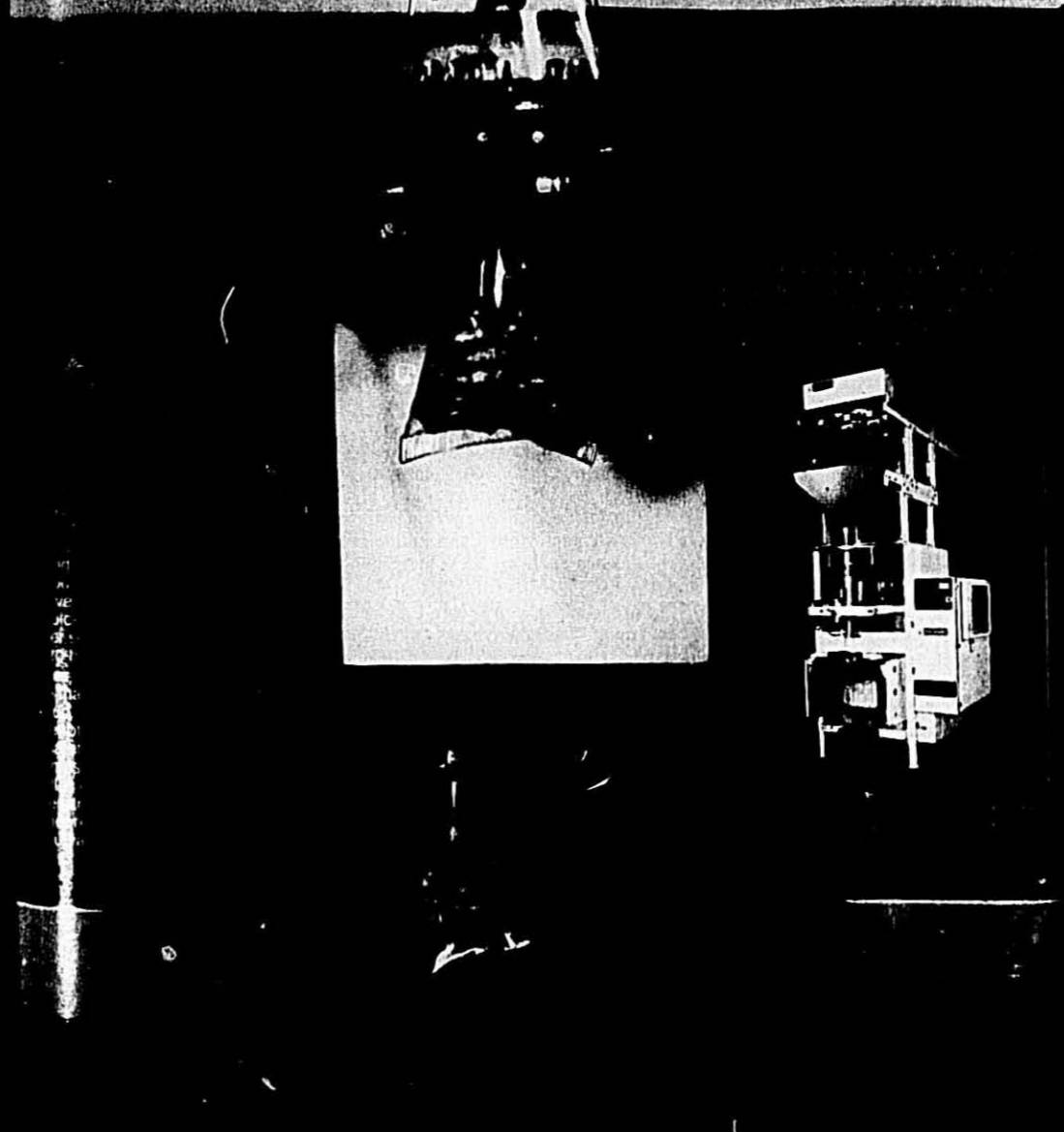
- Primary Wrapping Machinery: Local production has continued to increase in only one industry sector—confectionary. Otherwise, local output has fallen, particularly in foodstuffs where a conversion to flexible/semi-rigid packaging is underway.

- Filling and Closing/Sealing Machinery: This product area will continue to enjoy "extremely rapid growth."

(Continued on page 30)

THE MACARONI JOURNAL

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TRIANGLE

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European Packaging

(Continued from page 28)

• **Form Fill and Seal Machinery:** Of the nine packaging machinery sectors covered in the study, this is the second largest. One relatively new development is the use of form fill and seal machines on large plastic sacks that can hold 25 kgs of plastic raw materials, fertilizers, etc.

• **Special Purpose Packaging Machinery:** Confectionery is especially noteworthy, a field in which F&S researchers forecast an average 5 to 6 percent annual growth rate in local production of machinery. Another specialty is in packaging tea bags; here, the domestic market "is surprisingly large," the study says. Moreover, tea consumption is expected to increase as much as 5 percent annually because of the high prices of coffee.

For more information contact Customer Service, Frost & Sullivan, Inc., 106 Fulton Street, New York, N.Y. 10038, Telephone: (212) 233-1080. Reference Report # E287.

Speak Up, Small Businessman

A federal bureaucrat has urged small business to speak out against all levels of federal, state, and local bureaucracy which interfere with our freedoms.

Anthony Stasio, deputy assistant administrator of the U.S. Small Business Administration, told a group of independent agents who sell life insurance that, "without small business people such as yourselves, none of our freedoms would exist."

Speaking at a conference hosted by the Kemper Life Insurance Companies, Stasio said, "everyone loves small business. It is as American as motherhood, apple pie, and the little guy. But at the same time, small business is being inundated by government regulations, strangled by paperwork, discriminated against in taxation, local rules and regulations, and many times caught short in the money marketplace.

Stasio said small business is not vocal enough and does not get involved as it should. Yet, small business is the only group in America that doesn't ask the government for anything except to be left alone.

According to Stasio:

—small business puts the bread and butter on the tables of 100 million Americans.

—96 per cent of all businesses in the U.S. are small businesses.

—55 per cent of all people who work, work for small business.

—A recent poll ranks small business 28th out of 29 groups in terms of the public's perception of its effectiveness in dealing with public issues.

Urging small business to take its lead from organized labor, Stasio said, "Organized labor exercises every constitutional right it has but small business people don't. It's American to protest. Everytime you let a regulation go by unchallenged, everytime you let a representative vote for a well-intended regulation that erodes our freedom without letting that person know what you think of the bill and what it will do to us, you are putting another nail in your coffin and further eroding our freedoms."

Lack of Awareness

Stasio said that contrary to popular belief, the federal, state, and local bureaucrat does not have an anti-small business attitude, just a lack of awareness of the differences that exist between General Motors and millions of businesses such as Joe's Machine Shop.

"In order to make people aware of what small business means to the country, you've got to let people know what you think and what you do and don't like," Stasio said. "Small businesspeople want clean air, water, and workplace safety. But they don't want to be put out of business to achieve these goals. They don't have to if we do these things with a degree of reasonableness."

Stasio, who has served under six administrations over a period of 20 years, said, "The best consumer protection we can have is small business competing with small business. A vocal, strong, competitive small business is the seed bed of democracy. But it takes guts to be a leader. You've got to let people know where you stand, and make people aware of what small business means to the country."

He urged small businesspeople to, "combine, join forces, and be proud of the fact that you are members of

the noblest group of individuals in the world: those who strive to make a profit . . . never be ashamed of the fact that you are out to make a buck."

Wages Up Sharply

A sharp increase in wages negotiated so far in 1977 has now emerged as an important factor in causing new inflation, says the chief economist of the Chamber of Commerce of the United States.

Dr. Jack Carlson, commenting on first-quarter wage increases won in collective bargaining, said:

"According to the Labor Department, wage and benefit settlements of bargaining units greater than 5,000 workers increased by an annual rate of 14.6 percent during January through March, compared with a 9.5 percent increase during October through December 1977. Bargaining units of over 1,000 increased by 9.9 percent during the first quarter of 1978 compared to 7.8 percent during the fourth quarter of 1977. Gains under "cost of living" escalator clauses would add to these rates.

"Clearly large collective bargaining agreements are causing cost-push inflation. In contrast, settlements of smaller bargaining units are much less and are not accelerating inflation.

"Now, large collective bargaining settlements have joined the Federal government as the major source of accelerating inflation. The Federal government will cause about 7 percent higher inflation during 1978 because of increases in the Federal minimum wage, social security taxes and regulations."

Help Wanted: Experts Need Not Apply

"If you know anything about subject, you can't serve in the Government because of conflict of interest." —Walter E. Hoadley, executive vice president and chief economist of the Bank of America.

"It isn't the incompetent who destroy an organization. The incompetent never get in a position to destroy it. It is those who have achieved something and want to rest upon their achievements who are forever clogging things up."

Charles Sorenson

THE MACARONI JOURNAL

The METAMORPHOSIS*

In the old days, the first generation Italo-Americans arrived here and many of them chose the production of Pasta for their livelihood. Though the business was laborious, the procedures were simple—select the best semolina for their basic ingredient—turn out the best looking and tasting product possible, and sell it to as many markets as would place the items on display.

In the course of time, complexities arose. The retail outlets became a jungle of products. Each one created to shout—buy me! Then the macaroni manufacturer became immersed in selling related items—and now completely prepared pasta products are in vogue.

However, a metamorphosis appears on the horizon: Fully appreciating the profit possibilities of the macaroni industry (which has only scratched the surface in America as compared to other countries) the giants of industry here are buying plants; and foreign money from several sources have sent professional buyers to secure the best possible purchases . . . it's happening all around you NOW!

Now! at the height of your business efforts, you must either fight 'em—or, join 'em.

We believe that just about everyone in the Macaroni Industry knows the reputation of Rossotti, which we have achieved over years. Some of those still in the Industry will remember my father and my brother. Therefore, our promise of complete confidence in any situations is a pledge. Regardless of the direction you choose for your business, I believe we can be helpful. All inquiries, of course, will be held in the strictest of confidence. We would be happy to discuss such situations with you.

* METAMORPHOSIS—transform; change of form structure or substance.—Webster.

Charles C. Rossotti, President George Leroy, Marketing Director Jack E. Rossotti, Vice President

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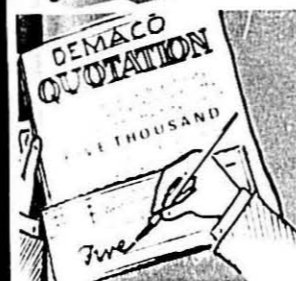


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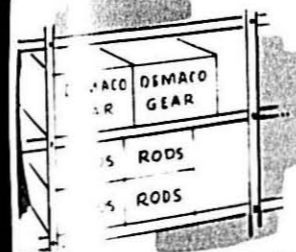


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WRITING REGULATIONS: IN ENGLISH, PLEASE

By

Richard L. Leshner
President
Chamber of Commerce
of the United States



Today's quiz: Interpret the following sentence. "For purposes of paragraph (3), an organization described in paragraph (2) shall be deemed to include an organization described in section 501 (c) (4), (5) or (6) which would be described in paragraph (2) if it were an organization described in section 501 (c) (3)."

That's a sample of the federal tax code. It's also an example of the kind of language President Carter has sworn to purge from the agencies under his command.

The President has issued an executive order requiring many federal departments and bureaus to speak—and write—comprehensible English.

Not only must the regulations they issue be "as simple and clear as possible," but also agency heads must certify that new rules are needed, that they are the most efficient method of achieving the desired end, and that the public has been consulted in the drafting process.

Better still, if the proposed regulation will have a substantial financial impact on the national economy generally or on one industry in particular, then the agency concerned must prepare an analysis of that effect.

In issuing these orders, the President is recognizing an important trend that extends beyond the federal government. Private industry, too, has been revising its encrusted legal jargon to improve communication with customers. Many insurance policies, loan agreements, and warranties are being rewritten in plain English.

The significance of this trend can scarcely be overestimated. When the language of important documents is obscure, laymen must hire experts to interpret their obligations for them. Then the experts have to go to court for interpretations of the interpretation. It all adds to the process of regulatory drag that is estimated to cost the economy upwards of \$65 billion a year.

Lawyers argue—with some justification—that there is an established precision to legal terminology which is lacking in informal English. But there are at least two ways around that problem. One is to push the informal language through initial court tests until it can be established that something means what it says. Another is to use a dual system of contracts, etc., in which a plain-English text is accompanied by a text in compliance with all prevailing legal technicalities.

One way or the other, a government that functions largely by the voluntary compliance of the governed can scarcely afford to do less.

I salute the President in his determination, and I wish him every success. The federal bureaucracy is quite capable of killing such reform proposals by destructive foot-dragging. Happily, though, there are signs that many of the regulators themselves understand the need for change.

Now if Congress would get on the bandwagon too, we could all burn our legal dictionaries. President Carter's initial order covered all federal agencies, including the "independent" regulatory agencies that Congress considers its own. Influential congressmen, properly jealous of their prerogatives, reminded the President that his writ doesn't run in congressional territory.

OK. Three cheers for the separation of powers. But "congressional territory" covers many of the alphabet-soup agencies that are an important source of public frustration. So, it seems to me that if Congress wants to block an extension of much-needed reforms by the Executive, it assumes the clear responsibility to put its own house in equal order.

We would all be well-advised to keep in mind James Madison's admonition: "It will be of little avail to the people that the laws are made by men of their own choice if the laws be so voluminous that they cannot be read, or so incoherent that they cannot be understood; if they be repealed or revised before they are promulgated, or undergo such incessant changes that no man, who knows what the law is today, can guess what it will be like tomorrow."

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Peavey Industrial Foods Group

Albert A. Sadok is named Vice President-Assistant General Manager of Peavey's Industrial Foods Group, it was announced by Group Vice President Marcus W. K. Heffelfinger.

"The appointment of Sadok to the number-two management position within the Group is a reflection of his solid experience and demonstrated management ability," Heffelfinger said.

Since 1977, Sadok was Vice President-Western Sales. Prior to that time he held various sales management positions within the Industrial Foods Group, and with the Colorado Milling & Elevator Company, acquired by Peavey in 1969.

At the same time, Heffelfinger named Walter M. Wingate Vice President-General Sales Manager of the Industrial Foods Group.

Wingate will direct nationwide sales activities of Peavey bakery flour, bakery mix, durum and semolina, Heffelfinger said. Wingate had been the Vice President-Eastern Mill Sales.

Peavey's Industrial Foods Group is the nation's second leading flour miller and the largest supplier of durum and semolina to the pasta industry.

Multifoods Ups Dividend

International Multifoods Corp. announced a 10 percent increase in its dividend rate along with increased sales and lower earnings for the first quarter of fiscal 1978.

The increase in the quarterly dividend from 25 cents to 27.5 cents per common share was payable July 15, 1978 to shareholders of record on June 26, 1978.

The company also reported net earnings of \$3,044,000 or 38 cents per share for the first quarter on sales of \$210,368,000. Last year, first quarter net earnings were \$4,005,000 or 51 cents per share on sales of \$200,186,000.

Multifoods Chairman William G. Phillips told shareholders at the firm's annual meeting that despite lower first quarter earnings, he expects Multifoods to record its 11th consecutive year of earnings improvement. He added that the increased



Albert A. Sadok

sales for the quarter were achieved through higher unit volume. Phillips said that the increase in the dividend reflects the company's confidence in continued improvement.

Gains

According to President Darrell Runke, the good performances in away-from-home eating, glass goods and durum and export flour were not enough to offset the negative impact caused by the sharp increases in meat prices and the lower results in bakery flour and seed corn.

"Appropriate price increases have been put into effect to pass along the increased meat costs, and we expect to see our margins return to more normal levels in the second quarter," Runke said.

Losses

He added that margins in bakery flour were hurt by higher costs, including significantly increased freight and distribution expenses caused by the adverse winter weather. Runke said that losses from both the continuing decline in the commercial egg business and currency variations on material costs in Canada also were factors in the quarter.

Decorative accessories, while unprofitable for the quarter, was much improved over last year, and Runke said it is the company's objective to make this area break even during the current year.

Better Second Half

Phillips said that he sees the majority of the firm's profit improvement coming in the second half after a relatively flat first half.



Walter M. Wingate

With regard to the dividend, Phillips said that this is the seventh consecutive year of increased dividends paid and is consistent with the present policy of maintaining dividends at between 30 and 40 percent of earnings per common share.

A regular quarterly dividend was also declared on each series of Multifoods' preferred stock.

Seaboard Allied Offices

Seaboard Allied Milling Corp. has announced plans to build a milling division headquarters office in suburban Kansas City, at Merriam, Kas. The division presently has its offices adjoining the company's Kansas City mill at 1550 W. 20th Street.

The new facility, with 75,000 square feet of space, including 30,000 to be available for leasing, is located just east of I-35. It adjoins an office building occupied by the H. D. Lee Co. and a research facility of Gull Oil Corp. and will overlook a lake.

Financing is to be through \$4 million industrial revenue bond issued by the City of Merriam, with management of the offering by George K. Baum & Co., Inc. The office building is on a 5.1-acre site acquired from Water District No. 1 of Johnson County.

Seaboard has its corporate headquarters at Chestnut Hill, Mass., near Boston.

Durum Markets in June

No. 1 Hard Amber durum ranged from \$3.60 to \$3.85 per bushel Minneapolis with semolina quoted at \$9.10 to \$9.70, granular 15¢ less, durum flour 40¢ less.



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The Wheat Situation

U.S. Department of Agriculture

Wheat growers have cut acreage sharply in response to low prices, adverse planting conditions, and the set-aside and graze-out programs. Winter wheat plantings were down 14 percent, and spring wheat growers have indicated they may cut acreage at least 8 percent.

On May 15 an Emergency Farm Bill was signed into law and the target price for wheat was raised to \$3.40 per bushel. As a result of this action, the signup period for the 1978 set-aside program has been extended through May 31.

Harvest of the 1978 winter wheat crop has begun, and conditions as of May 1 indicate a crop around 1.3 billion bushels—16 percent below the 1977 harvest and the smallest since 1973. Prospects range from a very sharp decline in the eastern soft wheat States to a substantial increase in the Pacific Northwest. Based on the past 20 years, chances are 2 out of 3 that the May 1 forecast will not differ from the final estimate by more than 100 million bushels.

Large Stocks

Wheat stocks on April 1 totaled 1.52 billion bushels, the largest since the early sixties. Farmers held 46 percent of these stocks either in the 3-year grain reserve or under loan. Disappearance during June 1977-March 1978 totaled 1.6 billion bushels, 12 percent above a year earlier, due to expanded exports and heavier feeding. The sluggish export pace during the first half of the 1977/78 season picked up in recent months in spite of pronounced disruptions in the transportation system stemming mainly from the severe winter.

Total 1977/78 wheat use is estimated at just over 1.9 billion bushels. Although up 14 percent, disappearance is still below last year's harvest. So carryover on June 1 will be somewhat above last year's 1.1 billion bushels. The producer-owned reserve will likely account for nearly 30 percent of carryover stocks and producer loan inventories are expected to account for another 20 percent.

As the marketing year draws to a close, wheat prices are running more than a dollar a bushel above last summer's lows. This is mainly due to strong foreign demand (particularly

during the second half of the season), heavy placements of wheat into loan and then into the farmer-held reserve, and a prospective smaller 1978 crop.

The United States is currently the only major exporter with ample supplies until the 1978 world wheat crop is harvested. Conditions of the world winter wheat crop vary from fair to good over most of the Northern Hemisphere.

With the prospective increase in carryover, the 1978/79 U.S. wheat supply will again be large, even if yields fall short of recent years. But early indications point to another good U.S. export season, probably in excess of a billion bushels—the sixth time in 7 years. Even under relatively favorable crop conditions, prices will likely average well above the \$2.30 per bushel of 1977/78.

The Durum Situation

Durum stocks on April 1 totaled around 90 million bushels, 16 percent below last year. Nearly three-fourths of these stocks were held on North Dakota farms. Less than a fifth were under loan compared with over one-third last year, a reflection of the relatively strong Durum prices this season.

On April 30, outstanding sales indicated total 1977/78 exports could reach the all-time record level of 65 million bushels. However, export loadings are falling short of the required pace, suggesting some 1977/78 sales will be overseas-bound in the 1978/79 marketing year.

Usage Up

The 1977/78 domestic use of semolina, granulars, and Durum flour, as indicated from mill grind, is ahead of the brisk pace of last year's record 36-million-bushel grind. Since January, the price spread between Durum and spring wheat narrowed about 25 cents per bushel reducing the prospect of much blending of hard wheat in pasta flour production.

After reaching \$3.60 to \$3.65 per bushel in early January, prices of No. 1 Hard Amber Durum at Minneapolis have been mostly unchanged. Durum is now about 60 cents higher than a year ago and nearly \$1 per bushel above the low last June. Ample supplies and the indicated sizable

increase in 1978 Durum acreage point to no more than an inching up of prices for the remainder of the year.

As of April 1, Durum growers intended to plant 4.1 million acres, nearly 30 percent more than last year. North Dakota and Montana indicated increases of about 30 percent and Minnesota growers planned to plant about a fifth more. California and Arizona growers indicated a return to more Durum, but intended acreage is still only about half the large area of 1976.

Foreign Increases

Other major Durum producing countries project sizable increases in 1978 output. Indications point to Canada's plantings almost doubling, Italy's up about a third, and North Africa's crop much improved from last year's drought-reduced harvest. Thus, a projected increase in world Durum supplies suggests more competition, a smaller market for U.S. exports in 1978/79, and reduced prices relative to other classes.

Egg Review

According to the Crop Reporting Board the nation's laying flock produced 5.7 billion eggs during May, 4% more than a year ago. Layers on June 1 totalled 274,100,000, 2% more than the 267,900,000 a year earlier but down 1% from the previous month's number of 276,100,000. Rate of lay on June 1 averaged 66.4 eggs per 100 layers, compared with 65.4 a year earlier and 66.4 on May 1, 1978. Egg-type chicks hatched during May 1978 totalled 53,600,000, up 2% from a year ago. Eggs in incubators on June 1 at 45,100,000 were 8% above a year ago.

Egg Products

June prices:

Central State Nest Run—	\$9.00 to \$10.80
Southeast Nest Run—	\$9.00 to \$10.50
Frozen Whole—	36¢ to 39¢
Frozen Whites—	26¢ to 29.5¢
Dried Whole—	\$1.44 to \$1.52
Dried Yolks—	\$1.35 to \$1.46

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Summer Advertising

SPAM Luncheon Meat and Creamettes Macaroni team up to show more than 35 million women a delicious way to keep cool this summer. This four-color page ad features SPAM and Creamettes in two cool salads—one with cheese, the other with fruit—and a zesty hot Casserole Spaghetti Italiano. The taste-tempting dishes were served up in July 10 Family Circle and July Better Homes & Gardens.

Economy is the key word in this full-color page ad for Chef Boy-ar-dee Spaghetti and Meatballs appearing in July 10 Family Circle. The ad tells readers they will get over five ample servings for about 25¢ each in the economical 40-oz. family-size can.

Kraft Dinners Sweepstakes

"You know you're going to like it" is the title of a new Kraft Macaroni & Cheese Dinner Sweepstakes to be launched via July magazine ads and food store point-of-sale materials. A contest offering additional prizes will also be promoted on Kraft Macaroni



Lou Kinerk

In Skinner Sales

Lou Kinerk has been appointed Director of Sales/Midwest Region for the Skinner Macaroni Company.

Kinerk is responsible for the field management of the sales region on a profit-center basis, including budgets, promotional programs, etc.

He will supervise both Skinner field sales personnel and Skinner's network of food brokers in Nebraska, Iowa, Kansas, Missouri, South Dakota, Minnesota and Wisconsin marketing areas.

Skinner Macaroni Co. is headquartered in Omaha, Nebraska and supplies pasta products to 32 states.

Kinerk's managerial experience in food sales spans nearly 40 years with ITT Continental Baking and most recently as Regional Vice President with Betz Baking in Omaha. He managed both the production and sales areas of the Omaha plant.

Kinerk and his wife, Helen, have two children, Patrick and Bridget, and will continue to reside in Omaha.

Point-of-Sale

Point-of-sale materials available to food retailers and wholesalers include a four-color pole topper illustrating the 1,000 sweepstakes prizes, and separate pads with rules and entry blanks. The Grand Prize is anything the winner picks that \$10,000 cash will buy.

The pole topper directs shoppers to look for the specially marked contest packages of Kraft Macaroni & Cheese Dinner for additional prize opportunities in the "I like Kraft Dinners" Contest. Entrants in this contest are asked to complete the statement, "I like Kraft Macaroni & Cheese Dinner because . . ." in 25 words or less. Each entry must be accompanied by the Satisfaction Guaranteed symbol from the front panel of a 7-14 oz. Kraft Macaroni & Cheese Dinner carton. Winners will be selected by an independent judging organization. The Grand Prize is a 1978 Ford Fiesta, while 100 Runner-Up Prizes are the winner's choice of a lady's or man's Seiko watch.

Although separate and independent, the sweepstakes and contest have been designed to work as tandem promotions, reinforcing the current ad campaign in which real consumers tell why they buy Kraft Macaroni & Cheese Dinner.



Washington Meeting

The National Macaroni Manufacturers Association holds its annual meeting in Washington, D.C. on Thursday, September 14.

A briefing session will be held in the morning at the Chamber of Commerce of the U.S.

Luncheon on the hill is planned for Congressional representatives and delegates. This is an election year!

Afternoon session and evening reception will be held at the Hotel Mayflower. Speakers will be invited from various agencies.

Macaroni manufacturers and associates are urged to attend.

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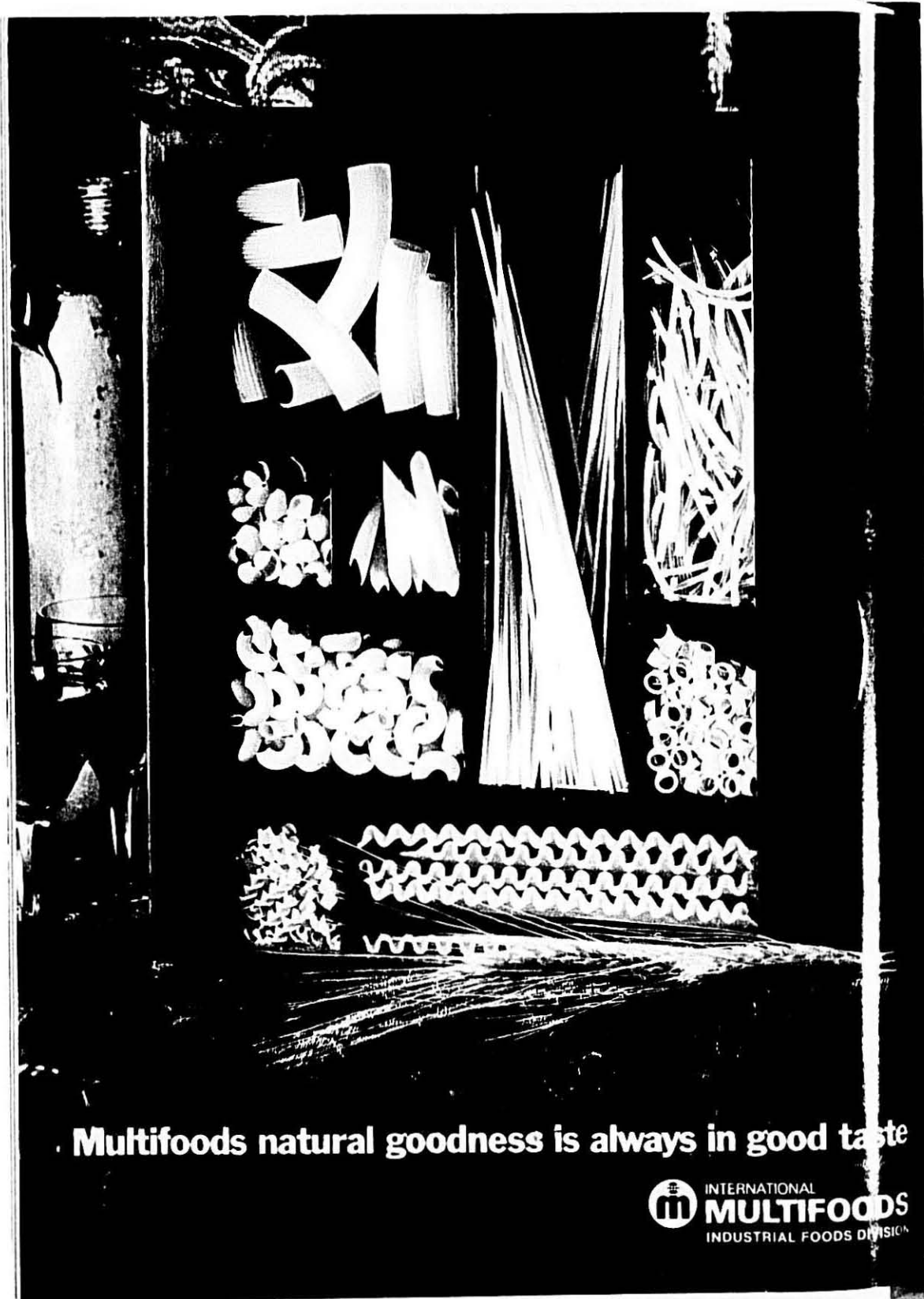
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