

Marketing costs help evaluate competitive position of state egg industry

UNIVERSITY PARK — Can marketing costs help poultrymen evaluate the competitive position of the Pennsylvania egg industry?

According to A. Kermit Birth, of the Penn State Department of Agricultural Economics and Rural Sociology, marketing costs, including packaging materials, plant operation, administration, overhead, store-door delivery, and credit for new cases, as separate items are frequently published in trade papers.

Differences in costs among firms may be due to services performed, emphasis placed on quality, volume, equipment used, management efficiency, location of production and marketing facilities in relation to consumer markets, as well as other factors. Differences can also be due to whether costs are based on dozens of grade A and better eggs marketed or based on total output.

Carton costs may not vary much among firms except for differences in volumes purchased. Variation in packaging material costs may be due to type of master container used, such as plastic or wire baskets, collapsible cases and/or regular cases. Costs of wire baskets or returned cases largely depend on the number of times each container can be used.

Store-door delivery costs may vary considerably. They will depend to a great extent on the distance traveled, volume per stop, total volume and relation of delivery area to procurement area. Some, if not all, of the higher delivery costs due to small volumes per stop may offset by higher prices received.

If not all eggs purchased are of the size and quality desired in the carton pack, they must be replaced by the desired quality and size. The cost incurred to replace those eggs in the nest run or other pack that are below the desired size and quality for the cartoned product is often referred to as replacement or yield cost. If the purchased eggs were paid for on the basis of the resale value of the respective egg sizes and qualities less marketing costs, there would not be any replacement cost except to account for handling losses in the plant.

The actual replacement cost will be influenced by the percentages of the respective qualities and sizes of eggs in the packs purchased and those packed in cartons. There are maximum tolerances in U.S. Grades for some sizes and qualities and minimum quantities for others for both nest run and cartoned packs. Replacement costs will depend on yields of the respective packs for both size and quality and can vary among purchases even though minimum requirements for the respective packs are met.

If a farmer paid 65 cents per dozen for nest run eggs and received the prices given in the table, replacement cost would be \$3.40 for the higher prices and \$3.32 for the lower prices. If there were no loss eggs, the replacement cost would be the same for both price levels. The \$3.40 replacement cost in the table would have to be added to the price paid for the nest run pack in order to determine the break-even price less most marketing charges. The actual replacement cost will depend more on differences in prices among the respective qualities (which remain rather constant throughout the year) than on the price level.

What does all this mean to Pennsylvania poultrymen and marketers? Birth said a farmer cannot evaluate the competitive position of the industry by comparing only marketing costs. "You must include production and market costs and income to determine net income. With purchase of nest run eggs, a replacement cost must be considered as part of the marketing costs," he said.

With grade buying—paying a specific price for respective qualities and sizes—no significant replacement cost exists. On the average, the blend price to producers selling nest run and to those selling on a graded basis plus marketing charges would tend to be the same. But under the grade buying program, producers with the best pack are rewarded accordingly. This in turn encourages improvement in quality, fewer undergrades, and relatively higher income for eggs marketed thereby strengthening the competitive situation.

Example of Replacement Cost

	Dozen	Sales Value Cents/Dozen	Value Dollars	Sales Value Cents/Dozen	Value Dollars
Extra Large	10	70	7.00	60	6.00
Large	62	68	42.16	58	35.96
Medium	12	57	6.84	46	5.52
Undergrades	14	40	5.60	30	4.20
Loss	2	0	0	0	0
			61.60		51.68
			Cents/ Dozen		Cents/ Dozen
Grade A Price			68.00		58.00
Value of Eggs Purchased			- 61.60		- 51.68
			= 6.40		= 6.32
Amount Below Grade A Large Price					
Nest Run Cost FOB			65.00		55.00
Replacement Cost (Nest Run Cost-Value)			3.40		3.32

Pig trade show moves to Iowa in 1984

MT. MORRIS, II — After a successful three-year stint in Atlanta, Georgia, the International Pig Trade Show will move to the Midwest in 1984, and Watt Publishing Co., show sponsor, anticipates another banner event.

The third annual show was held Dec. 1-3 in the Atlanta Civic Center. It was again well-received by both exhibitors and attendees, and show officials were extremely pleased with the positive overall results.

In 1984, the one-of-a-kind exhibition will be staged in Des Moines, Iowa, at Veterans Memorial Auditorium. In another change, the dates will be moved up from December to early fall, Oct. 3, 4, and 5.

"Since the show is international in scope, the earlier dates should have greater appeal for guests from outside the United States," explained Watt vice president and publisher Orvel H. Cockrel. "International visitors are interested in tours of farms and production facilities in the Midwest, which is the center of the pig industry in the United States, and late September and October are ideal times for travel."

The 1983 show in Atlanta had a total attendance of 3,319, with registrations reported from 38 countries and 36 states. There were

202 exhibit booths, and for the first time in the history of the show, there were displays of live breeder stock. The live animals proved to be a popular show attraction.

An educational exhibit drew crowds throughout the show. The "stars" of the exhibit were two sows which had received embryo transplants earlier in the year. The animals farrowed during the show, delivering eight piglets each.


As a prelude to the three-day trade show, a conducted tour of pig production facilities in Florida and Georgia was held and 44 individuals, all from outside the United States, participated.

Among the highlights of the show were three seminars featuring experts in various areas of the industry. Each program was a half-day in length. A seminar designed for women in the pork industry opened the show series

and included segments on management, promotion, finance and practical pig psychology.

An international pig management seminar attracted a near-capacity audience. Topics included a report on swine embryo transfer, health and nutrition, reproductive efficiency, and piglet nurseries. Another seminar, conducted entirely in Spanish, and entitled "The Challenge of Early Weaning," included presentations by four speakers followed by a round-table discussion between speakers and attendees.

A free pork barbecue was staged Dec. 2 in the outside show lot at the Civic Center and a team of cooks served approximately 2,500 sandwiches. The annual IPTS banquet and entertainment program was presented the evening of Dec. 2 in the ballroom of the Atlanta Hyatt Regency.



Livestock Ledger

By
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The 1984 Pennsylvania Farm Show has come to an end and again the event was successful and enjoyable. It's back home to the farm and the regular routine. The winter months are however an opportune time to plan for the future.

Sheep producers should be thinking of the summer grazing season and forage production for their flocks. More marketable products can be produced from sheep on forage alone than any other farm animal. Up to ninety percent of the total feed utilized in a sheep program can be supplied by forages. Sheep programs


should, therefore, begin with a sound forage program. In planning a sheep program, the annual carrying capacity (the number of animals a forage plan will support for a year including pasture and hay) must be established.


Due to the nature of their grazing habits cattle and sheep complement each other in grazing forage. Sheep graze the shorter, finer material while cattle graze taller, coarser growth. One could normally expect to add a ewe per cow grazed and not increase the amount of pasture land required. The additional feed required would be 600 pounds of hay and necessary concentrates. The quality of forage needed for sheep is equally as important as the amount. The quality required is related to the stage of production of the flock.

Nutrient requirements are highest for ewes in late gestation and early lactation. High quality hay, corn silage and/or some cover crop or accumulated grazing will be needed for ewes from late November to late March. Hay produced for sheep should be at least 50 percent legume and contain a minimum of 12-14 percent crude protein.


Fifty percent grass-legume, alfalfa, clover or other pure legumes are excellent sheep hays when harvested early with a minimum of weather damage and stored to prevent spoilage.


LIVESTOCK LATEST






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Pa. horses achieve Eclipse Awards

KENNETT SQUARE — Two horses bred in Pennsylvania have been named Eclipse Award winners for their 1983 racing campaigns. The Eclipse is the highest honor an American thoroughbred can receive.

Ambassador of Luck, the country's top racemare, and Flatterer, the leading steeplechaser, will be honored at the Eclipse Awards dinner in New York City later this month, along with eight other divisional champions. The winners were selected by racing writers and officials across the U.S. and by the staff of Daily Racing Form.

Ambassador of Luck was bred

by C. Thomas Fuller and was foaled at Fuller's 400-acre Winterwood in Unionville, Chester County. The five-year-old mare ran just six races in 1983; the brevity of the campaign which won her an Eclipse is an indication of the strength of her performances.

After beginning the season with three consecutive victories in races at Belmont Park, Ambassador of Luck won the \$113,050 Molly Pitcher Handicap, finishing the race just 1/5-second off Monmouth Park's 28-year-old track record. Subsequently, she won the Ballerina Stakes at Belmont, running the six furlongs in the fastest time for a female in

New York in 1983.

In her final start of the year, Ambassador of Luck won the prestigious Maskette Handicap by five lengths, making her seasonal record six wins in six starts and increasing her 1983 earnings to \$231,030. In all, she's earned \$463,171 in the three years she's been racing.

Flatterer cinched his Eclipse by sweeping steeplechasing's Triple Crown last year. Never before had a horse won all three legs of the Crown.

Flatterer was foaled at Jonathan Sheppard's Ashwell Stables in West Grove, Chester County, just a few miles from Ambassador of

Luck's birthplace. Bred by Sheppard in partnership with William Pape, the gelding is trained by Sheppard, who has been the country's leading steeplechase trainer for more than a decade.

Flatterer initially ran in flat races and in 1982 won four races. Last year, Sheppard switched Flatterer to steeplechasing, and in the autumn, the wisdom of the change became apparent.

In early October, Flatterer scored a seven-length victory in the American Grand National. He subsequently won the Temple Gwathmey Handicap, and his victory in the final leg of the

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