'New Reality' defined at Marketing Congress '84

SAN ANTONIO, Tx — There is a "new reality" facing the livestock and red meat industry, nearly 20 speakers, panelists and moderators agreed at the recent Livestock Marketing Congress '84, held here.

Economists, a former U.S. Secretary of Agriculture, academicians, specialists in consumer demand, and spokesman representing all sectors of the industry brought this annual leadership-level conference a clear message: no matter where you are in the chain that brings meat from the pasture to the plate, you must begin doing things differently in order to prosper.

Today's livestock and meat industry is being rocked by economic, political and structural influences, and must face up to changing consumer demand and needs to take a long look at its own traditions and attitudes, speakers at the first day of the two-day conference emphasized.

They set the stage for the final session, when seven top industry spokesmen gathered for a threehour panel session at the Hyatt Regency Hotel.

With many of the industry's elected and executive officials listening, Jack Maddux, an awardwinning cattleman from Wauneta. Neb., said he was optimistic about the future, "because we are facing our problems head-on.'

And, he said, "Some of the attitudes of the 1920s and '30s might be coming back, and might be appropriate today." These he identified as "some shunning and reduction of debt."

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Maddux, named 1984 Cattle Businessman of the Year by the National Cattlemen's Association, was critical of "Our buy now, pay later attitude." He traced this attitude back to the belief in the 1970s that land prices "always (go) higher."

Higher prices for livestock "may not in the long run solve all our problems," he said. What is needed is "efficiency, innovation and cost control," along with operations that are competitive.

John Saunders, Osborne, Mo., is a former president of the National Pork Producers Council. He traced how pork producers are dealing with "The New Reality" by looking at the history of the pork industry from the mid-1950s through the present.

Over the last 25 years, "We've taken 50 percent of the fat off hogs," and today "Pork is now a food for the '80s, and in tune with today's lifestyles," he said.

But the 1980s have also been "a time of stress' for pork producers with overproduction problems, and more competition for the protein dollar with poultry, fish and beef.

Through extensive research, the pork industry has "segmented our markets," Saunders said. This research was undertaken because today's pork producer "demands greater accountability" for his national check-off dollars.

In the future, more specific types of cattle will be bred and fed to meet consumer demand, said Zay Gilbreath, president and general manager of Caprock Industries, Gruver, Texas. The feeding industry spokesman also predicted more direct marketing of cattle going into feedlots.

Traditional livestock markets will not disappear, he said, but there will be more use of various forms of electronic marketing.

Gilbreath told the Congress audience that there will be more forward contracting of cattle, and changes in the futures market, 'and don't (you) be the last one to find out" about those changes.

He also predicted that although the problems created for the industry by the sale of mortgaged livestock are "severe," Congress will not change current laws because of pressure from the banking industry.

L. Stanley Schoelerman, a marketing businessman from Spencer, Iowa, said those in the industry will have "to become businessmen. We've tended to become sloppy, and let (rising) inflation cover up our mistakes."

Schoelerman predicted fewer livestock dealers in the future, more video marketing and said producers will bear "more and more the cost of marketing" their livestock.

He also said large numbers of livestock will continue to be owned by people who get their primary income elsewhere.

A debt-free agriculture isn't an ideal situation. Schoelerman said. Noting statistics show that 50 percent of farmers have no debts, he maintained, "They aren't the ones I want to build agriculture on, (because) they're elderly, they're not progressive, they're not leaders.

He said that "The leaders of

serious financial difficulty today.

The retail sector is "going to try and do a better job of pleasing customers," said Charles E. Hendryx, vice president of meat marketing for the H.E. Butt Grocery Co., Corpus Christi, Texas. The firm has 148 supermarkets in south and central Texas.

"The customer is the boss," Hendryx said. "We want to promote the convenience, the nutritional and economic values of

"The new reality' tells us it's time to examine the traditional ways of merchandising and get in step with today's customers...it's a time when we need leaders, more than managers."

Hendryx also said he was concerned about consumers' concerns related to the healthfulness of red meat, and about the attitudes of children "raised in homes where eating meat is not the popular thing to do."

K. Bailey Nichols, vice president for planning and corporate development, Wilson Foods Corp., Oklahoma City, said he believes the "price differential between red meat and other meats" will be the most important factor for the industry.

He said world population growth will not help demand for red meat, since the demand will come from people who can't afford meat. Nichols also predicted that "producers will teamup with processors" to produce meat for changing consumer demand.

rising labor costs will bring about sessions.

agriculture tomorrow" are in more pre-cutting of meat before it reaches the retail store.

> While he said pork has a "better opportunity" in the future than beef, he added, "Leadership will determine who survives and propsers during a period of change."

The food service industry "tries to adapt to what consumers want. We don't do a good job of communicating that back to producers," said Robet Reierson, director of commodity analysis for Saga Corporation, Menlo Park, Cal. Saga provides food to schools, hospitals and institutions, and owns a variety of restaurant

Although the four leading items Saga sells are beef, Reierson noted that consumers are looking for more diversified foods when they eat away from home. Pork and poultry products are increasing in popularity, he said.

Reierson, who for several years was corporate economist with Monfort of Colorado, said he believes that over 50 percent of all beef ribs and loins are eaten away from home, and the total may be as high as two-thirds.

The future for the food service industry is to go to more customer service, he said.

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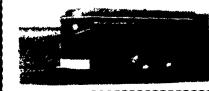
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