

Speakers address Livestock Marketing Congress

Livestock industry must begin renewal phase

SAN ANTONIO, Texas — To get where you want to go, you have to know where you are. To consultant and analyst William C. Hale, the livestock and meat industry is probably located in the late stages of growth or an "early maturity" phase.

What that means, Hale said at the recent Livestock Marketing Congress '84, is that the industry must begin a renewal process to avoid entering into the final phase of an industry's normal life cycle—decline.

Hale, who specializes in market research and management consulting for agribusiness and the food industry, outlines how industries in general evolve. He then

took a closer look at the livestock industry's development during Session Two of this year's Congress, conducted by the Livestock Merchandising Institute, Kansas City, Mo.

Hale was followed to the podium by Donald M. Senechal, senior vice president of the nation's largest agribusiness consulting firm, Agribusiness Associates Inc., Wellesley Hills, Mass.

Senechal focused on the structure of the livestock industry. He warned his leadership-level audience that the "more productive" broiler industry is the major threat to beef and pork for consumer dollars.

While the "fragmented"

livestock industry will continue to face competition from poultry, "technology is in your favor in the battle with chicken," he said.

Hale and Senechal were part of a roster of nearly 20 speakers, panelists and moderators participating in Congress '84, whose theme was "The New Reality."

Speakers throughout the four program sessions painted a picture of an industry that not only is changing, but must continue to change to keep and expand its market share.

Hale, the principal associate with Technomic Consultants Inc., Boston, described the four phases of an industry's life cycle. They are development, growth, maturity

and decline.

He stressed that his analysis of the livestock industry could benefit from further study. But saying the industry was somewhere between late growth and early maturity was not negative, he noted, since "it is possible to renew an industry in a mature phase."

To do that, several areas must be considered. These include analyzing the needs of the "new consumer;" studying the development of new products, and making sure the industry is being operated efficiently.

Participants in the industry must also ask, "Has your management focus shifted from operations to marketing?" Hale said. He defined marketing as understanding and segmenting demand, and "approaching it in new ways."

The next steps for industry renewal, he said, include "recognizing your situation," instead of denying it; developing "an appropriate industry response;" formulating individual competitive strategies, and taking control "of your destiny, and moving ahead."

Two crucial factors affecting the livestock industry's structure and performance, Senechal said, are consumer preferences and the cost of its products relative to those of its competitors.

Concerning price, the cost of broilers has dropped 20 to 25 percent over the past 30 years because of increased production. For cattle and pork, "there's no clear, discernible price trend," he noted.

That means the broiler industry, in general, "is more productive in what they do" than cattle or pork producers.

As a result, Senechal said, the

broiler industry "looks like a real industry," compared to the "fragmented" livestock business.


Senechal also stressed that price is the major reason for increased broiler sales, and not because consumers necessarily prefer chicken over beef or pork.

He pointed to several factors as evidence of a structural change occurring within the livestock industry. These include a decreasing number of packers, geographical shifts in production and feeding patterns, and a loss of market share.

The bright spot on the horizon for the industry is technology, he noted, particularly in the area of growth enhancers will "greatly increase" feed efficiency. These will be on the market in the next few years, he said.


The use of hormones must be accompanied with educating consumers about their safety, he said, adding there are also possibilities for greater breeding advances through "biotechnology."

"The alert businesses who recognize change and new technology will capitalize on it," Senechal said.




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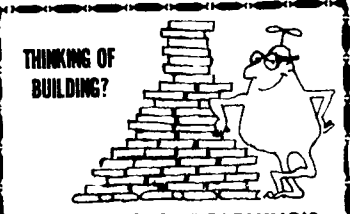
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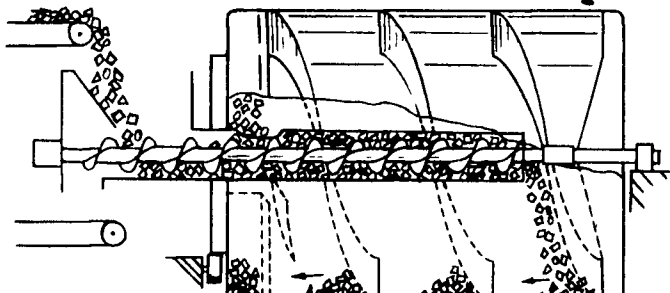
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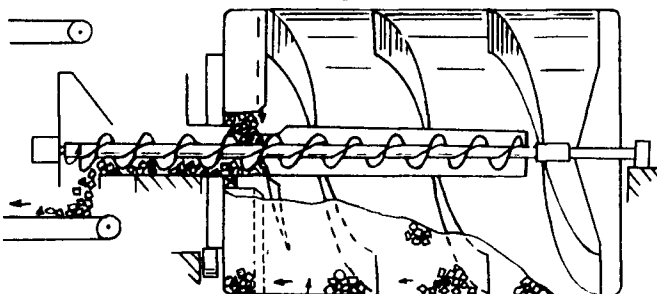
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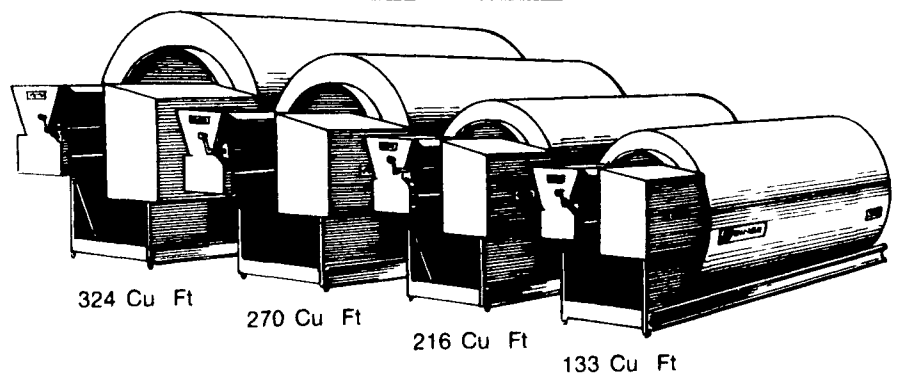
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