

# Changing Marketing Landscape, Biotech

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GRANTVILLE (Dauphin Co.)—Traditional USDA grading and pricing systems may have to fall by the wayside in light of a value- and brand-applied, consumer-driven marketplace already taking shape, according to a leading economist and swine industry consultant.

Dennis DiPietre, director of the meats and livestock group, E-Markets, said the failure of trade market structures are the result of "hiding the ball" when it comes to providing information about the process of food from farm to table. That market protectionism is one way in which traditional markets have collapsed in the latter years of the '90s.

DiPietre spoke to about 180 producers, educators, lawmakers, industry analysts, and related agri-industry representatives last week during the second annual Pennsylvania Agriculture In the 21st Century Conference at the Grantville Holiday Inn.

In the recent past, processors and marketers have been focusing on individual costs rather than adding value. But gradually a shift is taking place from cutting production costs and watching overproduction to, instead, closing in on ways to more successfully create and manage product demand in a competitive marketplace.

During the pork industry crisis of 1998-1999, the large producers — with fixed assets in expensive buildings, mechanisms, and feed — struggled to make ends meet. Yet the smaller operators who kept the investment in animals as assets could almost weather the bottoming of prices.

In an ideal, working marketplace, there exists many buyers and sellers with equal and high quality information and homogeneous products with easy entry and exit for processors. All four are "rapidly failing" in today's market realities. Instead, industries are becoming

rapidly vertically integrated with more vertical contracting.

According to DiPietre, price discovery and thin markets create an atmosphere where formula pricing and discounts rule. As vertical integration increases and markets fall into the hands of fewer processors, innovation lags. Expenses are passed to the consumers, and joint products — those that have to somehow be marketed from the main product — are overproduced.

Increasingly, however, consumers will pay tremendous amounts of money for attributes from items marketed. They are impressed with the perceived value of the product, noted DiPietre. Even more, creating a specific brand name will dictate that more producers and processors work even closer together to produce a product at less cost, with an in-line genetic and feed system to get those attributes to have brand quality.

Along with those innovations used to create brand quality,

many producers are making use of biotechnology, according to DiPietre. Yet the public's perception of biotechnology in the food supply is questionable. According to a survey conducted by the Wirthlin Group in 1997 and 1999, about half of the public have "very little knowledge" about it, DiPietre noted.

Over time, people are increasingly willing to consume biotech foods if the benefit occurred to them. If there was a benefit to the environment, those totally likely to adopt the food stands at 77 percent. The consensus that if the technology will provide benefits to the consumer in five years — would biotech be accepted — is yes.

As an "observer from a certain distance," said Dan Ferber, free-lance journalist from Urbana, Ill., who spoke at the conference, the public's acceptance of biotechnology in agriculture will determine how much can be learned from it.

Ferber said, "It is an understatement to say the issue is con-

troversial. In this debate, no one has a monopoly on the truth."

Ferber displayed headlines from British tabloid newspapers at the conference. He said there are "real consequences" to the use of biotechnology in food crops. "They are serious over there," said Ferber. "People are really frightened."

Some headlines proclaim biotech to be "Frankenstein" foods. One story talks about the "mad forces" of genetic crops.

The U.S., has reacted largely with ignorance and fear. "It's a failure to communicate," Ferber said.

Ferber noted that an idea adopted in Europe could be used here: the "precautionary principle," he said. A product should be proven safe, he said, and thought of as "guilty until proven innocent."

Ferber pointed to a story from August 1998 about a British scientist who noted, in some unreliable research, that a potato variety could stunt rats' growth and cause other problems. "Brit-

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## Breeding Complete Cow Is Select Sires' Philosophy

PLAIN CITY, Ohio—"Breeding the complete cow has always been the philosophy of Select Sires," said Ron Long, vice president of sire procurement. "Complete cows are what dairy producers really want and need. But the complete cow may mean different things to different producers—high milk production, good feet and legs, high components, sound udders. They're all important but in varying degrees to each individual producer.

"Select's diversified lineup can be used with the utmost confidence to breed the complete cow, no matter what her definition," said Long. "We offer reliable, breed leading genetics that can meet the criteria of any producer's breeding program. No other AI organization can offer Holstein breeders as many bulls over +3.00 for type. Nor does any other stud offer more elite bulls at +3,000 for milk. Plus, our nine new Holsteins increase the variety of our balanced lineup."

As Long stated, Select Sires is home to four bulls at or above +3.00 for type. 7HO5157 Durham leads this elite pack at +3.55. He is followed by 7HO8419 Approval at +3.41 and 7HO5767 Bonanza at +3.05. Anchoring this type team is 7HO6250 Emerson at +3.00. Emerson is also a breed leading TPI sire, ranking among Holstein's Top 10 TPI sires at +1736, a 49 point increase from the November summary.

7HO5253 Caleb and 7HO4637 Winchester have "got milk"! Both are over +3,000 milk and rank among the breed's very best for this trait. Their impressive TPIs of +1553 and +1614, respectively, rank them among Holstein's Top 50 TPI sires.

7HO4351 Barlo added 263 daughters in this summary. At 96% Rel, he's now +2,850M (up 163 pounds), +79P, and +1448TPI.

7HO3707 Mathie continues to be a favorite for Select's customers worldwide. This superior settler added more than 1,600 new daughters this summary and his milk and type proofs climbed even higher. This was also the case with his two sons, 7HO5386 Chil and 7HO5300 Magnum. Both added daughters and are seeing substantial increases across the board. Chil and Magnum are both over +2,000M, +1493TPI and Superior Settlers. Furthermore, Chil is Select's best for Productive Life (+3.3), a measure of the length of time the average daughter of a bull stays in the herd. Magnum is also among Select's best for this trait while his father,

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