

FUTURE TRENDS IN THE MILK AND FOOD INDUSTRY¹

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With increasing population in this country and sound economic conditions there is no question that a firm future market for milk and other food can be well established. There have been many predictions, all of which develop that fact. It seems unnecessary to review them.

With more widespread knowledge of the role which individual foods play in good nutrition, it is natural to expect that there will be shifts in the future as there has been in the past. Protective foods which include dairy products, meats, fruits and vegetables are promoted by nutritionists for the welfare of all.

People are spending more in total for the food which they buy in proportion to their income. For the first nine months of this year about 3 percent more money was spent in grocery and combination stores than in the similar period of the year before. For the first seven months of this year average daily sales of fluid milk in Federal Milk Order areas were more than 3 percent ahead. The use of meat during the first eight months was also 3 per cent above 1953. The store sales mentioned are in dollars, the fluid milk and meat sales are in pounds. These commodities represent a large share of the food supply. The gain of 3 per cent in each of them is about twice the rate of population increase which was 1.6 per cent.

The food industry is in competition with other industries for a share of the consumers' dollars. Like other industries, the food industry can only maintain its position or further improve it by increased advertising and sales promotion, the development of new products and improvement of established ones and adequate distribution so that products are conveniently available everywhere.

That these basics of business growth are being carried out by

the food industry can be illustrated in many ways, but a few should suffice. The Grocery Manufacturers of America reported the other day that grocery advertising in the daily press had increased from \$38 million to \$108 million in ten years, 1944 to '53. Other media for food advertising show nearly the same increases. In the dairy industry the American Dairy Association is this year devoting about two million dollars to advertising compared with almost negligible amounts right after World War II. It is reported that dairy companies are expending more for advertising and merchandising this year than ever before.

In the development of new products and improvement of established ones, we see a constant stream of these presented to the public. In the dairy field, cursory survey of trade publications indicate a parade of new products recently that is almost astonishing. Let's look at one that caused concern with its first introduction — household packages of nonfat dry milk solids. Since 1948 when that product really hit the market, sales have increased to well over 100 million pounds. Fluid skim milk and whole milk sales as reported from Federal Milk Order areas have steadily increased showing that that new product did not affect sales of the fluid product in those areas. Furthermore, civilian per capita consumption of fluid milk, as estimated by the U. S. Department of Agriculture was 3 pounds (one per cent) higher in 1953 than in 1948. The field would be endless for other illustrations of the development, the marketing and the influence of new products upon food consumption, but of what avail. You know that aspect.

The availability of foods, the third phase of holding or enlarging the share of the consumers' dollar devoted to this industry, is one which presents little problem for most foods. Distribution has grown to reach practically every nook and corner. Refrigeration is universally available for products



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requiring it. Display cases now used invite patronage.

The matter of availability does bring up factors related to milk which I shall discuss later.

Let us now look at milk consumption. We have heard much that per capita milk use is down from the peak experienced in 1945. That is true, but 1945 was a war year. Subsidies were in effect and rationing prevailed with many other foods while milk was not rationed. Furthermore, most of the figures used combine fluid milk and its equivalent in cream.

Last June a new series of per capita consumption of dairy products was presented by the U. S. Department of Agriculture which

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separated fluid milk and fluid cream. From that we find that when the war years, 1942 through 1946, are disregarded that the use of fluid milk alone per person during the past five years is up 30 pounds annually over the 12 year period preceding the war. That is an increase of 11 per cent, a showing that is a credit to you people, to the professional people who have so generously advocated increased consumption and to the farmers and the industry who have produced, processed and distributed the product.

Other dairy products, except butter and cream, show even greater gains. Comparing the same periods per capita consumption of cheese is up 40 per cent, ice cream is up 78 per cent, evaporated and condensed 21 and other uses which includes powder up nearly 70 per cent.

When these are put together the annual per capita consumption of all dairy products, excepting butter and cream, are up 25 per cent.

As we look into the future, the maintenance of that rate of increase which is practically 2 per cent per capita per year presents a challenge — certainly not an impossibility.

In the previous references butter and cream have been excluded. Before World War II, together they represented the equivalent of about 400 pounds of milk per capita annually. During the last five years they represented 244 pounds, a decrease of nearly 40 per cent.

There is one of the greatest challenges confronting the dairy industry. Is that market for two products of milk lost? Will that decrease continue or is there a way to overcome it and perhaps regain the lost consumption?

The consumption of fats has been declining. Butterfat is the most expensive as measured in cents per pound, but when understood it fulfills a place in a normal diet which makes it most desirable. Its flavor, its natural vitamins, its ease of digestion are unequalled. To impress those facts upon the public seems to be difficult. I am sure that the industry has not given up in its effort but the trend is difficult to overcome. It is reported that butter sales are now running somewhat ahead of last year. But cream sales for the first eight

months of this year are 4 per cent below last year in the Federal Order Markets — about the same rate of decrease as has been experienced for several years.

I have sort of moved to a discussion of milk and milk products. We can hardly think of the future for them without considering the big problem of government price supports.

In two and one-half years — April 1, 1952 to September 30, 1954 — the government purchased 699 million pounds of butter, 645 million pounds of cheese, 1,250 million pounds of nonfat dry milk solids.

As of the end of last month 42 percent of the butter, 36 per cent of the cheese and 80 per cent of the nonfat dry milk solids had been disposed of. There was left in government hands somewhat over 400 million pounds each of butter and cheese and 240 million pounds of nonfat solids.

Support prices were lowered last April, milk production (due to drought) for several weeks this summer and fall did not maintain at the previous high rate, although in September it moved up again. As a result it has not been necessary for Uncle Sam to purchase butter for nearly two months and some sales have been made back to the commercial trade. How long that will hold remains to be seen.

Several changes in the Agricultural Act and in other important related Acts have opened additional avenues for disposing of those surpluses. Whether these will be sufficient to meet the situation remains to be seen.

On Monday of this week the Department of Agriculture released an estimate that milk production in 1955 will be about the same as the 124 billion pounds indicated for the current year. There was added the comment that if pastures are better than in the past two drought years, milk production "could readily show another substantial increase."

To cope with the future, Congress inserted a provision in the recent Act that the Secretary of Agriculture should study plans and report to Congress the first of next year on control of production and methods of price support. Those studies are now underway.

If price supports bearing a higher parity relationship are to prevail it may be necessary to invoke some form of production control. If that should occur will we have the milk to go on building consumption? What if anything will be your function or what change may it require in the established methods of supervising the quality of city milk supplies? I do not know and do not feel qualified at this time to speculate.

A while ago in mentioning availability of foods, I indicated that I would discuss that later.

Let me read you an item which appeared in the press about a month ago.

"The Department of Agriculture announced today the start of a study of Federal, state and municipal milk marketing regulations. It reported complaints that efforts to increase the consumption of milk were being 'handicapped' by various laws, regulations and ordinances.

"The inquiry will cover sanitary and economic regulations, including milk quality, pricing, setting of marketing areas and boundaries and rules relating to interstate trucking and other transportation of milk.

"The study has been planned for several months, since the department began efforts to increase milk consumption and to halt the rise in surplus dairy stocks."

At the close of World War II a request of somewhat similar nature was advanced by the then Secretary of Agriculture. That request stimulated a suggestion by the Agricultural Board of the National Research Council that it with the Food and Nutrition Board of the National Research Council look into the whole subject.

Nearly five years of thorough investigation, the most complete study of this nature, brought forth a publication by the National Research Council entitled "Milk Regulations and Milk Quality". Funds necessary to carry out this study were made available by the United States Department of Agriculture out of those appropriated in the Research and Marketing Act of 1946.

That study developed the fundamentals of Public Health regulation of a fluid milk supply. The complete studies carried on in eight representative cities and their

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carries out the state requirements. The Public Health Service evaluates compliance by the states with the requirements outlined in the "Manual of Recommended Practice for Sanitary Control of the Shellfish Industry" and bases its endorsement or withdrawal of endorsement of state control measures upon the adequacy of this compliance. In as much as only certified shellfish may be handled by dealers in states embracing the shellfish certification program, dealers of states not participating in the program are not considered to be certified and their product will not be acceptable in states receiving Public Health Service endorsement.

Until recent years the theory of control at the source was thought to provide adequate protection to the ultimate consumer. Such reasoning was acceptable because little if any packing or repacking of shellfish was carried on in receiving states. With the expansion of transportation facilities by refrigerated trucks the situation has changed.

Repacking of fresh oysters from gallon size containers received from a shellfish producer-packer by various establishments in inland states has added to the complexity of shell fish sanitation. This repacking whether for producing small containers of fresh shellfish, breaded frozen oysters, frozen oyster stew, frozen clam chowder or other products, when accomplished at the source is under strict supervision of representatives of shellfish regulatory authorities. Processing plants and equipment are constructed and maintained to meet specific sanitary requirements. The products are packed and/or frozen in compliance with certain requirements using proper equipment and approved containers. The most important feature of packing and repacking or processing at the source is that only certified shell-

fish will be handled for interstate shipments. This also will be true of intrastate shipments in states receiving endorsement of their shellfish program by the Public Health Service.

The practice of repacking shellfish especially as breaded frozen oysters is increasing in the inland cities. This operation may be carried on without adequate supervision by state agencies and therefore without adequate sanitary control. In states neither possessing laws nor machinery to prohibit the entrance and sale of non-certified shellfish, there exists a grave danger to the consuming public.

As previously indicated it is absolutely essential that only shellfish grown and harvested from areas approved by state shellfish regulatory authorities are utilized for food purposes. The use of the Public Health Service list of certified shellfish shippers furnishes this information, as every package of shellfish processed by a certified packer must have the certificate number and state abbreviation permanently recorded on the container.

The multiplication of bacteria introduced by multiple handling must be controlled. In breeding oysters the control of bacteria in the finished product is a matter of proper handling, clean equipment, and adequate refrigeration. Experience has shown that adequate inspectional services are necessary to continually produce a finished product that will be safe, wholesome, and free from spoilage. Such inspectional service must be an integral part of a well planned program formulated for the protection of the health of the ultimate consumer.

In New York State all matters pertaining to management, production, harvesting, processing and distribution of shell fish is the responsibility of the State of New

York Conservation Department. The Sanitation Unit of the Department operates a well developed program for the sanitary control of the shellfish industry and management of the shellfisheries. A completely equipped laboratory and a survey boat are utilized for sanitary and bacteriological studies of approximately 315,000 acres of marine waters. The compliance of the industry with sanitary requirements is constantly checked through the State Shellfish Laboratory. Studies and investigations concerned with the microbiology of shellfish and operations of the industry are also carried on in this laboratory. A trained staff of sanitary engineers, bacteriologists, chemists, biologists, and assistants are constantly working to assure the consumer of New York State shellfish products of receiving the ultimate in quality and wholesomeness.

Unless some unforeseen situation arises the shellfish leaving New York State certified establishments are safe and wholesome. If these shellfish are not removed from the original containers and if they are properly refrigerated they should remain in excellent condition for about two weeks. What happens if the conditions are reversed; if adequate and continuous refrigeration is not maintained; if the shellfish are rehandled many times, and in addition to improper handling, are dipped in batter, breaded and frozen? As indicated previously repacking and breeding operations must be carried on under controlled conditions to reduce bacterial multiplication to a minimum. Without control of such operations by a responsible state agency, adequate protection may not be afforded the ultimate consumer.

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milk sheds were detailed to the nth degree. Published only a year ago its influence upon practices naturally can not yet be measured.

As we attempt to gauge some of the things which the future may

unfold, may I express to you an urge that you give every consideration to the fundamentals which came out of this study. They can be used to improve many milk supplies, to reduce the cost of and compliance with inspection, to bring about more uniformity in requirements and, I believe, to

avoid just such misunderstandings as have now brought on another investigation. The latter is significant in the all important role of developing ever greater public confidence in the product and consequent large consumption — so important to public health, good nutrition and farm income.