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WHAT PRICE QUALITY?

by
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Presents a challenge to the food industry to keep up its investments in research and development to maintain quality of products. Also challenges the society to keep its research relevant to industry needs.

We here in the West and especially California are delighted to have the FDRS annual conference held here, and we welcome all you researchers to a most unique region of the food industry in which you will find its leaders especially concerned and dedicated to improving the marketing and distribution of food. Again, you are to be congratulated for finally heeding to Horace Greeley's paraphrased admonition, "Go west where all the action is!"

When we were first approached about membership in FDRS, we were inclined to feel that we would just be adding to our long repertoire of association memberships and providing unnecessary duplication. However, since our company had embarked somewhat recently on a formalized R & D program along with an awakened concern for quality assurance and consumerism, it was felt that an intrinsic need could be filled by becoming a part of FDRS.

Recently, when I received my membership card in the mail, the legend on it started me thinking, and I asked this question, "Was the association truly concerned about the end result, or was it a group concerning itself with only those solutions that would please and enlighten the educational and governmental segments of the Society, acquiring knowledge like a sponge and impressing the professional elements of the group with a possible secondary consideration to the industry itself. The industry

is badly in need of professional help, since food distribution research in the industry has been conducted for the most part on an "immediate need" basis without programming, formality, or consistency.

With this in mind, the Society's importance and essential need is like a dormant volcano, ready to erupt in a world of realism properly mixed with the idealism necessary to put spirit into the structure of the Society. Will this eruption take place? It can and will if it recognizes its true role, which brings me back to the legend I read on my membership card, "To enhance the professional recognition and advancement of the food distribution research field."

Now, I have no quarrel with this excellently stated goal of the Society; however, some important basic groundwork must be laid before this goal is accomplished. In fact, the groundwork we lay will be the true reason for our being, wrapped up in a platitude called SERVICE.

In the past, throughout the industry I have always stated that profit is not the reason for our being. We are in the business of serving others; profit is merely the catalytic agent to encourage us to serve more effectively.

More important, the groundwork that I recommend should be our true goals; achieving recognition will be but a by-product. I would like to offer four basics to add to the legend appearing on the Society's membership card.

1. To be aware and responsive to the needs of food distribution
2. To provide meaningful contributions to the growth and development of food distribution

3. To provide concrete evidence of worth by creating tools for profit and savings to the food distribution industry
4. To educate food distribution management to the essential need of continuing research

If we do this, then as researchers our secondary goal will already have been accomplished, that is, "to enhance the professional recognition and advancement of the food distribution research field." Later on, I would like to pose some searching questions concerning our goals, but first, let us dwell on the conference theme, "What Price Quality."

Probably in no other area of consumer needs is the word "quality" better understood than in the food industry. With the five physical senses of sight, smell, taste, feel, yes, and even sound, in relation to food, comes a high degree of concern to every person on earth who has command of these senses. People will wear rags, live in hovels, and ride in worn-out vehicles before they change their style of eating.

For example, today's meat prices are probably at an all-time high, yet there seems to be no resistance to high quality beef consumption in spite of the reluctance of the economy to get into high gear. Yes, today more than ever, people are constantly searching for their particular level of quality to which they are accustomed and they are most reluctant to accept second-best, especially for those things which go into their stomachs. Furthermore, many are most discriminate as to the quality of poisons that they put into their systems, whether via the lungs, stomach, or intravenously.

What are we really saying when we talk about "quality?" Its literal translation from the Latin is, "of what kind." Further definitions are, "peculiar and essential character, nature, feature, property, capacity, role, attribute;" "a degree of excellence, grade, superiority in kind, social status, rank;" "the attribute of an elementary sensation that makes it fundamentally unlike any other sensation."

From the very beginning, all forms of life have always chosen quality in varying degrees of sensitivity. The higher the life form, the greater the degree of selectivity. A horse will eat the succulent, tender grass until it is gone and then it will turn to the next-best quality of material available. We do likewise. As the modern-day consumer becomes more affluent, discerning, and discriminating through education, her desire for higher levels of quality also increases.

Although economic peaks and valleys have been quite severe during the past 100 years, the desire for quality has been constantly on the increase. In addition to natural and inherent traits, today's consumer is receiving a vast amount of help in building a bright awareness of quality. The present wave of consumer concern for awareness and quality was generated shortly after World War II, and now has accelerated into a tidal wave as we expand into the Seventies. It can be wrapped up into one word: Affluence. In spite of recessionary ripples during this span, living standards have grown tremendously since 1940 when 28% of the consumer's disposal income was spent for food. By 1960, this had dropped to 20%, with less than 16% of the consumer's dollar being spent on food today, inflation notwithstanding. Seemingly, in spite of the fact that she is able to buy more food with comparatively less of her disposable income, today's consumer has become more particular, discerning, and critical regarding her quality level of food.

This, along with the fact that the juicy plum of consumerism is being dangled tantalizingly in front of the politician, would appear that quality assurance should be first and foremost in the food industry's plans now and for the long-term future. Those firms which do not budget accordingly must have their heads stuck in the sand. The consumer's voice is increasingly being heard through private and public groups and, most importantly, the ballot box.

Yet here at this juncture in time with a critical decision to be made to improve our chances for success and survival, the paradox is such that instead of budgeting more for R&D, as an industry we are spending less! The question that has been submitted to me and upon which I have been asked

to direct my remarks is, "What price quality?" Or, in other words, in the face of rising costs, inflation, and restrictive controls, can we afford the bill of continuing R & D to assure the quality level needed to stay alive corporately and be able to serve the needs of a more alert and demanding consumer?

According to a recent AMA research report entitled, "Survival of R&D in American Industry" based on the activities of 242 companies from 1968 through 1971, these facts are highlighted (and I recommend you obtain a copy of this report for a complete study on your part):

1. Forty-seven per cent reduced their R & D staffs
 - a. Size of the company was not a factor
2. Aerospace and electronics led in the cutbacks with 57% and 75% staff cutbacks, respectively
3. Consumer product companies, however, were below the 47% average in staff reduction with 41%
4. Internal R & D funds were reduced an average of 24%
5. Those firms receiving outside funding (private sources, foundations, government grants, etc.) were reduced in funding by 68%

The compilers of this extensive AMA survey, Dr. Gregory L. Laserson and JoAnn Sperling, made the following observations.

1. The decline of the United States economy during the previous three to four years had a significant impact on R & D
2. Corporate size did not appear to be a factor
3. R & D has not done an effective job of communicating its importance to corporate management
4. The impact of society's "social" needs as it relates to R & D appears to be growing in importance
5. Since in most cases R & D cannot be directly related to cur-

rent earnings, it must have a degree of isolation for its preservation, yet be responsive to the needs of the marketplace in order to provide the payout which alone justifies its existence

6. Conclusion: R & D inherently is the agent of change and must itself become more responsive to change

The question, "What price quality?" should then be answered somewhat obliquely. As an industry, we cannot afford the absence of or the deemphasis of quality assurance and related controls. We must be involved constantly to improve levels of quality through proper controls and continuing R & D.

Is there a plateau or pinnacle of perfection to be reached? Well, certainly not in our present mortal state. Yesterday's standards of excellence are very likely today's mediocrity. Today's best-of-the-best will not be tolerated by tomorrow's tastes and demands.

And so as the trends in this revealing report indicate, should not we as individual researchers be asking ourselves some probing questions. I would like to submit four.

1. Are we conducting research that is really needed? Will it answer questions that will benefit the potential user whether he be the processor, the retailer, the wholesaler, or more important, the consumer?
2. Are our research efforts based on a "before the fact" action or an "after the fact" reaction? Are we arriving with our recommendations long after a crisis has passed? "When the hour of need has arrived, the day of preparation has passed."
3. Does our research truly relate to the needed solutions or do we become sidetracked by the deadends of personal fascination and satisfaction? In other words, do our research

efforts have a practical application and solution to the problem at hand.

4. Are we serving all areas of distribution, or do we believe that distribution means simply to disseminate? Much preparation must take place before the product or service is delivered via the marketing, merchandising, processing, packaging, implementation and planning, not to mention the post research of pump priming to keep the product or service flowing uninterruptedly to the end users to their complete satisfaction.

As both individuals and institutions, we must be more alert and aware of the entire spectrum of the food industry if we intend to truly relate our activities to its benefit.

Do we truly understand the principle of the profit motive?

Do we have a true comprehension of the principle of incentives?

Do we genuinely believe and understand the principle and importance of free enterprise? What if each of you were allowed to receive your degrees without the profit or incentive motive. Would you have been as well equipped to handle your various assignments today?

You are all familiar with the socialistic example of one-half of the class that gets 75% with the other half getting 65% scores, with 70% required for passing. Why not let everyone pass by allowing those who get a score of 75% to contribute 5% to the failing half and thereby permitting everyone to pass. The fallacy of this premise lies in the fact that very soon all those who previously were getting 75% would decide that they are not required to put forth as much effort to get a passing grade of 70% since they don't receive credit for anything more than that. The result: the average is 67½% and everyone fails.

Now, all research grants or budget requirements including those from tax dol-

lars originate from one source: profits. If we do not understand this basic principle and believe in it and further it, the vital source of research funding will wither and die. Also, as researchers, are we falling into the trap of getting the bulk of our data out of the written word - periodicals, papers, books, and books about books, or are we going to the source itself? When was the last time you toured a distribution center, a processing plant, or sat in on a marketing conference or convention, or asked to spend time to study the innerworkings of food distribution, processing, materials handling, etc.? When do you personally get the true feedback from a food executive, a manager, a supervisor, a store manager, and most important, the man who is found on the firing line?

And turnabout is fair play. As researchers in private industry, when was the last time we personally involved ourselves in activities of government agencies or educational institutions on their own home ground? Or are we trying to ferret out their viewpoints from voluminous records and reports that only public and private institutions know how to produce. Only when we begin to develop a true empathy for each other's problems, goals, and points-of-view will we begin to be able to do the ultimately effective research job. And so, as we wrap ourselves up in the detail of the next three days' activities, let us not lose sight of our goals and above all, our reason for being.

In closing I would like to finally dwell on a somewhat related topic that is currently concerning all of us. I am referring to this still great, big, beautiful, green research laboratory called Earth.

Although all of us have become wrapped up in our research goals, we also have become increasingly alarmed with the state of our ecological balance as it relates to perpetuation and pollution. However, it is the tendency of each of us to overlook other more important aspects that may destroy us long before we have time to suffocate in our own garbage.

I would like to express my thoughts in some poetic verse that I will accept the blame for. A few of the words may not im-

prove my friendship with some, but, hopefully,
it may help us to keep our eye on the ball.
The title is not original, but, really,
neither are the thoughts. I call it,
"Pollution Solution."

When mankind stumbled from the mire
He also stumbled on to fire.
And by the fire began to choke,
Resulting from the fire's smoke.

This murky problem he did pass
By cooking all his food with gas;
And after gas came other fuels
To operate machine and tools,

That belched out poisons in the air
With no concern--without a care,
To give us all a life of ease,
While killing creatures, grass, and
trees.

If man can land upon the moon,
He'll overcome pollution soon.
He'll solve each problem slow but sure
By trial and error--more and more.

Yes, he will overcome the smog
And other poisons in the fog,
As well as water stenchy green
With all its elements obscene,

And beer cans on our roads so fair,
As well as gum stuck on a chair;
And vulgar signs smeared on the walls
Of bridges, houses, buildings, halls;

And broken windows, burned-out schools
By stupid, poor, misguided fools
Unlearned in a craft or guild
Who never learned just how to build.

We'll then commence to win the race
To clean the clutter out of space,
Of all the garbage left behind
By astronauts and all their kind.

It's very hard to understand
A person on the other hand
Who moans and groans continually
About the earth, air, stream and sea,

Yet this same, sad, misguided bloke
Can't wait to suck in clouds of smoke,
Abusing heart and lungs and brain,
Each cell slowly, surely slain;

And then he thoughtlessly assumes
That no one else will mind the fumes
He blows into your startled face,
Unmindful of the human race.

We've wandered far, and what's more,
friend,
We think that we're the living end.
Yet all the years of man's resource
Have placed him on a wayward course.

He's drifted far from lofty goals;
His craft is caught upon the shoals.
What's needed most by you and me
Is plain and pure humility.

For with it answers he will find
To rid pollution of the mind.
The blight and rot of lust and greed,
O'er these and more he will succeed,

If he will recognize the force
Of inspirational resource,
The fountainhead of wisdom pure,
Unchanged, unending, evermore.

Man cannot achieve alone;
Pure human logic won't atone
For all the wrongs that must be righted
And problems great to be decided.

In time he'll rid society
Of hate, and war, and bigotry.
Love will cease to be a word
That's not achieved but often heard.

Let's lose ourselves in serving man,
The key to life's eternal plan.
Then, and only then, will we
Become forever clean--and free.