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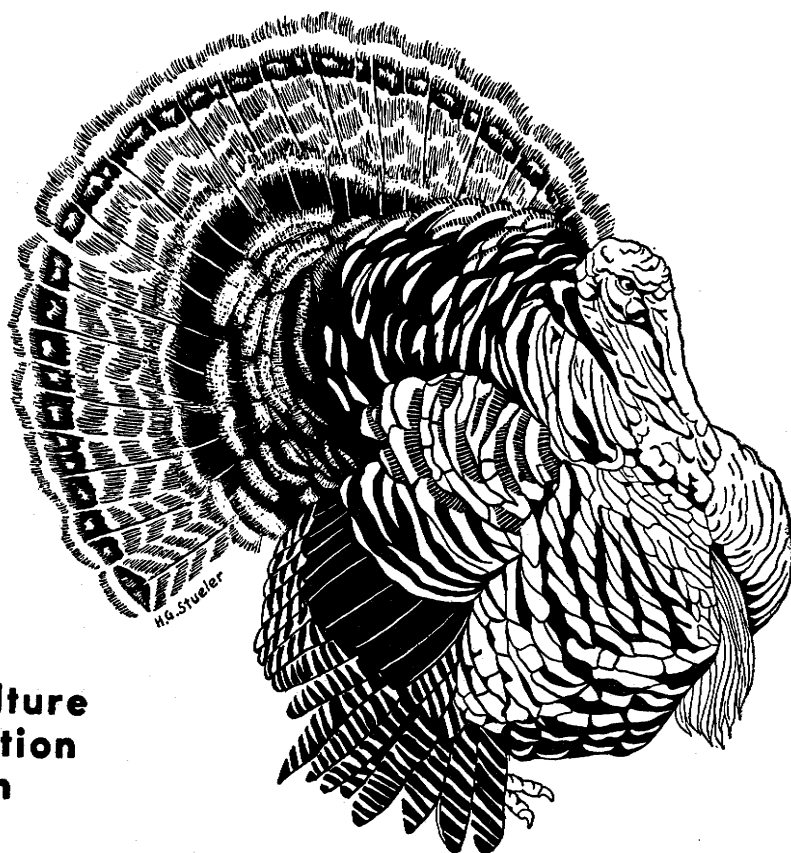
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FARM-TO-RETAIL MARGINS

FOR

Marketing Western Turkeys



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Farm-to-Retail Margins for Marketing Western Turkeys^{1,2}

By JOHN O. GERALD, *Agricultural Economist*
Bureau of Agricultural Economics

CONTENTS

	Page		Page
Preliminary considerations.....	1	Margins and costs.....	4
Procedure.....	2	Retailing margins.....	5
Marketing channels and services.....	3	Wholesaling margins.....	6
Assembling.....	3	Transportation costs.....	7
Processing.....	3	Margins and costs of processors.....	7
Transporting.....	4	Average selling prices.....	8
Wholesaling.....	4	Producer-consumer spreads.....	9
Retailing.....	4	Summary.....	11

PRELIMINARY CONSIDERATIONS

Turkey production in the 11 Western States has increased greatly in the last few years. Commercial production moved westward around 1920, and this region soon became outstanding. Favorable climatic conditions, the development of processing facilities in the production areas, the advancing technology of production, and the control of diseases that permitted concentration of production into relatively larger flocks than before were influences in this rapid expansion.

Production in 1948 in the West represented an increase of 50 percent above the 1935-39 average in numbers raised. The rest of the United States showed an increase of only 11 percent. Producers in the other regions combined, raised 13 percent fewer turkeys in 1948 than in 1947, but producers in the West raised 4 percent more.

Another measure of the importance of turkeys to the West is the percentage of farm income obtained from their sales. In this region, 1.6 percent of total farm income in 1948 was from turkeys. Producers in Utah received 5.8 percent, in Oregon 3.2 percent, and in Washington 1.5 percent of their income from them. Producers in other regions of the United States received 0.7 percent of their total combined farm income from turkey sales.³ A drop in these figures since the record year high of 1945 was caused by large decreases in the numbers raised, accompanied by increases in volume and prices of other farm products.

Oregon, Utah, and Washington are among the more important States in the production of turkeys, and were among the top 10 in the United States in 1948. The combined production of these

States accounted for 26 percent of production in the West and 9 percent of production in the United States. But these three States had only 4 percent of total population of the United States.⁴ The West as a whole has a surplus of turkeys, but a rapidly increasing population, particularly in the Pacific States, may reduce the surplus.

Conditions of demand and supply in 1948-49 caused some shipments to be made out of the region. New York City, Chicago, and other eastern and midwestern cities, other parts of the United States, Alaska, and Hawaii received shipments (table 1).

TABLE 1.—Percentage distribution of shipments of processed turkeys from Oregon, Utah, and Washington to first destination, September 1, 1948-January 15, 1949

Destination	Oregon	Utah ¹	Washington ²
	Percent	Percent	Percent
Chicago.....		11.3	
New York.....		33.8	19.0
San Francisco.....		.2	
Boston.....		9.0	19.0
Omaha.....		14.3	
Ogden.....		6.7	
Salt Lake City.....		8.2	
Los Angeles.....		2.3	
Pacific Northwest.....			62.0
Other eastern.....		7.1	
Other midwestern.....		3.3	
Other mountain.....		1.6	
Other California and Nevada.....		.6	
Unknown.....	100.0	1.6	

¹ Includes marketings between July 1, 1948, and January 31, 1949, UTAH TURKEY GRADING, PRICE, DESTINATION REPORT. Utah State Dept. Agr. and U. S. Bur. Agr. Econ.

² Estimated from original data collected during this study from processors not operating on a pooling basis.

⁴ Estimates of U. S. Bureau of the Census.

¹ This report is based on a study made with funds authorized by the Research and Marketing Act of 1946.

² Data from the State agricultural experiment stations were contributed by R. H. Anderson, Utah Agricultural Experiment Station, C. M. Fischer, Oregon Agricultural Experiment Station, and H. G. Walkup, Washington Agricultural Experiment Station.

³ Estimated from unrevised figures of the United States Bureau of Agricultural Economics.

A study of the marketing of western turkeys was undertaken in 1948 to learn the marketing practices used by producers and processors in this

region and the margins and costs for marketing the birds.

PROCEDURE

Turkeys produced in Oregon, Utah, and Washington, were selected for study since the industry is important to the agriculture of these States, and a variety of marketing channels and practices are used by the producers and processors.

Information obtained by the agricultural experiment stations in Oregon and Utah showed that 95 percent or more of the production in these States was usually processed in commercial processing plants. Comparable figures are not available for Washington State, but indications in 1948-49 were that more turkeys were processed on the farms in Washington that year than formerly.

This information indicated that practically all turkeys produced in Oregon and Utah could be priced at the producer-selling and the processor-selling stages by interviewing the relatively small number of commercial processors in each State. Some local retail meat dealers in Washington were visited as well.

These processors were asked to report their buying prices on a live-weight basis at the farms,⁵ and their selling prices, dressed and eviscerated, f. o. b. their plants for the working days nearest to the 1st and 15th of each month between September 15, 1948, and January 31, 1949. Processors were also asked to give data on their total volume for the 2 weeks preceding the dates when the data on prices were collected. Buying and selling prices were reported by all of them, except in a few instances, and some gave volumes by destination and type of receiver for each 2-week period. Others, particularly in Oregon, were unable or unwilling to furnish data on their volume movements.

As all turkeys cannot be processed into homogeneous carcasses, only Grade A young turkeys were priced at the wholesale and retail-selling stages (table 2). Buying and selling prices for all grades were collected from processors, however, and an analysis of these indicated that the difference in comparable prices as between grades were about the same at both stages.

The sales of turkeys from farms in the West between 1943 and 1947 were mostly between September 1 and January 31 (table 3). Some birds were marketed in other months, but most of these were fully matured birds that had been retained from the former seasons for breeding purposes. As 84 to 91 percent of all of the turkeys, and practically all of the young turkeys, were marketed

between September 1 and January 31, prices were collected in these months for this study.

TABLE 2.—*Percentage distribution of the weight of turkeys graded in Utah, by grade and sex, July 1, 1948-January 31, 1949*

Sex	Grade A	Grade B	Grade C	Total
	Percent	Percent	Percent	Percent
Hens.....	77	21	2	34
Toms.....	66	28	6	66
Total.....	70	25	5	100

UTAH TURKEY GRADING, PRICE, DESTINATION REPORT, 1948-49. Utah State Dept. Agr. and U. S. Bur. Agr. Econ.

TABLE 3.—*Percentage distribution of farm sales of turkeys, Western States, by months, 1943-47*

Year	January	February-August	September	October	November	December
	Percent	Percent	Percent	Percent	Percent	Percent
1943.....	4.9	13.9	2.9	8.0	31.5	38.8
1944.....	4.2	15.2	2.1	10.9	33.3	34.3
1945.....	5.0	16.0	5.4	14.1	32.3	27.2
1946.....	5.8	15.4	4.0	14.9	29.6	30.3
1947.....	2.4	9.2	3.5	17.6	40.1	27.2

FARM PRODUCTION, DISPOSITION, CASH RECEIPTS AND GROSS INCOME, TURKEYS, 1946-47; TURKEYS ON FARMS JANUARY 1, 1947-48, BY STATES. March 1948.

No historical data were found showing the major markets to which western turkeys are shipped. New York City, Chicago, and San Francisco were considered as important outlets by persons well known in the turkey industry of the West, so these three markets were chosen for the collection of wholesale and retail selling prices.

The Market News Service of the Production and Marketing Administration collected wholesale selling prices for western birds in New York City and Chicago, and jobber selling prices in San Francisco on the selected dates. Wide and rapid fluctuations in prices during this study caused the wholesaling margins that were calculated from concurrent processor-selling and wholesale-selling prices to be unrealistic for those birds that were marketed in New York City and Chicago.

⁵ These prices were later converted to a New York dressed-weight basis to eliminate the variable cost of weight loss from the margins of processors.

Daily quotations for dry-packed young birds from the West on the New York and Chicago markets were available in publications of the Urner-Barry Co.⁶ These prices were compared with the quotations collected by the Market News Service, and the series of prices were found to be very similar. The quotations of the Urner-Barry Co. were used in calculating wholesaling margins for those birds sold in New York and Chicago, allowing time for transit from the West to each of these cities.⁷

Retail prices for dressed and eviscerated, Grade A young turkeys from the West were collected on the working days of the weeks in which the 1st and 15th of each month fell, with the exceptions of December 1 and January 1. Collections on November 23 and December 21 were substituted for these two dates because of the large volumes that would be moving through retail stores at these earlier periods. The Bureau of Labor Statistics,

U. S. Department of Labor, collected these prices from samples of all retail meat stores in New York, Chicago, and San Francisco.⁸

All retail prices for the same date, weight class, and city, were weighted by the procedure described in the article mentioned in footnote 8. These average prices were then weighted by the procedure described in footnote 6, to give an average price for hens and an average price for toms.

The agricultural experiment stations in Oregon, Utah, and Washington, obtained data pertaining to assembling, processing, and intermarket shipping practices and costs, and other data needed in developing procedures for weighting and analyzing the original data obtained during this study.

Rail transportation charges from Ogden, Portland, and Seattle to New York and Chicago, and from Portland to San Francisco were obtained from the Market Facilities Branch, Production and Marketing Administration.

MARKETING CHANNELS AND SERVICES

The production and marketing of turkeys in the West has been highly commercialized. A relatively few large flocks are produced in concentrated areas, and special agencies (both cooperative and proprietary) have been established to market these turkeys.

ASSEMBLING.—The assembling of turkeys from the farms to the processing plants has been greatly simplified in the West. Pick-up service from farm to farm is no longer necessary to complete a load of live birds.⁹

In 1948-49, this assembling was performed chiefly by the processors in Oregon and Utah, but the producers in Washington hauled the live birds to the processing plants, unless the processors were willing to haul them in order to get certain flocks.

⁶ Producer and processor selling prices were reported for all weights of hens and for all weights of toms. Wholesale and retail prices, however, were quoted for each weight class (a variance of 2 pounds is allowed in each weight class). The prices for these weight classes were then averaged together on the basis of information obtained by the agricultural experiment stations in Oregon and Washington concerning the distribution of total pounds marketed by weight classes.

⁷ Information concerning transit time from Ogden, Portland, and Seattle to New York and Chicago was obtained from the Shipping and Storage Branch, Production and Marketing Administration.

⁸ For a description of these samples, see U. S. Bureau of Labor Statistics STORE SAMPLES FOR RETAIL FOOD PRICES. U. S. Bur. Labor Statis., *Monthly Labor Rev.* January 1947.

⁹ SWEDLUND, HERMAN A. TURKEY PRODUCTION IN OREGON. U. S. Bur. Agr. Econ. Agr. Situation, August 1947. [Processed.] The average size of flocks in Oregon increased from 60 head per flock in 1930 to 594 per flock in 1945. The 1945 CENSUS OF AGRICULTURE, U. S. Bureau of the Census, showed the average size of flocks in Utah to be 1,411 head per flock and in Washington 410 per flock. If 6,000 pounds per load are carried, only about 350 birds of average size could have been hauled per load in 1948.

A service charge, determined by the size of the load and the distance from the farm to the plant, was assessed to producers in Utah; but processors in Oregon, and those who hauled in Washington, usually absorbed this cost in their processing margins.

PROCESSING.¹⁰—The large increases in turkey production in the West since 1920 have been accompanied by expansion and improvement in commercial processing facilities. The division of processing into specialized functions that can be performed by machinery arranged along operational lines has increased the speed of this work.

The degree to which processing is carried in the production area has been intensified somewhat in recent years. Formerly, turkeys moved into the consuming areas either alive or in a New York dressed form,¹¹ but some are now prepared completely for cooking (except for stuffing) before they leave the processing plants in the production areas. This process, if the birds are inspected and the operations are supervised by a Government-licensed veterinarian, is called evisceration.¹² Birds so prepared are wrapped in moisture-proof wrapping material and subjected to low temperatures for quick-freezing. If turkeys, either dressed or eviscerated, are to be held in storage for more than a few days, they must be frozen.

A great deal of work has been done relating to the techniques of preparing and freezing perishable products for storage. These and future developments may change production and marketing

¹⁰ Processing includes New York dressing, eviscerating, producing other forms of turkey meat, grading, and packing.

¹¹ New York dressing removes the blood and feathers.

¹² The head, feet, and inedible viscera are removed during evisceration.

practices considerably, and some of the effects are already evident in turkey marketing in that the birds are killed when the best quality is reached; then they are processed, frozen, and held in storage until the traditional period of demand for turkey meat is reached. A larger proportion of production is now sold from the farms in October or earlier than formerly (table 3). Moreover, turkey is now offered on some menus throughout the year.

In 1948-49 about 50 percent of the commercial processing in Utah and 20 percent in Oregon was done by cooperatives. A cooperative organization was engaged in the processing and selling of turkeys in Washington, but exact figures on volumes were not available.¹³

Proprietary agencies accounted for most of the rest of the processing in these States in that year. In Utah, producers paid a custom charge to these agencies for processing, but in Oregon and Washington the turkeys were bought outright in most instances. The general practice of those who bought for resale was to pay the producers on a graded New York dressed-weight basis.

TRANSPORTING.—The way in which turkeys are processed and packed is the determining factor in shipping practices, but the choice of the transporting agency is still in the hands of the shippers. Birds that were marketed in the New York dressed form, in 1948-49, were mostly dry-packed¹⁴ and shipped to consuming centers by refrigerated rail or truck freight. Most of the shipments to eastern and midwestern markets were transported by rail that year.

When turkeys are to be shipped for short distances and quickly moved to the consumers, the

¹³ Most of the cooperative plants in Utah performed only processing, but some turkeys were sold through a cooperative. In 1947 about 70 percent of production in Utah was sold to local buyers after processing, 20 percent was sold through a cooperative, and 10 percent was stored. The cooperatives in Oregon and Washington received turkeys during the period a pool operated. These were sold whenever a good sale could be made. After all turkeys that were received during a pool period (pools in Washington averaged 26 days in duration and in Oregon 15 days) were sold, final settlement was made to those who sold in that period. The average price for each pool was paid to each member.

¹⁴ Dry-packed birds can be held in storage if there is a delay in the marketing schedule.

birds may be ice-packed and transported by non-refrigerated rail or truck freight. Birds so packed have to be consumed within a few days after they are packed.

WHOLESALE.—Large quantities of turkeys move into the consuming areas just before Thanksgiving and Christmas. Wholesalers were the chief receivers of turkeys shipped from the West in the year studied. More than 90 percent of all shipments from Washington and 70 percent from Utah were received by wholesalers in carload lots and were distributed to retail or jobbing outlets. Most of the remainder of the shipments from both States were received by brokers, and wholesalers probably distributed these birds also.

Wholesalers occupy a sensitive position for mirroring the changes in supply and in demand. Because wholesalers handle large quantities on a narrow margin per unit of volume, small changes in price can affect their net profit or loss substantially. This means that wholesalers must maintain constant contact with the markets' price-making forces, and it seems to account for the tendency of movements in price to be initiated at this stage.

RETAILING.—Stocking against anticipated demand and serving the customers are the functions of retailing, but in many instances much of the processing, of foods particularly, is done in the retail store. In 1948-49, New York dressed turkeys moved from processing plants in the West, and in other areas, into the retail stores. About 15 percent of the weight of these birds was removed, either by the retailer or by the consumer, and this "waste" weight was then expensively disposed of through sewage or garbage. This same weight, that is usually a waste product at the retail stores, could have been removed by processors in quantities large enough to use to advantage in the preparation of various commercial products. Less risk of spoilage would have been carried by the agencies that held title to the birds, and there would have been less weight to transport and handle from the processing plants through the retail stores or other consumer outlets.¹⁵

¹⁵ BUSTER, MELVIN W. CHANGES IN THE PROCESSING AND DISTRIBUTION OF POULTRY. *Amer. Egg and Poultry Rev.* September 1948.

MARGINS AND COSTS

Margins, as estimated from the price data collected during this study, are over-all in their coverage of functions. Some costs of processing and of transporting intermarket were assigned, but the costs of performing other services were not ascertained.

The retailing margins for New York and Chicago cover all services that were provided by jobbers and retail stores to the consumers of

turkeys. Retail margins for San Francisco include only those services that were done by the retail stores. Margins for hotels, restaurants, institutions, and other eating establishments that served turkey meat on their menus, were not determined. Because of the demand in these types of outlets for the large type of bird, a substantial part of the production in the West probably moves to consumers through these outlets.

The margins of any intermediaries (excluding transportation agencies) between processors and wholesalers (local buyers, brokers, etc.) are included in the wholesaling margins. The wholesaling margins for San Francisco also include the margins of jobbers.

Processors who did custom processing in 1948-49 reported the prices at which producers were selling the processed birds to local buyers, wholesalers, or others. These prices were used as processor selling prices, and the custom charges for assembling and processing were deducted to give net prices to producers.

RETAILING MARGINS.—Retailing in 1948-49 accounted for the largest part of the spread in prices between the producers and the consumers of

dressed young turkeys sold through retail stores. This part amounted to more than 40 percent of the total spread for hens and more than 50 percent for toms.

During the last half of September and the first half of October in 1948 wholesale prices dropped rapidly, but retail prices did not keep pace with changes in wholesale prices. This meant very wide retailing margins in the early season (table 4). Wholesale prices in Chicago for young hens remained rather stable during this early period, and were reflected in fairly constant retailing margins. The very small volumes moving through retail stores during September accounted in part for the very wide margins at that time.

TABLE 4.—*Retailing margins per pound for Grade A dressed young turkeys, from Western States, specified markets, selected dates, September 1948-January 1949*

Date	Hens			Toms		
	New York	Chicago	San Francisco	New York	Chicago	San Francisco
<i>1948</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Sept. 15.....	16.4	17.5	11.5	15.4	-----	0.1
Sept. 27.....	12.1	8.4	5.9	19.6	-----	1.2
Oct. 15.....	13.3	9.6	7.6	13.8	14.5	.2
Nov. 2.....	10.5	5.8	6.0	12.8	10.7	-----
Nov. 15.....	10.1	6.6	7.1	10.0	7.6	7.0
Nov. 23.....	6.7	2.7	-----	9.7	4.2	-----
Dec. 15.....	7.8	9.8	6.5	5.7	12.0	7.3
Dec. 21.....	5.4	11.6	-----	12.3	10.1	-----
<i>1949</i>						
Jan. 15.....	6.7	18.6	-----	11.0	10.5	-----
Average ¹	8.5	7.9	8.7	11.1	9.0	9.4

¹ Established from season-average selling prices.

Wholesale prices began rising late in October and continued to rise until Christmas. Retail prices again lagged behind, and retailing margins were narrower in November and December. Large volumes were sold through retail stores during the Thanksgiving and Christmas holidays, and probably influenced margins to some degree, and consumer resistance to high prices may have hindered the increase in retail prices. These general trends indicate that the retail price information was collected on dates just before changes in retail prices took place, but despite the variability of retailing margins, they seem to be reliable for the dates of collection.

Season average retailing margins for hens were about the same in all three cities, but margins for toms were higher in New York. Whether more toms were sold in cut-up form in New York was not learned, but this could have been a factor in the higher margins for toms in that city.

TABLE 5.—*Retailing margin per pound for Grade A eviscerated young turkeys, from Western States, specified markets, selected dates, October 1948-December 1948*

Dates	Hens		Toms	
	New York	San Francisco	New York	San Francisco
<i>1948</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Oct. 1.....	10.0	-----	16.0	-----
Oct. 15.....	-----	-----	-----	17.5
Nov. 1.....	-----	-----	15.5	-----
Nov. 15.....	-----	6.0	-----	8.5
Dec. 1.....	11.0	-----	2.5	-----
Dec. 15.....	12.0	7.5	13.5	4.5

Retailing margins for eviscerated turkeys could not be computed accurately because of insufficient data, but margins were calculated for a few dates at New York and San Francisco and, since these dates were within the holiday periods, they probably were representative of a large proportion of the eviscerated turkeys that were sold through retail stores in that season (table 5).

WHOLESALE MARGINS.—Because of wide and rapid fluctuations in wholesale prices in 1948, margins calculated by taking the difference between processor prices and wholesale prices for

the same dates were thought to be inadequate to show the true outcome of typical transactions. Therefore, wholesaling margins at New York and Chicago were computed by lagging wholesale-selling dates behind processor-selling dates. Concurrent observations were used in calculating wholesaling margins in San Francisco.

Wholesaling margins were wider on hens than they were on toms in New York and Chicago, but toms had wider margins in San Francisco (table 6). The margins for hens were about the same in New York and San Francisco. Margins in Chi-

TABLE 6.—*Wholesaling margin per pound for Grade A dressed young turkeys, from Oregon, Utah, and Washington, specified markets, selected dates, September 1948–January 1949*¹

Date sold by processors	Hens			Toms		
	New York ²	Chicago ³	San Francisco ⁴	New York ²	Chicago ³	San Francisco ⁴
<i>1948</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Sept. 15.....	0. 24	0. 73	2. 67	—5. 66	-----	7. 57
Oct. 1.....	. 44	. 53	1. 97	—2. 56	—2. 87	9. 77
Oct. 15.....	4. 64	1. 13	. 67	5. 34	1. 93	6. 77
Nov. 1.....	2. 34	— . 77	1. 37	1. 54	— . 47	3. 37
Nov. 15.....	2. 34	. 33	2. 67	2. 44	. 53	3. 27
Dec. 1.....	5. 24	2. 93	-----	2. 34	. 73	-----
Dec. 15.....	2. 24	. 43	1. 67	—2. 16	—2. 77	1. 57
<i>1949</i>						
Jan. 1.....	4. 74	— . 87	-----	— . 34	. 87	-----
Jan. 15.....	2. 94	— . 77	2. 97	— . 36	. 27	2. 47
Average.....	2. 64	. 73	2. 57	. 24	— . 57	2. 67

¹ After deduction of transportation and icing charges.

² Wholesale selling dates have been lagged 13 days on basis of transit time.

³ Wholesale selling dates have been lagged 9 days on basis of transit time.

⁴ Concurrent margins.

cago were much narrower than in New York or San Francisco. Negative wholesaling margins for toms were computed in Chicago. Speculative activity (by local buyers or others) may explain the narrow margins for hens in Chicago and toms in New York, and the negative margins for toms in Chicago, but definite causes have not been learned.

Wholesaling margins made up about 14 percent of the total spread for hens sold in New York and for hens and toms sold in San Francisco, 5 percent for hens sold in Chicago, and 1.4 percent for toms sold in New York. The effect of the wholesaling margin for toms sold in Chicago on the total spread was negative.

Wholesaling margins for eviscerated turkeys were computed from concurrent quotations as there seemed to be inadequate information, on the prices and the into- and out-of-storage movement, for the development of a time-lag. Wholesale selling prices of eviscerated turkeys were collected by the Market News Service, PMA. Storage by wholesalers or others in the early season would have increased these margins substantially (table 7).

TABLE 7.—*Wholesaling margin per pound for Grade A eviscerated young turkeys, from Oregon, specified markets, selected dates, September 1948–January 1949*¹

Dates	Hens		Toms	
	New York	San Francisco	New York	San Francisco
<i>1948</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Sept. 15.....	-----	-----	2. 54	6. 97
Oct. 1.....	4. 74	9. 67	4. 54	7. 97
Oct. 15.....	1. 54	7. 47	13. 14	14. 07
Nov. 1.....	. 64	5. 07	4. 64	6. 57
Nov. 15.....	1. 24	3. 17	3. 94	2. 87
Dec. 1.....	1. 34	-----	1. 24	-----
Dec. 15.....	3. 84	5. 77	4. 44	6. 87
<i>1949</i>				
Jan. 1.....	-----	-----	-----	-----
Jan. 15.....	-----	-----	-----	-----

¹ Concurrent margins, after deduction of transportation and icing costs.

TRANSPORTATION COSTS.—In 1948-49, transportation charges accounted for some of the differences in total spreads for marketing western turkeys in New York, Chicago, and San Francisco. These differences in transportation rates to the different cities did not prevent shipments from being made to eastern and midwestern markets, however. The price conditions in these markets were such that shippers in the West could meet the competitive conditions successfully.

Transportation and icing charges from the West

to New York were about 22 percent of all marketing charges, to Chicago 20 percent, and to San Francisco only 6 percent.

MARGINS AND COSTS OF PROCESSORS.—The margins of processors for Grade A dressed young turkeys differed between States in 1948-49. Some of these differences were due to variable costs, such as labor; different areas of outlet caused some differences in margins; but speculative activities by proprietary firms probably accounted for most of these differences (table 8).

TABLE 8.—*Margins of processors per pound for Grade A dressed young turkeys, specified States, selected dates, September 1948-January 1949*¹

Date	Hens			Toms		
	Ore- gon	Utah	Wash- ington	Ore- gon	Utah	Wash- ington
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
1948						
Sept. 15.....	3.8	3.8	9.0	5.1	3.8	11.0
Oct. 1.....	5.6	3.8	-----	4.6	3.8	7.4
Oct. 15.....	6.2	3.8	6.6	5.0	3.8	5.7
Nov. 1.....	5.8	3.8	9.2	5.2	3.8	9.6
Nov. 15.....	4.1	3.8	9.5	5.1	3.8	7.6
Dec. 1.....	6.4	3.8	7.9	6.8	3.8	7.9
Dec. 15.....	4.9	3.8	7.9	4.9	3.8	9.9
1949						
Jan. 1.....	7.2	3.8	5.2	5.8	3.8	7.1
Jan. 15.....	3.8	3.8	8.1	5.7	3.8	7.6

¹ Weight loss during dressing has been deducted.

The margins computed for processors in Utah were constant for the entire season because of their practice of processing turkeys on a custom basis. Costs of storage in Oregon and Washington were included in these margins, but producers or co-operatives paid for storage in Utah.

Cooperatives in Oregon and Washington that operated on a pooling basis in 1948-49 reported average prices for the pool periods. As no weights were available for averaging their price data with other price data, the margins shown for these two States are the margins of processors who did not operate on a pooling basis.

The costs of assembling, killing and dressing, cooling, and grading and packing, were obtained from several plants in Oregon, Utah, and Washington. These data were averaged to get simple averages for all plants. The costs of assembling, as averaged for Oregon and Utah, were used for all three States. The item listed in table 9 as "other processing costs" includes any items of operating costs not separately shown, overhead, and profits; it represents the difference between

the gross margins computed for processors and the sum of the defined costs.

As it takes only a little more labor to kill and dress a heavy tom than a light hen, the cost of killing and dressing becomes less for toms when it is prorated on a poundage basis. Cooling and grading and packing costs were the same for toms and hens.

Assembling and processing charges were about 22 percent of all marketing charges for birds sold in New York, 26 percent for those sold in Chicago, and 29 percent in San Francisco. The percentage for Chicago was larger than for New York because the total marketing charges up to the time the birds reached consumers in Chicago were less. The figure for San Francisco was different because only margins for processors in Oregon were used for this city, and transportation charges were less.

Additional costs to the processor were evident in the marketing of birds that were eviscerated. In 1948-49, evisceration by processors in Oregon cost about 4½ cents per pound, dressed weight, in addition to the dressing costs.

TABLE 9.—Average cost per pound to processors in Western States, of assembling and processing turkeys into New York dressed carcasses, for specified markets, September 1948-January 1949

Function	Hens			Toms		
	New York	Chicago	San Francisco	New York	Chicago	San Francisco
Assembling.....	<i>Cents</i> 0. 30	<i>Cents</i> 0. 30	<i>Cents</i> 0. 30	<i>Cents</i> 0. 30	<i>Cents</i> 0. 30	<i>Cents</i> 0. 30
Killing and dressing.....	1. 25	1. 25	1. 25	1. 00	1. 00	1. 00
Cooling.....	. 25	. 25	. 25	. 25	. 25	. 25
Grading and packing.....	1. 25	1. 25	1. 25	1. 25	1. 25	1. 25
Other processing costs ¹	1. 35	. 95	2. 05	1. 70	1. 40	2. 70

¹ The difference between the margins of processors as computed for turkeys moving from Oregon, Utah, and Washington, to each market and the sum of the defined costs.

AVERAGE SELLING PRICES

Table 10 shows averages of the selling prices reported at the different levels of marketing for Grade A dressed young turkeys from Oregon, Utah, and Washington between September 15, 1948, and January 31, 1949. These season average prices are based on all prices collected for this study. As the production in Utah accounted for approximately 75 percent of the receipts in New

York and Chicago that came from Oregon, Utah, and Washington, the average selling prices shown for these two cities are close to the prices reported for Utah. Receipts at San Francisco were mostly from California and Oregon. As no data were collected for California-grown turkeys the prices paid to producers and processors in Oregon were used for San Francisco.

TABLE 10.—Average selling price per pound for Grade A dressed young turkeys from Oregon, Utah, and Washington, specified markets, September 1948-January 1949 ¹

Agency	Hens			Toms		
	New York	Chicago	San Francisco	New York	Chicago	San Francisco
Producer ¹	<i>Cents</i> 58. 5	<i>Cents</i> 59. 3	<i>Cents</i> 59. 5	<i>Cents</i> 49. 8	<i>Cents</i> 49. 7	<i>Cents</i> 48. 6
Processor.....	62. 9	63. 3	64. 6	54. 3	53. 9	54. 1
Wholesaler.....	70. 0	67. 3	68. 2	59. 0	56. 6	57. 8
Retailer.....	78. 5	75. 2	76. 9	70. 1	65. 6	67. 2

¹ New York dressed-weight prices.

Returns to producers were converted to the basis of dressed weight, at the farm, furnishing comparable prices per pound at all stages of the marketing process. The season average prices paid to producers and to processors for shipments to New York were lower than for those to Chicago because a larger proportion of the shipments to New York were in the early and late months of the season when prices were relatively lower. Season average producer and processor prices for shipments to San Francisco were different from shipments to New York and Chicago because only prices paid to producers and processors in Oregon

were used for the San Francisco market. Some processors had special outlets, and paid higher than average prices, but generally the prices received by producers did not differ substantially from the average for each State.

The difference in transportation costs were not fully reflected in the wholesale selling prices. New York wholesalers charged 2.4 cents per pound more for toms and 2.7 cents per pound more for hens than did Chicago wholesalers. Freight from the West Coast cost only 0.88 cent per pound more to New York than to Chicago. The North Atlantic and East North Central States reduced

production in 1948 compared with 1947, despite some competitive advantages and deficit production, even in 1947. The West North Central and South Central States also reduced production in 1948, and midwestern cities probably provided markets for a larger proportion of the production in these two regions in 1948 than they did in 1947.¹⁶ This decrease in production in all regions resulted in abnormally short supplies of turkeys of good quality for New York, and probably other eastern markets as well. Jobbers' selling prices were 1.2 cents per pound less for toms and 1.8 cents per pound less for hens than were wholesale selling prices in New York. The difference in shipping costs was 3.3 cents per pound.

Average retail prices in the three cities seemed to show a high degree of uniformity in mark-up over purchase price. Retailers in New York and Chicago showed an average mark-up of 12 percent

for hens; San Francisco retail prices averaged a 13-percent mark-up for them. A 19-percent mark-up was noted in New York for toms; in Chicago and San Francisco sales represented only a 16-percent increase.

Processors in Oregon did some wholesaling in 1948. For these services they received from 7 to 8.5 cents for toms and from 5 to 7 cents per pound for hens. Local retailing margins in Oregon ranged from 4.5 to 5.5 cents per pound for toms and from 3 to 7.5 cents for hens on dates just before Thanksgiving and Christmas.

Table 11 shows a break-down of the consumer's dollar for dressed turkeys from the three States.

Approximately 74 percent was received by the producer. For the turkeys retailed locally in Oregon, the producers received about 85 percent of the consumer's dollar.

TABLE 11.—*Percentage distribution of the consumer's dollar for Grade A dressed young turkeys from Oregon, Utah, and Washington, specified markets, September 1948-January 1949*

Agency	Hens			Toms		
	New York	Chicago	San Francisco	New York	Chicago	San Francisco
Producer ¹	Percent 74.5	Percent 78.9	Percent 77.5	Percent 71.1	Percent 75.8	Percent 72.3
Processor.....	5.6	5.3	6.6	6.4	6.4	8.2
Transportation.....	5.7	4.3	1.3	6.4	5.0	1.5
Wholesaler.....	3.4	1.0	3.3	.3	— .9	4.0
Retailer.....	10.8	10.5	11.3	15.8	13.7	14.0

¹ New York dressed weights.

PRODUCER-CONSUMER SPREADS

The consumer's dollar spent for turkey was divided as indicated in figure 1. Marketing agencies received about the same amount for marketing dressed young toms and dressed young hens from the West in 1948-49. There were some differences by sex in the distribution of the total marketing margin, however. Retailers received a larger proportion of the total spread for toms than they did for hens, but wholesalers in New York and Chicago received more for hens. Processors received more for their services of dressing, grading, and packing toms.

Total spreads between the producers and the consumers of dressed young turkeys from the West showed some seasonal variation (table 12). Spreads for hens were less in the periods just before Thanksgiving and Christmas (fig. 2) be-

cause of the large volumes moving in the holiday periods and the pricing policies of retail dealers.

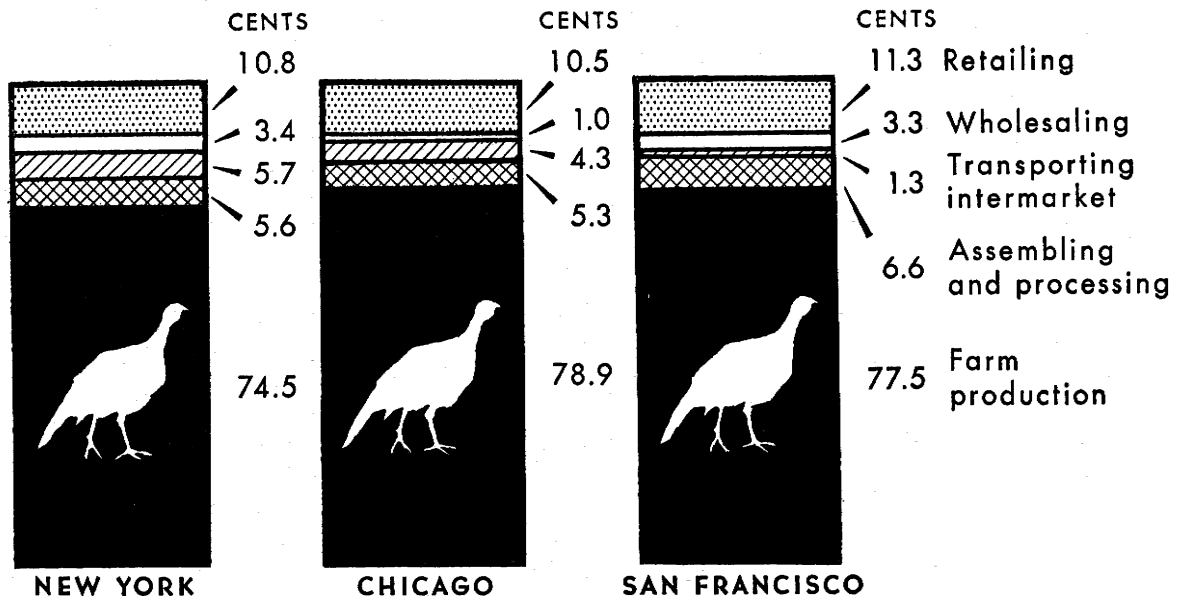
Spreads between producers and consumers for dressed young hens from time to time ranged from 16.8 cents to 23.4 cents per pound for those sold in New York, 10.1 cents to 28.2 cents in Chicago, and 13.9 to 24.5 cents in San Francisco. The spreads for hens sold in New York were rather stable, if those during the Thanksgiving and Christmas holidays are excluded. Comparable spreads in Chicago and San Francisco were not so stable, partly because volumes handled were smaller. If price quotations in New York were used in establishing farm prices in the West, this would be another factor in the relative stability of spreads in New York, since quotations in Chicago did not reflect the same pattern as in New York.

Total spreads for dressed young toms sold in New York were affected by severe price fluctua-

¹⁶ MESSER, PAUL J. CONVENTION AND AUCTION PROGRAM OF THE PACIFIC STATES' BUTTER, EGG, CHEESE, AND POULTRY ASSOCIATION, California Turkey News, September 1948.

THE CONSUMER'S TURKEY DOLLAR*

Where It Goes



* FOR GRADE A, DRESSED YOUNG HENS FROM THE WEST
BETWEEN SEPTEMBER 1, 1948 AND JANUARY 31, 1949

U. S. DEPARTMENT OF AGRICULTURE

NEG. 47319-X BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1.

TABLE 12.—*Producer—consumer spreads per pound for Grade A dressed young turkeys from Oregon, Utah, and Washington, specified markets, September 1948–January 1949*

Date	Hens			Toms		
	New York	Chicago	San Francisco	New York	Chicago	San Francisco
	Cents	Cents	Cents	Cents	Cents	Cents
1948						
Sept. 15	20.5	15.9	19.0	22.2	13.8	13.8
Oct. 1	21.8	17.2	14.4	19.4	17.0	17.0
Oct. 15	23.4	14.5	15.5	26.3	20.0	13.0
Nov. 1	21.2	13.5	14.3	20.3	14.7	14.7
Nov. 15	17.5	10.1	14.7	20.8	12.2	16.7
Dec. 1	22.6	20.0	17.6	17.7	20.1	17.7
Dec. 15	16.8	19.1	13.9	19.7	14.4	14.7
1949						
Jan. 1	22.5	28.2	24.5	20.7	18.6	21.2
Jan. 15	21.5	24.8	20.3	20.3	19.7	19.7
Average	20.0	15.9	17.4	20.3	15.9	18.6

**PRODUCER TO CONSUMER SPREADS FOR GRADE A,
DRESSED YOUNG HENS FROM THE WEST BETWEEN
SEPTEMBER 1, 1948 AND JANUARY 31, 1949**

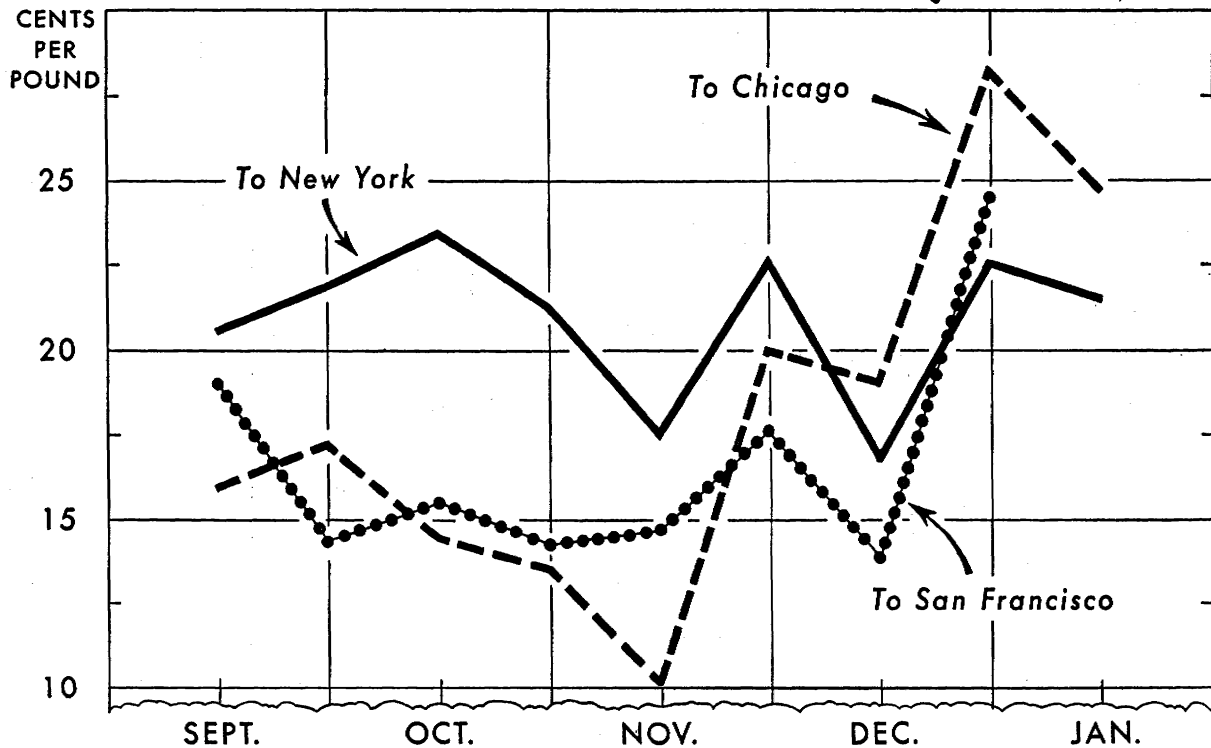


FIGURE 2.

tions and were not as stable as were the spreads for hens (fig. 3). Spreads for hens and toms were

nearly the same after they were averaged for the season.

SUMMARY

1. The West depends on other areas for markets for some of its turkeys. Between July 1, 1948, and January 31, 1949, more than 80 percent of the total marketings from farms in Utah were shipped to eastern and midwestern markets. Some turkeys that were produced in Oregon and Washington were also shipped out of this region.

2. The cost of assembling turkeys from farms to processing plants was a minor one in 1948. Producers paid a custom charge for this service in Utah; processors in Oregon hauled but did not make a charge to the producers; producers in Washington did most of their own hauling. The average cost of this service to producers was 0.3 cent per pound, dressed weight.

3. Improvements have been made in the process-

ing of turkeys, and more evisceration by processors would increase the efficiency of marketing.

4. Advancing techniques of preserving turkey meat by freezing have brought about some changes in the time of marketing from the farms and the time of consumption. The margins of those agencies that stored birds in 1948 for later consumption were affected by wide fluctuations in prices.

5. The margins for retailing hens were about the same in New York, Chicago, and San Francisco, but the services of jobbing were not included in the retailing margins in San Francisco. Margins for toms were wider than for hens in all three markets. Retailing accounted for more than 50 percent of all marketing charges for toms, and 40 percent for hens.

PRODUCER TO CONSUMER SPREADS FOR GRADE A, DRESSED YOUNG TOMS FROM THE WEST BETWEEN SEPTEMBER 1, 1948 AND JANUARY 31, 1949

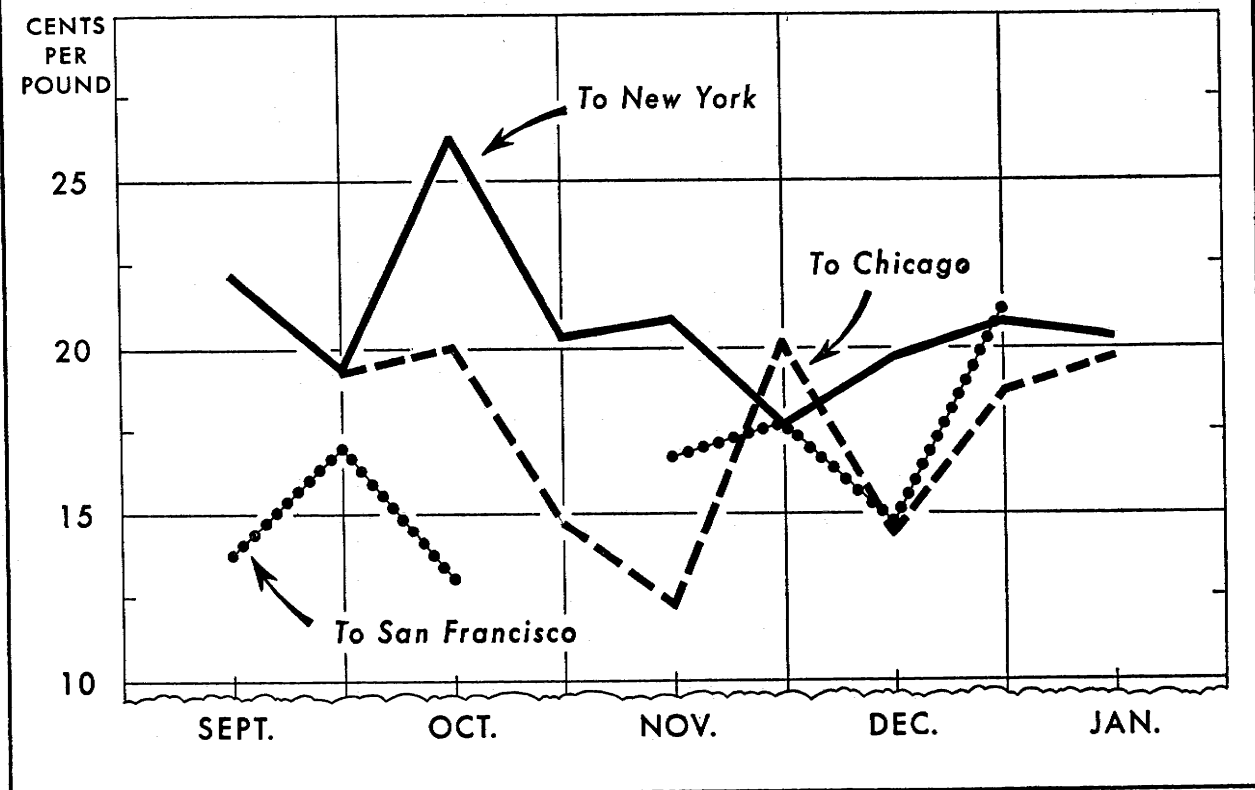


FIGURE 3.

6. Wholesaling margins were wider for hens in New York and Chicago, but they were wider for toms in San Francisco. The wholesaling margins for toms sold in Chicago were negative.

7. Charges for transportation and icing for the birds that were sold in New York and Chicago were about 20 percent of all marketing charges; and San Francisco only 6 percent.

8. Processors in Utah received constant margins of 3.8 cents per pound for their services, but the margins of processors in Oregon and Washington who bought turkeys for resale varied throughout the season.

9. The differences in transportation costs to each market did not equal the differences in season average prices computed for shipments to each market. Wholesale prices in New York were 2.7 cents per pound more for hens than in Chicago, and 1.8 cents per pound more than the jobbing price in San Francisco. The differences in wholesale prices for toms were not as great.

10. Producer to consumer price spreads varied throughout the season, but the narrowest spreads were in the periods just before Thanksgiving and Christmas.