The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

1
Ag84Mr
Cop. 3

LIBRARY
CURRENT SERIAL RECORD
★ JUL 2 - 1958 ★
U. S. DEPARTMENT OF AGRICULTURE

WHOLESALE MEAT DISTRIBUTION

In the San Francisco Bay Area

Marketing Research Report No. 165

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Marketing Research Division

CONTENTS

April 1957

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 50 cents

ACKNOWLEDGMENTS

Appreciation is expressed to the Western States Meat Packers Association, Inc., the American Meat Institute, the National Association of Retail Food Chains, and the Pacific Coast Meat Jobbers Association for cooperation in this study; and to the many meatpackers, meat wholesalers and distributors, and retail food organizations who furnished basic data. Appreciation also is expressed to William E. Schneider, Federal Market News Service, San Francisco, for use of historical data and information.

SUMMARY

Dynamic growth and change in the livestock industry, together with large changes in livestock prices and increases in costs of production and marketing, have marked the industry in recent years. Producers, packers, and others in the industry therefore face the necessity of making decisions on a broad industry basis and of studying problems in marketing their products.

Although slaughter and wholesale distribution are essential functions in the marketing of livestock, little information is available concerning the organization, structure, and efficiency of wholesale markets for meat. Similarly, the nature and importance of problems in wholesaling meat remain almost unexplored.

This study, by focusing attention on the San Francisco Bay Area, a leading slaughtering center and wholesale market for producers and packers throughout the western States, represents an initial effort to remedy this situation. Emphasis was placed in this study on geographic sources of supply for livestock and meat, wholesale market channels of distribution, marketing practices with respect to both procurement and sales, and competitive interrelationships among firms in the market.

Meatpacking and slaughtering plants in California are well distributed in accordance with the distribution of population. This has resulted in a program of direct movement of slaughter livestock from ranches and feedlots to slaughtering and packing plants. Among the different species, however, livestock purchase and sales patterns and practices differ markedly.

Wholesale market channels in the Bay Area for beef and lamb are similar in many respects, but distribution patterns for veal and for pork are dissimilar, and they differ considerably from those for either beef or lamb. Large percentages of the beef and lamb were slaughtered and dressed by Bay Area packers and distributed directly to retailers. Most of the veal, on the other hand, was provided by specialized nonfederally inspected packers outside the Bay Area, while most of the pork, cured pork particularly, was shipped into the Bay Area from the Midwest.

The packer branch houses of the Bay Area are primarily distributors of pork and pork products. In contrast, most independent meat wholesalers, other than calf handlers, concentrate heavily upon beef, but differ in most other respects. Principal types are boners, who bone, freeze, and package beef, particularly cow beef; the hotel supply houses, which distribute specialty trimmed cuts of all species to dining establishments of all types; other jobbers, who primarily service small-volume retailers with a full line of fresh meats; and calf handlers, who supplied nearly three-fifths of the veal purchased by Bay Area meat market operators and other retailers in 1955. Retail food chains operating five or more retail units in the Bay Area took between 25 percent and 30 percent of the beef, veal, lamb, and cured pork and about 18 percent of the fresh pork sold in the Bay Area to meat markets and all other retailers.

Competition among packers and wholesale meat distributors consists primarily of price competition in one form or another. Terms of credit and delivery services are relatively well standardized among these firms and have become business necessities rather than competitive "extras." Other services, such as cutting, trimming, and packaging of meat, are utilized by some firms as competitive devices, but, in view of the high percentage

of U. S. graded beef and lamb sold in the area, quality competition for these meats seemed insignificant. Competition on a quality basis in sale and distribution of veal and among private brands of pork, however, was much more important.

Increases in number and volume of specialized independent handlers and distributors and the increasing importance of retail food stores in sales of fresh meat are having a profound effect upon the structure and competitive interrelationships of the market.

Competition among packers in procurement of beef and other livestock appeared relatively strong. One reason for this was the desire of many packers to maintain slaughter volume at a high level in order to hold down unit costs of slaughtering.

Important variations occur, however, in the intensity of procurement competition among packers, depending upon the condition of the market. During periods of high or rising prices and relative shortages of slaughter livestock, packers buy a higher percentage of livestock on a cash basis. At these times, some packers try to assure themselves of an adequate supply of beef and to avoid direct competition with other packers in the fat cattle market by buying feeders and either fattening them in their own yards or having them finished in commercial feedlots.

WHOLESALE MEAT DISTRIBUTION IN THE SAN FRANCISCO BAY AREA

by Willard F. Williams
Agricultural Economist

INTRODUCTION

Recent developments in the West have tended to focus attention upon many problems in the marketing of livestock and meat. Among such developments are the rapid growth of population along the Pacific Coast, the rise of a cattle feeding industry in the West, changes in cattle prices, and changes in the market structure for live animals and meat.

Some of these developments are not restricted to the Far West. Livestock producers all across the Nation have been taking a closer look at problems associated with markets for their products. In the West, however, these problems appear to have been brought into sharp focus by dynamic growth and change.

In considering problems of marketing livestock, producers generally find that they have gained a relatively good understanding of agencies and processes involved in marketing live animals. They often visit auction yards, stockyards, concentration points, and assembly yards. In many cases, they sell directly to a packer, but even if a producer sells locally to a dealer or at an auction yard, he can often trace his animals to a particular packer. At that point, however, his animals disappear into the wholesale distribution system. This system is often a bewildering maze to the producer and to others who are not personally acquainted with it. The efficiency of the distribution system between the packer and the consumer, however, is as important to the welfare of the producer as the efficiency of markets and channels for live animals.

Objectives of the Study

Reports on several comprehensive studies of live animal marketing are available. However, few, if any, formal studies have been made in the United States on wholesale distribution of meat and meat products. Current knowledge of wholesale market structures for meat are based principally upon a limited amount of census data and upon personal contact with the meat industry.

For several decades prior to 1930, relatively few major changes occurred in the operation or structure of the meatpacking industry. Systems of meat distribution also remained practically unchanged. Since 1930, some important changes have occurred, and these may be followed by changes in the decade ahead which could revolutionize the industry. Consequently, information is needed on wholesale marketing margins and costs, the forms of competition in wholesale markets for meat and their effects on prices and costs, recent or prospective technological developments in wholesale meat procurement, processing, and distribution, and the effects of these developments upon market channels, market structure, and marketing efficiency. An accelerated shift from distribution in the form of precut, packaged, and frozen cuts is among these potential developments. Irradiation of meat for prevention of spoilage and for its preservation in fresh form without chilling or freezing is another.

The principal objective of this study was to provide useful information to the meat industry by examining the competitive interrelationships among functions and types of firms in a key western wholesale market for meat. This required a detailed characterization and analysis of the market in terms of the types of firms in operation, the functions and services performed, the types and classes of products handled, and the relative importance of various supply sources. Accordingly, emphasis was placed upon the study of geographic sources of supply, channels of wholesale distribution, and characteristics or practices of packers or slaughterers and other wholesale market operators. Resulting data and information were used in a descriptive analysis of competition in the market.

Additional objectives were to report on recent or prospective technological developments in meat procurement, processing, or distribution; to provide bases for improving and refining current estimates of market price spreads; to provide descriptive background for use in developing more intensive studies of wholesale market costs, the pricing of meat products in wholesale markets, and particular marketing problems associated with meat distribution; and to test some research procedures in this relatively new area of study.

Research Procedure

This study was confined largely to one market area, the San Francisco Bay Area, which was defined to include the counties of Alameda, Contra Costa, Napa, Sonoma, Marin, Santa Clara, San Francisco, San Mateo, and the city of Vallejo in Solano County. This is an economically interrelated trade territory having a population of 2,602,000 according to the 1950 census. This is somewhat larger than the standard "Oakland-San Francisco Metropolitan Area" defined in the census.

Data for 1955 were obtained by personal interviews with managers of firms representing all important elements of the market--packers or slaughterers, to retailers inclusive. The outstanding characteristics or operations of each element were considered. Five primary industry groups were surveyed. These included nearly all packers and slaughterers in the area designated as Northern California;[1] 11 of the 13 branch houses of packers located in the San Francisco Bay Area; a selected sample--44 of the 75--of independent wholesale meat distributors, meat jobbers, boners, and frozen meat handlers in the San Francisco Bay Area; a sample of independent processors operating within the Bay Area; and meat procurement departments of each of the 7 principal food chains operating retail units in the Bay Area.[2]

The interview schedules were worked out to permit delineation of channels of distribution and supply interrelationships, such as those which may exist between independent jobbers and packer branch houses. Three principal types of questions were asked of each respondent. First, questions were asked which were designed to reveal the nature and peculiar characteristics of the firm under study. The second type of questions asked of respondents related to sources of supply, and the third was concerned with patterns and methods of distribution, including distribution by type of customer. Each species of livestock or fresh red meat was considered separately, and in addition, data were collected on smoked or cured pork.[3]

Limitations of the Data

Data of this study were obtained mostly without reference books of account. Respondents were asked to make carefully considered estimates, and this, of course, introduced the possibility of errors both in data obtained and in final results of the study. The bulk of the data were obtained in terms of percentages rather than in absolute terms.[4]

[1] Northern California was defined to include all counties north of and including Kern and San Luis Obispo Counties.

[2] A "retail food chain" was defined in the study to include all grocery store organizations with five or more retail units in operation in the San Francisco Bay Area in 1955. For definitions of other terms used in this paragraph, see pages 3 to 13.

[3] An attempt was made to acquire data on a residual category called "processed meat, variety meats, and offal." This final category, however, proved too inclusive to provide useful and reliable results. Furthermore, independent processors, who are sausage manufacturers, for the most part, were unable to supply data which, from a statistical point of view, could be considered either adequate or highly reliable. For these reasons, this report pertains primarily to fresh or frozen meat and cured pork.

[4] In most cases, this probably improved the reliability and accuracy of the data. In some cases, however, there was possibility of compounding any existing error. For instance, packers were asked to estimate the percentage of the total pounds of meat sold to meat markets and grocery stores which was purchased by retail food chains.

In some important respects, data of the study are incomplete. No information was obtained on direct purchases from packers or other distributors of meat located outside California by meat markets and independent grocery stores, processors, institutions, and purveyors of meals. Except for beef, however, these purchases probably represented an insignificant percentage of the total meat distributed through the market.

Although there appeared little reason to expect consistent bias in any one direction, internal checks were provided in the study on most of the channel or flow data. For instance, the data on sales of packers to jobbers could be and were checked against data on purchases of jobbers from packers. In nearly every instance, these types of data matched one another remarkably well.

The larger packers and most of the packer branch houses referred to books of account whereever possible. This was not feasible for processors and independent wholesale meat distributors, since these firms rarely tabulate purchase and sales information on a physical volume or animal species basis. Some checks on this, as well as other data of the study, were provided, however, through reference to data made available by Chambers of Commerce in the area, the meat inspection agencies of the Oakland and San Francisco City Health Departments, the Federal-State Market News Service, and California and Federal meat inspection agencies.

GENERAL CHARACTERISTICS AND STRUCTURE OF THE MARKET

California has become a leading State in the consumption of meat animals and animal products. Large-volume consumption of meat requires a highly developed marketing system. Slaughter livestock are produced on ranges or in feedlots relatively distant from consuming centers. Consumers like to find a large selection of specially trimmed and prepared cuts of each of the different species in retail stores each day.

Demand for meat at the meat counters of the Nation is relatively constant. To meet this demand, a wide variety of specialized services are required to convert live animals into desired cuts and products and to make these available to consumers at the times and places desired. In short, the demand of consumers for meat is translated by livestock and meat handlers into demand for services.

This demand for services brings into being large numbers of service specialists. Among these are wholesale packers or slaughterers, packer branch houses, independent meat wholesalers of various types, a wide variety of meat manufacturers or processors, and retail merchants.

In the first part of this report, the characteristics and operations of each of these different types of service agencies will be presented. Following this, supply and distribution patterns and practices for each species will be described in some detail. The third section, which will summarize some of the material presented earlier, deals with channels of distribution by species in the San Francisco Bay Area. The report is concluded with an analysis of competitive interrelationships among Northern California packers and slaughterers and among and between the various types of firms distributing meat in the San Francisco Bay Area.

Wholesale Packers or Slaughterers

Meatpacking or slaughtering plants in California are well distributed in accordance with the distribution of population.[5] This has resulted in direct movement from ranches and feedlots to slaughtering and packing plants. These plants are concentrated in the Oakland-San Francisco metropolitan area, the Los Angeles metropolitan area, and the

[5] No formal distinction exists between packers and slaughterers. According to trade parlance, however, a packer not only slaughters but also produces a full line of cured and processed meats. A slaughterer simply slaughters and dresses animals, selling the carcasses at wholesale. He engages in no processing or curing operations. According to these definitions, only one or two packers exist in Northern California. Consequently, the term "packer" as used in this report means all wholesale slaughtering establishments.

Sacramento-San Joaquin Valley, commonly known as the Central Valley. From about Tulare in the Central Valley and San Luis Obispo on the Central Coast, slaughter livestock and meat tend to move northward to the San Francisco Bay Area. South of these points they tend to gravitate toward Los Angeles. However, some movement of dressed beef from Kern County in the extreme southern end of the Central Valley to the San Francisco Bay Area occurs. For this reason, "Northern California" was defined to include Kern County (fig. 1).

Number and location of packers in Northern California

There were about 58 wholesale packers operating in Northern California in 1955. Of these, 28 were within the San Francisco Bay Area, and the remainder were distributed throughout the Central Valley, with some concentration in the Stockton-Modesto area and along the west side of the San Joaquin Valley (fig. 1).

Nine of the 28 Bay Area packers operated under Federal inspection standards. The others operated under California State inspection regulations. Large national packers operated the 2 plants adjacent to the terminal market stockyards at South San Francisco.[6] Six local plants, 3 of which operated under Federal inspection standards, were in the city of San Francisco in an area known as "Butchertown," where they operated their own holding yards. A concentration of plants was found at San Jose; another important packer operated facilities at Vallejo. Most of the Bay Area plants operating under California State inspection are in smaller towns or rural areas north of San Francisco, in Sonoma and Napa Counties. Several of these are small and slaughter mainly for local consumption. These slaughterers compete strongly, however, with distributors who send dressed meat out of San Francisco. Alameda County, south and east of Oakland, contains several important State-inspected slaughterers and one small Federal-inspected plant. Dressed meat from these plants is distributed mainly to jobbers in the Oakland area, although a significant quantity is distributed to retail markets in nearby small towns.

Sales volumes of Northern California packers

In 1955, Northern California packers butchered over 1 million head of beef animals, 415 thousand calves and vealers, 1.2 million lambs, and 590 thousand hogs (table 1). The meat from these animals, together with a small volume of dressed inshipments by packers, resulted in packer sales approximating 770 million pounds. If all this meat had remained in Northern California and had been consumed by the 5.5 million consumers there, it would have accounted for 140 pounds of the per capita consumption of fresh meat and cured pork in the Area. Per capita consumption of meat in Northern California may exceed or fall short of the national average of 153 pounds, primary distribution weight. In either event, however, it appears that, with respect to total slaughter of fresh meat and cured pork, Northern California is rapidly approaching a self-sufficient status.

Similar analyses of the individual species, however, present a different picture. Based on sales of packers and slaughterers, California appears to be about self-sufficient with respect to beef and veal. The northern portion of the State may now produce an exportable surplus of particular qualities of beef. However, California, like most other western States, is in a marked deficit position with respect to pork. California also produces less lamb than is consumed there, although more lambs are slaughtered annually in California than in any other State of the Nation. Lamb production in California is more than matched by an exceptionally high level of consumption.

One of the significant facts concerning Northern California meat distribution is that, among the different species, distribution patterns and practices differ widely. This is apparent even at the packer level. Beef tends to dominate among all types of packers (table 1). Federally inspected packers in the San Francisco Bay Area handle only a token volume of veal. With the exception of the 2 national packers at South San Francisco, the

[6] One of these two plants ceased operations early in 1956.

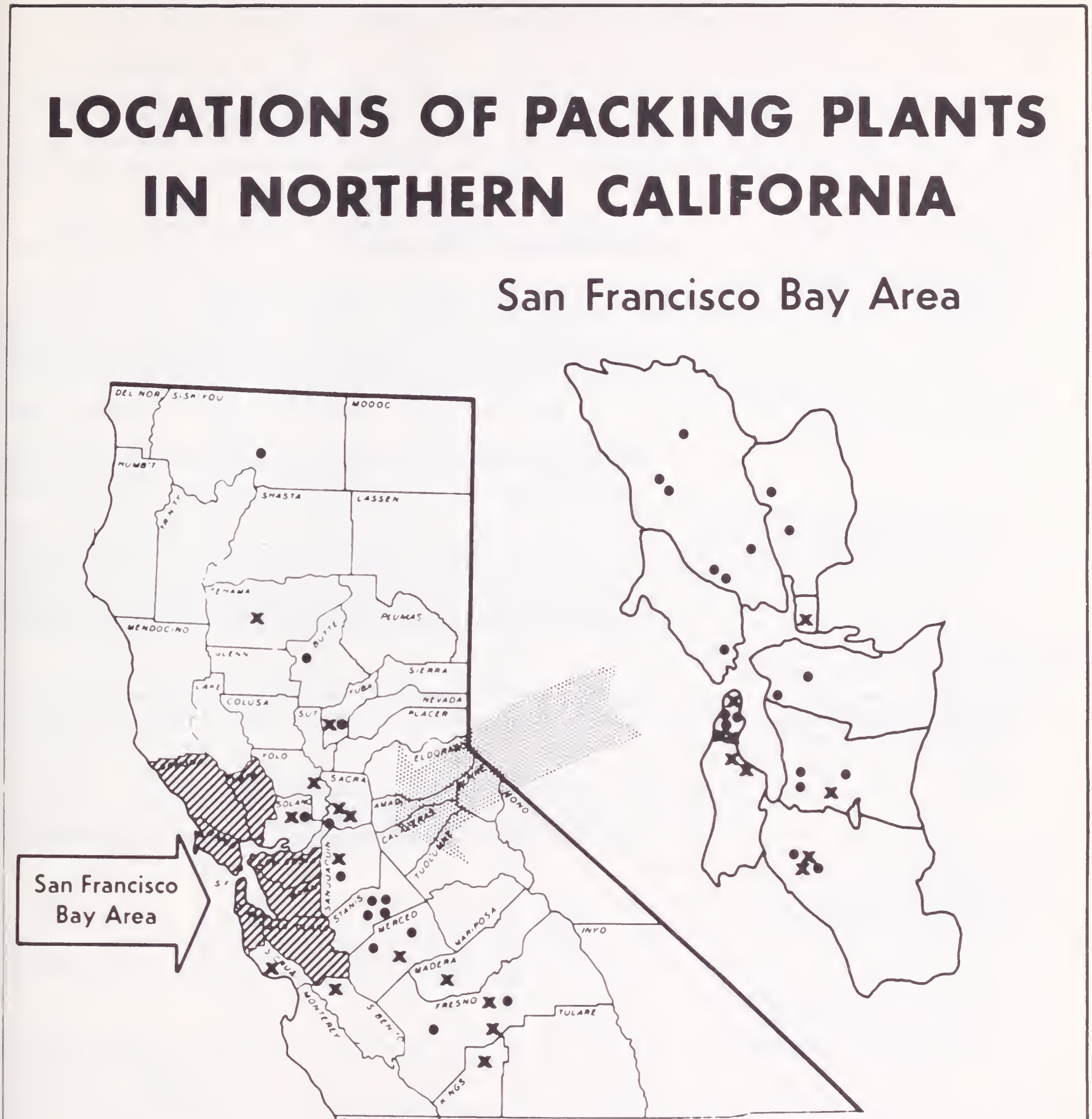
LOCATIONS OF PACKING PLANTS IN NORTHERN CALIFORNIA
San Francisco Bay Area
San Francisco Bay Area
● Federally inspected slaughter plant
x Non-federally inspected slaughter plant
U S DEPARTMENT OF AGRICULTURE
NEG 3645-56(10)
A M S

Figure 1

Table 1.--Estimated sales of packers, classified according to location, inspection status of packer, and species, Northern California, 1955[1] [2]

Location and type of packers	Beef	Veal	Lamb	Fresh pork	Cured and smoked pork	Total
Total sales:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
San Francisco Bay Area:[3]						
Federally inspected............	169,208	4,126	34,550	34,491	28,015	270,390
Nonfederally inspected:						
Large........................	32,405	9,897	9,767	6,150	0	58,219
Small[4].......................	4,616	1,122	220	393	0	6,351
Total......................	206,229	15,145	44,537	41,034	28,015	334,960
Other Northern California:						
Federally inspected............	215,633	16,484	9,757	8,036	1,077	250,987
Nonfederally inspected.........	139,498	19,837	6,546	18,005	268	184,154
Total......................	355,131	36,321	16,303	26,041	1,345	435,141
Total Northern California:						
Federally inspected.........	384,841	20,610	44,307	42,527	29,092	521,377
Nonfederally inspected......	176,519	30,856	16,533	24,548	268	248,724
Total....................	561,360	51,466	60,840	67,075	29,360	770,101
Percentage distribution of sales among species:						
San Francisco Bay Area:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Federally inspected............	62.5	1.5	12.8	12.8	10.4	100.0
Nonfederally inspected:						
Large........................	55.7	17.0	16.8	10.5	0	100.0
Small........................	72.7	17.7	3.4	6.2	0	100.0
Average....................	61.6	4.5	13.3	12.2	8.4	100.0
Other Northern California:						
Federally inspected............	85.9	6.6	3.9	3.2	.4	100.0
Nonfederally inspected.........	75.8	10.8	3.5	9.8	.1	100.0
Average....................	81.6	8.3	3.8	6.0	.3	100.0
Total Northern California:						
Federally inspected.........	73.8	3.9	8.5	8.2	5.6	100.0
Nonfederally inspected......	71.0	12.4	6.6	9.9	.1	100.0
Total....................	72.9	6.7	7.9	8.7	3.8	100.0

[1] Northern California was defined to include all California territory north of the southern boundaries of Kern and San Luis Obispo counties.

[2] Estimated from data collected in the study, and data supplied by the Bureau of Meat Inspection and the California Department of Agriculture.

[3] The San Francisco Bay Area was defined to include the counties of San Francisco, Alameda, Contra Costa, Marin, Napa, Sonoma, Santa Clara, and San Mateo, and the city of Vallejo in Solano County. In the following tables San Francisco Bay Area will be referred to simply as Bay Area.

[4] These are nonfederally inspected plants each of which handled less than 2 million pounds of meat in 1955.

same is true of pork both within and outside the Bay Area. These 2 national packers and 1 or 2 specialized lamb killers account for most of the lambs slaughtered within the Bay Area in 1955. In short, the local Bay Area packers are specialized, to a large extent, in the production of either beef or lamb. A few large, specialized packers also account for most of the lamb slaughtered in the interior plants of Northern California. These, for the most part, are concentrated in the Dixon-Sacramento area. The State-inspected slaughterers in rural sections of the Bay Area and in the milk-producing regions of the interior tend to concentrate strongly on veal. The west side of the San Joaquin Valley is the most important of these regions.

Wholesale Meat Distributors

Wholesale meat distributors in the San Francisco Bay Area consist of the 13 packer branch houses and sales offices and about 75 independent meat wholesalers. Of the independent wholesalers, there are about 28 in San Francisco, 33 in or near Oakland-Berkeley area, and 14 at San Jose or northward along the peninsula between San Jose and San Francisco. Nine packer branch houses and 1 branch sales office are located in San Francisco. The remaining 3 branch houses are in Oakland.

General characteristics of wholesale meat distributors

In 1948, 734 packer branch houses, which handle, distribute, and process meat, but do not slaughter, were in operation in the United States with sales totaling about $1.3 billion (table 2). This represented a decline from the prewar year, 1939, of 20.6 percent in number of establishments and 16.0 percent in sales volume after adjustments for differences in price levels in the 2 years. But the general decline in the number and importance of packer branch houses began as early as 1929. In that year meatpackers of the United States distributed about 47 percent of their salable supplies of meat through branch houses. By 1935, this had dropped to 35 percent, but direct sales of packers to retailers had increased from 31 percent to 45 percent of their total sales. Sales of packers through branch houses continued to decline. In 1948, packer branch houses handled less than 20 percent of the meat distributed by the packers of the Nation.

Table 2.--Number and sales of packer branch houses, by regions, 1948, and percentage changes, 1939-48[1]

Region	1948		Percentage change 1939-48[2]	
	Branch houses	Sales	Number	Sales
	Number	*1,000 dollars*	*Percent*	*Percent*
New England	111	160,310	-18.4	-27.0
Middle Atlantic	172	371,827	-28.0	-26.7
East North Central	109	196,758	-20.4	-16.2
West North Central	35	56,432	-31.4	-31.8
South Atlantic	136	208,809	-13.9	-.9
East South Central	47	68,574	-14.5	-6.9
West South Central	63	113,389	-18.2	7.7
Mountain	14	14,486	-44.0	-9.9
Pacific	47	87,425	2.2	23.3
United States	734	1,278,010	-20.6	-16.0

[1] Census of Business Wholesale Trade, 1948, Vol. IV, pages 12.02ff; 1954 census data not available. Census of Business, Wholesale Trade, 1939, Vol. II, page 666.
[2] Sales data for 1939 were adjusted for price level change prior to calculation of percentage changes in sales.

In the period 1939-48, reductions in number of branch house establishments occurred in all regions of the United States except the Pacific Coast, and smaller sales volumes through packer branch houses occurred in all census regions other than the Pacific and the West South Central, where substantial increases occurred. The Bay Area branch houses averaged large in 1948, with 55 employees per establishment and annual sales per establishment exceeding $6.3 million. These figures compare with 31 employees per establishment and annual average sales of $1.7 million for all 734 branch houses in the United States. In 1955 there were 12 packer branch houses in the Bay Area and 1 packer branch sales office.[7]

In contrast with packer branch houses, independent meat wholesalers increased in both number and volume in all regions of the Nation during 1929-48 (table 3). Increases were especially large in the North Atlantic, the West North Central, and Pacific regions.

Table 3.--Number and sales of independent meat wholesalers, by regions, 1948, and percentage changes, 1939-48 and 1929-48[1]

Region	1948		Percentage change[2]			
	Meat wholesalers	Sales	1938-48		1929-48	
			Number	Sales	Number	Sales
	Number	*1,000 dollars*	*Percent*	*Percent*	*Percent*	*Percent*
New England	341	113,428	38.6	10.2	20.5	13.2
North Atlantic	1,203	377,456	73.3	36.4	85.4	32.3
East North Central	748	177,487	18.9	8.0	69.2	20.6
West North Central	210	33,010	7.1	30.2	123.4	62.8
South Atlantic	228	57,782	14.6	25.8	7.0	69.4
East South Central	87	13,513	64.2	67.3	11.5	55.4
West South Central	214	36,629	50.7	54.2	18.2	67.0
Mountain	94	18,522	64.9	129.7	34.3	49.6
Pacific	382	94,568	13.7	19.4	77.7	57.7
United States	3,507	922,395	37.4	25.6	57.6	33.7

[1] Census of Business, Wholesale Trade, 1939, Vol. II, page 641; Census of Business, Wholesale Trade, 1948, Vol. IV, page 1.19. 1954 census data not available.
[2] 1929 and 1939 sales were adjusted for price level changes to 1948 prior to calculation of percentage changes in sales.

In the Southeastern, the Southern, and the Mountain regions, substantial increases occurred in the average volume of meat handled per wholesaler.

Independent meat wholesalers ordinarily are larger in number and smaller in relative volume of business than branch houses and more heterogeneous as to function, type of product handled, and other characteristics. Included under the term "independent meat wholesaler" are independent jobbers, boners, calf handlers, and frozen meat handlers.

Independent jobbers.--Jobbers are a diverse group of firms of which there are about 55 in the Bay Area. Among these are "hotel supply houses," "institutional jobbers," "truck jobbers or distributors," "breakers," fabricators," "independent pork handlers," and a group of firms which in this study are arbitrarily labelled "retail supply houses."

[7] For simplicity, all 13 in this report are referred to as branch houses. Packer branch houses do not slaughter, but ordinarily physically handle and store meat and meat products and may engage in some processing. Packer branch sales offices, on the other hand, engage in no physical handling or storing of meats. Instead, they take orders and provide for the direct shipment of meat from packer to customer or to commercial storage facilities.

A hotel supply house, as the name implies, specializes in servicing hotels and restaurants. The retail supply house, usually smaller in terms of annual volume of meat handled and more heterogeneous, specializes in sale of fresh meat to grocery stores and meat markets. A few jobbers, the "institutional jobbers," of which there are only a few in the Bay Area, specialize in servicing hospitals, prisons, and other institutions, although they usually also sell either to purveyors of meals or retailers or both. A "truck jobber" buys carcasses or wholesale cuts of meat on his own account, usually has no fixed place of business, and sells directly from the truck to retailers. There are only about seven truck jobbers distributing fresh meat in the San Francisco Bay Area. They are more common in the sausage and processed meat trade.

A "breaker," another variation, buys carcasses, principally of beef, operates on a fairly large volume basis, "breaks" the carcasses into wholesale or "primal" cuts, and sells to best advantage to other jobbers or direct to retail outlets. There probably are not more than two or three "breakers" in the entire area.

The term "fabricator" is often used in reference to a boner, but more commonly it is used to describe the operations of a jobber engaged heavily in producing retail cuts of fresh meat. These are the consumer-size or oven-ready cuts purchased by hotels, restaurants, or other customers interested in buying consumer-size portions for banquets, etc. "Portion control," or the purchase of meat in controlled consumer-size portions, is becoming increasingly popular among purveyors of meals and is widely used by firms supplying food to airlines, rail lines, and ship lines.

The primary distinction among jobbing firms hinges on the class of customer they supply. Accordingly, all jobbers of the Bay Area were classified, for purposes of this study, either as hotel (including restaurant or institutional) supply houses or as retail supply houses.

Calf handlers.--There are seven firms in the Bay Area which could be considered as another variation of jobber, but they are so important in the distribution of veal and calf carcasses and cuts in the Bay Area that it was felt that they should be considered separately. These "calf handlers" do not slaughter calves and vealers. Instead, they operate as large-volume wholesale distributors or jobbers of dressed calves and veal. They are specialists in that they handle little or no other meat.

Boners.--The principal activity of "boners," is to buy cows or other lower grade beef in carcass form, to remove bones and sinew from these carcasses, and to sell the meat to processors, frozen meat handlers, the military or other agencies of Government, offshore buyers, or local retailers. There are about seven important boners in the Bay Area. One or two of the Bay Area boners handle some veal and lamb, but their main business is an exceptionally large volume of beef. Most Bay Area boners operate under Federal inspection regulations and distribute over a wider geographic area than jobbers. A few of the packers in Northern California operate boning departments. These, however, were not included under the term "boner."

Frozen meat handlers.--A number of relatively small-volume independent firms, so-called "frozen meat handlers," buy carcass meat or boned meat and process it into frozen meat products such as chip steaks, veal patties, or quick-frozen cuts. This type of firm appears to be growing rapidly in size and number. There were seven such firms in the San Francisco Bay Area in 1955. One or two of these have become fairly large-volume firms. Most frozen meat handlers of the Bay Area sell principally to retail markets or to distributors of grocery items.[8]

The San Jose area is self-contained to some extent, with respect to wholesale meat distribution. Two boners and a number of independent jobbers, in addition to several packers, are located at San Jose. These firms, however, compete directly with jobbers, boners, and packers located in or near San Francisco. Their trade territories overlap

[8] For purposes of this study, frozen meat was considered fresh rather than processed.

on the peninsula between the two cities, and several San Francisco jobbers distribute to hotels, restaurants, retail markets, and other outlets in San Jose.

The trade territories of some Bay Area jobbers extend northward as far as the Oregon border. One jobber distributes by commercial carrier in Ashland and other cities in southern Oregon. Others send delivery trucks eastward into the Lake Tahoe area and Reno. One or two jobbers distribute as far south as Fresno and San Luis Obispo. For the most part, however, the truck routes of San Francisco and Oakland jobbers are restricted to the territory circumscribed by the cities of San Jose in the south, Santa Rosa in the north, and Napa and Pittsburg to the east. This roughly describes the San Francisco Bay Area as defined in this study. Sales activities of the Bay Area branch houses, however, are largely restricted to the Oakland-San Francisco metropolitan area. Sister branch houses cover the nearby cities of Sacramento, Stockton, Reno, and Fresno.

Products handled and sales of wholesale meat distributors

Branch houses ordinarily sell a wider variety of products and a greater proportion of nonmeat products than independent meat wholesalers. Groceries, canned foods, dairy products, and other nonmeat products accounted for nearly one-fourth of the 1948 sales of branch houses in the Pacific region, and nearly all branch houses handled these products. Only about 4 percent of the sales of independent meat wholesalers, on the other hand, consisted of nonmeat products, and only a few of the wholesalers handled such products (table 4).

Table 4.--Packer branch houses and independent meat wholesalers: Commodity line sales as percentage of total sales of reporting establishments, Pacific region and United States, 1948[1] [2]

Commodity line	Branch houses		Independent meat wholesalers	
	Pacific	United States	Pacific	United States
	Percent	*Percent*	*Percent*	*Percent*
Meat and meat products	76.8	75.7	96.0	94.4
Canned and bottled foods	9.1	5.7	.4	.8
Frozen foods	0	([3])	.4	.4
Groceries	5.3	4.4	.6	.6
Dairy products	3.7	5.1	.3	.7
Eggs and poultry	4.6	7.6	1.6	2.1
Soaps, toilet and other	.3	.9	0	0
Miscellaneous foods and products	([3])	([3])	.3	.5
Other	.2	.6	.4	.5
Total sales	100.0	100.0	100.0	100.0

[1] Independent meat wholesalers are referred to in the Census as "meat product wholesalers."
[2] Census of Business, Wholesale Trade, 1498. Vol. IV, Tables 10B, 11, and 12, pages 10:26, 10:07, 11:09 and 12:03.
[3] Less than 0.05 percent.

Compared with the sales of independent meat wholesalers, the sales of branch houses usually consist of a higher percentage of cured, processed, and variety meats. This was true for the Pacific region in 1948 (table 5). Among fresh meat sales of branch houses, beef ordinarily dominates. However, branch houses in the Bay Area, as in most other areas of the Pacific region, are marked exceptions of this general rule (table 6). Fresh beef, veal, and lamb accounted for only about 19 percent of the total sales, in terms of physical volume, of Bay Area branch houses in 1955. Fresh and cured pork accounted for 67 percent. Fresh pork sales of branch houses greatly exceeded their sales of all other fresh meat, but they sold about twice as much pork in the smoked or cured form as in the fresh state. Several of the Bay Area branch houses handled no meat other than pork and pork products.

Table 5.--Packer branch houses and independent meat wholesalers: Commodity line sales as percentage of total sales and of total meat sales analyzed, Pacific region, 1948[1]

Item	Sales as a percentage of			
	Total sales		Meat sales analyzed	
	Branch houses	Independent wholesalers	Branch houses	Independent wholesalers
	Percent	*Percent*	*Percent*	*Percent*
Meat and provisions............	76.8	96.0	100.0	100.0
Fresh meat (except sausage)....	39.6	81.6	53.1	81.1
Cured, boiled, smoked..........	26.2	14.4	34.7	10.3
Sausage loaves.................	5.4	8.4	7.1	5.0
Lard...........................	([2])	2.6	([2])	1.3
Other meats incl. game.........	([2])	11.2	5.1	2.3
Products not analyzed in detail	23.2	4.0	--	--

[1] Census of Business, Wholesale Trade, 1948. Vol. IV, tables 11 and 12, pages 11.09 and 12.03.
[2] Not indicated separately.

All types of independent meat wholesalers in the Bay Area other than calf handlers concentrate heavily upon fresh beef. Among jobbers and other types of independent wholesalers, beef tends to dominate business thinking and planning, and many frankly admitted that other species were handled only for competitive reasons. In order to sell beef in volume, they find it necessary, in many instances, to carry a complete line of fresh meats.

Calf handlers buy and distribute most of the calves and vealers which move through the Bay Area wholesale market. Only token quantities are handled by other types of independent wholesalers and branch houses. About equal quantities of lamb, fresh pork, and cured pork are sold by independent jobbers of the Bay Area.

Manufacturers of prepared meats

The San Francisco Bay Area is well supplied with sausage factories and manufacturers of prepared meats. A combination of circumstances is responsible. Among these are (1) a good supply of cows--principally of the dairy breeds--and bulls, (2) a relatively large sausage-eating population of Mediterranean extraction, and (3) climatic conditions which are favorable to the manufacture of high-quality sausage.

It was not possible to acquire detailed data on these firms in 1955. Some pertinent information, however, is available from the 1947 Census of Manufacturers. There were 53 prepared meat manufacturers in the Bay Area in 1947, an 8 percent increase from 1939. In addition, available data indicate that the prepared meat plants of the Bay Area are relatively large (table 7). Sausage manufacturing was relatively less important in the Los Angeles area in terms of numbers of plants and number of plants per capita, as well as numbers of workers per plant.

Table 6.--Packer branch houses and independent meat wholesalers: Meat sold and percentage distribution of physical sales by species and class of handler, San Francisco Bay Area, 1955

Wholesale meat distributors	Beef	Veal	Lamb	Pork	Total fresh	Cured pork	Processed variety & offal	Total meat
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Branch houses........	23,328	3,781	4,245	36,795	68,149	72,899	22,917	163,965
Independent meat wholesalers........	174,520	29,526	11,764	14,833	230,645	13,137	8,457	252,239
Jobbers..........	126,452	7,135	11,264	12,960	157,811	([1])	--	--
Boners...........	43,907	67	500	1	44,475	([1])		
Calf handlers....	--	20,870	--	--	20,870	([1])	--	--
Frozen meat handlers.......	4,161	1,455	--	94	5,710	([1])	--	--
	Percentages of total meat and meat products handled							
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Branch houses........	14.2	2.3	2.6	22.4	41.5	44.5	14.0	100.0
Independent meat wholesalers........	69.2	11.7	4.6	5.9	91.4	5.2	3.4	100.0

	Percentages of total fresh meat handled				
	Beef	Veal	Lamb	Pork	Total
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Branch houses........	34.2	5.6	6.2	54.0	100.0
Independent meat wholesalers........	75.7	12.8	5.1	6.4	100.0
Jobbers..........	80.1	4.5	7.2	8.2	100.0
Retail supply houses.......	83.9	3.9	5.1	7.1	100.0
Hotel supply houses.......	77.6	4.9	8.6	8.9	100.0
Boners...........	98.7	.2	1.1	--	100.0
Calf handlers....	--	100.0	--	--	100.0
Frozen meat handlers.......	72.9	25.5	--	1.6	100.0

[1] Data not available.

Table 7.--Manufacturers of prepared meats: Selected data for selected areas, 1947, and changes, 1939-47[1]

Area	Plants	Workers per plant	Change from 1939 to 1947	
			Number of plants	Workers per plant
	Number	*Number*	*Percent*	*Percent*
Oakland-San Francisco[2]......	53	15.6	8.2	194.3
Los Angeles[2]................	27	21.0	3.8	154.2
Pacific......................	138	17.6	31.4	155.1
United States................	1,264	27.3	5.6	85.7

[1] Census of Manufacturers, 1947, vol. III, table 2, page 22; vol. II tables 2 and 5, pages 69, 97, and 100. Percentage changes also based upon Census of Manufacturers, 1939, vol. II, Part I, table 2, pp. 66 and 67, and vol. III, table 9, pp. 98-9, 104-5.
[2] Census, metropolitan areas.

Retail meat stores[9]

An analysis of census data on sales through grocery stores and meat markets reveals several peculiarities of the Oakland-San Francisco metropolitan area, which should be considered in evaluating the results of this study. The first of these is that a relatively high proportion of the stores in this area are strictly grocery stores in the sense that they carry no fresh meat. The second is that meat markets in that area sell a relatively high proportion of the meat sold through retail meat stores. The third peculiarity is that, although multiunits in the Oakland-San Francisco metropolitan area account for a relatively high proportion of the total sales in the area by "grocery stores with fresh meat," they account for a relatively small proportion of the meat sales by all grocery stores and meat markets.[10]

In 1948, grocery stores with fresh meat accounted for only 40 percent of the grocery stores in the area, compared with 66 percent for the State as a whole. Comparisons of sales indicate about the same results. In the Bay Area, grocery stores with fresh meat accounted for about 67 percent of the total grocery store sales. For California as a whole, sales of grocery stores with fresh meat accounted for almost 85 percent of the total.

Meat markets in 1948 accounted for nearly 30 percent of the total number of retail meat stores in the Bay Area. For California, this figure was 13 percent, which means that in the remainder of the State, particularly Los Angeles, meat markets were relatively unimportant (table 8). By 1948, less than 10 percent of the meat and combination grocery-meat stores of the United States consisted of meat markets, and in some areas they had become virtually nonexistent.

The relative importance of meat markets and grocery stores in selected areas, as of 1948, with respect to meat sales is indicated in table 9. It appears from this table that (1) meat markets were much more important in the Bay Area than elsewhere in California, the Pacific region, or the Nation as a whole, and (2) meat markets relative to grocery stores with fresh meat were much more important in terms of dollar sales of meat than in terms of numbers.

---

[9] "Retail meat stores," for purposes of this study, were defined to include "retail food stores with fresh meat" or combination grocery-meat stores as well as meat markets. "Retail meat outlets," where used, however, includes restaurants and other purveyors of meals. The term "meat and grocery retailers" as used in later portions of this report refers to operators of "retail meat stores."

[10] The term "multiunits" as used in the census refers to two or more retail units which are owned and operated by one organization.

Table 8.--Grocery stores with fresh meat and meat markets: Number in selected areas and percentage relationships, 1948[1]

Area	Grocery stores with fresh meat	Meat markets	Total	Meat markets as a percentage of total
	Number	*Number*	*Number*	*Percent*
Oakland--S. F. metropolitan area	1,518	623	2,141	29.1
California	11,338	1,690	12,828	13.0
Pacific region	16,157	2,309	18,466	12.5
United States	223,662	24,242	247,904	9.8

[1] Census of Business, Retail Trade, 1948, Vol. I, tables 1C and 1E, pages 1.04 and 1.15; Vol. III, tables 101 and 102, pages 4.02 and 4.09. Comparable data not available in 1954 Census of Business.

Table 9.--Grocery stores with fresh meat, and meat markets: Total sales, total meat sales, and percentage distribution of total meat sales between grocery stores and meat markets, selected areas, 1948[1]

Area	Total sales	Meat sales as a percent of total	Meat sales[2]	Percentage distribution of meat sales by retail meat stores
	Million dollars	*Percent*	*Million dollars*	*Percent*
Oakland--S.F. metropolitan area				
Grocery stores with fresh meat	307	[3] 24.1	73.99	60.0
Meat markets	51	[3] 96.7	49.32	40.0
Total			123.31	100.0
California				
Grocery stores with fresh meat	1,886	[3] 24.1	454.53	77.3
Meat markets	138	[3] 96.7	133.45	22.7
Total			587.98	100.0
Pacific region				
Grocery stores with fresh meat	3,415	24.1	823.02	82.0
Meat markets	187	96.7	180.83	18.0
Total			1,003.85	100.0
United States				
Grocery stores with fresh meat	20,743	29.2	6,056.96	79.2
Meat markets	1,642	96.6	1,586.17	20.8
Total			7,643.13	100.0

[1] Columns 1 and 2 from Census of Business, Retail Trade, 1948, Vol. I, tables 101 and 102, pages 4.02 and 4.09; Vol. II, tables 16A and 16B, pages 16:02 and 16:03.
[2] These meat sales figures were calculated from columns 1 and 2.
[3] Not available in the census. It was assumed, however, that the percentage figures for the Pacific region were reasonably representative. Published figures on meat sales as a percentage of total sales were remarkably constant between regions and among stores of different sizes.

Although meat markets appear to have accounted for about 40 percent of the 1948 retail meat sales in the Bay Area, some important changes probably have occurred since 1948 if trends indicated for the period 1939-48 have continued. Numbers of meat markets in California dropped about one-half between 1939 and 1948. Numbers of grocery stores with fresh meat, on the other hand, increased 39 percent during the same period.

Data on the relative importance of multiunits among retail meat stores are presented in table 10. While the derived estimates shown in column 6 of table 10 indicate that multiunit meat markets and multiunit grocery stores, combined, account for a relatively high percentage of the retail meat sales in the San Francisco metropolitan

Table 10.--Grocery stores with meat, and meat markets: Estimated meat and total sales, and multiunit sales by grocery stores and meat markets, selected areas, 1948[1]

Area, store, and market	Sales				
	Total[1]	Meat[2]	Multiunit		Multiunit meat as percentage of all meat[5]
			Total[3]	Meat[4]	
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*
S.F.--Oakland metropolitan area.....					
Grocery stores with meat..........	307	73.99	159.33	39.99	32.4
Meat markets.....................	51	49.32	10.97	10.41	8.5
Total..........................		123.31		50.40	40.9
California					
Grocery stores with meat..........	1,886	454.53	935.46	231.06	39.3
Meat markets.....................	138	133.45	27.60	26.33	4.5
Total..........................		587.98		257.39	43.8
Pacific					
Grocery stores with meat..........	3,415	823.02	1,632.37	399.93	39.8
Meat markets.....................	187	180.83	34.41	32.83	3.3
Total..........................		1,003.85		432.76	43.1
United States					
Grocery stores with meat..........	20,743	6,056.96	9,298.90	2,678.08	35.0
Meat markets.....................	1,642	1,586.17	239.73	230.14	3.0
Total..........................		7,643.13		2,908.22	38.0

[1] From column 1, table 9.
[2] From column 3, table 9.
[3] Derived by applying percentage figures computed from census data to the figures in column 1. Each percentage was derived, in turn, from sales data on total and multiunit sales of meat and fish markets. Census of Business, Retail Trade, Vol. I, tables 2F, 2G, 3B, and 3C, pages 2.74, 2.94, 3.08, and 3.76.
[4] Derived by applying percentage figures computed from the census to the figures in column 3. Each percentage was derived, in turn, from sales data reported by a sample of stores. For the United States and Pacific region, the percentages were computed from data on total sales and sales of meat, seafood, and poultry by multiunits and large stores. Sales of fish markets, however, were excluded. The percentages applicable to the Pacific region were used for California and for the S.F.-Oakland metropolitan area. Census of Business, Retail Trade, Vol. II, tables 16C, 16D, and 16E, pages 16.06, 16.07, 16.15, 16.17, and 16.29.
[5] Derived from columns 2 and 4. Rows 1, 2, and 3 of column 4 for each geographic division were successively divided by row 3 of column 2 for each geographic division.

area, they point to a quite different situation for multiunit grocery stores considered separately. Only 32.4 percent of the Bay Area retail meat sales in 1948 were made by multiunit grocery stores. This compares with about 40 percent for California and the Pacific region and with 35 percent for the United States. Nearly 9 percent of the Bay Area retail meat sales were made by multiunit meat markets.

SUPPLY AND DISTRIBUTION PATTERNS

The procurement and distribution patterns for the different species of livestock and meat in Northern California, as mentioned earlier, differ greatly. In some respects, the different species are as unrelated in production, distribution, and consumption as eggs and broilers, oranges and lemons, or other dissimilar commodities. An important reason for this is that both the supply and demand characteristics of the four principal types of fresh meat differ in many important respects. They are not highly competitive either in production, so far as the West generally is concerned, or in consumption.

Beef and Beef Cattle

More than a million head of cattle were slaughtered in Northern California in the period November 1, 1954, through October 31, 1955.[11] These animals produced approximately 557 million pounds of dressed meat, which, together with purchases of about 4 million pounds of carcass beef from out-of-State packers, constituted total beef sales, for the period, of Northern California packers. However, two-thirds of the mature cattle slaughtered by Northern California packers in 1955 were classified as "beef heifers and steers." These were animals primarily of the beef breeds which packers estimated would grade "Prime," "Choice," or "Good," or which were young animals of the Commercial grade. Actually, little or no Prime beef is produced commercially in California, and, therefore, the category "beef heifers and steers" actually applied to beef animals of the Choice and Good grades, in addition to young animals of the Commercial grade, now classified as "Standard."[12] The remaining group, referred to as "other cattle" in this study, includes bulls, cattle of the dairy breeds, and all other cattle which packers estimated would grade Commercial or lower.

Packer sources of supply for beef

Geographic sources.--Numbers of cattle on farms in California and marketings of slaughter cattle from California farms, ranches, and feedlots have trended generally upward for many years. Nevertheless, inshipments of slaughter cattle have continued to represent 20 to 30 percent of the total slaughter of beef in California (fig. 2a).

Estimates made by packers in this study indicate that about 80 percent of the cattle slaughtered by Northern California packers in 1955 were purchased in California. Inshipments by these packers from out-of-State, calculated on an equivalent dressed meat basis, amounted to 112.5 million pounds, of which 108.4 million pounds were inshipments of live slaughter animals. Most of the inshipments of live slaughter animals, as well as of dressed beef, originated in other Western States (table 11).[13] Less than 1 percent of the total beef handled by Northern California packers in 1955 was acquired in Midwestern or Eastern States.

Northern California packers acquired a significantly higher proportion of the beef heifers and steers than of the "other cattle" outside California. Beef heifers and steers accounted for about 80 percent of the direct out-of-State purchases by packers. However, as will be indicated later, packers buy a higher proportion of the lower grades through dealers and order buyers. Many of these purchases show up in the geographic breakdown

[11] This corresponds to the fiscal year of most packers. The period is referred to henceforth simply as "1955."
[12] The live, as well as carcass, grades for beef are Prime, Choice, Good, Standard, Commercial, Utility, Canner, and Cutter.
[13] Washington, Oregon, Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona, and New Mexico.

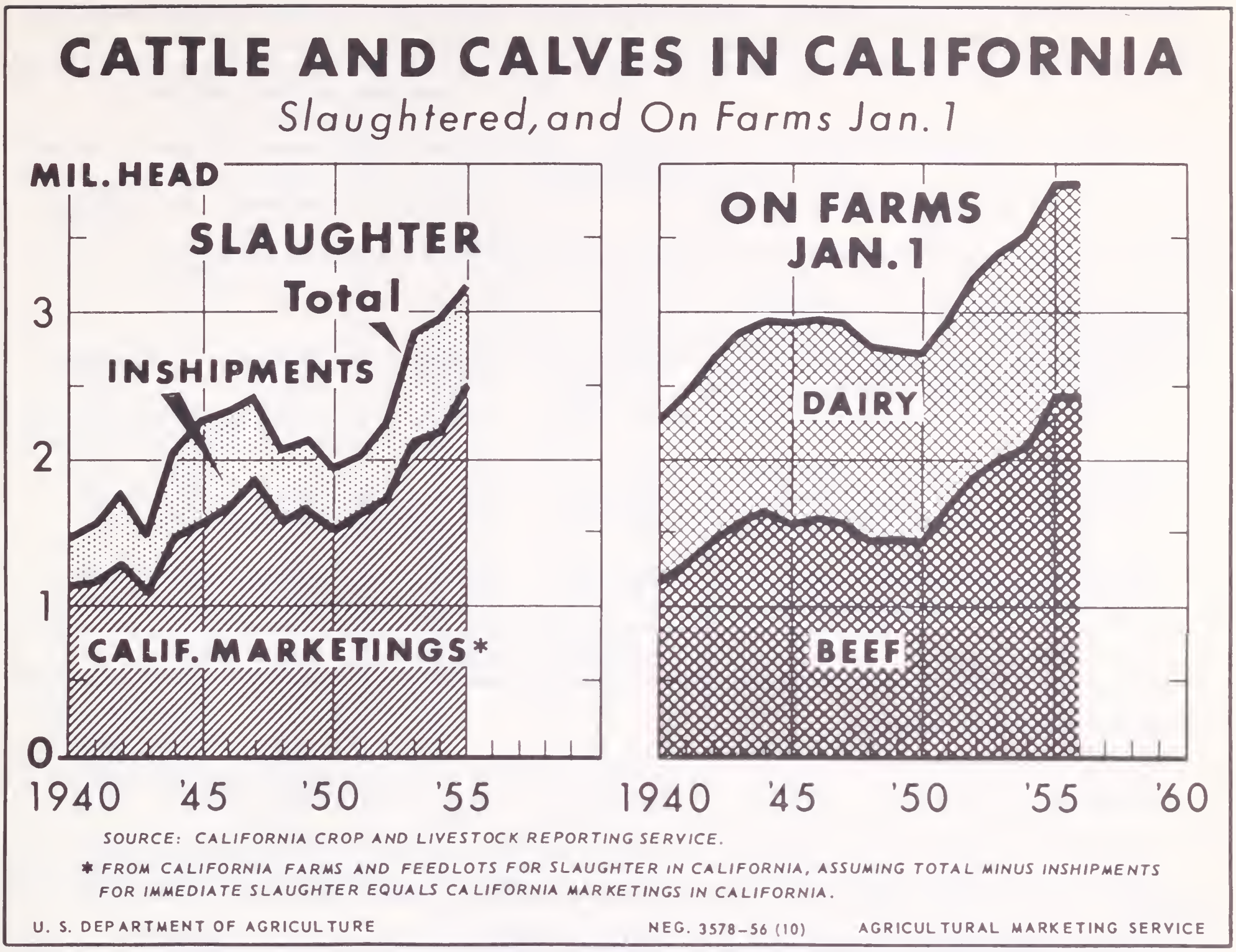

Figure 2

as purchases in California. In addition, relatively large numbers of dairy cattle, all of which are eventually slaughtered, are produced in California.

The percentages of packer purchases within California were about the same for the various classes of packers (table 11). It appears, however, that it was the nonfederally inspected packers who made most of the purchases of live beef animals in the Midwest. Large Federally inspected packers, on the other hand, were responsible for most of the packers' inshipments of carcass beef.

Feedlot and other local market sources. --Cattle finishing operations have increased markedly during recent years in most of the western regions. Among the Western States, however, feeding operations have increased most rapidly in California, which now accounts for more than 45 percent of the fed cattle produced in western feedlots.[14] Numbers of cattle in California feedlots on January 1, 1955, for instance, were more than 4 times greater than the numbers on feed just 5 years earlier (fig. 2).

The important fattening areas of California are the Los Angeles commercial yards, the Imperial Valley in the extreme southeastern part of the State, and the Great Central Valley and adjacent coastal areas. For the most part, these are large commercial drylot operations involving a relatively high capital cost. They contrast sharply with the typical farm feedlots of the Midwest. A recent study indicates that of the cattle fed in California each year about 68 percent are finished at lots where the turnover averages

[14] Scott, Frank S. Marketing Aspects of Western Cattle Finishing Operations, Western Regional Publication No. 190, Nevada Agricultural Experiment Station, Reno, Nev. 1955, p. 13.

Table 11.--Beef and beef cattle: Quantity purchased, equivalent carcass weight, and geographic source of purchases by packers, Northern California, 1955[1]

Item	Beef Purchased	Percentage distribution of packer purchases		
		California	Other Western States[2]	Other States
Purchases by packers:				
Live purchases:				
Class of cattle:	*1,000 pounds*	*Percent*	*Percent*	*Percent*
Beef heifers and steers.......	371,597	76.7	22.2	1.1
Other cattle..................	185,660	88.2	11.7	.1
Packer group:				
Bay Area......................	202,726	79.4	20.4	.2
Other Northern California.....	354,531	81.1	17.7	1.2
Federally inspected...........	380,738	80.5	19.2	.3
Nonfederally inspected........	176,519	80.6	17.7	1.7
Total live...............	557,257	80.5	18.7	.8
Carcasses purchased outside California......................	4,103		92.2	7.8
Total.........................	561,360	80.1	19.1	.8

[1] Nov. 1, 1954, through Oct. 31, 1955. This is normally considered the fiscal period of packers.
[2] Oregon, Washington, Idaho, Montana, Wyoming, Utah, Colorado, Nevada, Arizona, and New Mexico.

over 10,000 animals a year.[15] Less than 5 percent of the total are fed out at lots where the annual turnover is 500 or less.

More than a million head of cattle are placed on feed annually in California, and it appears from this study that about 480 thousand head were fed out in Northern California in 1955. Few of these cattle originated on California farms and ranches, however. Annual total shipments of stockers and feeders into California vary between 850 thousand and a million head and have trended generally upward over the past 10 years.

About 48 percent of the cattle slaughtered by Northern California packers in 1955, according to estimates provided by this study, consisted of feedlot cattle which packers purchased either as feeders or as slaughter cattle at the feedlot. For the category "beef heifers and steers," this percentage, of course, was higher, about 69 percent, and almost three-quarters of the beef heifers and steers slaughtered by Bay Area packers had been marketed directly from California feedlots (table 12).

While feedlots are the principal sources of Northern California packers' beef heifers and steers, auction markets are the principal sources of these packers' "other cattle." Packer purchases at auction markets accounted for about one-half the acquisitions of other cattle by packers. Country purchases of the higher grades, the beef heifers and steers, amounted to about 21 percent of the total for these grades of beef, and of this

[15] Scott, Frank S. op. cit., p. 13.

approximately four-fifths was purchased directly from producers. Relatively few slaughter cattle were purchased by Northern California packers in 1955 at terminal public markets. Purchases at these markets accounted for 11 percent and 23 percent, respectively, of the beef heifers and steers and of other cattle.

Table 12.--Beef: Percentage distribution, by sources, of packer purchases, by type of local market, Northern California, 1955

Item	Commercial feedlots	Terminal public markets	Other[1]		
			Direct from producers	Auctions	Total
Packer purchases:					
Beef heifers and steers:					
Packer group:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Bay Area.................	73.7	14.5	10.4	1.4	11.8
Other Northern California	65.3	8.0	20.4	6.3	26.7
Federally inspected......	75.1	10.9	11.3	2.7	14.0
Nonfederally inspected...	51.8	9.6	29.7	8.9	38.6
Average.............	68.7	10.6	16.4	4.3	20.7
Other cattle:					
Packer group:					
Bay Area.................	7.2	47.5	27.2	18.1	45.3
Other Northern California	4.8	12.5	17.4	65.3	82.7
Federally inspected......	3.5	28.1	18.2	50.2	68.4
Nonfederally inspected...	8.6	15.5	23.8	52.1	75.9
Average.............	5.5	23.2	20.4	50.9	71.3
Total................	47.8	14.8	17.8	19.6	37.4

[1] The distribution of "other" between "direct from producers" and "auctions" was estimated on the basis of replies by a sample of packers.

Packers' beef sales patterns

Nearly 60 percent, or 332 million pounds, of the 561 million pounds of beef produced by Northern California packers in 1955 found its way into the San Francisco Bay Area. Of the 332 million pounds, about 206 million pounds were produced from slaughter by Bay Area packers; the remainder was shipped into the Area from or by Other Northern California packers. However, only about 308 million pounds, or 55 percent of the total, were actually sold for distribution in the Bay Area (table 13). More than a million pounds of the 332 million were exported or shipped by packers to Hawaii or other offshore points, and another 23 million pounds, or 11 percent of the beef produced by Bay Area packers, were trucked or shipped by these packers to other parts of California, Oregon, and Nevada. Most of this 23 million pounds went to packer branch houses at Reno, Sacramento, Stockton, and Fresno. Most of the remainder was distributed on packer truck routes to many of the smaller towns and cities throughout Northern California.

Local sales of fresh beef by Bay Area packers, as shown by table 13, were principally to retail meat stores. These outlets accounted for nearly 60 percent of their Bay Area sales tonnage. Independent jobbers and boners accounted for another 23 percent of these sales. Only about 8 percent was distributed through packer branch houses.

Table 13.--Beef: Sales and percentage distribution of sales, equivalent carcass weight, by packers, by type of outlet, Northern California, 1955

Item	Bay Area packers	Other Northern California packers	Total
Sales:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Outside Bay Area:			
To domestic points	23,102	229,424	252,526
Through Bay Area to foreign and offshore points	([1])	1,172	1,172
Sales in Bay Area	183,127	124,535	307,662
Total	206,229	355,131	561,360
Percentage of sales in Bay Area			
Retail outlets	*Percent*	*Percent*	*Percent*
Meat and grocery retailers[2]	59.0	18.9	42.8
Institutions and purveyors[3]	.7	.1	.5
Total	59.7	19.0	43.3
Wholesale meat distributors and other			
Packer branch houses	7.6	.2	4.6
Boners	2.6	18.9	9.2
Jobbers[4]	21.1	54.0	34.4
Gov't. agencies incl. the military	6.4	7.4	6.8
Processors and other	2.6	.5	1.7
Total	40.3	81.0	56.7
Grand Total	100.0	100.0	100.0

[1] Insignificant.
[2] Includes retail chain and independent grocery stores and meat markets.
[3] Hotels, restaurants, industrial restaurants, ship supply, and other institutions or purveyors of meals.
[4] Includes a small quantity of sales to calf handlers and frozen meat handlers.

Bay Area sales of beef by Northern California packers outside the Area were mainly to independent meat wholesalers. Jobbers alone accounted for more than half the total, and another 19 percent was acquired by Bay Area boners. Direct sales of beef by Northern California packers outside the Area to retail meat stores in the Bay Area were confined principally to sales to retail food chains and to meat markets and grocery stores on the fringes of the San Francisco Bay Area, as defined.

Sales of beef by packers to institutions, restaurants, and other purveyors, as well as sales to local independent processors, represented relatively small proportions of total packer sales in the Area.[16] However, agencies of Federal, State, and local governments, principally the military, were important customers of packers. Even in the peacetime year 1955, agencies of governments accounted for an estimated 21 million pounds of the 308 million pounds of beef distributed in the Bay Area by Northern California packers.

[16] The term "purveyor," as used in this report, means a hotel, restaurant, industrial restaurant, or other purveyor of meals. Institutional users of meat, such as prisons or hospitals, are classed along with purveyors throughout the report.

Beef procurement and distribution patterns of wholesale meat distributors

Wholesale meat distributors, including packer branch houses, boners, and independent jobbers, handle a considerable part of the beef that finds its way into the San Francisco Bay Area. As indicated in the previous section, these three types of wholesale meat distributors accounted for nearly one-third of the beef distributed locally by Bay Area packers and over 73 percent of the beef sold in the Bay Area by Other Northern California packers. In addition, they handled most of the out-of-State carcass beef which moved into the Area.

Of the three types of wholesale meat distributors--packer branch houses, boners, and independent jobbers--independent jobbers were by far the most important in terms of total volume of beef handled (table 14). Aggregate annual sales of Bay Area jobbers were nearly 131 million pounds. The boners were next in importance with a total annual volume of about 44 million pounds. Bay Area packer branch houses, with sales of about 23 million pounds annually, were less important in the distribution of beef in the Bay Area than in most other areas of the Nation.

The Bay Area branch houses, particularly those operated by firms which also operated packing plants in the Area, acquired most of their beef from local Bay Area packers in 1955 (table 14). In the aggregate, they found it necessary or desirable tc acquire about 8.6 million pounds of carcass beef, 37 percent of the total volume handled,

Table 14.--Beef: Quantity and percentage distribution of purchases by wholesale meat distributors, San Francisco Bay Area, 1955

Item	Packer branch houses	Boners	Independent jobbers
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Purchases	23,328	43,907	130,613
Percentage distribution of purchases:			
California:			
Packers:	*Percent*	*Percent*	*Percent*
Bay Area	59.8	10.8	29.6
Other Northern California	.9	53.7	51.5
Wholesale meat distributors (Bay Area):			
Branch houses	(1)	(2)	.7
Jobbers	1.4	.1	(1)
Boners	.8	(1)	1.4
Total	62.9	64.6	83.2
10 other Western States	35.5	34.9	14.8
Other States	1.6	.5	2.0
Total	37.1	35.4	16.8
Grand total	100.0	100.0	100.0

[1] To a limited extent, branch houses, of course, buy and sell to one another. In the aggregate, however, these transactions balance and cancel out. This is true also of boners and jobbers.
[2] Less than 0.05 percent.

423779 O - 57 - 4

outside California. Most of this, however, was acquired from packers located in other Western States. Less than half a million pounds of beef were shipped in 1955 from Midwestern areas to Bay Area branch houses, despite the fact that, for some of these branch houses, the nearest company-owned packing plant was located in the Midwest. But, as indicated earlier, some of the Bay Area branch houses handled very little beef.

Boners and jobbers of the Bay Area bought even greater quantities of beef out-of-State than did branch houses. Percentagewise, however, carcass beef from out-of-State was much less important to Bay Area jobbers than to either boners or branch houses. Nearby packers, particularly Other Northern California packers, were the principal supply sources of boners and jobbers for beef. Bay Area jobbers apparently provide interior California packers and also packers in some other Western States with an important outlet for block beef.[17] Bay Area boners, on the other hand, provide these packers with outlets for carcasses of cows, bulls, and other lower grade beef.

Turning from procurement to distribution, sales patterns of Bay Area wholesale meat distributors for beef are indicated in table 15. Data in this table reveal several important facts.

First, boners and some independent jobbers ship considerable quantities of beef to domestic points outside the Bay Area. Some Bay Area jobbers, as indicated earlier, distribute widely throughout Northern California. The boners, who deal in large wholesale quantities of boned beef, shipped often to buyers in all major West Coast cities, including Los Angeles, Portland, and Seattle. Boners also shipped considerable quantities of meat to Hawaii and the Philippine Islands. In addition, small quantities were exported by boners to Japan, Hong Kong, and other foreign or offshore areas. A few jobbers also exported small quantities of boned meat. The cheaper, lower quality beef handled by boners competes more effectively than the higher priced block beef with meat produced in Australia and other meat-exporting countries.

Second, Bay Area branch houses distributed beef principally to retail meat stores, although they also sold considerable quantities to processors and purveyors or institutions. Boners, on the other hand, sold mainly to processors. However, about 11 percent, or 2 million pounds of beef sold in the Bay Area by boners moved to retail meat stores. This, for the most part, was meat eventually sold as hamburger.

Third, except for scattered sales to processors, Government agencies, and others, the 1955 beef sales of jobbers were divided almost equally between retail markets on the one hand and purveyors or institutions on the other. This is not typically true, however, of individual jobbers. Most meat jobbing firms of the Bay Area are largely specialized either in supplying hotels, restaurants, and other purveyors or institutions, or in distributing to independent meat markets and grocery stores. The hotel supply houses, therefore, handle ribs and loins mainly. If these firms sell to retail markets, it is for the principal purpose of disposing of rounds, chucks, and other wholesale cuts not strongly desired by purveyors. The retail supply houses, on the other hand, cater to the demand among retail markets for rounds, chucks, and the lower valued wholesale cuts. Many look to a small clientele of hotels and restaurants for disposal of excess supplies of ribs and loins. At all levels of the wholesale market, sausage manufacturers and other meat processors are looked to for disposal of trimmings and lower grade carcasses.

Fourth, government agencies and the military bought considerable quantities of beef from wholesale meat distributors as well as from packers. Estimates of these meatpacking or distributing firms indicate that about 30 million pounds of beef were purchased in the Bay Area during 1955 by the military and other agencies of government.

---

[17] "Block beef" is beef which ordinarily moves into fresh meat consumption channels rather than to processors or boners. It is fresh beef which moves across the cutting block of the retail butcher and includes qualities of beef sold to restaurants and other dining establishments.

Table 15.--Beef: Sales and percentage distribution of sales, equivalent carcass weight, by wholesale meat distributors, by type of outlet, San Francisco Bay Area, 1955

Item	Packer branch houses	Boners	Independent jobbers
Sales:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Outside Bay Area:			
To domestic points	503	15,894	13,053
To foreign and offshore points	599	2,073	1,221
Bay Area	22,426	25,940	116,339
Total	23,328	43,907	130,613
Percentage distribution of Bay Area sales:			
Retail outlets:	*Percent*	*Percent*	*Percent*
Meat and grocery retailers[1]	65.5	10.7	45.0
Institutions and purveyors[2]	8.7	.6	44.8
Total	74.2	11.3	89.8
Wholesale meat distributors and other:			
Packer branch houses	([3])	.8	.3
Boners	([4])	([3])	([4])
Jobbers	4.3	7.0	([3])
Gov't. agencies incl. military	4.7	6.9	5.5
Processors and other	16.8	74.0	4.4
Total	25.8	88.7	10.2
Total	100.0	100.0	100.0

[1] Includes chain and independent grocery stores with meat and meat markets.
[2] Hotels, restaurants, industrial restaurants, all other purveyors of meals.
[3] These transactions in the aggregate cancel out.
[4] Less than 0.05 percent.

Sales to and purchases by retail food stores[18]

Sales of beef to Bay Area purchasing units of retail food chains, according to data collected, accounted for about 55 million pounds, or 26.9 percent, of the beef purchased in 1955 by all meat markets and grocery stores in the Bay Area. However, not all of the 55 million pounds of beef acquired by food chains was distributed in the Bay Area. The Bay Area is the Northern California purchasing headquarters for several of the seven chains included in the study, and most of the meat purchased by these chains for distribution in Northern California is moved into central warehouses in the Bay Area. From these points, it moves out to cities and towns throughout the northern half of the State. About 23 million of the 55 million pounds of beef acquired were so distributed outside the Bay Area. The remaining 32 million pounds distributed to retail units in the Bay Area by retail food chains represented only 17.5 percent of the beef retailed in the Area.[19]

The Bay Area retail food chains acquired most of their beef from local Bay Area packers, but they bought considerable quantities from Other Northern California packers and from Bay Area jobbers (table 16). In addition, approximately 2.4 million pounds of

[18] Retail food chains were defined so that multiunit grocery store organizations with fewer than 5 retail units were excluded.

[19] This estimate of beef sold in the Bay Area through retail food chains was lower than the census estimate derived earlier because "multiunits," as used in the census, includes all firms operating more than 1 store, whereas "retail food chains" was defined in this study to include only those firms operating 5 or more retail units.

Table 16.--Beef: Quantity and distribution of purchases of meat and grocery retailers, by type and location of seller, San Francisco Bay Area, 1955

Seller	Quantity purchased	Percentage of total supplied by each seller		Percentage distribution among sellers	
		Meat markets and independent grocery stores	Retail food chains	Meat markets and independent grocery stores	Retail food chains
	1,000 pounds	*Percent*	*Percent*	*Percent*	*Percent*
Packers:					
Bay Area..................	108,108	72.3	27.7	52.4	54.8
Other Northern California.	23,510	34.6	65.4	5.4	28.1
Other Western States......	2,377	([1])	100.0	([1])	4.4
Packer branch houses, Bay Area................	14,690	98.2	1.8	9.7	.5
Jobbers, Bay Area...........	52,299	87.9	12.1	30.9	11.5
Boners, Bay Area............	2,773	85.9	14.1	1.6	.7
All sellers............	203,757	73.1	26.9	100.0	100.0

[1] No attempt was made in this study to determine direct purchases by meat markets and independent grocery stores in the Bay Area from packers outside the State. These, however, were considered insignificant.

beef were brought into the Bay Area by the chains from out-of-State packers. Direct purchases of beef from packers, irrespective of location, represented 87 percent of total beef purchases in 1955 by Bay Area retail food chains. This compares with about 58 percent for all independent meat stores in the Area.

The 2.4 million pounds of beef acquired from out-of-State packers by the Bay Area food chains represented a net addition to the supplies of beef indicated earlier as available for distribution in the Bay Area. Bay Area packers produced 206 million pounds of beef, and Other Northern California packers made available an additional 126 million pounds. To these quantities must be added the 46 million pounds of beef received by wholesale meat distributors from out-of-State packers. This, with the 2.4 million pounds received by the retail food chains, brings the total to 380.4 million pounds, which is the total estimated quantity of beef available in the Bay Area in 1955 for distribution. As indicated (table 17), an estimated 69.1 percent of this total was acquired in the form of slaughter cattle or dressed beef within the State of California. Most of the remainder, 29.5 percent, originated in Other Western States. About 1.4 percent was brought into the Bay Area from the Midwest.

Form in which beef is distributed in the Bay Area

Fresh beef is purchased or sold in carcass form, in wholesale cuts, in retail cuts, and in many other specialized types of cuts.[20] It may be processed to some extent and remain fresh, as boned meat or chip steaks.

Traditionally, packers have sold beef in carcass form. This is the form in which it has been most readily accepted by retail meat markets and grocery stores as well as the jobbing trade. Thus, a high proportion of the packer sales in the Bay Area was in carcass form (table 18). The Bay Area packers, however, sold a higher proportion of their beef in the form of cuts than those located at a distance from the market; but most of these sales by Bay Area packers involved emergency and supplemental purchases by retailers or purveyors and orders by very small grocery stores.

[20] The term "carcass form," as used in this report, includes sides and quarters of beef.

Table 17.--Beef: Total quantity, in terms of carcass weight, available for distribution, by geographic source, San Francisco Bay Area, 1955[1]

Item	Sources of Supply			Total available in Bay Area
	California	Other Western States	Other States	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Production by Bay Area packers	161,065	44,545	619	206,229
Bay Area sales of other Northern California packers[2]	101,823	22,376	1,508	125,707
Receipts of wholesale meat distributors from out-of-State packers		42,902	3,223	46,125
Receipts of retail food chains from out-of-State packers		2,377	0	2,377
Total	262,888	112,200	5,350	380,438
Percentage distribution	69.1	29.5	1.4	100.0

[1] These are sources only for slaughter cattle and dressed beef. Feeder cattle shipped into the State for feeding and sold as fed slaughter cattle in 1955 are included under California. Inshipments by purveyors, processors, and independent retailers from outside California were omitted.

[2] It was assumed that the sources of beef sold in the San Francisco Bay Area by "Other Northern California packers" were the same in relative terms as sources of all cattle and beef acquired and sold by these packers.

Although jobbers bought nearly all of their beef in carcass form, they sold it, for the most part, in the form of wholesale or fabricated cuts (table 18).[21] This is particularly true of hotel supply houses. Bay Area jobbers cut or fabricated 75 percent of the beef handled by them. Another 8 percent was purchased in the form of cuts, leaving about 17 percent for sale in carcass form.

Boners, of course, fabricate and bone nearly all the beef they purchase. Branch houses, on the other hand, sold a high percentage of their beef in carcass form. The reason for this is that they sell mainly to retail meat markets and independent grocery stores. These markets and stores, according to long established custom, buy in carcass form, and employ butchers to do their breaking and fabricating. Some purchases of extra quarters or wholesale cuts are made necessary, however, by changing relative demands for the different retail cuts. In the summer, for instance, the demand for ribs and loins increases relative to the demand for other types of cuts. During the winter, on the other hand, demand for roasting and stewing meats increases relative to ribs and loins. These seasonally increased demands for particular cuts sometimes cannot be met through changes in the relative prices of different cuts.

Beef sold by packers to retail food chains of the Bay Area was, for the most part, in carcass form (table 18). Carcass beef, according to the chains, made up about 79 percent of their total purchases. Nearly all of the remainder was purchased in the form of wholesale cuts. The chains indicated that purchases of cuts were about equally divided between packers, on the one hand, and jobbers and branch houses, on the other.

[21] The wholesale cuts of beef are relatively large and fairly well standardized subdivisions of the carcass. Fabricated cuts are specialized types of cuts and in this report they include retail cuts.

Table 18.--Beef: Percentages showing form in which purchased or sold by packers, wholesale meat distributors, and retail food chains, San Francisco Bay Area, 1955

Type of buyer or seller	Carcasses	Cuts		
		Wholesale	Other	Total
Packers:				
Bay Area:[1]	*Percent*	*Percent*	*Percent*	*Percent*
Sales	84.2	14.8	1.0	15.8
Other Northern California:				
Sales	94.5	1.3	4.2	5.5
Wholesale meat distributors, Bay Area:				
Branch houses:				
Purchases	83.4	([2])	([2])	16.6
Sales	63.8	([2])	([2])	36.2
Jobbers:				
Purchases	92.0	7.5	.5	8.0
Sales	16.6	39.5	43.9	83.4
Boners:				
Purchases	99.8	.1	.1	.2
Sales	4.4	4.8	90.8	95.6
Retail food chains:				
Purchases	78.7	18.3	3.0	21.3

[1] Excludes the two national packers in the Bay Area.
[2] Not determined.

Use of Federal beef grades in the wholesale market

Beef is sold both graded and ungraded. It may be graded and stamped according to packer or proprietary grade standards, or according to standards of the U. S. Department of Agriculture. The Federal grading of beef or other carcass meat is voluntary, but the actual grading is done by Department of Agriculture technicians, and the packer or other handler pays a nominal fee.

Most of the beef which moved through Bay Area wholesale market channels in 1955, according to estimates obtained in this study, was graded according to Department of Agriculture standards. Most of the remainder was ungraded, since packer or proprietary grade numbers, as well as brand names, were used infrequently by all Bay Area wholesale firms other than the national packers and the branch houses.

More than half of the beef sold by Northern California packers in 1955, or more than 80 percent of the block beef sold, was federally graded (table 19). Most of this U. S. graded beef consisted of carcasses of animals from California feedlots which were slaughtered by independent packers. The carcasses were sold either to retail food chains or to jobbers for resale to hotels and restaurants. All of the beef purchased by retail food chains in the Bay Area was U. S. graded, and over 90 percent of it was Choice grade. The beef purchases of purveyors, apparently, also consisted largely of U. S. Choice grade beef.

A high proportion of the beef marketed out of California feedlots was of the Choice grade. In the year ending September 1, 1953, about 72 percent of the cattle marketed from these feedlots were Choice grade, and this percentage was considerably higher for Northern California.[22] Little beef which would not meet the carcass grade standards for

[22] Scott, Frank S., op. cit., p. 46.

Table 19.--Beef: Percentage distribution of U. S. graded, handled by packers, wholesale meat distributors, and retail food chains by grades, Northern California, 1955

Item	U. S. graded beef				
	Percentage distribution				As percentage of total beef sold
	Choice	Good	Commercial and other	Total	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Northern California packers:					
Bay Area	66.8	22.7	10.5	100.0	62.4
Other Northern California	49.2	41.6	9.2	100.0	50.0
Federally inspected	60.2	30.1	9.7	100.0	57.0
Nonfederally inspected	47.3	43.0	9.7	100.0	48.9
All packers	56.6	33.7	9.7	100.0	54.5
Wholesale meat distributors, Bay Area:					
Jobbers:					
Retail supply house:					
Sells to chains[1]	69.3	24.9	5.8	100.0	64.5
No sales to chains	22.1	69.2	8.7	100.0	81.5
All retail supply houses	53.7	39.5	6.8	100.0	69.3
Hotel supply house:					
Sells to chains[1]	86.2	7.1	6.7	100.0	94.4
No sales to chains	81.6	8.9	9.5	100.0	91.3
All hotel supply houses	84.4	7.8	7.8	100.0	93.2
Frozen meat handlers	73.9	18.7	7.4	100.0	80.8
Boners	74.9	13.6	11.5	100.0	9.1
Branch houses	51.7	26.8	21.5	100.0	37.3
All wholesale meat distributors	73.9	18.7	7.4	100.0	83.3
Retail food chains	90.4	7.0	2.6	100.0	100.0

[1] "Sells to chains" includes all jobbers who indicated that they sold regularly to retail food chains in 1955.

Choice or Good normally was graded, so it was not surprising to find that 57 percent of the beef federally graded in Northern California in 1955 was graded Choice. Another one-third was graded Good.[23]

The independent federally inspected packers of the Bay Area sold a high proportion of U. S. graded beef than national packers or nonfederally inspected packers. In addition, the U. S. Choice grade dominated the U. S. graded beef sales of independent Bay Area packers and of independent federally inspected packers, irrespective of location, to a significantly greater extent than the U. S. graded beef sales of other packers. These

[23] Data made available by the Federal Grading Service after completion of the field work on this study show that the carcass beef federally graded in Northern California in the period January 1, 1956, to June 1, 1956 was: Prime, 1.0 percent; Choice, 63.4 percent; Good, 27.6 percent; Commercial, 5.9 percent; Utility, 2.0 percent; Cutter and Canner, 0.1 percent.

results were to be expected, since it was these independent packers who supplied Bay Area retail food chains with most of their beef. Most national packers prefer, wherever practicable, to merchandise beef according to their own grades or proprietary labels.

More than 83 percent of the beef sold by Bay Area jobbers in 1955 was U. S. graded. For hotel supply houses, this percentage was even higher, about 93 percent. The Choice grade, as in the case of packers, dominated the U. S. graded sales by jobbers, but the jobbers who sold regularly to the food chains and the hotel supply houses handled significantly larger proportions of the U. S. Choice grade than other jobbers. Only about 37 percent of all beef sold by retail supply houses, compared with 80 percent for hotel supply houses, was of the Choice or Prime grades. This is consistent with expected results. The Bay Area hotel supply houses are large firms, for the most part, and the premises of most of them are within the city of San Francisco, which is famed for its fine restaurants and hotel dining rooms.

Very little of the beef sold by boners, of course, is Government-graded meat. This meat loses all identity and is sold, for the most part, for further processing. Much of it is ground into hamburger. Only 37 percent of the beef sold by branch houses was Government-graded, but practically all of the remainder was packer-graded or branded.

Veal and Lamb

In the Bay Area, as in many of the other large meat wholesaling markets of the Nation, veal and lamb are handled by a relatively few large-volume firms and through patterns and methods of distribution quite different from those for beef. One reason is that per capita consumption of veal, as well as of lamb, is low in most areas of the United States, compared with beef. Consequently, few small packers can readily find outlets for complete truckloads or carloads of dressed veal or lamb. Similarly, only a few jobbers and branch houses distribute throughout a territory sufficiently large that they can conveniently handle a carload of dressed veal or lamb at any one time. This, however, is about the only major point of similarity between the distribution characteristics of veal and lamb in the Bay Area. Marketing channels and practices for lamb and veal differ markedly.[24]

Production characteristics and packer supply sources

Veal and calf. --Veal and calf carcasses are derived from the slaughter of vealers and calves. Vealers usually are less than three months old and have subsisted largely on milk. Calves, on the other hand, are usually between 3 and 8 months old and have subsisted partially or entirely on feeds other than milk for a substantial period of time. Calves are heavier and more mature than vealers.

Procurement and distribution patterns for vealers and calves differ markedly from those of beef. Most of the vealers of the Bay Area market are of the dairy breeds and originate on the large dairy farms in the San Francisco Bay Area and in the San Joaquin Valley. Milk is a high-valued farm product, and, consequently, most dairymen in California market the new calves at a very young age.

Calf carcasses in wholesale market channels of the Bay Area are of two principal types. First, there are those derived from slaughter of beef-type calves from the range and pasture areas of California and Other Western States. The second type consists of carcasses of dairy or mixed breeds, usually of relatively high quality and finish, from Midwestern areas, such as Iowa, Missouri, and Wisconsin. A few of these animals are shipped in alive, but, for the most part, they arrive in California in carcass form.[25]

---

[24] Veal and lamb are discussed together here not because of their similarities in marketing but for convenience and to point out their many extreme dissimilarities.

[25] For convenience, the term "veal" from this point onward will be used to include all veal and calf. The word "calves," wherever it appears, means young animals from which veal is derived.

More than 51 million pounds of veal were produced from slaughter in Northern California in 1955. Less than 30 percent of this, however, was veal slaughtered by Bay Area packers, and federally inspected packers of the Bay Area accounted for only about 8 percent of the total. In contrast, the federally inspected Bay Area packers produced 57 percent of the lamb slaughtered in Northern California in 1955. Veal Slaughter in the Northern California area, as indicated earlier, is concentrated in specialized nonfederally inspected plants in or near the dairy producing regions. The federally inspected plants of interior California, however, slaughter most of the larger farm and range calves that are marketed.

Specializing in dairy veal, Northern California slaughterers of calves acquired about 95 percent of the1955 veal requirements of California. Nearly all of the remainder, 4.5 percent, was acquired in Other Western States. Some packers were more heavily dependent upon inshipments than others. However, this geographic procurement pattern appears to have been generally true of all major classes of slaughterers in Northern California (table 20).

Table 20.--Veal: Quantity purchased, equivalent carcass weight, and geographic sources of purchases by packers, Northern California, 1955 [1]

Item	Veal purchased	Percentage distribution of packer purchases		
		California	Other Western States [2]	Other States
Purchases by packers:				
Live purchases:				
Packer group:	*1,000 pounds*	*Percent*	*Percent*	*Percent*
Bay Area..........................	14,854	93.9	6.0	0.1
Other Northern California..........	36,321	95.4	3.9	.7
Federally inspected................	20,319	94.3	5.6	.1
Nonfederally inspected.............	30,856	95.4	3.8	.8
Total live........................	51,175	95.0	4.5	.5
Carcasses purchased outside California...	291	--	([3])	100.0
Total.............................	51,466	94.5	4.4	1.1

[1] Nov. 1, 1954, through Oct. 31, 1955.
[2] Oregon, Washington, Idaho, Montana, Wyoming, Colorado, Utah, Nevada, Arizona, and New Mexico.
[3] Less than 0.05 percent.

About 10 percent of the calves purchased for slaughter by Northern California packers in 1955 was acquired at terminal public markets (table 21). Another 1 percent was bought from feedlots, but all of the remaining 89 percent was purchased at auction markets or directly from farmers. Most of these purchases were made at auction markets, according to estimates developed from reports of a number of the packers interviewed, but about 30 percent of the total moved directly from producers to packers. One reason for this is that some slaughterers make continuing arrangements with large dairy operators.

Table 21.--Veal: Percentage distribution, by source, packer purchases, by type of local market, Northern California, 1955

Item	Commercial feed lots	Terminal public markets	Other[1] (country)		
			Direct from producers	Auctions	Total
Packer purchases:					
Packer group:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Bay Area	.7	12.9	36.3	50.1	86.4
Other Northern California	.9	9.5	27.4	62.2	89.6
Federally inspected	.5	13.7	42.4	43.4	85.8
Nonfederally inspected	1.1	8.3	21.8	68.8	90.6
Total	.9	10.4	30.0	58.7	88.7

[1] The distribution of "other" between "direct from producers" and "auctions" was estimated on the basis of replies by a sample of the respondent packers.

Slaughter lambs.--California is one of the few States which ranks high in consumption of lambs as well as in their production and slaughter. Lamb and mutton provided California with more than 6 percent of its total red meat production in 1955. For Northern California, this percentage was higher, near 8 percent. In contrast, lamb and mutton accounted for less than 3 percent of the 26 billion pounds of red meat produced in the United States in 1955.

The Sacramento-San Joaquin, or Central, Valley is the leading sheep-producing district of California. The northern mountains and the northern coastal region of the State, however, also are important sheep-producing areas. Feeding of lambs is concentrated in the Central Valley, in the Los Angeles area where lambs are fattened in commercial yards, and in the Imperial Valley situated in the extreme southern portion of the State.

The total slaughter of lambs increased rather steadily in California during World War II, despite reductions in numbers of sheep and lambs on farms along with the general decline in production in all western areas (fig. 3). With the end of the war, the total slaughter volume dropped precipitously and continued to decline until about 1951, when production, as well as volume of slaughter, in California again turned upward. Despite these increases, California has remained a deficit lamb-producing area. The gap between total slaughter and consumption requirements in California, however, is not as wide as implied by figure 3 since some dressed lambs are shipped from the State to eastern markets.

Beginning about mid-March and reaching a peak in May, large numbers of spring lambs are marketed out of the Central Valley and the central coast ranges. Spring lambs from the Imperial Valley also are marketed during this period and find ready outlets in the Los Angeles and San Diego markets. In addition, a high percentage of the early lambs out of Arizona's Salt River Valley move westward to southern California. During this early period, shipments of both live and dressed lambs are made to eastern points, primarily by the major packers. In 1954 live shipments out-of-State totalled 274 thousand head.

Marketings of lambs from farms, ranches, and feedlots of California decrease steadily after the heavy run of spring lambs. Range lambs from the northern coastal regions and lambs fattened on permanent pastures constitute the bulk of the within-State supplies during the summer. Inshipments of lambs commence with the depletion of local early spring and summer supplies. These inshipments originate, for the most part, in other Western States such as Nevada, Utah, Oregon, Idaho, and Arizona.[26] Inshipments in 1954 totalled more than 1,339 thousand head. About half of these were brought in for immediate slaughter, and the remaining half went into pastures and feedlots of the State.

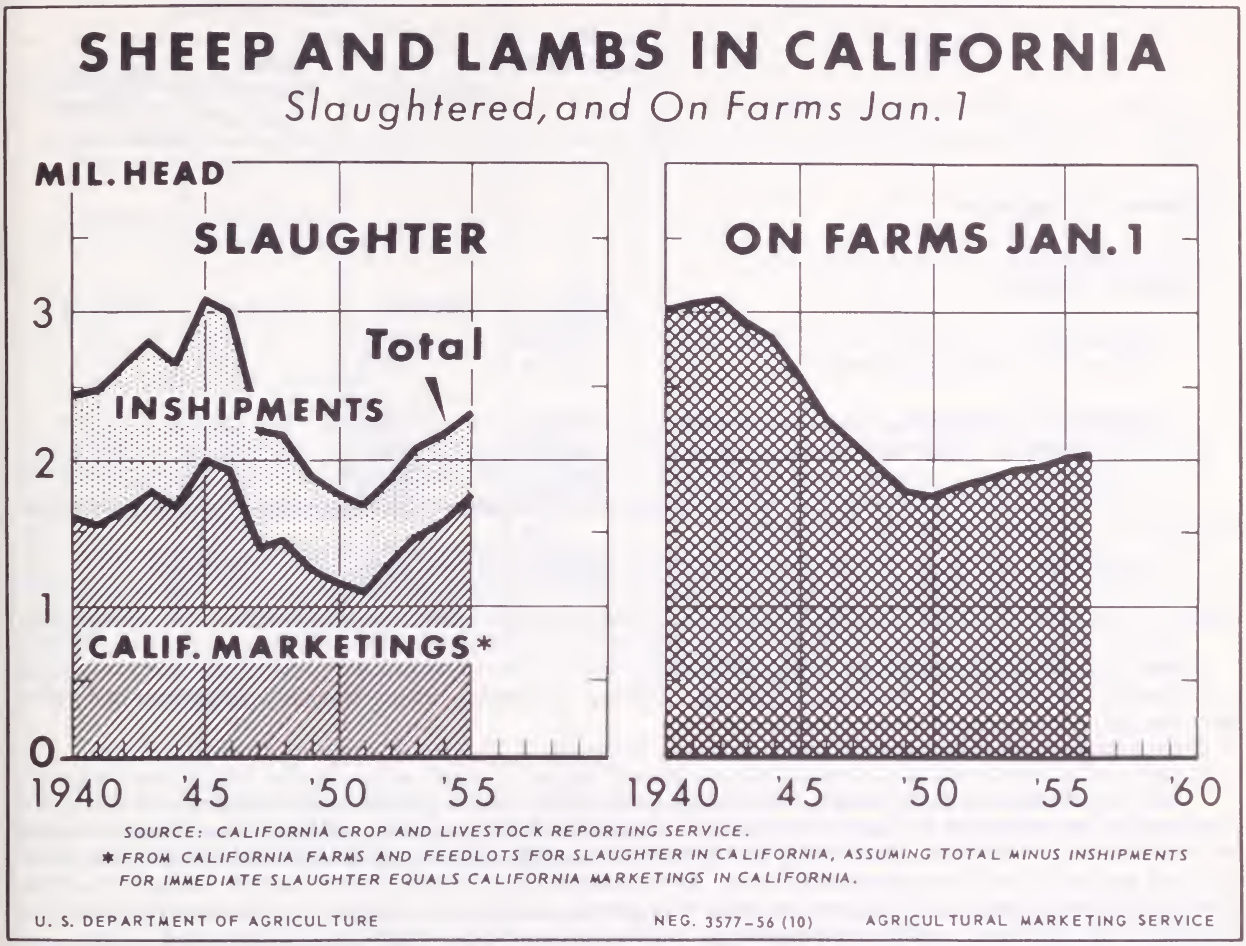

Figure 3

Inshipments of lambs for immediate slaughter appear in figure 3 to have accounted for about 30 percent of the total slaughter of lambs in California. This figure is reasonably consistent with the similar figure developed in this study for 1955. Northern California packers reported the geographic distribution of their lamb purchases about as indicated in table 22. As shown, about 73.4 percent were purchased in California, while 26.5 percent were brought in from the other Western States. A small amount in the form of lamb carcasses was brought in by the national packers from the Midwest.

Most of the 1955 lamb slaughter in Northern California was done by the federally inspected packers of the San Francisco Bay Area. These packers accounted for about 57 percent of the total. Nearly all of the remainder was slaughtered within a 50-mile radius of Sacramento. The concentration of slaughter and distribution among a relatively few large-volume federally inspected packers is an outstanding feature of lamb in the wholesale market.

[26] Caire, Justinian. "The Sheep Industry of the Twelfth Federal Reserve District," Supplement to Monthly Review, September 1950, Federal Reserve Bank of San Francisco.

Table 22.--Lamb: Quantity purchased, equivalent carcass weight, and geographic source of purchases by packers, Northern California, 1955[1]

Item	Lamb purchased	Percentage distribution of packer purchase		
		California	Other Western States[2]	Other States
Purchases by packers:				
Live purchases:				
Packer group:	*1,000 pounds*	*Percent*	*Percent*	*Percent*
Bay Area	44,143	72.4	27.6	([3])
Other Northern California	16,303	77.7	22.3	([3])
Federally inspected	43,913	75.0	25.0	([3])
Nonfederally inspected	16,533	70.8	29.2	([3])
Total live	60,446	73.9	26.1	([3])
Carcasses purchased outside California	394	--	92.1	7.9
Total	60,840	73.4	26.5	.1

[1] Nov. 1, 1954, through Oct. 31, 1955.
[2] Oregon, Washington, Montana, Wyoming, Idaho, Colorado, Utah, Nevada, Arizona, and New Mexico.
[3] Less than 0.05 percent.

Direct purchases at farms, auctions, and other local points represented the bulk of the packer purchases of lambs in 1955.[27] Many of these lambs, although not the products of commercial feedlots, had been developed to a high degree of finish and quality on excellent pasture and supplemental feed. Only about 12 percent of the lambs slaughtered in Northern California in 1955 moved directly from feedlots to packers. The terminal public markets at Stockton and San Francisco, on the other hand, probably were used by producers and shipper of lambs more than of other species of livestock. Purchases at terminal public markets represented more than one-fourth of the lambs purchased by Northern California packers in 1955.[28] This compares with 15 percent for cattle and 10 percent for calves. The lambs purchased at terminal public markets, for the most part, were lambs trucked into the San Francisco market from the Central Valley and from the northern coastal regions of the State, and, as indicated in table 23, they were lambs purchased mainly by the federally inspected packers of the Bay Area.

Packers' sales patterns for veal and lamb

About 41 million pounds of veal, or nearly 80 percent of the total produced in Northern California, was sold by Northern California packers to buyers in the Bay Area. Of this total, about one-third was supplied by the Bay Area packers. Approximately 80 percent of the lamb produced from slaughter in Northern California also was sold to buyers

[27] The procurement data on lambs were not sufficiently detailed to permit calculation of a separate estimate of purchases at auctions.
[28] According to market news data for the State as a whole, which includes the Los Angeles market, only about 10 percent of California's slaughter lambs move through the terminal market yards. However, few lambs move through the Los Angeles terminal market, which indicates that the figures in table 23 for Northern California probably are reasonably accurate.

Table 23.--Lamb: Percentage distribution of the source of packer purchases, by type of local market, 1955

Item	Commercial feedlots	Terminal markets	Other (country)
Packer purchases:			
Packer groups:	*Percent*	*Percent*	*Percent*
Bay Area	16.7	35.8	47.5
Othern Northern California	([1])	3.8	96.2
Federally inspected	5.0	32.8	62.2
Nonfederally inspected	31.4	12.1	56.5
Total	12.2	27.1	60.7

[1] Less than 0.05 percent.

in the Bay Area, but, in contrast to veal, nearly 90 percent of the lamb sold in the Bay Area was supplied by the Bay Area packers. In further contrast, most of the lamb sold in the Bay Area moved directly from packers to retail meat markets and stores, whereas, most of the veal was sold by packers to independent wholesale meat distributors.

The half-dozen calf handlers of the Bay Area acquired about 39 percent of the veal shipped to the Bay Area by Northern California packers. Independent jobbers and boners accounted for another 15 percent. Only about 11 percent was sold directly to retail meat outlets. Sixty percent of the lamb sold in the Bay Area by these packers, on the other hand, moved directly, but most of the remainder, 25 percent, was sold to independent jobbers and boners.

Packer branch houses acquired somewhat greater proportions of the lamb and veal than of beef distributed in the Bay Area by Northern California packers. Branch houses accounted for only about 4.6 percent of the Bay Area beef sales of these packers, but they handled more than 5 percent of the veal and about 9 percent of the lamb sold in the Bay Area by Northern California packers.

Nearly 6 percent of the lamb, but less than 1 percent of the veal, made available in the Area by California packers was bought by the military and other government agencies. Exports and offshore shipments of both lamb and veal by packers were negligible, and purchases by processors represented not more than 1 percent of packers' sales of lamb in the Area. However, a surprisingly high percentage of the veal sold in the Bay Area by the Other Northern California packers was purchased by processors.[29]

Procurement and distribution practices in wholesale distribution of veal and lamb

Calf handlers accounted for more than 62 percent of the veal sold in 1955 through Bay Area wholesale meat distributors. Few of them, however, handled even small quantities of any other meat. The principal supply source of calf handlers was Northern California packers outside the Bay Area, but some of the calf handlers, particularly those specializing in more mature or higher quality veal, purchased considerable quantities in Midwestern States. They imported more veal from the Midwest than did the packer branch houses. Inshipments of veal from the Midwest, however, accounted for 43 percent of the total veal purchases of branch houses as compared with about 11 percent for calf handlers. But the latter, as well as the independent jobbers, purchased relatively large quantities of veal from packers in Western States other than California (table 25).

[29] A combination of veal and pork makes an excellent sausage, but it appears from the data that sausage manufacturers and other local processors buy more veal than pork from packers. This seems contrary to general impressions and expectations.

Table 24.--Veal and lamb: Sales and percentage distribution of sales, equivalent carcass weight, by type of outlet, by packers, Northern California, 1955

Item	Veal		Lamb	
	Bay Area packers	Other Northern California packers	Bay Area packers	Other Northern California packers
Sales:	*1,000 pounds*	*1,000 pounds*	*1,000 poundx*	*1,000 pounds*
Outside the Bay Area:				
To domestic points..................	1,665	8,828	7,918	6,042
Through Bay Area to foreign and off shore points..................	([1])	49	([1])	([1])
Sales in Bay Area.....................	13,480	27,444	36,619	10,261
Total..........................	15,145	36,321	44,537	16,303
Percentage of sales in Bay Area:				
Retail outlets:	*Percent*	*Percent*	*Percent*	*Percent*
Meat and grocery retailers[2].........	24.8	3.5	60.2	59.9
Institutions and purveyers[3].........	0.1	([4])	0.2	([4])
Total..........................	24.9	3.5	60.4	59.9
Wholesale meat distributors and other:				
Packer branch houses................	10.4	2.7	11.1	([4])
Calf handlers.......................	32.8	41.8	([4])	([4])
Jobbers and boners[5]................	24.6	10.7	21.1	34.7
Gov't. agencies incl. the military..	0.5	1.2	6.2	5.3
Processors and other................	6.8	40.1	1.2	0.1
Total..........................	75.1	96.5	39.6	40.1
Grand total........................	100.0	100.0	100.0	100.0

[1] Insignificant
[2] Includes retail and independent grocery stores and markets.
[3] Includes hotels, restaurants, industrial restaurants, ship supply, and other purveyors of meals.
[4] Less than 0.05 percent.
[5] Includes sales to frozen meat handlers.

Packer branch houses accounted for 12 percent of the veal and 25 percent of the lamb handled in the Bay Area by wholesale meat distributors. The branch houses received nearly all of their lamb from the local Bay Area packers, but they purchased most of their veal from specialized veal slaughterers in interior areas of the State and through inshipments from the Midwest. The Bay Area packers supplied the local branch houses with about 37 percent of their veal.

The jobbers also bought most of their lamb from Bay Area packers, but their purchases of veal were divided more evenly between the Bay Area packers and the Other Northern California packers. Jobbers, apparently, were important customers of the calf handlers, but both jobbers and calf handlers bought veal from branch houses. The principal reasons for this are related to the relative shortage of high-quality veal in the Bay Area. The jobbers purchased small quantities of lamb also from the branch houses.

Table 25.--Veal and lamb: Purchases and percentage distribution of purchases, equivalent carcass weight, by wholesale meat distributors, San Francisco Bay Area, 1955

Item	Veal			Lamb	
	Packer branch houses	Calf handlers	Inde-pendent jobbers	Branch houses	Inde-pendent jobbers
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Purchases	3,781	20,870	8,657	4,245	11,764
Percentage distribution of purchases:					
California:					
Packers:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Bay Area	37.0	21.2	38.4	95.8	65.7
Other Northern California	19.3	55.0	34.0	([1])	30.3
Wholesale meat distributors (Bay Area):					
Branch houses	([1])	2.9	4.0	([2])	1.7
Jobbers	.8	([1])	([2])	([1])	([2])
Calf handlers		([2])	16.4		
Total	57.1	79.1	92.8	95.8	97.7
Other Western States	([1])	10.2	5.4	4.2	1.8
Other States	42.9	10.7	1.8	([1])	.5
Total	42.9	20.9	7.2	4.2	2.3
Grand total	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.
[2] Trade among firms of the same type cancels out when aggregated.

In addition, they bought lamb at certain seasons of the year from packers in Western States other than California and from Midwestern packers.

Turning to sales and distribution by wholesale meat distributors, it appears that the sales patterns of packer branch houses and jobbers for veal and lamb do not deviate substantially from the sales patterns indicated earlier for beef (table 26). Two-thirds of the veal and three-fourths of the lamb handled by branch houses was distributed to meat markets and grocery stores, while most of the lamb sales of jobbers were divided about equally between the retail meat stores and purveyors. In sale of veal, however, jobbers tended to concentrate more upon purveyors than upon retail meat stores, probably as a result of the large volume of veal distributed to the retail meat markets and stores by branch houses and calf handlers. As in the case of beef, firms classified as "hotel supply houses," a particular type of jobber, accounted for the bulk, about 95 percent, of the jobbers' sales of veal and lamb to purveyors and institutions. But hotel supply houses also distributed to retail meat markets and grocery stores. They accounted for about half of the jobber sales of veal and lamb to these outlets.

Although the calf handlers supplied jobbers as well as processors with large quantities of veal, their principal outlets were meat markets and grocery stores. The calf handlers accounted for more than 70 percent of the total sales of veal by all wholesale meat distributors to retail meat markets and stores in the Bay Area.

Table 26.--Veal and lamb: Sales and percentage distribution of sales, equivalent carcass weight, by wholesale meat distributors, by type of outlet, San Francisco Bay Area, 1955

Item	Veal			Lamb	
	Packer branch houses	Calf handlers	Independent jobbers	Packer branch houses	Independent jobbers
Sales:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Outside Bay Area:					
To domestic points	0	3,026	1,616	0	1,282
To foreign and offshore	23	([1])	49	25	73
Bay Area	3,758	17,844	6,992	4,220	10,409
Total	3,781	20,870	8,657	4,245	11,764
Percentage distribution of Bay Area sales:					
Retail outlets:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Meat and grocery retailers[2]	66.6	74.3	41.4	74.8	44.0
Institutions and purveyors[3]	3.4	2.0	51.8	11.4	46.2
Total	70.0	76.3	93.2	86.2	90.2
Wholesale meat distributors and other:					
Packer branch houses	([4])	.2	([5])	([4])	([5])
Calf handlers	16.1	([4])	([5])	0	0
Jobbers	9.4	8.0	([4])	4.9	([4])
Gov't agencies incl. military	.9	.5	4.2	3.6	3.7
Processors and other	3.6	15.0	2.6	5.3	6.1
Total	30.0	23.7	6.8	13.8	9.8
Grand Total	100.0	100.0	100.0	100.0	100.0

[1] Insignificant.
[2] Includes chain and independent grocery stores with meat, and meat markets.
[3] Hotels, restaurants, industrial restaurants, and all other purveyors of meals.
[4] These cancel out.
[5] Less than 0.05 percent.

Sales to and purchases by retail food stores

Meat markets and grocery stores in the Bay Area purchased 23 million pounds of veal and 36 million pounds of lamb in 1955. Of these totals, 27.6 percent of the veal and 25.7 percent of the lamb was bought by the 7 principal retail food chain organizations of the Bay Area. However, not all of the veal and lamb purchased by the Bay Area food chains was distributed in that area. About half of the 6.3 million pounds of veal bought by Bay Area purchasing units of the chains and about 40 percent of the 9.3 million pounds of lamb purchased were transported out of the Bay Area to retail units in towns and cities throughout Northern California.

The procurement patterns of Bay Area retail food chains for lamb are similar in many respects to those for beef. Nearly all, 98 percent, of the lamb acquired by the retail food chains was purchased directly from packers. The independent markets and stores also bought most of their lamb from packers or slaughterers in or near the Bay

Area, but they were supplied by branch houses and jobbers with more than 28 percent of their total requirements (table 27).

Direct purchases from packers accounted for a smaller proportion of the food chains' purchases of veal than of any other species or class of meat. Consequently, relatively few differences are apparent between the food chains and the independents with respect to sources of supply of veal. The food chains, as well as the independent retailers, purchased nearly 60 percent of their veal from calf handlers. The meat markets and independent stores divided their remaining purchases of veal about equally between packers and packer branch houses. The retail food chains, in contrast, split their remaining purchases between packers and jobbers, with packers accounting for about two-thirds of this remainder.

All veal purchased by the food chains in 1955 was bought within California, but they received a small quantity of lamb from packers in Other Western States. Packers and wholesale meat distributors, on the other hand, were responsible for the inshipment of considerable quantities of both veal and lamb. Inshipments by all Bay Area wholesale

Table 27.--Veal and lamb: Quantity and distribution of purchases by meat and grocery retailers, by type and location of seller, San Francisco Bay Area, 1955

Seller	Quantity purchased	Percentage of total supplied by each seller		Percentage distribution among sellers	
		Meat markets and independent grocery stores	Retail food chains	Meat markets and independent grocery stores	Retail food chains
Veal:	*1,000*				
Packers:	*pounds*	*Percent*	*Percent*	*Percent*	*Percent*
Bay Area..................	3,340	54.4	45.6	10.9	24.0
Other Northern California	975	82.2	17.8	4.8	2.8
Other Western States.....	([1])	--	--	--	--
Other States.............	([1])	--	--	--	--
Packer branch houses (Bay Area)................	2,505	100.0	([2])	15.1	([2])
Jobbers[3] (Bay Area).......	2,894	68.4	31.6	11.9	14.4
Calf handlers (Bay Area)..	13,263	71.9	28.1	57.3	58.8
All sellers...........	22,977	72.4	27.6	100.0	100.0
Lamb:					
Packers:					
Bay Area..................	22,044	70.9	29.1	58.5	69.2
Other Northern California	6,144	56.9	43.1	13.1	28.6
Other Western States.....	([1])	--	--	--	--
Other States.............	50	([2])	100.0	([2])	.6
Packer branch houses (Bay Area)................	3,158	100.0	([2])	11.8	([2])
Jobbers[3] (Bay Area).......	4,581	96.8	3.2	16.6	1.6
All sellers...........	35,977	74.3	25.7	100.0	100.0

[1] No attempt was made in this study to determine direct purchases by meat markets and independent grocery stores in the Bay Area from packers outside the State. These, however, were considered insignificant.

[2] Less than 0.05 percent.

[3] Includes small quantities from boners and frozen meat handlers.

market operators and food chains from outside California, together with the slaughter of Bay Area packers and Bay Area sales by the Other Northern California packers, aggregated to 49.2 million pounds of veal and 55.3 million pounds of lamb (table 28). These quantities represent the total supplies of veal and lamb available in the Bay Area in 1955 for distribution. The geographic sources of these supplies are summarized in table 28.

As indicated, about 82 percent of the veal and 72 percent of the lamb available for distribution in the Bay Area in 1955 came from farms, ranches, and feedlots in California. This compares with 69 percent for beef. Nearly all of the lamb inshipments, 27.5 percent of the total supply, was received from packers in Other Western States, but the total veal inshipments were divided about evenly between receipts from Other Western States and the remaining States of the Nation, principally the Midwest.

Table 28.--Veal and lamb: Total quantities, in carcass weight, available for distribution, by geographic sources, San Francisco Bay Area, 1955[1]

Item	California	Other Western States	Other States	Total available in Bay Area
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Veal:				
Production by Bay Area packers........	13,948	891	306	15,145
Bay Area sales of Other Northern California packers[2]................	26,228	1,072	193	27,493
Receipts of wholesale meat distributors from out-of-State packers......		2,590	4,009	6,599
Receipts of retail food chains from out-of-State packers...............		0	0	0
Total..........................	40,176	4,553	4,508	49,237
Percentage distribution..........	81.6	9.2	9.2	100.0
Lamb:				
Production by Bay Area packers........	31,965	12,541	31	44,537
Bay Area sales by Other Northern California packers[2]................	7,973	2,288		10,261
Receipts of wholesale meat distributors from out-of-State packers......		390	59	449
Receipts of retail food chains from out-of-State packers...............		0	50	50
Total..........................	39,938	15,219	140	55,297
Percentage distribution..........	72.2	27.5	0.3	100.0

[1] These are sources only of slaughter animals and dressed meat. Feeder animals shipped into the State for feeding and sold as fed slaughter animals in 1955 are included under California. Inshipments by purveyors, processors, and independent retailers from outside California were neglected.

[2] It was assumed that the sources of veal and lamb sold in the San Francisco Bay Area by Other Northern California packers were the same in relative terms as sources of all veal and lambs acquired and sold by these packers.

Form in which veal and lamb are purchased and sold

As with beef, veal and lamb are purchased, handled, and sold in carcass form or in various types of cuts. However, nearly all lamb and a relatively high proportion of the veal distributed through the wholesale market, except that sold to purveyors, was in carcass form. This is understandable, since the carcasses of veal and lamb, as compared with beef, are small and light. Still, the high level of consumer demand for lamb chops and leg of lamb results in some demand at the retail level, as well as among purveyors, for wholesale cuts rather than full carcasses. Retailers often have difficulty in disposing of breasts of lamb, forequarters, and other less desirable cuts. Even the retail food chains buy some lamb in wholesale cuts (table 29).

Table 29.--Veal and lamb: Percentages showing form in which purchased or sold by packers, wholesale meat distributors, and retail food chains, San Francisco Bay Area, 1955

Type of buyer or seller	Veal		Lamb	
	Carcasses	Cuts	Carcasses	Cuts
Packers:				
Bay Area:[1]	*Percent*	*Percent*	*Percent*	*Percent*
Sales	81.0	[2] 19.0	91.5	8.5
Other Northern California:				
Sales	100.0	0	100.0	([3])
Wholesale meat distributors, Bay Area:				
Branch houses:				
Purchases	93.9	6.1	94.5	5.5
Sales	71.9	28.1	79.9	20.1
Jobbers:				
Purchases	96.1	3.9	98.7	1.3
Sales	41.3	58.7	21.0	79.0
Calf handlers:				
Purchases	100.0	0	--	--
Sales	69.2	[2] 30.8	--	--
Retail food chains:				
Purchases	98.8	1.2	92.7	7.3

[1] Excludes the two national packers in the Bay Area.
[2] Consists largely of boned veal.
[3] Less than 0.05 percent.

Variations in consumer demand or acceptance among the different cuts of veal are less marked than among the various cuts of lamb. Nevertheless, some independent retailers demand wholesale cuts of veal. In addition, considerable quantities of veal are sold in the form of cuts or boned meat to purveyors, frozen meat handlers, and processors. About 87 percent of the veal sales of hotel supply houses were in the form of cuts, and more than half of this consisted of fabricated cuts designed specifically for use by the hotel and restaurant trade. In comparison, only about 12 percent of the veal sales by retail supply houses consisted of cuts, and most of these were so-called primal or wholesale cuts.

More than 30 percent of the veal sold by calf handlers was in the form of cuts, but at least two-thirds of this consisted of boned veal. The branch houses also distributed some veal and lamb in the form of cuts, but, since the customers of branch houses are independent retailers, for the most part, these consisted largely of primal or wholesale cuts.

One distinguishing feature of veal carcasses in the Bay Area wholesale market, as in some other markets, is that, after slaughter, the hides of these animals ordinarily are not removed until just before delivery of the carcasses to retail markets or other final market outlets. Until recent years, retail butchers in the San Francisco area received veal carcasses with the hide intact. Hides were removed by the butcher himself or by professional calf skinners who travelled from one market or store to another performing the service for a fee. The practice was of long standing in the trade and grew out of a desire to reduce shrink and to retain the "bloom" and fresh appearance of the meat.

Use in the wholesale market of Federal grades for veal and lamb

Compared with beef, relatively little of the veal moving through Bay Area wholesale market channels was graded according to official U. S. standards. In contrast, U.S. grading standards were used for a relatively high proportion of the dressed lamb sold in Northern California. In 1955, only about 23 percent of the veal, compared with 82 percent of the lamb, produced in Northern California, was federally graded (table 30).

Table 30.--Veal: Percentage distribution of U. S. graded, handled by packers and wholesale meat distributors, by grades, Northern California, 1955

Item	U. S. graded veal				
	As percentage of total veal sold	Percentage distribution			
		Choice	Good	Commercial and other[1]	Total
Northern California packers:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Bay Area........................	24.1	30.7	57.6	11.7	100.0
Other Northern California.......	24.1	35.4	59.7	4.9	100.0
Federally inspected.............	22.1	35.6	52.0	12.4	100.0
Nonfederally inspected..........	24.0	33.6	62.9	3.5	100.0
All packers.................	23.3	34.3	59.2	6.5	100.0
Wholesale meat distributors, Bay Area:					
Jobbers:					
Retail supply houses..........	49.0	17.1	33.9	49.0	100.0
Hotel supply houses...........	63.9	22.3	57.9	19.8	100.0
All jobbers.................	58.8	20.8	51.1	28.1	100.0
Calf handlers...................	21.9	12.5	76.6	10.9	100.0
Branch houses...................	6.8	8.8	58.2	33.0	100.0
All wholesale meat distributors..............	30.8	15.9	62.2	21.9	100.0
Retail food chains................	96.4	75.9	24.1	0	100.0

[1] The official U. S. grades for veal are Prime, Choice, Good, Standard, Utility, and Cure. The Commercial grade of veal was renamed Standard, effective October 1, 1956.

Veal.--One of the principal reasons for the relatively general nonuse in Northern California of Federal grades for veal stems from the high percentage in the market of very young veal of the dairy breeds. The characteristics of much of this veal were such that it would grade Cull under official standards. This, in turn, may be the principal reason why a considerable volume of veal in the Bay Area was used for processing.

Among Northern California packers, the federally graded veal was 34 percent Choice, 59 percent Good, and 7 percent Commercial and other. An even higher percentage, over 76 percent, of the federally graded veal of calf handlers, the dominant factors in the wholesale distribution of veal in the Bay Area, was of the U. S. Good grade, but less than one-fourth of the veal sold by calf handlers was federally graded. The calf handlers, as indicated earlier, are the major veal suppliers of retail food chains, but, as shown in table 30, nearly all of the veal purchased by these chains was federally graded. At the same time, less than 7 percent of the veal sold by branch houses carried a U. S. grade stamp. Consequently, it appears that nearly all of the veal purchased by meat markets and independent retail stores was ungraded.[30]

Jobbers alone, among the packers and wholesale meat distributors, handled a high proportion of federally graded veal (table 30). This was true of both hotel and retail supply houses, although a significantly higher percentage of the veal sold by hotel supply houses carried a U. S. grade stamp. Important differences between hotel and retail supply houses also were evident in the proportions of the different grades handled. As in the case of Northern California packers and the other wholesale meat distributors, hotel supply houses tended to concentrate on the U. S. Good grade. The retail supply houses, however, handled a higher proportion of veal graded Commercial.

Lamb. --Only relatively small percentages of the lambs sold by one Bay Area packer and by one or two interior California packers were federally graded, but virtually all of the lamb carcasses sold by the remaining packers carried U. S. grade stamps. Furthermore, nearly all of the lamb sold by hotel supply houses, over 70 percent of the lamb sales of retail supply houses, and more than half the lamb handled by the packer branch houses was U. S. graded. The U. S. Choice grade predominated at all levels of the lamb trade, accounting for fully 80 percent of all the federally graded lamb distributed in the Bay Area. Most of the remaining U. S. graded lamb was of the Good grade. Utility and other represented not more than 2 percent of the total lamb graded (table 31).[31]

Many packers and wholesale meat distributors interviewed in the study indicated that retail merchants and owners or operators of eating establishments were more conscious of Federal grades for lamb than for other species. Federal grading, they pointed out, is used frequently as a guarantee against receiving the older mutton-type carcasses. Some respondents stated that the range of quality within the Good grade was considered by many retailers and purveyors to be too great and too variable for their purposes. By buying no meat other than U. S. Choice grade, retailers and purveyors seemed to feel, according to respondents, that they could insure themselves against occasional purchases of lamb with off-flavors or other undesirable features.

Hogs and Pork

Packer supply sources of hogs and pork

Numbers of hogs on farms in California remained relatively constant at about three-quarters of a million from the turn of the current century to the beginning of World War II. During the war they increased to more than a million, but beginning with 1944 hog numbers in California dropped sharply and tended to level out again at the three-quarter-million mark (fig. 4b). In 1952, however, California hog numbers resumed the downward

30 An apparent conflict arose in comparing the grades of sales by calf handlers with the percentage distribution of grades purchased by the retail food chains. The retail food chains reported that Choice grade veal accounted for about 76 percent of their federally graded veal purchases. However, calf handlers, according to their own estimates, sold only about 571 thousand pounds of Choice grade veal in 1955, but they sold about 3, 726 thousand pounds of veal to retail food chains. The difference between these two figures, 3, 726 less 571, is 3, 155 thousand pounds or nearly 50 percent of the total quantity of veal handled by the retail food chains in 1955. Evidently, some of the estimates made by retail chain respondents, calf handlers, or both were in error.

31 No Commercial grade designation exists for lamb.

Table 31.--Lamb: Percentage distribution of U. S. graded, handled by packers and wholesale meat distributors, by grades, Northern California, 1955

Item	U. S. graded lamb				
	As percentage of total lamb sold	Percentage distribution			
		Choice and Prime	Good	Utility[1] and other	Total
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Northern California packers:					
Bay Area...........................	80.6	83.3	14.0	2.7	100.0
Other Northern California.........	86.2	68.0	32.0	([2])	100.0
Federally inspected..............	81.2	77.8	20.4	1.8	100.0
Nonfederally inspected...........	84.6	82.1	15.7	2.2	100.0
All packers..................	82.1	79.0	19.1	1.9	100.0
Wholesale meat distributors, Bay Area:					
Jobbers:					
Hotel supply houses............	96.0	96.9	3.1	0	100.0
Retail supply houses...........	70.7	74.8	23.1	2.1	100.0
All jobbers..................	88.1	91.6	7.9	.5	100.0
Packer branch houses.............	54.5	73.5	17.7	8.8	100.0
All wholesale meat distributors	79.2	88.3	9.7	2.0	100.0
Retail food chains.................	100.0	90.2	9.8	0	100.0

[1] Federal grades for lamb are Prime, Choice, Good, Utility, and Cull. No Commerical grade designation has existed for lamb since April 1951.
[2] Less than 0.05 percent.

trend. On January 1, 1956, there were fewer than one-half million hogs on farms in California. At the same time, the human population of the State had grown tremendously. The result is that inshipments of live hogs and dressed pork from other Western States and from Omaha and other midwestern markets after 1944 comprised a steadily increasing proportion of the pork and pork products made available to California consumers.

Principal reasons for lack of growth in California hog production, commensurate with increases in the human population, stem largely from competition among crops for the available farm land in the State. In the past, producers of hogs, cattle, poultry, and other livestock have faced a relative shortage of low-cost feed grains. High yields of small grains are physically possible in most farming areas of the State, and phenomenally high yields of corn have been attained. Despite these facts, most California farmers have found that the land will yield an even greater net dollar return when devoted to production of fruits, vegetables, cotton, rice, and specialty products. Even the advent of marketing quotas in recent years on cotton and rice appears to have resulted in few material changes in the general feed situation. The result is that waste products from other crops and commodities form the principal basis upon which the California feed-livestock economy is built.

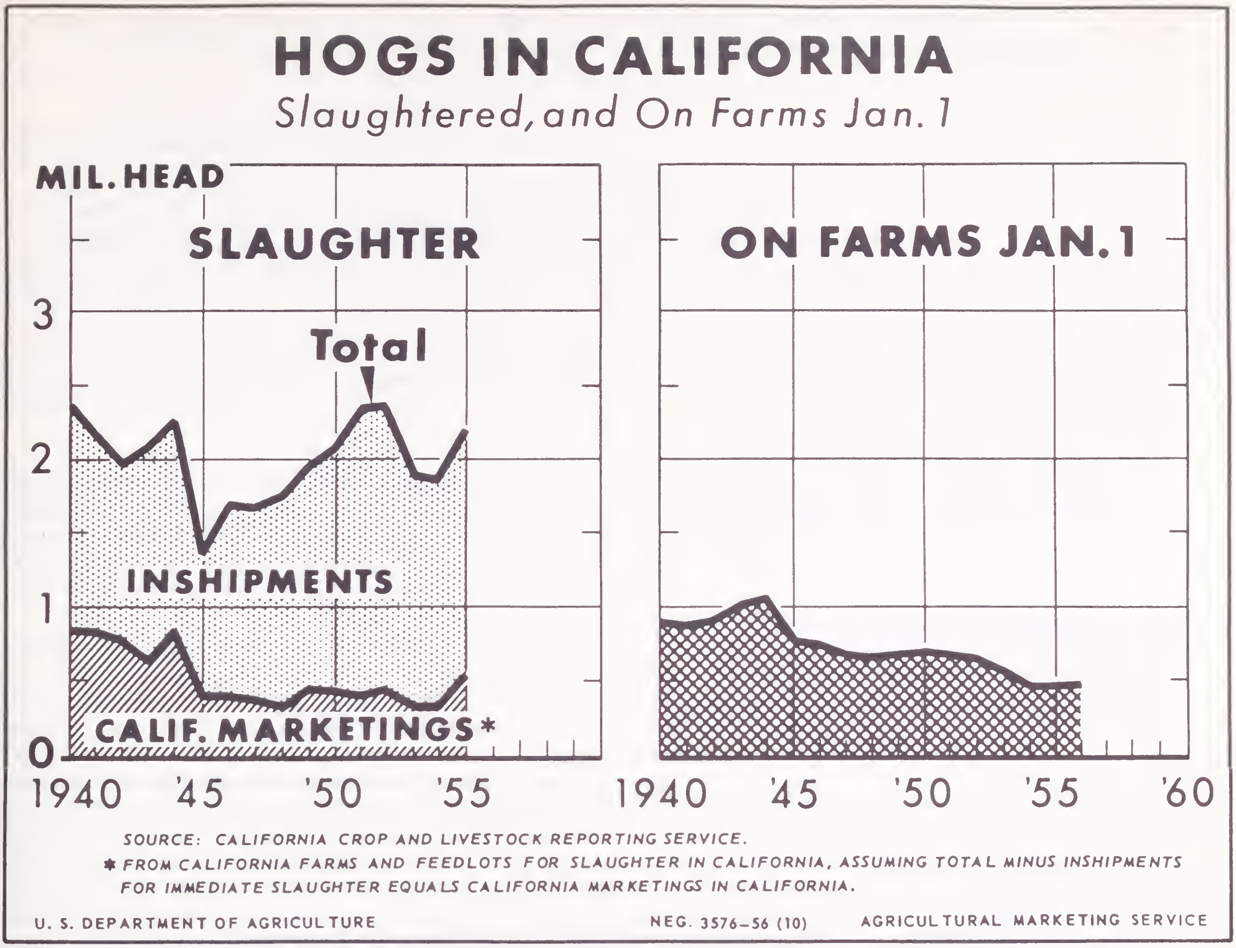

Figure 4

In 1948, about 40 percent of the slaughter hogs raised in the State were produced on garbage.[32] In that year, there were 417 garbage-feeding feedlots. Most of these establishments were located near the large centers of population, Los Angeles and San Francisco.[33] The outbreak of vesicular exanthema and the promulgation of regulations requiring the cooking of garbage probably were primarily responsible for reductions, after 1952, in the hog population of the State. These developments, however, have not materially changed the extent of garbage feeding.

Hog slaughter in California averages between 1.8 and 2.0 million head annually. In the period 1937-46, marketings of hogs from California farms and feedlots, according to the Federal-State crop reporting service, accounted for about 36.5 percent of the total (fig. 4a). Since 1950, however, California marketings have comprised less than 20 percent of the total slaughter.

For Northern California alone, according to data compiled in this study, the situation is somewhat different. In 1955, as shown in table 32, about 35 percent of the fresh and cured pork sales of Northern California packers originated within the State. About 4 percent was supplied by producers in Other Western States, while the bulk, 60 percent, was brought in from the Midwest.

32 California Crop and Livestock Reporting Service.

33 Sullivan, Wallace, Maharg, Earl, and Hughes, E. H. "The Garbage Hog Feeding Business in California," California Agricultural Extension Service Circular 166, April 1950, p. 4.

Table 32.--Fresh and cured pork: Quantities purchased, equivalent carcass weight, and geographic sources of purchases by packers, Northern California, 1955

Item	Pork purchased	Percentage distribution of packer purchases		
		California	Other western States	Other States
Purchases by packers:				
Bay Area packers:	*1,000 pounds*	*Percent*	*Percent*	*Percent*
Live purchases......................	57,616	31.0	0.8	68.2
Carcasses and cuts purchased outside California:				
fresh...........................	4,305	--	([1])	100.0
cured...........................	7,128	--	2.4	97.6
Total........................	69,049	26.0	.9	73.1
Other Northern California packers:				
Live purchases......................	27,386	58.3	14.3	27.4
Carcasses and cuts purchased outside California...................	([2])	--	--	--
Grand total............................	96,435	35.2	4.7	60.1

[1] Less than 0.05 percent.
[2] Insignificant.

A striking difference in the geographic supply patterns of Bay Area packers and Other Northern California packers appears in table 32. About one-fourth of the hogs slaughtered in the Bay Area in 1955 were produced in California, whereas local supplies comprised nearly 60 percent of the slaughter of Other Northern California packers. Inshipments of dressed pork by packers, which totalled about 11.3 million pounds in 1955, or 12 percent of packers' total sales of pork, were much less important to packers than imports of live hogs. Cured pork, it may be noted, comprised about 30 percent of Northern California packers' total sales. Nearly all of this, however, was produced by federally inspected packers of the Bay Area.

Only about 10 percent of California's slaughter hogs move through terminal markets of the State,[34] but the terminal markets at Omaha, Nebr., St. Joseph, Mo., and at some other midwestern cities provide California packers with a high percentage of their live inshipments. Purchases of California packers on these markets are made through order buyers, i.e., by persons who buy "on order" or, in the case of the national packers, through salaried packer buyers. Northern California packers estimated that terminal markets, irrespective of location, provided them with about 38 percent of their total receipts of live hogs. The others were "directs," i.e., hogs purchased at farms, auctions, or other local points. Most of these, of course, were hogs which originated in California or Other Western States. In the aggregate, purchases of hogs on farms, according to Northern California packers' estimates, exceeded auction purchases and were about equal to the total number of hogs bought at terminal markets. The interior California packers and the nonfederally inspected packers, however, slaughtered a much

[34] California Market News reports.

higher percentage of "directs" than other classes of Northern California packers. This is readily understood, since it was the Bay Area and federally inspected packers who were responsible for the bulk of the inshipments.

Wholesale distribution of fresh and cured pork

One distinctive feature of pork is that most of it is consumed smoked or otherwise cured. This was true in the Bay Area in 1955, despite the fact that fresh pork accounted for 70 percent of Northern California packer sales. The loins (chops) and spareribs of hogs account for most of the fresh sales of pork. The remainder, including the hams, picnics, and bellies, is nearly all sold cured. Many of the nonprocessing hog slaughterers of Northern California dispose of hams, picnics, and bellies by selling to branch houses and others for curing or to processors for processing. A small price premium in the fresh market for grain-fed hogs tends to send a higher proportion of the garbage-fed pork to processors.

Bay Area packers distributed about 75 percent of their fresh pork and 58 percent of their cured pork in the Bay Area. The Other Northern California packers, however, shipped no cured pork and very little fresh pork into the Bay Area, with the result that about half of the fresh and cured pork produced by all Northern California packers in 1955 was made available for distribution in the Bay Area.

The primary directional movement of beef, veal, and lamb in Northern California is toward the Bay Area. For fresh and cured pork, however, the bulk of the movement is in the other direction, i. e., from the Bay Area outward to the interior regions of the State. This contrary tendency stems from the relative shortage of pork in the State and from the fact that the Bay Area functions as a focal point for inshipments from out-of-State.

Most of the fresh pork sold in the Bay Area by Bay Area packers moved direct to retail meat markets and stores, but branch houses were the principal outlets of these packers for cured pork. Compared with other species or classes of meat, a relatively large percentage of the fresh as well as of the cured pork made available by Bay Area packers was sold or transferred to branch houses; relatively small percentages were bought by Bay Area jobbers. Jobbers, however, received most of the small quantity of fresh pork distributed by Other Northern California packers in the Bay Area (table 33). More than two-thirds of the remainder was sold to Bay Area processors. Sales of cured pork by packers to the military and agencies of government were fairly important, representing 3 percent of total packer sales of cured pork in the Bay Area.

Pork purchases of Bay Area branch houses and jobbers, together with data showing sources of these purchases, are indicated in table 34. It was not possible to determine accurately the purchase patterns of wholesale meat distributors for cured pork separately, because jobbers as well as branch houses smoke or process some of the fresh pork they receive. Nevertheless as shown, the branch houses handled several times as much pork as the jobbers and more than all Northern California packers combined.[35] It appears however, that inshipments from Other Western States and the Midwest accounted for most of the fresh and cured pork acquisitions of branch houses, despite the fact that they received relatively large quantities of pork from local packers. In addition, more than half the fresh pork sold by Bay Area jobbers was shipped into the Area from out-of-State. Jobbers also imported considerable quantities of cured pork, but two or three specialized "pork handlers," independent jobbing firms specializing in the processing and sale of pork, were responsible for the bulk of these inshipments. Several combination jobber-processors also imported small quantities of cured pork.

Since branch houses as well as independent "pork handlers" and "combination jobber-processors" smoke or otherwise cure considerable quantities of pork, much of the cured pork sold by these firms actually was purchased and shipped to the Bay Area in either a fresh or semi-preserved condition.

[35] Relatively large quantities of the pork accounted as sales of branch houses, however, actually moved by rail car directly from packers in the Midwest or elsewhere to buyers in the Bay Area.

Table 33.--Fresh and cured pork: Sales and percentage distribution of sales, equivalent carcass weight, by packers, by type of outlet, Northern California, 1955

Item	Fresh pork		Cured pork		Fresh and cured pork
	Bay Area packers	Other Northern California packers	Bay Area packers	Other Northern California packers	
Sales:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Outside the Bay Area:					
To domestic points	10,416	24,264	11,779	1,345	47,804
Through Bay Area to foreign and offshore points	([1])	([1])	([1])	([1])	
Sales in Bay Area	30,618	1,777	16,236	([1])	48,631
Total	41,034	26,041	28,015	1,345	96,435
Percentage of sales in Bay Area:					
Retail outlets:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Meat and grocery retailers[2]	62.2	7.9	41.4		53.3
Institutions and purveyors[3]	.5	0	1.8		.9
Total	62.7	7.9	43.2	([1])	54.2
Wholesale meat distributors and other:					
Packer branch houses	21.4	4.2	46.0		29.0
Jobbers[4]	12.7	57.9	6.0		12.1
Gov't. agencies including military	1.7	0	4.8		2.7
Processors and other	1.5	30.0	([5])		2.0
Total	37.3	92.1	56.8	([1])	45.8
Grand total	100.0	100.0	100.0	([1])	100.0

[1] Insignificant
[2] Includes retail chain and independent grocery stores and meat markets.
[3] Hotels, restaurants, industrial restaurants, ship supply, all other purveyors of meals, and institutions.
[4] Includes small quantities sold to frozen meat handlers. Little or none sold to boners or calf handlers.

The jobbers relied principally upon branch houses for their cured pork, but purchases from local packers and from packers throughout the western region provided them with the major part of their fresh pork supplies. In addition and as mentioned above, they themselves may cure some pork or buy from combination jobber-processors.

The customers and sales patterns of Bay Area wholesale meat distributors, including branch houses and jobbers, for fresh and cured pork are about the same as for their sales of other fresh meat (table 35). The branch houses sold pork mainly to meat markets and grocery stores in 1955, whereas jobbers supplied both purveyors and retail meat stores. Several points of difference appeared, however. First, the branch houses sold more than twice as much fresh pork and several times as much cured pork as jobbers. The reverse situation was true in various degrees for beef, veal, and lamb. Second, the branch houses distributed considerable quantities of fresh and cured pork

Table 34.--Pork:[1] Purchases and percentage distribution of purchases, equivalent carcass weight, by wholesale meat distributors, by type, San Francisco Bay Area, 1955

Item	Branch houses	Jobbers
	1,000 pounds	*1,000 pounds*
Purchases	109,694	27,875
Percentage distribution of purchases:		
California:		
Packers:	*Percent*	*Percent*
Bay Area	12.8	17.5
Other Northern California	0.1	3.7
Wholesale meat distributors (Bay Area):		
Branch houses	([2])	32.0
Jobbers	0.1	([2])
Total	13.0	53.2
Other Western States	7.9	33.0
Other States	79.1	13.8
Total	87.0	46.8
Grand total	100.0	100.0

[1] Includes cured. It was not possible with the data at hand to estimate accurately purchases and supply sources of cured pork separately, since both jobbers and branch houses cure or process some of the fresh pork they receive.
[2] The interflow of pork among branch houses and jobbers cancels out in an aggregate analysis.

outside the Bay Area, whereas sales activities of these firms in connection with other meats were almost strictly confined to the Bay Area. Some of the Bay Area branch houses distributed pork and pork products throughout Northern California. Third, a relatively high proportion of the Bay Area branch house sales of cured pork, compared with their sales of other meats, were made to jobbers. Fourth, sales of cured pork by wholesale meat distributors to the military and other governmental agencies were relatively minor in importance.

Sales to and purchases by retail food stores

Food chains with retail units in the Bay Area bought about 10 million pounds of fresh pork and 15.6 million pounds of cured pork in 1955. This represented a relatively small proportion, 17.9 percent, of the fresh pork received by all meat markets and grocery stores in the Area, and a relatively large percentage, 24.5 percent, of the cured pork distributed to these stores and markets (table 36). However, a somewhat higher percentage of the cured pork purchased by the chains was retailed through stores located outside the Bay Area. Only 8.3 million pounds of cured pork and about 5.7 million pounds of fresh pork was sold by the chains to consumers in the Bay Area. This means that of the fresh and cured pork purchased by Bay Area consumers at meat markets and grocery stores, the chains were responsible for about 11.1 and 14.7 percent, respectively.

Table 35.--Fresh and cured pork: Sales and percentage distribution of sales, equivalent dressed weight, by wholesale meat distributors, by type of outlet, San Francisco Bay Area, 1955

Item	Fresh pork		Cured pork	
	Branch houses	Independent jobbers	Branch houses	Independent jobbers
Sales:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Outside Bay Area:				
To domestic points	4,526	1,128	13,268	1,012
To foreign and offshore points	678	104	1,627	97
Bay Area	31,591	13,506	58,004	12,028
Total	36,795	14,738	72,899	13,137
Percentage distribution of Bay Area sales:				
Retail outlets:	*Percent*	*Percent*	*Percent*	*Percent*
Meat and grocery retailers[1]	81.7	55.2	82.5	57.9
Institutions State and purveyors[2]	3.5	38.2	2.5	40.1
Total	85.2	93.4	85.0	98.0
Wholesale meat distributors and other:				
Packer branch houses	([3])	.8	([3])	([4])
Jobbers	5.6	([3])	12.3	([3])
Gov't agencies incl. military	1.6	1.9	1.8	2.0
Processors and other	7.6	3.9	.9	([4])
Total	14.8	6.6	15.0	2.0
Total	100.0	100.0	100.0	100.0

[1] Includes chain and independent grocery stores with meat and meat markets.
[2] Includes hotels, restaurants, industrial restaurants, all other purveyors of meals, and institutions.
[3] Flow of pork among jobbers and among branch houses cancels out.
[4] Less than 0.05 percent.

The food chains relied heavily upon Bay Area packers for their supplies of fresh and cured pork. However, inshipments direct from packers in the Midwest provided them with about 30 percent of their fresh pork, and another 23 percent was bought from local branch houses. The branch houses supplied the retail food chains with more than half their purchases of cured pork, and, compared with fresh pork, a smaller percentage as well as a somewhat smaller physical volume of cured pork was purchased by the chains from out-of-State packers. In contrast, the food chains purchased only very small quantities of beef, veal, and lamb from branch houses.

The branch houses, without question, were the dominant factors in the distribution of pork to meat markets and independent stores. The Bay Area packers supplied the meat markets and independents with about a third of their total purchases of fresh pork, but fully half was acquired from branch houses. In addition, more than 82 percent of the cured pork bought by the meat markets and independent stores was purchased from branch houses, and nearly all of the remainder was delivered by jobbers.

Table 36.--Fresh and cured pork: Quantity and distribution of purchases of meat and grocery retailers, by type and location of seller, San Francisco Bay Area, 1955[1]

Seller	Quantity purchased	Percentage of total supplied by each seller		Percentage distribution among sellers	
		Meat markets and independent grocery stores	Retail food chains	Meat markets and independent grocery stores	Retail food chains
Fresh pork:	*1,000*				
Packers:	*pounds*	*Percent*	*Percent*	*Percent*	*Percent*
Bay Area	19,039	76.7	23.3	32.8	44.6
Other Northern California	141	90.1	9.9	.3	.1
Other Western States	(2)	--	--	--	--
Other States	3,025	(3)	100.0	(3)	30.4
Packer branch houses, Bay Area	25,815	91.1	8.9	49.9	23.2
Jobbers, Bay Area	7,452	97.7	2.3	17.0	1.7
All sellers	55,472	82.1	17.9	100.0	100.0
Cured pork:					
Packers:					
Bay Area	6,717	24,6	75.4	3.4	32.5
Other Northern California	(2)	--	--	--	--
Other Western States	(2)	--	--	--	--
Other States	2,250	(3)	100.0	(3)	14.4
Packer branch houses, Bay Area	47,857	82.7	17.3	82.1	53.1
Jobbers, Bay Area	6,960	100.0	(3)	14.5	(3)
All sellers	63,784	75.5	24.5	100.0	100.0

[1] No attempt was made in this study to determine direct purchases by meat markets and independent grocery stores from packers outside the State. These, however, were considered insignificant.
[2] Insignificant.
[3] Less than 0.05 percent.

Receipts of pork by Bay Area retail food chains from out-of-State packers aggregated about 5.3 million pounds. This brought the total volume of inshipments by branch houses, jobbers, and the chains to 115.6 million pounds. In addition, about 70 million pounds of pork were produced in the Bay Area or shipped there by Other Northern California packers with the result that approximately 186.4 million pounds were made available in the Bay Area for distribution in 1955 (table 37). Only about 10 percent of these 186.4 million pounds were derived from hogs produced in California. Another 10 percent originated in Other Western States, while the remainder, 80 percent, was shipped into California in either a live form or in the form of fresh or cured cuts from the Midwest.

Form in which fresh pork is distributed in the Bay Area

Another distinctive feature of pork is that very little of it is distributed or sold in carcass form (table 38). Packers almost universally cut pork carcasses into wholesale or fabricated cuts. Most of them now trim excess fat from these cuts prior to sale. These practices were made necessary by the widely differing demands for the various portions of a hog carcass. As mentioned earlier, only the loins and spareribs ordinarily are sold fresh, while the hams, picnics, and bellies are smoked or otherwise cured.

Table 37.--Fresh and cured pork: Total quantity, by carcass weight, available for distribution, by geographic source, San Francisco Bay Area, 1955[1]

Item	California	Other Western States	Other States	Total available in Bay Area
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Production by Bay Area packers...........	17,962	632	50,455	69,049
Bay Area sales by Other Northern California packers[2]	1,036	254	487	1,777
Receipts of wholesale meat distributors from out-of-state packers..............		17,883	90,651	108,534
Receipts of retail food chains from out-of-state packers..................			5,275	5,275
Total............................	18,998	18,769	146,868	184,635
Percentage distribution.............	10.3	10.2	79.5	100.0

[1] These are sources of both live animals and dressed fresh or cured pork. However, inshipments by purveyors, processors, and independent retailers from outside California were not included.
[2] It was assumed that the sources of pork sold in the San Francisco Bay Area by Other Northern California packers were the same in relative terms as sources of all hogs and pork acquired and sold by these packers.

Table 38.--Fresh pork: Percentages showing form in which purchased or sold by packers, wholesale meat distributors, and retail food chains, San Francisco Bay Area, 1955

Type of buyer or seller	Carcasses	Cuts		
		Wholesale	Other	Total
Packers:				
Bay Area:[1]	*Percent*	*Percent*	*Percent*	*Percent*
Sales..............................	12.6	85.6	1.8	87.4
Other Northern California:				
Sales..............................	62.0	20.2	17.8	38.0
Wholesale meat distributors, Bay Area:				
Branch houses:				
Purchases..........................	0.2	(2)	(2)	99.8
Sales..............................	0.2	(2)	(2)	99.8
Jobbers:				
Purchases..........................	35.8	50.2	14.0	64.2
Sales..............................	4.3	52.9	42.8	95.7
Retail food chains:				
Purchases..........................	0.2	99.8	(3)	99.8

[1] Excludes the two national packers in the Bay Area.
[2] Unavailable.
[3] Less than 0.05 percent.

In the Bay Area, however, a considerable proportion of the fresh pork was distributed in carcass form until sometime in the early 1940's. Most of these carcasses were purchased by the Chinese retail trade, which in the Bay Area is relatively large. The Chinese, from ancient custom, demanded full-carcass hogs direct from the slaughter floor, before entry of the carcasses into the chilling room. This practice almost died out, however, during World War II.

In 1955, less than 13 percent of the fresh pork sold by Bay Area packers consisted of carcasses, and most of this was purchased by jobbers, principally combination jobber-processors, who did the cutting or fabricating. A relatively high percentage of the Bay Area pork sales of Other Northern California packers consisted of carcasses, but nearly all of these also were purchased by jobbers or processors. The jobbers, it may be noted, find it necessary to produce special fabricated cuts of pork, as well as of other species, for hotels, restaurants, and other purveyors. Even the retail food chains, which maintain warehouse facilities for cutting and fabricating carcasses of other species, purchased few hog carcasses.

INTEGRATED WHOLESALE DISTRIBUTION CHANNELS FOR MEAT IN THE SAN FRANCISCO BAY AREA

The purchase and sale patterns of packers, packer branch houses, independent wholesale meat distributors, and retail food chains, described in detail earlier, are blended with one another in this section to show more complete and integrated market pictures of distribution channels for beef, veal, lamb, and pork.[36] This provides opportunity for summarizing the main points of the discussion on structure and characteristics of the market, and facilitates comparisons among the different species and classes of meat.

Diagrams are presented in this section which illustrate Bay Area distribution channels for each of the following: Beef, veal, lamb, all pork, and all fresh meat.[37] Two channel diagrams are presented for each class of meat. The first of these, in each case, shows the distribution of the total supply of meat which was available in the Bay Area in 1955. The second presents, in each case, the distribution channels for only the supply of meat distributed in the San Francisco Bay Area; that is, the supply purchased by Bay Area retail food chains, independent markets and stores, institutions, and purveyors.[38]

Distribution Channels for Beef

Figure 5 shows the distribution of the 380 million pounds of beef which found its way into the San Francisco Bay Area in 1955. It illustrates the extreme complexity of a wholesale market for meat. On the supply side, all dressed beef originated, of course, with packers. Of the total, Bay Area packers supplied about 54 percent. An addition, one-third came from Other Northern California packers, while packers of the Other Western States supplied 12 percent. Midwestern packers were responsible for the remaining 1 percent.

Nearly half the beef made available in the Bay Area by packers moved directly from packers to final market outlets or, in other words, circumvented that part of the wholesale market composed of wholesale meat distributors. The Bay Area packers were responsible, however, for most of this direct movement; outside packers sold principally to wholesale meat distributors. Branch houses, nevertheless, were supplied mainly by the Bay Area packers, although packers in Other Western States also supplied

---

[36] Data derived should be considered only rough estimates. In some instances, arbitrary decisions were necessary. In all instances, however, estimates of the flow of meat between two different types of firms, as determined by sales figures of one group, were reasonably consistent with the estimates based on purchase figures of the other group. The overall channel data, of course, also are subject to the limitations described earlier. The most important of these limitations is that the data do not include out-of-State purchases by purveyors, independent markets and stores, and processors. In relative terms, however, these, almost certainly, were small.

[37] Appendix tables include data from which the channel diagrams were drawn.

[38] This excludes, in each case, supplies of fresh meat purchased by Bay Area processors and sold to consumers in processed form.

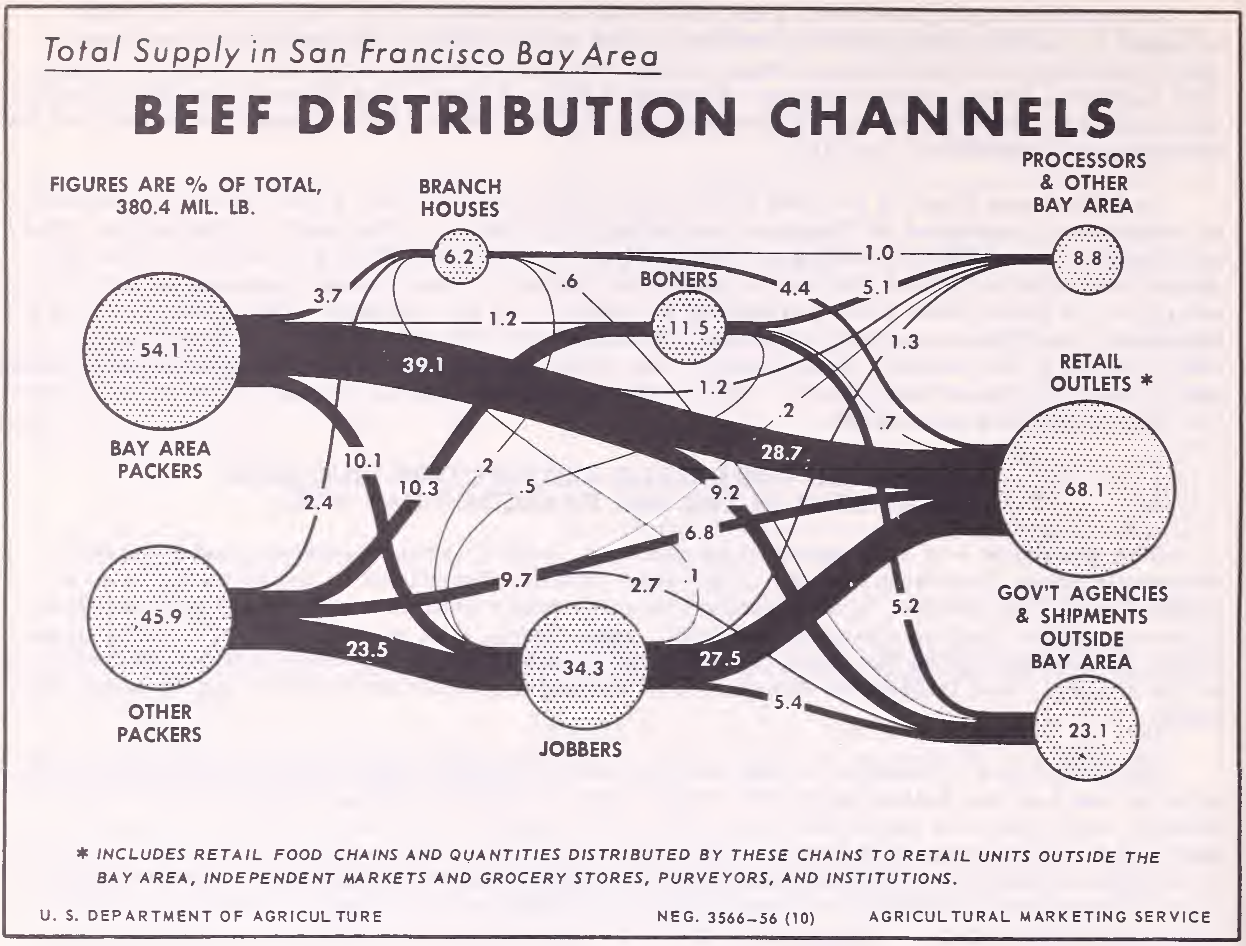

Figure 5

them with considerable quantities of beef. Jobbers purchased mainly from Other Northern California packers, while the boners drew beef into the Bay Area from a number of Western States. The boners of the Bay Area handled nearly twice as much beef as Bay Area packer branch houses, although of a different quality, but the jobbers handled about three times as much beef as the boners.

Retail outlets composed of retail markets and stores, both chain and independent, and institutions and purveyors received more than two-thirds of the total Bay Area beef supply in 1955. This includes, however, beef acquired by the Bay Area food chains for distribution outside, as well as within, the Bay Area. The Bay Area packers and the local jobbers were about equal in importance as suppliers of all Bay Area retail outlets combined. These outlets purchased certain additional, but relatively small, quantities of beef from other packers and branch houses. Processors, buying principally from boners, accounted for less than 9 percent of the total available supply. The remaining 23.1 percent consisted of exports, shipments to offshore buyers, and shipments to packer branch houses and domestic buyers outside the Bay Area. Boners, jobbers, and Other Northern California packers were responsible for the major part of the shipments to branch houses and domestic buyers outside the Bay Area. Sales to the military were common among all types of packers and wholesale meat distributors.

In calculations for figure 6, the beef supply for consideration was scaled down by dropping out all shipments outside the Bay Area, including shipments to domestic points, as well as exports and offshore shipments. Beef purchased by government agencies also was deducted. In addition, fresh beef sold to processors and other Bay Area civilians was

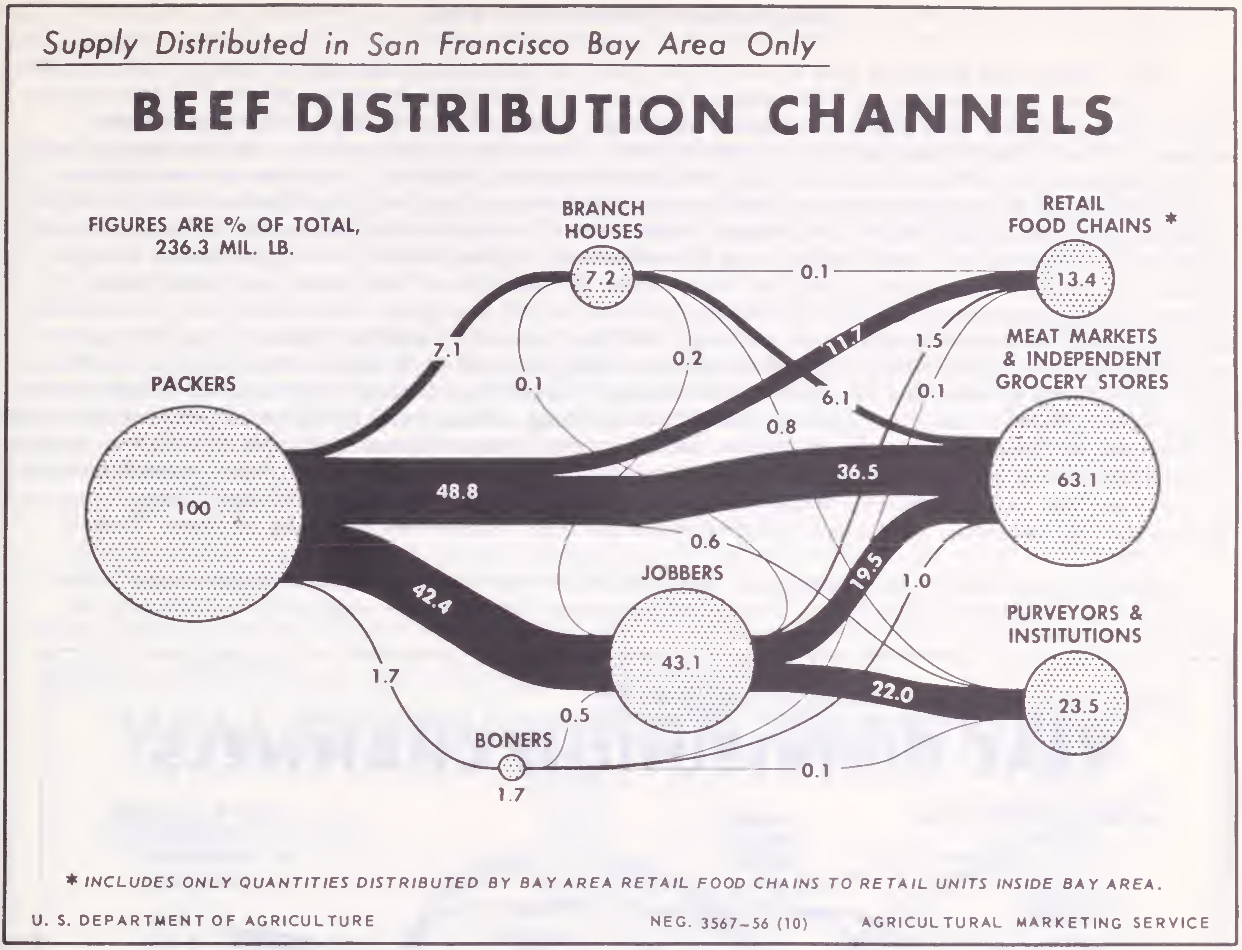

Figure 6

dropped for the reason that, as explained earlier, data on purchases of beef by Bay Area processors were incomplete. Furthermore, shipments by retail food chain organizations from Bay Area warehouses to retail units outside the Bay Area were deducted from purchases by chains and from the total. Appropriate adjustments were made in packers' sales to reflect the deletions made from among final market outlets. These deletions and adjustments result in a description of the distribution paths for the meat distributed fresh to Bay Area civilians, rather than for the total supply of fresh beef moving into the Area. In relative terms, the results are substantially the same, although some important differences appear.

About 236 million pounds of beef were distributed to the 3 principal retail outlets of the San Francisco Bay Area for local consumption in fresh form. Again, slightly less than half the total moved directly, most of the remainder flowing through jobbers. Boners now show up as much less important than earlier, because these distributors sold most of their supplies of beef to processors and the military, while packer branch houses remain relatively unimportant in the distribution of fresh beef. About 13.4 percent of the 236 million pounds distributed was sold within the Bay Area by retail food chains. This means that of the fresh beef purchased by Bay Area consumers for home consumption, only about 17.5 percent was bought at food chain stores. Approximately 87 percent of the beef bought by the chains, as compared with about 58 percent of the beef handled by other retail markets and stores, was purchased directly from packers. Nearly all of the beef acquired by institutions and purveyors was purchased from jobbers, but the jobbers delivered almost as much beef to grocery stores and meat markets as to institutions and purveyors.

Distribution Channels for Veal

The integrated pattern and distributive flow of all veal available in the San Francisco Bay Area for distribution in 1955 are presented in figure 7. Several salient observations may be made from this figure or from appendix table 49, from which the chart was drawn. First, Bay Area packers commanded a less important position in the supply and distribution of veal than of beef. The Other Northern California packers accounted for more than half the veal made available in the Bay Area. Second, compared with beef, a relatively small proportion of the veal distributed in or from the Bay Area moved directly, that is, circumvented wholesale meat distributors. These distributors, branch houses, jobbers, and calf handlers, handled more than two-thirds of the total available veal. Third, calf handlers were the dominant factors in the market, accounting for more than 42 percent of the veal that moved through to final market outlets. The calf handlers were the principal market outlets for specialized slaughterers of veal located in or near the principal dairy producing regions of Northern California. Branch houses, as in the case of beef, accounted for a relatively small percentage of the veal handled by wholesale meat distributors. The jobbers, more diversified in their operations than calf handlers, sold more than twice as much veal in 1955 as the branch houses. However, the branch houses, as well as the calf handlers, imported considerable quantities of veal from Iowa, Missouri, Wisconsin, and other Midwestern States. Some was brought in from Texas.

Finally, a greater percentage of the available veal than of the available beef in the market was sold to processors, but smaller percentages were exported or shipped to

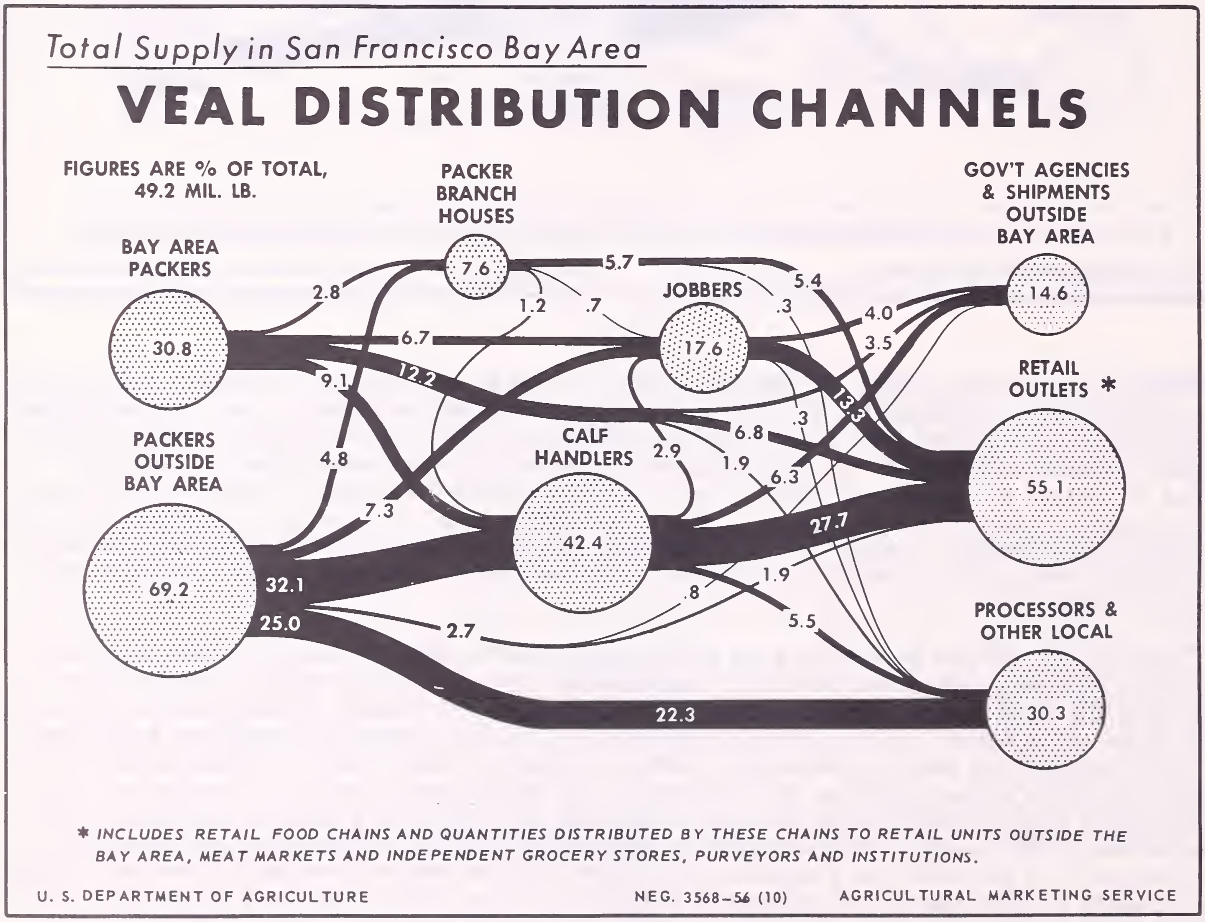

Figure 7

branch houses and domestic buyers outside the Bay Area. Only a little more than half the total supply of veal in the Bay Area was acquired by Bay Area institutions, purveyors, and retailers, both chain and independent.

Figure 8 shows the approximate distribution patterns and channels for veal consumed fresh at home or in restaurants and institutions by civilians of the Bay Area. As indicated, branch houses, jobbers, and calf handlers appear to have been even more important in the direct supply of veal to retail markets and purveyors than in the total supply of veal to all final market outlets. Direct sales by packers to all retail markets and purveyors in the Bay Area represented less than 15 percent of the total veal distributed to these outlets.

Bay Area units of food chains were supplied with the same percentage of the veal as of the beef distributed to all Bay Area retailers, institutions, and purveyors, 13.4 percent. Meat markets and independent stores purchased nearly 70 percent of the veal, as compared with about 63 percent of the beef, distributed to these outlets. At the same time, purveyors bought a smaller proportion of the veal than of beef distributed to retail outlets, indicating that, relative to beef, Bay Area consumers purchased a higher percentage of the veal for home consumption.

Calf handlers were the principal suppliers of the food chains, as well as the meat markets and independent grocery stores. Only about one-fourth of the veal, as compared

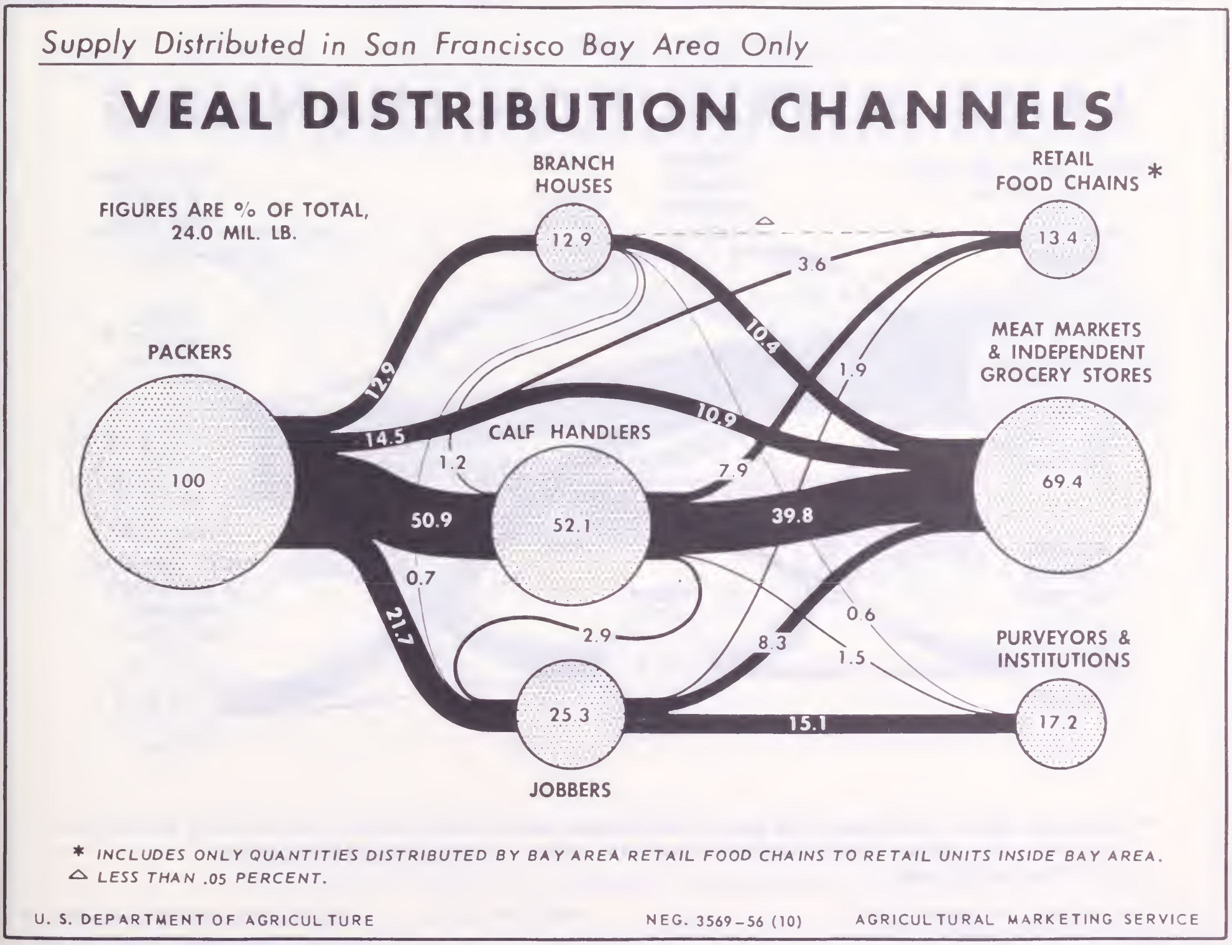

Figure 8

with 87 percent of the beef, distributed in the Bay Area by retail food chains was purchased directly from packers. Because of the prominence of calf handlers, a smaller percentage of the veal than of the beef handled by jobbers was sold to retailers, but, as in the case of beef, the jobbers were virtually the only veal supply source of hotels, restaurants, other purveyors, and institutions.

Distribution Channels for Lamb

Distribution patterns of packers and wholesale meat distributors in connection with lamb were integrated into a more or less complete picture of disposition in figure 9, which is a simplified reflection of appendix table 50. Illustrated are the channels of distribution for all lamb available in the Bay Area in 1955.

More than 80 percent of the 55 million pounds of lamb available in the Bay Area in 1955 was provided by Bay Area packers. Nearly all the remainder was shipped to the Area by Other Northern California packers, but more than 70 percent of the lamb provided by all packers moved directly from packers to final market outlets. This was in direct contrast with veal, of which not much more than a third moved directly. The contrast is explained largely by the concentration of lamb slaughter in the hands of a few large-volume packers. About half the available beef moved directly. However, a relatively high percentage of the so-called direct sales of lamb consisted of shipments to branch houses and domestic retailers outside the Bay Area.

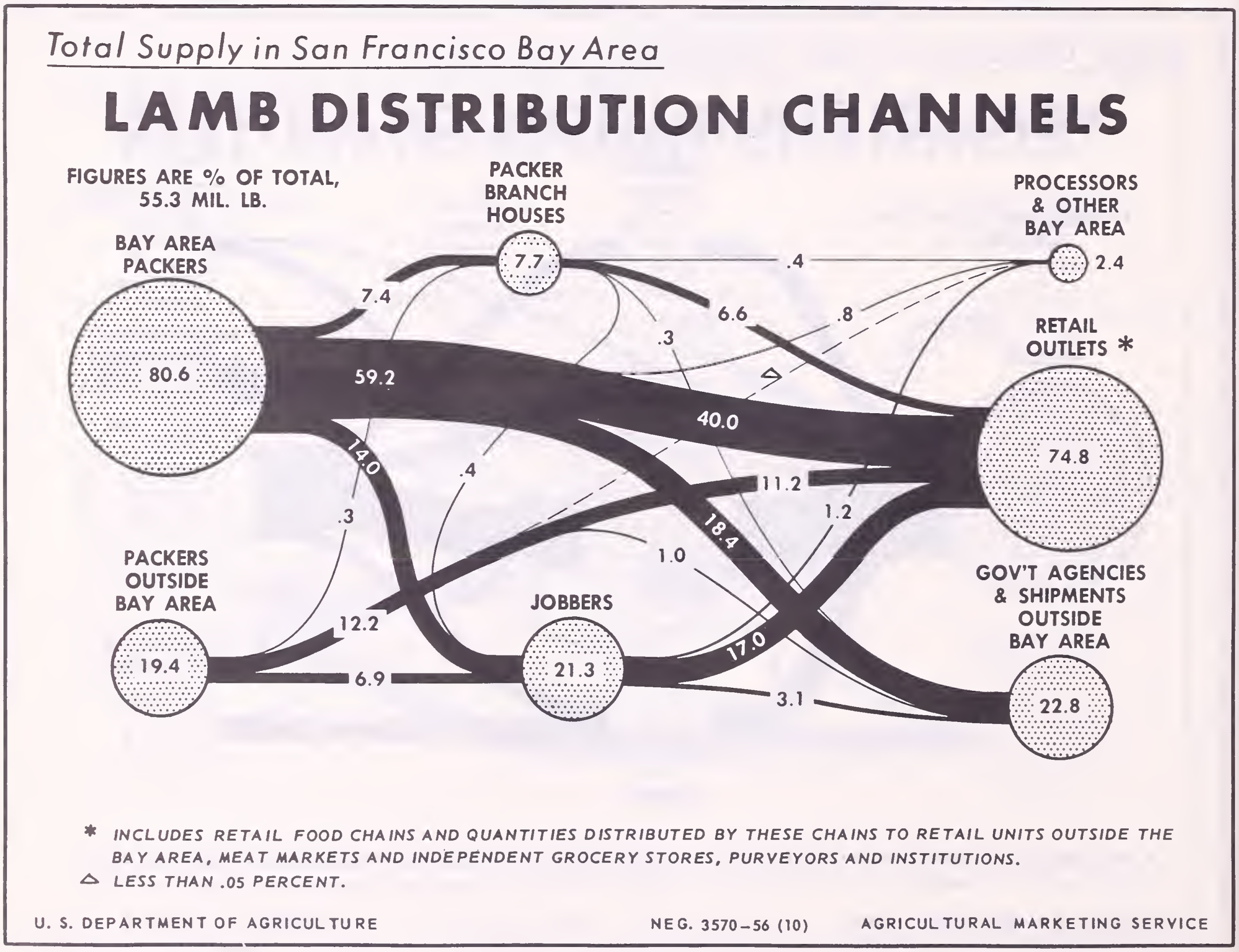

Figure 9

Despite the concentration of lamb slaughter among packers, packer branch houses handled only about one-third as much lamb as jobbers. Both the branch houses and the jobbers were supplied mainly by the Bay Area packers, but jobbers purchased considerable quantities of lamb from other northern California packers. A relatively high percentage of the total supply of lamb in the Bay Area was bought by retail outlets, that is, purveyors, institutions, and retailers; only small quantities of lamb were purchased by processors. Shipments of lamb by packers and wholesale meat distributors, as well as by packers, from the Bay Area to other domestic points represented a relatively large percentage of the total, but exports of lamb were relatively minor in importance.

Figure 10, which shows the disposition of fresh lamb consumed by Bay Area civilians, reveals some additional points of interest. Direct sales of lamb by packers are of less importance in this figure than in figure 9, which means that wholesale meat distributors were relatively more important in the distribution of lamb to retail outlets than in the distribution of lamb to all classes of final market outlets. Nevertheless, the direct packer-to-retailer movement was without question the most important channel for lamb. The food chains shipped only a relatively small quantity of lamb to retail units outside the Bay Area; they handled 14.5 percent of the lamb, compared with 13.4 percent of the beef and of the veal, distributed in the Bay Area to meat markets, grocery stores, institutions, and purveyors. At the same time, purchases by purveyors accounted for a smaller percentage of the lamb than of either beef or veal, despite the fact that lamb is a preferred item on restaurant menus of the Bay Area.

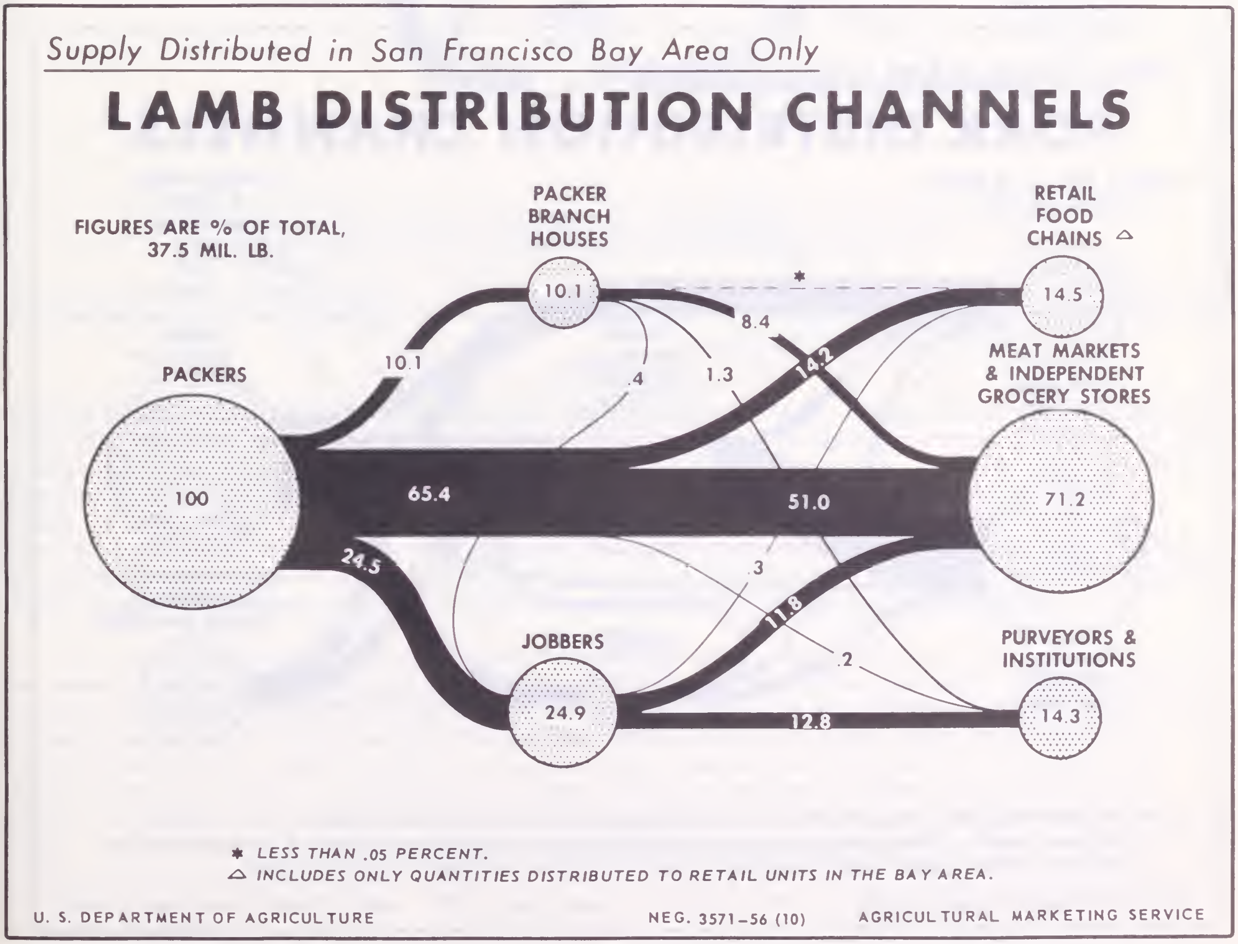

Figure 10

Direct-from-packer purchases accounted for nearly all the lamb bought by retail food chains and nearly 60 percent of the lamb purchased by other retailers. Although purveyors and institutions bought small quantities of lamb from branch houses and from packers, most of them, as in the case of beef and veal, patronized jobbers almost exclusively. However, jobbers sold about as much lamb to meat markets and small independent retailers as to purveyors. The principal customers of the branch houses for lamb, as well as all other classes of meat, were meat markets and independent markets, particularly the larger independent markets and stores.

Distribution Channels for Pork

Nearly 185 million pounds of fresh and cured pork was available in the Bay Area for distribution in 1955, which made pork second only to beef in importance in that Area, as in all other regions of the United States. Of the total, about 132 million pounds was distributed to retailers and purveyors for consumption in the Bay Area. Figures 11 and 12 present diagrammatic data on pork distribution similar to the figures on beef, veal, and lamb.

Wholesale meat distributors, packer branch houses in particular, handled an exceptionally high percentage of the total supply of pork in the Bay Area, as well as of that portion eventually consumed in the Area. Less than one-third of the total pork supply and only about one-fifth of the pork sold for consumption in the Bay Area moved directly, and nearly all of this was supplied by Bay Area packers, principally for the reason that

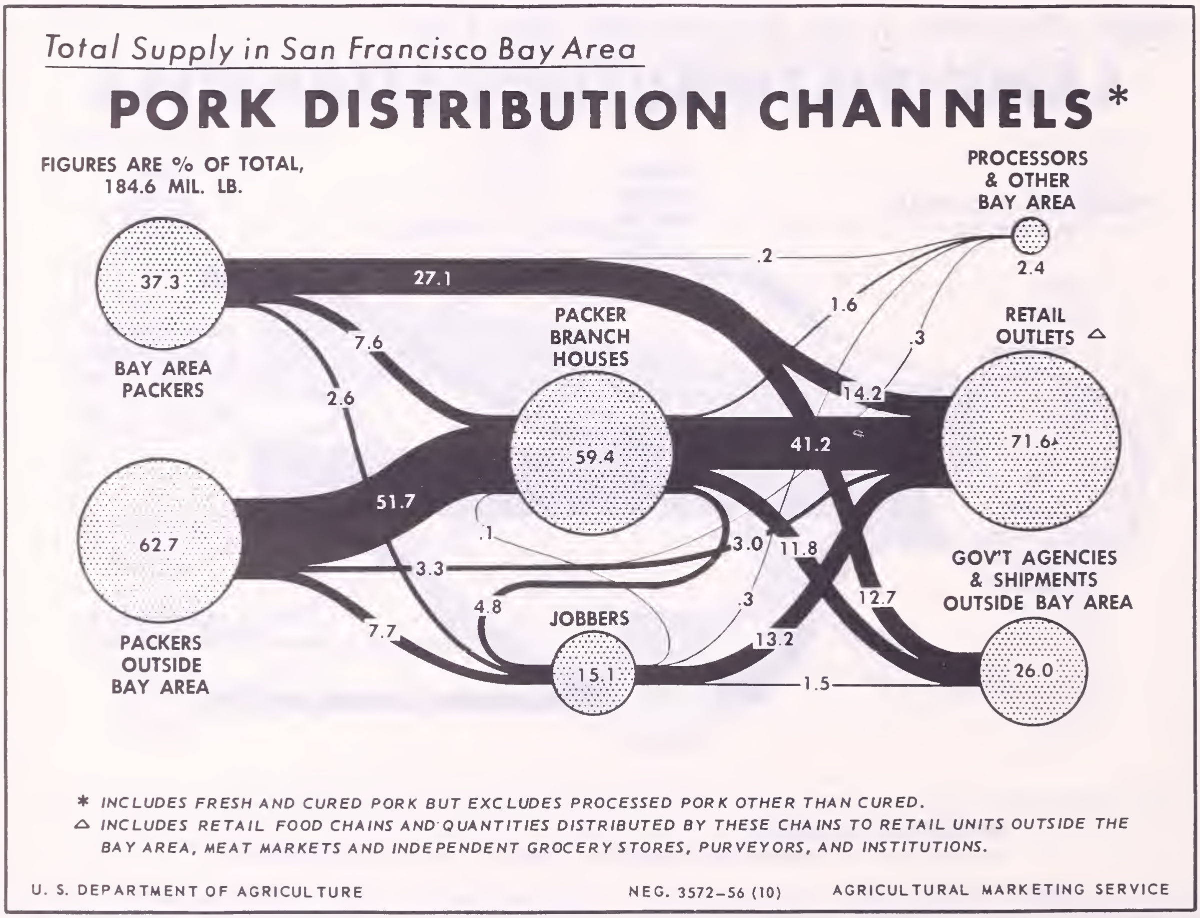

Figure 11

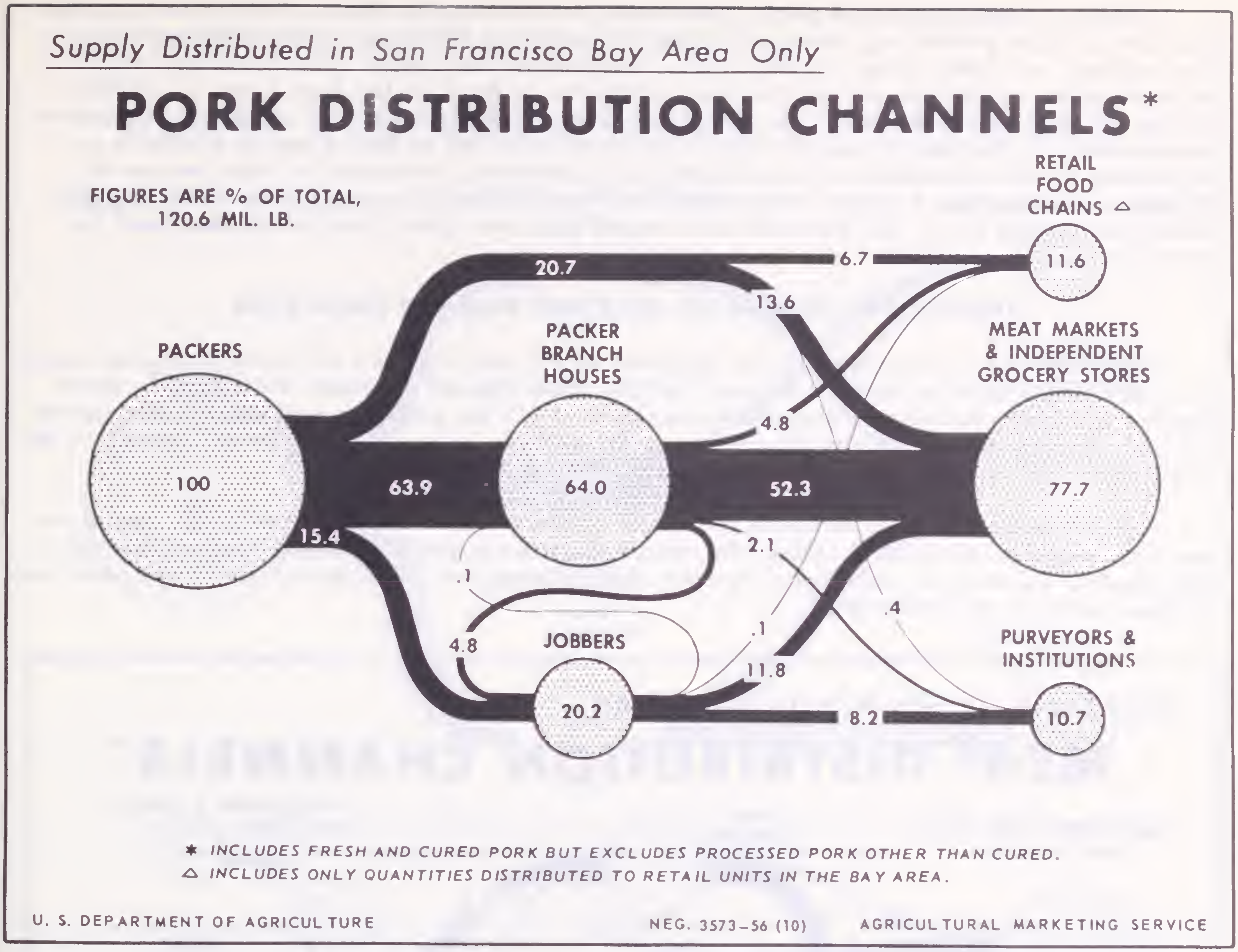

Figure 12

locally produced pork is scarce in most regions of the West. It was necessary to import from the Midwest nearly two-thirds of the pork supplied to the Bay Area. Pork sales of branch houses, in marked contrast to their sales of other species, represented nearly 60 percent of the total supply, four times as much as sold by jobbers and fully twice as much as distributed to all final market outlets by Bay Area packers. Most of the pork handled by the branch houses was shipped to them from company-owned packing plants in the Midwest. The jobbers also received pork from Midwestern packers, but they bought much larger quantities from packers in Western States other than California.

The principal customers of branch houses for pork, as for other types of meat, were the meat markets and independent stores. These were the principal pork outlets of jobbers also, mainly because a much smaller percentage of the pork than of the beef, veal, or lamb supplied to retail outlets in the Bay Area was consumed away from home in establishments operated by purveyors. The food chains, as well as the purveyors, retailed in the Bay Area a smaller percentage of the pork than of other red meats consumed. A higher percentage of the pork than of other red meats consumed at home apparently was purchased at meat markets and independent stores (fig. 12). The chains purchased about equal quantities of pork from Bay Area packers and from branch houses, but an additional one-fifth of their 1955 pork requirements was received directly from midwestern packers.

Lines of distribution for pork, particularly cured pork, tended to fan out from the Bay Area to the producing areas and interior points of Northern California instead of converging, as in the case of beef, veal, and lamb. The Other Northern California packers were relatively unimportant as suppliers of pork to the Bay Area. In addition, nearly 23 percent of the pork, as compared with 16 percent or less of other red meats, accumulated in the Bay Area in 1955 was transported out of that Area by packers or wholesale meat distributors for consumption elsewhere, principally other areas of Northern California. For the most part, Bay Area branch houses confined their sales activities to that area, but several distributed pork and pork products throughout the northern part of the State.

Distribution Channels for All Fresh Meat and Cured Pork

The patterns of distribution for the total of all four classes of fresh meat and cured pork are illustrated in figures 13 and 14. The distribution channels indicated in these figures are aggregations or weighted averages of all the patterns and effects discussed earlier. Among the pertinent observations which may be made from these figures or the companion tables, appendix tables 52 and 56, are the following:

(1) Of the total supply of fresh meat and cured pork in the Bay Area, the Bay Area packers supplied about half, Other Northern California packers were responsible for one-fourth, packers in the Other Western States supplied 10 percent, and 15 percent was shipped in from the Midwest.

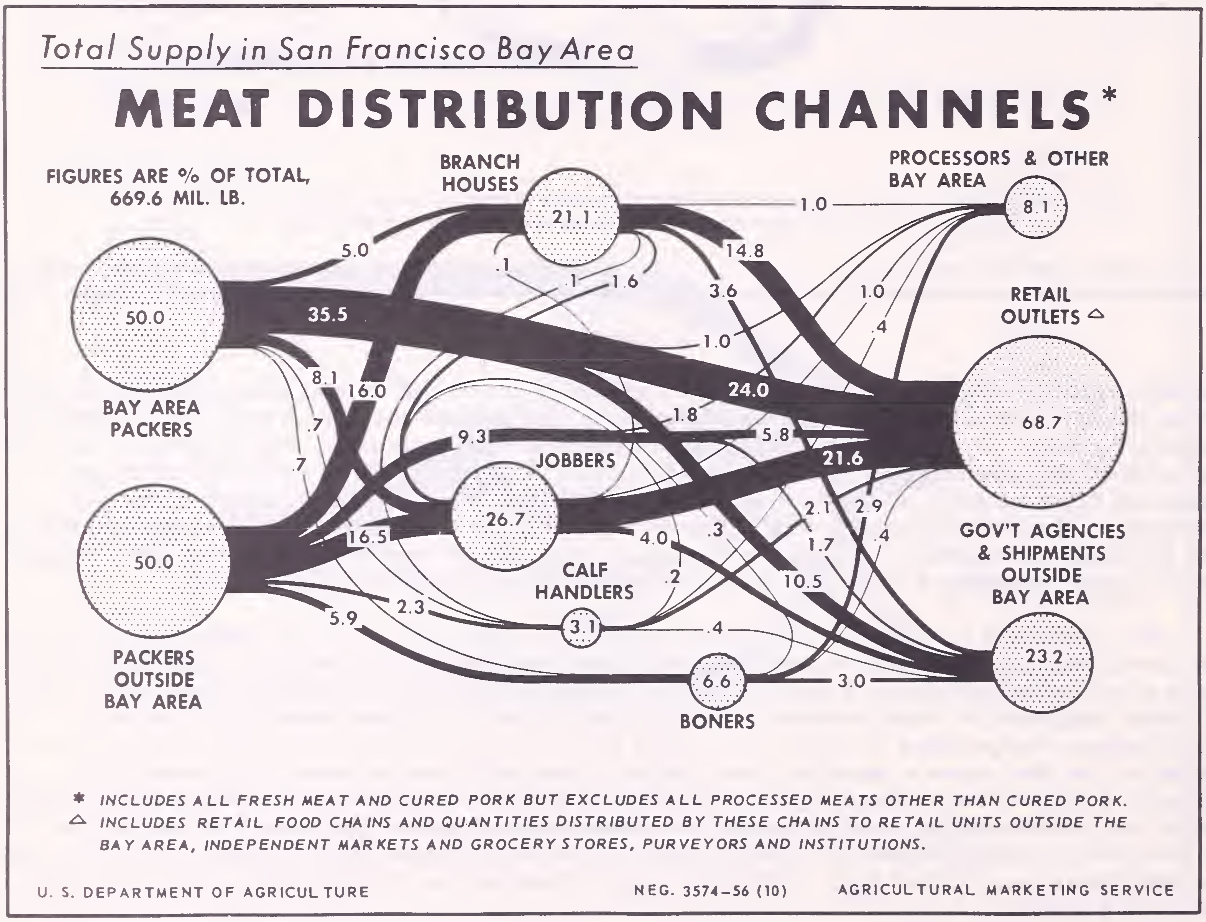

Figure 13

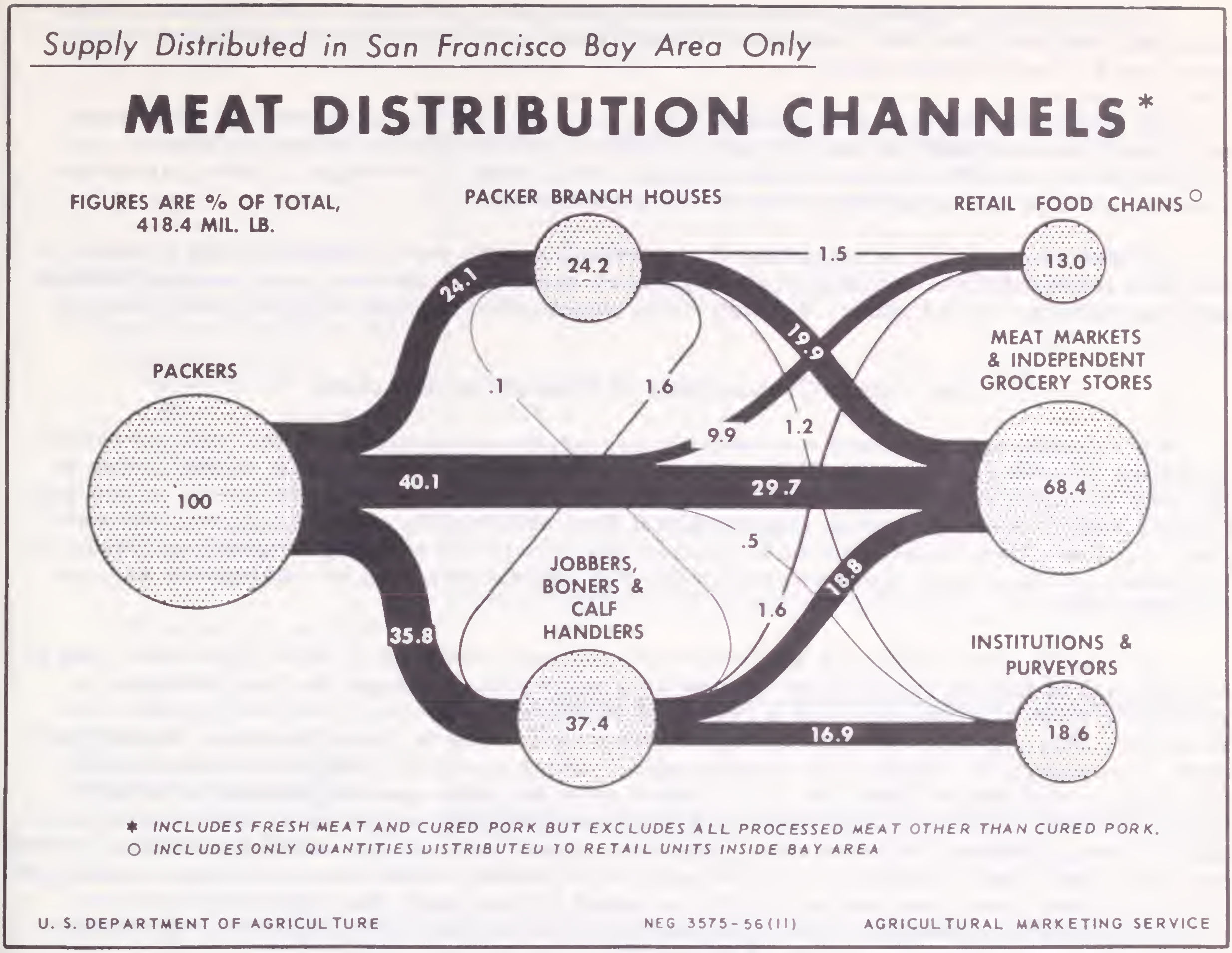

Figure 14

(2) About 45 percent of all red meat, including cured pork, supplied to the Area moved directly, that is, circumvented Bay Area wholesale meat distributors. Of the remainder, nearly half was distributed by jobbers, and an additional one-third was sold by packer branch houses.[39]

(3) Exports, shipments out of the Bay Area for consumption, and sales to government agencies accounted for about 23 percent of the total fresh meat and cured pork available in the Bay Area, while processors acquired another 8 percent, leaving about 69 percent for distribution to retailers, purveyors, and institutions in the Bay Area.

(4) Total fresh meat and cured pork purchases by the retail food chains amounted to 14.3 percent of the total Bay Area supply, or one-fourth of the total bought by all Bay Area meat markets and grocery stores,[40] but more than 40 percent of the total purchased by the chains was reshipped by them to retail units outside the Bay Area. They handled only 13 percent of the meat distributed to retail outlets (meat markets, independent grocery stores, retail food chains, institutions, and purveyors) for distribution in the Bay Area. This represented about 16 percent of the meat handled by all meat and grocery stores in the Bay Area.

---

[39] Approximately 16.7 percent of the meat, mostly pork, "sold" by Bay Area and branch houses was actually shipped by rail car directly from packers in the Midwest or other areas to buyers in the Bay Area.

[40] See appendix table 10.

(5) More than 75 percent of the meat bought by the food chains, as compared with less than 45 percent of the meat taken by meat markets and independent stores, was purchased directly from packers.

(6) The meat markets and independent stores divided the remainder of their meat purchases about equally between independent meat wholesalers--jobbers, boners, and calf handlers--and the packer branch houses, but a high percentage of their purchases from branch houses consisted of fresh and cured pork.

(7) Bay Area sales by independent meat wholesalers were divided nearly equally between meat markets and independent grocery stores, on the one hand, and purveyors and institutions, on the other, but they were practically the sole suppliers of most purveyors.

Per Capita Consumption of Meat in the Bay Area

No reliable statistics are available on per capita consumption of the various meats by States or subregions of the United States. Calculations of per capita consumption in the Bay Area were made in this study principally to check the reasonableness of the data. Consequently, it should not be supposed that they are exactly correct figures. Nevertheless, since they were found to be reasonably consistent with a priori notions concerning levels of consumption per person in the Bay Area, they may be interesting and useful (table 39).

Per capita consumption of all fresh red meat and cured pork in the Bay Area may be about equal to the average for the Nation as a whole, even though the Bay Area has a relatively mild climate and is in a region of relatively high-level fish and poultry consumption. Per capita consumption figures may vary considerably, however, depending upon the concept of "supply" or "consumption" being used. Per capita consumption of red meat in the United States in 1955, based upon the total quantity of meat produced from slaughter, was 153.3 pounds. Bay Area consumption per person, based upon quantities of meat handled by purveyors, Bay Area retail units of the retail food chains, meat markets, and other retailers, in 1955 was 143.5 pounds. However, if all meat processed or sold to Bay Area processors in 1955 is added to this total, the apparent Bay Area consumption per person was 162.0 pounds. It is known, however, that some of this processed meat was shipped out of the Bay Area.

It is generally assumed that per capita consumption of beef in the Bay Area is high, averaging somewhere between 79.2 pounds, the national average, and 100 pounds. Data of this study indicate that per capita consumption of fresh beef in the Bay Area in 1955 averaged about 81 pounds. This must be considered a conservative estimate, since most of the adjustments suggested by the limitations of the data would result in increases in the estimate. Considering this, it is probable that the per capita consumption of beef, including sausage or other processed products, in the Bay Area in 1955 equalled or exceeded 90 pounds of primary distribution weight.[41] Of the 81 pounds purchased fresh, about 62 pounds was consumed at home and about 19 was eaten at public eating places.

Total fresh veal consumption in the Bay Area was estimated at 8.2 pounds, compared with a national average of almost 10 pounds, with 6.8 pounds consumed at home and the remaining 1.4 pounds consumed at commercial eating establishments. This indicates that fresh veal consumption in the San Francisco Bay Area may be somewhat low relative to the national average. This is entirely reasonable, since the Bay Area is a region of high-level beef consumption and of exceptionally high lamb consumption.[42]

---

[41] From this study, it appears that if Bay Area civilians had consumed in the fresh state all of the beef which entered the Area but which was not exported or reshipped out, they would have consumed about 92.4 pounds each. This includes most of the beef sold to processors. However, some of the processed beef probably was shipped out of the Area.

[42] It may be recalled that an unexpectedly high percentage of veal, according to the estimates, was purchased by processors. The addition of the veal acquired by these processors to quantities distributed at retail in the Bay Area and purchased by purveyors results in an increase in the apparent per person consumption of veal in the Bay Area to 13.4 pounds.

Table 39.--Estimated per capita consumption of meat by specie computed on the basis of volumes available at various points in the wholesale distributive system, wholesale market weights, San Francisco Bay Area, 1955[1]

Item	Beef	Veal	Lamb	Pork (fresh and cured)	Total fresh meat and cured pork
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Available in Bay Area for distribution	130.4	16.9	19.0	63.3	229.6
Distribution in Bay Area to Retail meat markets and grocery stores:					
Food chains	10.8	1.1	1.9	4.8	18.6
Other	51.1	5.7	9.2	32.1	98.1
Total	61.9	6.8	11.1	36.9	116.7
Purveyors	19.1	1.4	1.8	4.4	26.7
Total markets, stores, and purveyors	81.0	8.2	12.9	41.3	143.4
Including processors and other local buyers[2]	92.4	13.4	13.3	42.9	162.0
Distributed in Bay Area and shipped outside Bay Area by retail food chains	100.4	14.4	14.6	46.8	176.2
National average[3], 1954	79.2	9.9	4.5	59.7	153.3

[1] Based upon a San Francisco Chamber of Commerce estimate of 2,917,000 persons in the Bay Area in 1954 with Bay Area defined as in this study.

[2] These do not include inshipments from outside California by Bay Area processors, purveyors, or independent retailers, or shipments of processed meat by Bay Area firms, other than cured pork to buyers located outside the Bay Area.

[3] Supplement for 1954 to Consumption of food in the United States, 1909-52, Agriculture Handbook No. 62, October 1955, p. 33. These are primary distribution weights and include consumption of all processed and variety meats.

In most areas of the United States, per capita consumption of lamb is low, averaging about 4.5 pounds primary distribution weight. Average per capita consumption in California, however, was reported in a recent USDA publication to average about 12.3 pounds.[43] Per capita consumption in California is second only to consumption in Massachusetts, where the average is about 12.4 pounds per person.

The 37.5 million pounds of lamb distributed to local retail food chain stores, other retail stores, institutions, and purveyors in the Bay Area approximates the consumption of fresh lamb in the Area. This represented 12.9 pounds of consumption per person of primary disposition weight.[44] Per capita consumption of 1.8 pounds of lamb at restaurants and other eating places indicates that, when consumers in the Bay Area dine out, they call for lamb more frequently than veal.

[43] Doty, Jr., Henry O., Distribution of Lamb and Mutton for Consumption in the U. S., U. S. Dept. Agr., Agr. Mktg. Ser., AMS-93, Washington, D. C., February 1956.

[44] However, if lamb purchases of processors are included, the resulting per capita consumption figure averages about 14.2 pounds.

Locally produced pork has always been scarce in California, and in addition, the climate in that State tends to discourage pork consumption. Nevertheless, per capita consumption of fresh and cured pork in the Bay Area at 41.3 pounds in 1955 was second only to beef.[45]

COMPETITIVE ASPECTS OF THE BAY AREA WHOLESALE MEAT DISTRIBUTING SYSTEM

Data on relative volumes of meat handled by the various classes of packers and wholesale market operators, together with information on distribution practices of these packers and operators, provide some insight into the competitive structure of the Bay Area wholesale market. Because neither prices and pricing nor costs of procurement and distribution were studied in detail, this discussion of competition can be neither complete nor definitive.

It appears from the data and information already presented that active competition prevails at all levels of the meat trade in the Bay Area and in Northern California. In addition, it seems probable that the competitive structure of the market differs considerably among the various species or classes of meat handled. Also, it is possible that the competitive structure for meat in the San Francisco Bay Area may bear little resemblance to the competitive structure in any other market. In fact, the competitive situation among packers and wholesale meat distributors in the Los Angeles area and in eastern centers appears quite different from the general competitive condition of the market in the Bay Area.

Some of the peculiarities of the Bay Area market which affect its competitive structure are: (1) The existence of relatively few packing plants within the Oakland-San Francisco metropolitan area and the presence of a relatively large number of comparatively small packing plants outside this area but within a 200-mile radius, (2) the presence in the market of few packing plants of national packers but of many national packer branch houses, (3) the existence in the market of a large number of independent meat wholesalers and processors consisting of specialists and nonspecialists of many types, (4) the relative scarcity of retail food chain stores and the relatively great, but diminishing, importance of meat markets as opposed to grocery stores handling fresh meat, (5) the scarcity of locally produced pork and the relative abundance of lower quality cattle, particularly slaughter cattle of the dairy breeds.

Competition in Procurement of Slaughter Livestock

The competition among packers for slaughter livestock stems, as it does in most other sectors of the business world, from a basic interest on the part of each packer in net returns or profits and in growth or longevity of the firm. Net returns of a packer are determined, as in all businesses, by the difference between unit prices received and unit costs incurred and by the total volume handled. But, generally speaking, the prices received by a packer at a particular point in time for meat of a particular species, weight, and grade will be about the same as would be received by any other packer. Unit costs, however, are more variable among packers and are affected primarily by costs and dressing percentages or yields of live animals, and volume handled. Thus, volume vitally affects unit costs of packers as well as their total gross incomes.

An exceptionally high percentage of the slaughter plant costs of a packer are labor costs which ordinarily are considered "variable." But in this modern age of organized labor, the packer must provide workers with certain guarantees in order to retain a work force. The practical result of these guarantees is to place labor costs over short periods of time in the category of fixed costs which must be incurred regardless of whether or

---

[45] Including fresh pork sold to Bay Area processors, the per capita consumption of pork in the Bay Area was about 43 pounds. However, Bay Area branch houses and processors imported from out-of-State large quantities of sausage and other pork products for which estimates were not obtained. Consequently, in this study it was not possible to develop data on total pork consumption per person for the Bay Area.

not the plant operates. Consequently, volume is a critical factor in controlling costs per unit of output, and, thus, of enhancing profit. Northern California packers, like most other packers, appeared highly volume-conscious. In many instances they seemed to be more preoccupied with volume than with prices received.

The preoccupation of packers with volume and the intensity of competition among them in procurement vary, of course, with variations in the relative supply of live slaughter animals. For instance, when fed cattle become scarce in California, some packers shift more heavily to the purchase of feeder animals, which they either feed out in their own lots or place in commercial lots for feeding. In a recent study of western cattle finishing operations, it was reported that about 47 percent of the cattle in California feedlots during the 1951-52 feeding season were owned by packers[46] (table 40).

Table 40.--Percentage distribution of ownership of cattle in feedlots, California, 1951 and 1952[1]

Owner	Year beginning September 1	
	1951[2]	1952[3]
	Percent	*Percent*
Packers	47	32
Farmers and ranchers	44	58
Sugar beet companies	3	2
Speculative feeders	6	8
Total	100	100

[1] Scott, Frank S., Jr., Marketing Aspects of Western Cattle Finishing Operations, Western Regional Bull. No. 190. From table XIII, p. 48.
[2] The year ending August 31, 1952, was a period of relatively high or rising cattle prices.
[3] The year ending August 31, 1953, was a period during which cattle prices began dropping rapidly.

This was a period of relatively high cattle prices, indicating a relative scarcity of slaughter cattle. During the following year, when cattle prices were dropping and slaughter cattle were moving to market in larger numbers, the proportion of cattle in California feedlots owned by packers dropped to 32 percent (table 41).[47] In 1955, packer-owned cattle in feedlots probably accounted for an even smaller part of the total. About 14 percent of the cattle slaughtered in 1955 by Northern California packers, according to the data collected in this study, had been fed out in feedlots owned by packers. For the category "beef heifers and steers," however, this percentage was higher, about 21 percent, and over 40 percent of the beef heifers and steers slaughtered by the Bay Area packers had been fed out in feedlots owned by these packers.

It appears that in the purchase of fed beef cattle the larger volume packers, the federally inspected packers for the most part, often attempt to avoid direct competition with the bulk of the packers by buying in the feeder market rather than the fat cattle market. The emergence of these cattle from feedlots usually is timed to assist the packer in maintaining a constant supply of adequate volume. The relative shortage of fed cattle in California tended to minimize, until recently, the price risks normally associated with cattle feeding operations.

[46] Scott, Frank S., Marketing Aspects of Western Cattle Finishing Operations, Western Regional Bull. No. 190, Nev. Agr. Exp. Sta., 1955, p. 48.
[47] Packers in 7 western States, California, Colorado, Arizona, New Mexico, Nevada, Wyoming and Montana, owned 28 percent of the cattle in feedlots in these States during 1951-52 and 20 percent during 1952-53. For other areas of the United States, these percentages probably were much smaller.

Table 41.--Percentage distributuon of packers' purchases of slaughter livestock by type of buyer and transfer from own feedlot, Northern California, 1955

Species or type	Packer buyers		Through order buyers	Transfer from own feedlot
	Direct	From dealers		
Cattle:	*Percent*	*Percent*	*Percent*	*Percent*
Beef heifers and steers...............	70.6	2.9	5.3	21.2
Other cattle...........................	83.0	9.2	7.4	.4
Total.................................	74.7	5.0	6.0	14.3
Calves.................................	68.7	25.8	5.3	.2
Lambs..................................	82.0	2.2	13.7	2.1
Hogs...................................	50.2	8.2	41.6	([1])

[1] Less than 0.05 percent.

Most of the remaining slaughter livestock in California, as elsewhere in the United States, is purchased in open competition with others by the packer or his salaried buyer. In some situations, however, the packer finds it convenient to buy through order buyers. Services of order buyers are frequently used when buying on description at distant markets. They are independent buyers who buy "on order" of the packer. The orders usually call for animals of particular grades and weights.

Excluding all cattle and lambs from packers' own feedlots, purchases through order buyers accounted for 7 percent of the cattle, 5 percent of the calves, 14 percent of the lambs, and 42 percent of the hogs slaughtered in Northern California in 1955. The remainder in each case was purchased by packer buyers, either from dealers or directly from producers, feedlot operators, or other owners of livestock.

Relatively high percentages of "other cattle," calves, and hogs were acquired from dealers. Dealers operate principally in the country and perform worthwhile services in finding market outlets for dairy cattle, cows, and animals of the lower grades. For cattle and hogs, dealers were utilized mainly by the nonfederally inspected packers outside the Bay Area. Several of the Bay Area packers employ a number of livestock buyers who travel extensively in the West.

Calves and veal ordinarily account for a relatively small proportion of the sales of country dealers. Nevertheless, Northern California packers bought a higher percentage of calves from dealers than of any other class of livestock. For the most part these were the larger, more mature calves from the range and pasture areas, and were handled by federally inspected packers. The State-inspected packers tend to concentrate more on the veal and younger calves of the dairy breeds. The processes of assembly and marketing of all types of livestock from widely scattered farms and ranches require services which country dealers apparently are in position to provide.

The dominance of a few large federally inspected packers in the slaughter of lambs largely explains the relative unimportance of lamb purchases by packers through country dealers. Spring lamb production in California is fairly well concentrated, and, in addition, the principal slaughterers of lambs employ large numbers of salaried livestock buyers. The procurement activities of these buyers are often substituted for those of independent country dealers. In seasons when locally produced supplies of lamb are short, however, the services of country dealers or of order buyers are utilized by both State-inspected and federally inspected packers. These buyers operate at terminal markets, auctions, and country markets throughout the West.

Cash purchases of livestock dominate among California packers, as among packers in other areas, but other types of purchase arrangements are common. These other purchase arrangements vary considerably, but five distinct types are distinguishable (table 42). A packer may contract with a feeder or other owner of livestock on feed after negotiation on terms of the contract. Such contracts may call for delivery of a specified number of cattle or other livestock of a particular grade on specified days with the price open, at a particular price with the date of delivery open, or at specified weights with either or both price and delivery date open. For purposes of this study, only those contracts which involved delivery at 30 or more days in the future were included under the term "contract arrangement." Packers use the contract arrangement of purchase for cattle more frequently when prices are high and supplies of cattle are scarce than at other times. During these periods, contracts tend to insure a regular supply of live animals and serve as an aid in planning slaughtering operations of the plants. In 1955, Northern California packers purchased about 9 percent of their beef heifers and steers under contract. Only 3 percent of the other cattle were bought on contract terms, but a considerable number of vealers were sold on this basis. The contract is used to effectuate continuing arrangements between packers and the larger dairy operators. Relatively few slaughter lambs within the State in 1955 were bought on a contractual basis involving 30 days or more. The contract is widely used in California, however, for purchase of feeder lambs.

When supplies of slaughter cattle become plentiful, Western packers frequently take cattle on consignment terms. Under these terms, packers take livestock from producers or other owners of livestock, but title remains with the consignor. The packer agrees to slaughter the animal and sell the dressed carcass for the highest price obtainable. He may agree to perform these services either for a flat fee or a percentage of the proceeds. In any case, offal credits are usually accounted as either all or part of such a fee or percentage. Many packers voiced dissatisfaction with the consignment arrangement but stated that, at times, it was forced upon them. Packers felt that it often led to suspicion and ill will. They stated that producers have felt, sometimes, that some packers made little real effort to obtain highest prices for consigned beef, particularly when the packer's cooler contained carcasses which he owned outright.

Table 42.--Percentage distribution of packers' purchases of slaughter livestock by type of purchase arrangement, Northern California, 1955

Species or type	Spot purchase	Contract[1]	Consignment or custom[2]	Grade and yield
Cattle:	*Percent*	*Percent*	*Percent*	*Percent*
Beef heifers and steers...............	80.1	8.5	10.0	1.4
Other cattle........................	80.9	3.2	15.9	([3])
All cattle.......................	80.4	6.8	11.9	.9
Calves and vealers..................	65.3	7.6	[4] 27.0	.1
Lambs...............................	95.4	3.5	1.1	([3])
Hogs................................	94.6	0	5.4	0

[1] Defined to include only those contracts which involved, for delivery, 30 days or more in the future.
[2] Consignment and custom slaughtering arrangements are actually quite different, but for purposes of supplying data it was difficult for some packers to separate the two.

[3] Less than 0.05 percent.
[4] It was estimated that this breaks down to 3.7 percent custom slaughter and 23.3 percent consigned slaughter.

The custom packing arrangement is frequently used by producers, small retail markets, and locker plant operators. However, the interviews obtained in this study revealed that it is sometimes used on a continuing basis by large retailers and by jobbers. Some packers are known as "custom killers," since their entire packing operation is geared to slaughter on a custom basis. In the custom arrangement, title to the livestock and meat remains with the person who hired the slaughtering done. The owner simply pays a fee to have the cattle or other livestock slaughtered and dressed. The fee charged to producers in 1955 usually was the offal and $5 a head. Retailers and jobbers, however, are normally charged only the offal credits.

It was not possible in the study to consider the consignment and custom beef slaughtering arrangements separately. However, it appears that considerable numbers of cattle, particularly lower grade cattle, were handled by packers in 1955 on a consignment basis, and more than one-fourth of the veal and calves slaughtered were handled on this basis. Of "other cattle," most of the 15.9 percent indicated in table 42 were acquired on consignment. Nearly all of the 10 percent shown for beef heifers and steers, however, were custom killed. The consigned calves were, for the most part, those which moved to federally inspected packers outside the Bay Area through country dealers and from the range and pasture areas. Country dealers, it appears, use the consignment arrangement more frequently than producers or other types of sellers. Although little veal is custom slaughtered, one or two packers, it was found, had continuing custom slaughtering arrangements with independent jobbers or calf handlers.

Nearly all slaughter lambs and hogs were purchased by packers on a cash basis. A few lambs were bought on contract, and, of course, locker plants, some producers, and a few consumers arrange for some custom slaughtering. The custom slaughter of hogs in country areas for producers and locker plants accounted for nearly 5-1/2 percent of the total hog slaughter in Northern California.

Some cattle and a few calves in Northern California were sold to packers on a grade and weight basis. By this system the producer markets carcasses rather than live animals, since he retains ownership until the carcass weight and grade of the animal have been established. This tends to reduce the risks which packers take in estimating live-to-carcass yields when buying on a live basis and provides opportunity for pricing more in line with the real worth of an animal for meat than the usual live-weight methods of buying. Thus far, however, in Northern California the method is used principally in sale of livestock where considerable question exists concerning the probable live-to-carcass yield.

Sales competition of packers

At one time, before 1900, the competitive position of meat packers was much different than at present. At that time, packing plants tended to be clustered within or near major consuming centers, and within any given market territory, packers were faced primarily by a large number of relatively small independent meat markets and retail stores. These markets and stores were highly dependent upon the local packers for their supplies of meat, and few if any of them were in a position to exercise any significant bargaining power with packers.

Since that time, rapid developments in transportation and refrigeration, among other things, have encouraged growth in the numbers and volumes of packers located far from consuming centers and brought them into competition with packers within or near metropolitan areas. In addition, and perhaps more important, the food store chain movement has developed to major proportions in some areas of the Nation. These food chains, in contrast to small corner meat markets, are large-volume customers of packers and are by no means dependent upon any particular classification of packers. For instance, procurement agencies of retail food chains located in the Bay Area or Los Angeles are in a position to buy from packers anywhere in California, in Idaho, Utah, Colorado, or Other Western States, and have the meat delivered by refrigerated truck within a day or two.

Midwestern and other distant packers are within the procurement range of some California food chains. The development of Federal grade standards seems to have improved the position of the retail food chains in this regard. Until development of these standards, fresh meat never was sold extensively on a grade basis. Detailed and awkward descriptions subject to many misinterpretations were about all that existed. Now, however, a buyer for a retail food chain can place an order for U. S. Choice grade beef with a distant packer, specifying additional requirements of his organization, such as weight range and maximum external fat thickness, with a high degree of assurance and confidence that he will receive the grade and quality of meat desired. The essential point is that these and other developments have materially changed the competitive structures of the meat-packing and wholesaling industries.

In the 1920's, as many as 20 packing plants operated either at South San Francisco or in the "Butchertown" area of San Francisco. Thereafter, there occurred a gradual reduction in number and an increase in the average size of the plants in that territory, to the point that in 1955 there were seven. At the same time, technological developments, increased wartime demand for meat, and the growth of retail food chains helped to increase the number and importance of packers to periphery sections of the Bay Area and in the interior regions of the State. Several became important factors in meat distribution, particularly of beef and veal, in the Oakland-San Francisco metropolitan area. This tended to reduce advantages of location formerly enjoyed by packers at San Francisco and South San Francisco. Rent and overhead expenses of many of the interior plants were lower. In addition, the interior plants were located nearer the sources of local supply and often found it possible to employ some types of labor at lower wage rates than those which prevailed in the Bay Area. Some of the interior plants employed family labor to a large extent.

The large, diversified, multioperation packing plants in the Bay Area appear to have been particularly affected by these developments. Not only were they subject to increased competition of the interior packers and the increased flexibility of retail food chains in purchasing meat, but also they were faced on all sides by growing numbers of specialized plants. The large plants, national packers in particular, typically slaughter all species of livestock. They smoke or otherwise cure pork and operate bacon-slicing departments, sausage departments, and meat processing facilities. In addition, most of them carry on boning operations. But in the San Francisco Bay Area specialists have invaded each of these fields. Most of the independent packing plants now restrict their operations to fresh meat and concentrate on a particular species. Consequently, specialized beef slaughterers and calf killers have developed, and two or three large independents specialize in lamb. Specialized hotel supply houses handle most of the meat business of the purveyors. Large-volume local processors now compete actively with packers in sale of sausage and variety meats, while the bulk of the boned meat is now produced by a few large-volume boners. These boners buy carcasses principally from independent plants which specialize in the slaughter of cows and bulls. The Bay Area branch houses, for the most part, have become sales outlets for cured pork for parent plants located in the Midwest.[48] At present, small independent frozen meat handlers are growing rapidly in number and size and threaten to provide packers with stiff competition for business in the developing field of frozen meat.

Despite the multiplicity of factors contributing to the increased degree of competition faced by Bay Area packers, some evidence is available which suggests that competition among Bay Area packers is of a lower order of intensity than among packers located in many other metropolitan areas. According to data available, gross slaughter margins on choice grade cattle averaged higher for Bay Area packers in 1953, 1954, and 1955 than for packers in Los Angeles, Portland, and Chicago. In addition, a recent publication shows that gross slaughter margins on hogs were higher in the San Francisco area than

---

48 These circumstances may partially explain why one of the national packers closed its South San Francisco plant early in 1956 and why a few months later one of the highest volume independent firms in Northern California went out of business. This firm operated two packing plants in "Butchertown" area of San Francisco and owned a hotel supply company.

in the Los Angeles or Chicago areas during most of the period 1948-54.[49] A gross slaughter margin is the difference between the converted dressed weight prices of live animals of a particular weight and grade and the wholesale carcass prices of these animals.

Reasons for the higher slaughter margins in San Francisco are not definitely known. Possible contributing factors are (1) the relatively small number of packers in the Bay Area, (2) the high degree of specialization by species among packers of Northern California, (3) the small number of retail food chain stores in the Bay Area compared with most other large metropolitan centers together with the relatively large number of meat markets and small independent stores in the Area. In addition, the data on slaughter margins may have been affected by use of unrepresentative live animal prices. Few high-quality slaughter animals are sold at the San Francisco terminal livestock market where the live animal prices reported by Market News are secured.

Competition among wholesale meat distributors

The branch houses of the Bay Area appear to compete more with specialized packers and with processors than with independent meat wholesalers. Direct and vigorous competition with independent packers, however, has been held to a minimum by concentrating to a larger extent on the sale of cured pork. As indicated earlier, the Bay Area branch houses are not principal factors in the distribution of fresh meat.[50] The principal reason for this is that the branch houses probably are in a superior competitive position with respect to pork and pork products. They operate on a relatively large-volume basis and often make deliveries by rail car directly from company-owned packing plants in the Midwest. This gives them some advantage in selling to independent retailers who require regular and fairly large volume deliveries of pork. It isolates them to some extent from local packers and from local jobbers. In some instances, the competitive advantage of branch houses in the sale of pork and pork products probably improves their competitive position in the sale of other meats. It is doubtful, however, that many of the Bay Area branch houses desire to increase their sales volumes of fresh beef, veal, and lamb so long as their plants and facilities can be utilized to capacity in the preparation, handling, and sale of pork, particularly cured pork and processed pork products. Several branch house managers stated that other meats were handled mainly for the "convenience" of customers. Nevertheless, competition among branch houses of the Bay Area is vigorous. Numbers of national packers represented by branch houses in that area more than doubled after World War II, and several of the smaller firms grew rapidly in size and volume.

Independent meat wholesalers vary considerably in size as well as function. Some handle only a few hundred thousand pounds of meat annually and operate strictly with family labor. Others handle more than 10 million pounds annually and are integrated both horizontally and vertically. A few of these larger firms distribute a relatively large percentage of the meat handled by all independent wholesalers. Consequently, even among independent wholesalers, some firms have numerous competitive advantages over others. In addition, the smaller wholesalers and those handling the lower quality meats appear often to be the ones which lead off in initiating price changes. As marginal firms or firms handling marginal types or quantities of meat, they seem to play a vital role in setting the level of prices and in establishing the intensity of price competition for the market.

The competitive position of jobbers and other independent meat wholesalers, nevertheless, was not clearly revealed by this study. Some tendency was evident, however, toward some reduction in number of small-volume jobbers selling all classes of meat to a variety of customer types, an increase in the number and diversity of specialized firms, and an increase in the average size and volume of jobbers. A description of the principal types of independent meat wholesalers was presented earlier. Many of these types did not

---

[49] Hassler, James B., Transportation Rates and Other Pricing Factors Affecting the California Swine Industry, Bull. 754, Calif. Agr. Exper. Sta., June 1956.

[50] This is generally true in West Coast areas of the Nation. In Midwestern and Eastern centers, fresh meats usually represent the major part of sales by branch houses.

exist until a few years ago. The early prototype was the hotel supply house which came into existence because of the particular and peculiar product and service requirements of hotels, restaurants, and other dining establishments. Meat is the principal item on restaurant menus, and, consequently, these outlets usually have exacting standards concerning types, qualities, and cuts of meat served. In addition, they require frequent deliveries. To meet these demands for services, specialized distributors, the hotel supply houses, developed. As with branch houses, however, the principal competitors of hotel supply houses are other hotel supply houses.

Boners, calf handlers, and other specialists developed as a result of continued increases in the demand for services by retailers, independent processors, or other outlets which the packers were unable or unwilling to provide. And as specialized types of distributors have developed, various fairly well defined and more or less insulated areas of competition have come into being. Thus, the packer branch houses, the hotel supply houses, the boners, the calf handlers, and frozen meat handlers of the Bay Area all sell more or less exclusively, either a particular type of product or to a particular type of customer. Among similar types of firms, however, competition is vigorous. Furthermore, the development of specialists in the meat business had tended to increase the degree of precision with which requirements of processors, retailers, and consumers are met.

Credit and delivery services as competitive factors

About 82 percent of the independent meat wholesalers in the United States and more than 90 percent of the branch houses of the Nation, according to the 1948 Census of Business, provided credit for customers in 1948. Nearly all of the California meat wholesalers and branch houses extended credit as a general policy. Of the Bay Area meat sales of packers, independent meat wholesalers, and branch houses in 1955, 95 percent, 93 percent, and 95 percent, respectively, were credit sales.

In the 1955 survey, however, packers, independent meat wholesalers, and branch house managers reported almost universally, that credit was not a strong competitive factor in the trade. By tacit consent throughout the industry, credit ordinarily is extended for periods not exceeding 1 week or, at most, 10 days. Only government agencies, some hotels, and most public institutions are granted 30-day credit. Furthermore, most packers and distributors preferred, under such conditions, to sell on credit. It was claimed that credit selling saves time of busy salesmen and eliminates risks associated with collections by truck deliverymen. Nevertheless, it was reported that in some cases an initial advance of 30-day credit was offered as a business inducement. In this situation, the customer was required to pay weekly after the end of the 30-day period, but in some instances the customer was not required to pay the 30-day advance so long as he regularly purchased meat from the firm extending the credit.

In the wholesale meat trade, sellers are expected to deliver meat free of charge to buyers. Consequently, very little meat is picked up at the wholesale establishment by the buyer with his own truck. This occurs for the most part in purchases by nearby restaurants or meat markets or when inventories of these customers have become unexpectedly depleted. Some sales are made at all levels, of course, to independent truck jobbers who load their route trucks at the docks of wholesale meat firms.

Commercial truck carriers sometimes are employed for deliveries to distant points. A few Bay Area jobbers regularly ship meat in this manner to retail merchants in areas as far north as southern Oregon. Resort areas, such as the Lake Tahoe region, also are often supplied from the Bay Area by commercial truck carriers.

Neither credit nor delivery, however, provide the basis for intense competition among packers and wholesale meat distributors in the Bay Area. These services are extended almost universally by the firms in the trade. Consequently, their credit and delivery services have become business necessities, rather than competitive "extras." Other services, such as cutting, trimming, and packaging of meat, were utilized by some firms as competitive devices. For the most part, however, competition among packers and wholesale meat distributors consisted of price competition in one form or another. In view of the availability of U. S. graded beef, veal, and lamb, quality competition for these meats seemed insignificant. Quality or brand competition among branch houses for cured pork sales, however, was of a much higher order of importance.

Possible future changes in channels and competition

Future changes in the competitive structure of the Bay Area market depend, for the most part, upon prospective changes in distribution channels and upon future changes in ownership patterns of firms in the market. The progress of change in ownership patterns, involving horizontal or vertical integration, mergers, and breakup of established firms into several different companies, probably is unpredictable. Future changes in distribution channels for meat in the Bay Area, however, depend upon a large number of determinants, including: (1) The extent to which slaughter of livestock in Northern California shifts to or away from the Bay Area, (2) technological developments in livestock feeding, livestock slaughter, meat processing, and distribution, (3) the nature of changes or shifts in retailer and consumer demand among types, qualities, and species of meat, (4) the type and nature of changes in the demand for services, particularly at the retail level, (5) the degree to which small independent meat markets and grocery stores are replaced by superettes and supermarkets, and (6) the extent to which retail food chains grow in number and volume in the Area.

Some of the prospective developments point to a decrease in the volume of direct packer-to-retailer sales. Others, however, point to an increase. The effects on distribution channels of increases in demand of independent retailers for services such as processing, boning, aging and precutting are uncertain. In the past, however, when such increased demands for services developed in the Bay Area, specialized jobbers or other distributors usually have come into being to perform them.

A relative increase in the flow of meat, beef particularly, from interior Northern California packers and a relative decrease in the importance of slaughter in the Bay Area, a trend which seems to be under way, probably would tend to increase the volume of meat handled by independent meat distributors. If so, it would improve the competitive position of the distributors and of the packers remaining in the Bay Area.

Present and prospective cost advantages in specialization also argue for future increases in the importance of independent meat distributors in the Bay Area. The present organization of the Bay Area market for veal is a prime example of specialization among packers as well as wholesale meat distributors, and may characterize the general direction of future changes in the distribution of other meats.

Veal, as pointed out earlier, is slaughtered in California principally by specialized slaughterers located in or near producing areas. From an economic viewpoint, a livestock slaughtering industry oriented to areas of production, rather than to centers of consumption, appears desirable for a number of reasons. First, the shrink of live animals resulting from transportation is reduced. Second, the economy is saved the expense of transporting items such as feet, hides and hair, blood, heads, inedible offal, and excess lard long distances to slaughterers who, for the most part, have no particular uses for these products and often find themselves faced with problems concerning waste disposal and sale of byproducts. Third, the high cost of maintaining private stockyard facilities on high-rent, metropolitan-area land is reduced.

Most Northern California veal slaughterers do not attempt to build up a clientele of Bay Area meat markets and grocery stores. Instead, they sell in large wholesale lots to specialized wholesale distributors of veal. Recent developments in connection with the distribution of boning beef have proceeded toward a similar final result--slaughterers of Canner and Cutter cows have emerged in country areas and they specialize in the sale of truckload lots to boners. This procedure also seems to have several economic advantages, particularly for relatively small-volume firms. It permits the individual slaughterer to devote his managerial and financial resources strictly to the one business of procuring and slaughtering livestock. At the same time, the distributor, if relieved of managerial diversions concerning the procurement and slaughter of livestock, is free to select from a large number of firms carcasses which are most satisfactory to his particular customers. In addition, he can devote his talents more exclusively to selling and merchandising.

Shifts in consumer preferences in favor of veal or pork also would tend to increase the flow of meat through intermediate distributors. However, continued increases in the relative demand for beef, of which a relatively large percentage is marketed directly, are more likely. This would tend to have the opposite effect on intermediate distributors.

Relative increases in direct packer-to-retailer sales also definitely would result from continued growth in the retail food chain movement. A continuation of the shift toward fewer and larger volume independent meat retailers would have the same effect. These factors alone could dictate the future pattern of change in distribution channels for meat in the Bay Area as they have in some other areas of the nation. Both the retail food chains and the larger independent retailers tend to buy directly from packers.

Future technological changes in slaughtering livestock or in processing and handling meat also could result in a greater volume of packer-to-retailer sales by increasing the size and scope of independent packers' operations. A relative increase in livestock slaughter in Northern California by the national packers would have the same effect.

Little change probably will occur in volumes handled by packer branch houses of the Bay Area so long as they remain the primary handlers and distributors of pork in the Area. Changes in freight rates from the Corn Belt more favorable than at present to inshipment of live slaughter hogs could, of course, increase to some extent the competitive position of local independent packers in the sale of pork.

A shift to distribution of a major portion of the meat consumed in the Bay Area in the form of frozen or irradiated, precut and prepackaged cuts might result in a complete reorganization of the wholesale market. However, it is still too early to determine the probable extent to which consumers will shift their purchases to frozen, prepackaged cuts when they are made available in volume. In addition, it is uncertain whether these will be produced and distributed primarily by packers, branch houses, or independent frozen meat handlers.

Table 43.--Beef: Quantity available for distribution through specified channels, San Francisco Bay Area, 1955 [1]

Buyer	Quantity purchased from -									
	Packers					Wholesale meat distributors				Packers and wholesale meat distributors
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Boners	Total	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Wholesale meat distributors:										
Packer branch houses	13,941	210	8,282	373	22,806	--	326	196	522	23,328
Jobbers	38,685	67,242	19,296	2,631	127,854	953	--	1,806	2,759	130,613
Boners	4,742	23,578	15,324	219	43,863	--	44	--	44	43,907
Total	57,368	91,030	42,902	3,223	[2] 194,523	953	370	2,002	[3] 3,325	197,848
Final market outlets:										
Retail food chains	29,990	15,384	2,377	([4])	47,751	264	6,307	391	6,962	[5] 54,713
Meat markets and ind. stores	78,118	8,126	--	--	86,244	14,426	45,992	2,382	62,800	149,044
Institutions and purveyors	1,184	180	--	--	1,364	1,957	52,111	168	54,236	55,600
Processors and other	4,692	621	--	--	5,313	3,767	5,128	19,204	28,099	33,412
Gov't. agencies incl. military	11,775	9,194	--	--	20,969	1,059	6,431	1,793	9,283	30,252
Export and offshore shipments	([4])	1,172	--	--	1,172	599	1,221	2,073	3,893	5,065
Shipments outside Bay Area to domestic points	23,102	--	--	--	23,102	303	13,053	15,894	29,250	52,352
Total	148,861	34,677	2,377	--	[6] 185,915	22,375	130,243	41,905	[2] 194,523	380,438
Total purchased from packers	206,229	125,707	45,279	3,223	380,438					

[1] Total quantity available: 380.4 million pounds. This does not include small quantities received by final market outlets, other than retail food chains, from packers or others located outside California.

[2] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets.

[3] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets.

[4] Insignificant

[5] Includes quantities distributed to retail units (of Bay Area chains) located outside the Bay Area.

[6] Quantity sold by packers direct to final market outlets.

Table 44.--Veal: Quantity available for distribution through specified channels, San Francisco Bay Area, 1955[1]

Buyer	Quantity purchased from -									
	Packers					Wholesale meat distributors				Packers and wholesale meat distributors
	San Francisco Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Calf handlers	Jobbers	Total	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Wholesale meat distributors:										
Packer branch houses.........	1,399	730	([2])	1,622	3,751	--	30	([2])	30	3,781
Calf handlers................	4,428	11,478	2,126	2,233	20,265	605	--	([2])	605	20,870
Jobbers	3,321	2,947	464	154	6,886	352	1,419	--	1,771	8,657
Total..................	9,148	15,155	2,590	4,009	[3] 30,902	957	1,449	([2])	[4] 2,406	33,308
Final market outlets:										
Retail food chains...........	1,524	174	([2])	([2])	1,698	([2])	3,726	914	4,640	[5] 6,338
Meat markets and ind. stores.	1,816	801	--	--	2,617	2,505	9,537	1,980	14,022	16,639
Institutions and purveyors...	9	([2])	--	--	9	127	361	3,618	4,106	4,115
Processors and other.........	918	10,993	--	--	11,911	135	2,689	184	3,008	14,919
Gov't. agencies incl.military	65	321	--	--	386	34	82	296	412	798
Export and offshore shipments	([2])	49	--	--	49	23	([2])	49	72	121
Shipments outside Bay Area to domestic points.........	1,665	--	--	--	1,665	([2])	3,026	1,616	4,642	6,307
Total..................	5,997	12,338	([2])	([2])	[6] 18,335	2,824	19,421	8,657	[3] 30,902	49,237
Total purchased from packers...	15,145	27,493	2,590	4,009	49,237					

[1] Total quantity available: 49.2 million pounds. This does not include small quantities received by final market outlets, other than retail food chains, from packers or others located outside California.
[2] Insignificant
[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets.
[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets.
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside the Bay Area.
[6] Quantity sold by packers directly to final market outlets.

Table 45.--Lamb: Quantity available for distribution through specified channels, San Francisco Bay Area, 1955[1]

Buyer	Quantity purchased from -								
	Packers					Wholesale meat distributors			Packers and wholesale meat distributors
	Bay area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Total	
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Wholesale meat distributors:									
Packer branch houses	4,067	(2)	178	(2)	4,245	--	(2)	--	4,245
Jobbers	7,725	3,564	212	59	11,560	204	--	204	11,764
Total	11,792	3,564	390	59	15,805	204	(2)	[4] 204	16,009
Final market outlets:									
Retail food chains	6,409	2,650	(2)	50	9,109	(2)	148	148	[5] 9,257
Meat markets and ind. stores	15,635	3,494	--	--	19,129	3,158	4,433	7,591	26,720
Institutions and purveyors	82	(2)	--	--	82	480	4,811	5,291	5,373
Processors and other	449	9	--	--	458	225	629	854	1,312
Gov't. agencies incl. military	2,252	544	--	--	2,796	153	388	541	3,337
Export and offshore shipments	(2)	(2)	--	--	(2)	25	73	98	98
Shipments outside Bay Area to domestic points	7,918	--	--	--	7,918	(2)	1,282	1,282	9,200
Total	32,745	6,697	(2)	50	39,492	4,041	11,764	[3] 15,805	55,297
Total purchased from packers	44,537	10,261	390	109	[6] 55,297				

[1] Total quantity available: 55.3 million pounds. This does not include small quantities received by final market outlets, other than retail food chains, from packers or others located outside California.
[2] Insignificant
[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets.
[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets.
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside the Bay Area.
[6] Quantity sold by packers directly to final market outlets.

Table 46.--Fresh and cured pork: Quantity available for distribution through specified channels, San Francisco Bay Area, 1955[1]

Buyer	Quantity purchased from -								
	Packers					Wholesale meat distributors			Packers and wholesale meat distributors
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Total	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Wholesale meat distributors:									
Packer branch houses	14,014	74	8,684	86,812	109,584	--	110	110	109,694
Jobbers	4,878	1,028	9,199	3,839	18,944	8,931	--	8,931	27,875
Total	18,892	1,102	17,883	90,651	[2] 128,528	8,931	110	[3] 9,041	137,569
Final market outlets:									
Retail food chains	9,507	14	(4)	5,275	14,796	10,594	172	10,766	[5] 25,562
Meat markets and ind. stores	16,249	127	--	--	16,376	63,078	14,240	77,318	93,694
Institutions and purveyors	437	(4)	--	--	437	2,513	9,978	12,491	12,928
Processors and other	449	534	--	--	983	2,913	528	3,441	4,424
Gov't. agencies incl. military	1,320	(4)	--	--	1,320	1,566	506	2,072	3,392
Export and offshore shipments	(4)	(4)	--	--	(4)	2,305	201	2,506	2,506
Shipments outside Bay Area to domestic points	22,195	--	--	--	22,195	17,794	2,140	19,934	42,129
Total	50,157	675	(4)	5,275	[5] 56,107	100,763	27,765	[2] 128,528	184,635
Total purchased from packers	69,049	1,777	17,883	95,926	184,635				

[1] Total quantity available: 184.6 million pounds. This does not include small quantities received by final market outlets, other than retail food chains, from packers or others located outside California.
[2] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets.
[3] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets.
[4] Insignificant
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside the Bay Area.
[6] Quantity sold by packers directly to final market outlets.

Table 47.--Fresh meat and cured pork: Quantity available for distribution through specified channels, San Francisco Bay Area, 1955[1]

Buyer	Quantity purchased from -										
	Packers					Wholesale meat distributors					Packers and wholesale meat distributors
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Calf handlers	Boners	Total	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Wholesale meat distributors:											
Packer branch houses..	33,421	1,014	17,144	88,807	140,386	--	436	30	196	662	141,048
Jobbers..............	54,609	74,781	29,171	6,683	165,244	10,440	--	1,419	1,806	13,665	178,909
Calf handlers.........	4,428	11,478	2,126	2,233	20,265	605	(2)	--	(2)	605	20,870
Boners................	4,742	23,578	15,324	219	43,863	(2)	44	(2)	--	44	43,907
Total............	97,200	110,851	63,765	97,942	[3] 369,758	11,045	480	1,449	2,002	[4] 14,976	384,734
Final market outlets:											
Retail food chains....	47,430	18,222	2,377	5,325	73,354	10,858	7,541	3,726	391	22,516	[5] 95,870
Meat markets and ind. stores.........	111,818	12,548	--	--	124,366	83,167	66,645	9,537	2,382	161,731	286,097
Institutions and purveyors...........	1,712	180	--	--	1,892	5,077	70,518	361	168	76,124	78,016
Processors and other..	6,508	12,157	--	--	18,665	7,040	6,469	2,689	19,204	35,402	54,067
Gov't. agencies incl. military...........	15,412	10,059	--	--	25,471	2,812	7,621	82	1,793	12,308	37,779
Export and offshore shipments...........	(2)	1,221	--	--	1,221	2,952	1,544	(2)	2,073	6,569	7,790
Shipments outside Bay Area to domestic points.............	54,880	--	--	--	54,880	18,097	18,091	3,026	15,894	55,108	109,988
Total............	237,760	54,387	2,377	5,325	[6] 299,849	130,003	178,429	19,421	41,905	[3] 369,758	669,607
Total purchased from packers...............	334,960	165,238	66,142	103,267	669,607						

[1] Total quantity available: 669.6 million pounds. This does not include small quantities received by final market outlets, other than retail food chains, from packers and others located outside California.
[2] Insignificant
[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets.
[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets.
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside the Bay Area.
[6] Quantity sold by packers directly to final market outlets.

Table 48.--Beef: Percentage distribution of total quantity available for distribution, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as percentage of total quantity available for distribution									
	Packers					Wholesale meat distributors				
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Boners	Total	Packers and wholesale meat distributors
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Wholesale meat distributors:										
Packer branch houses	3.7	0.1	2.2	0.1	6.1	--	0.1	(2)	0.1	6.2
Jobbers	10.1	17.7	5.1	.7	33.6	.2	--	.5	.7	34.3
Boners	1.2	6.2	4.0	.1	11.5	(2)	(2)	--	--	11.5
Total	15.0	24.0	11.3	.9	[3] 51.2	.2	.1	.5	[4] .8	52.0
Final market outlets:										
Retail food chains	7.9	4.0	.6	(2)	12.5	.1	1.7	.1	1.9	[5] 14.4
Meat markets and ind. stores	20.5	2.2	--	--	22.7	3.8	12.1	.6	16.5	39.2
Institutions and purveyors	.3	(2)	--	--	.3	.5	13.7	(2)	14.2	14.5
Processors and other	1.2	.2	--	--	1.4	1.0	1.3	5.1	7.4	8.8
Gov't. agencies incl. military	3.1	2.4	--	--	5.5	.3	1.7	.5	2.5	8.0
Export and offshore shipments	(2)	.3	--	--	.3	.2	.3	.5	1.0	1.3
Shipments outside Bay Area to domestic points	6.1	--	--	--	6.1	.1	3.4	4.2	7.7	13.8
Total	39.1	9.1	.6	(2)	[6] 48.8	6.0	34.2	11.0	[3] 51.2	100.0
Total purchased from packers	54.1	33.1	11.9	.9	100.0					

[1] Derived from table 43 by dividing each quantity figure in the table by the total quantity available for distribution, 380.4 million pounds.
[2] Less than 0.05 percent.
[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity available for distribution.
[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity available for distribution.
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside Bay Area.
[6] Quantity sold by packers directly to final market outlets as a percentage of total quantity available for distribution.

Table 49.--Veal: Percentage distribution of total quantity available for distribution, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as a percentage of total quantity available for distribution									
	Packers					Wholesale meat distributors				Packers and wholesale meat distributors
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Calf handlers	Jobbers	Total	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Wholesale meat distributors:										
Packer branch houses..............	2.8	1.5	(2)	3.3	7.6	--	(2)	(2)	--	7.6
Calf handlers.....................	9.1	23.3	4.3	4.5	41.2	1.2	--	(2)	1.2	42.4
Jobbers...........................	6.7	6.0	1.0	.3	14.0	.7	2.9	--	3.6	17.6
Total.........................	18.6	30.8	5.3	8.1	[3] 62.8	1.9	2.9	(2)	[4] 4.8	67.6
Final market outlets:										
Retail food chains................	3.1	.3	(2)	(2)	3.4	(2)	7.6	1.9	9.5	[5] 12.9
Meat markets and ind. stores......	3.7	1.6	--	--	5.3	5.1	19.4	4.0	28.5	33.8
Institutions and purveyors........	(2)	(2)	--	--	(2)	.3	.7	7.4	8.4	8.4
Processors and other..............	1.9	22.3	--	--	24.2	.3	5.5	.3	6.1	30.3
Gov't. agencies incl. military....	.1	.7	--	--	.8	(2)	.2	.6	.8	1.6
Export and offshore shipments.....	(2)	.1	--	--	.1	(2)	(2)	.1	.1	.2
Shipments outside Bay Area to domestic points.................	3.4	--	--	--	3.4	(2)	6.1	3.3	9.4	12.8
Total.........................	12.2	25.0	(2)	(2)	[6] 37.2	5.7	39.5	17.6	[3] 62.8	100.0
Total purchased from packers........	30.8	55.8	5.3	8.1	100.0					

[1] Derived from table 44 by dividing each quantity figure in the table by the total quantity available for distribution, 49.2 million pounds.

[2] Less than 0.05 percent.

[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity available for distribution.

[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity available for distribution.

[5] Includes quantities distributed to retail units (of Bay Area chains) located outside Bay Area.

[6] Quantity sold by packers directly to final market outlets as a percentage of the total quantity available for distribution.

Table 50.--Lamb: Percentage distribution of total quantity available for distribution, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as a percentage of total quantity available for distribution								
	Packers					Wholesale meat distributors			Packers and wholesale meat distributors
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Total	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Wholesale meat distributors;									
Packer branch houses	7.4	(2)	0.3	(2)	7.7	--	(2)	--	7.7
Jobbers	14.0	6.4	.4	0.1	20.9	.4	--	.4	21.3
Total	21.4	6.4	.7	.1	28.6	.4	(2)	.4	29.0
Final market outlets:									
Retail food chains	11.6	4.8	(2)	.1	16.5	(2)	.3	.3	16.8
Meat markets and ind. stores	28.3	6.3	--	--	34.6	5.7	8.0	13.7	48.3
Institutions and purveyors	.1	(2)	--	--	.1	.9	8.7	9.6	9.7
Processors and other	.8	(2)	--	--	.8	.4	1.2	1.6	2.4
Gov't. agencies incl. military	4.1	1.0	--	--	5.1	.2	.7	.9	6.0
Export and offshore shipments	(2)	(2)	--	--	(2)	.1	.1	.2	.2
Shipments outside Bay Area to domestic points	14.3	--	--	--	14.3	(2)	2.3	2.3	16.6
Total	59.2	12.1	(2)	.1	71.4	7.3	21.3	28.6	100.0
Total purchased from packers	80.6	18.5	.7	.2	100.0				

[1] Derived from table 45 by dividing each quantity figure in the table by the total quantity available for distribution, 55.3 million pounds.
[2] Less than 0.05 percent.
[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity available for distribution.
[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity available for distribution.
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside Bay Area.
[6] Quantity sold by packers directly to final market outlets as a percentage of total quantity available for distribution.

Table 51.--Fresh and cured pork: Percentage distribution of total quantity available for distribution, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as a percentage of total quantity available for distribution								
	Packers					Wholesale meat distributors			Packers and wholesale meat distributors
	Bay Area	Other Nothern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Total	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Wholesale meat distributors:									
Packer branch houses................	7.6	(2)	4.7	47.0	59.3	--	0.1	0.1	59.4
Jobbers.............................	2.6	.6	5.0	2.1	10.3	4.8	--	4.8	15.1
Total..........................	10.2	.6	9.7	49.1	[3] 69.6	4.8	.1	[4] 4.9	74.5
Final market outlets:									
Retail food chains..................	5.2	(2)	(2)	2.9	8.1	5.6	.1	5.7	[5] 13.8
Meat markets and ind. stores........	8.8	.1	--	--	8.9	34.2	7.7	41.9	50.8
Institutions and purveyors..........	.2	(2)	--	--	.2	1.4	5.4	6.8	7.0
Processors and other................	.2	.3	--	--	.5	1.6	.3	1.9	2.4
Gov't. agencies incl. military......	.7	(2)	--	--	.7	.9	.2	1.1	1.8
Export and offshore shipments.......	(2)	(2)	--	--	(2)	1.3	.1	1.4	1.4
Shipments outside Bay Area to domestic points..................	12.0	--	--	--	12.0	9.6	1.2	10.8	22.8
Total..........................	27.1	.4	(2)	2.9	[6] 30.4	54.6	15.0	[3] 69.6	100.0
Total purchased from packers..........	37.3	1.0	9.7	52.0	100.0				

[1] Derived from table 46 by dividing each quantity figure in the table by the total quantity available for distribution, 184.6 million pounds.
[2] Less than 0.05 percent.
[3] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity available for distribution.
[4] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity available for distribution.
[5] Includes quantities distributed to retail units (of Bay Area chains) located outside the Bay Area.
[6] Quantity sold by packers directly to final market outlets as a percentage of total quantity available for distribution.

Table 52.--All fresh meat and cured pork: Percentage distribution of total quantity available for distribution, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as a percentage of total quantity available for distribution										
	Packers					Wholesale meat distributors					Packers and wholesale meat distributors
	Bay Area	Other Northern California	Other Western States	Other States	Total	Packer branch houses	Jobbers	Calf handlers	Boners	Total	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Wholesale meat distributors:											
Packer branch houses..........	5.0	0.1	2.6	13.3	21.0	--	0.1	(2)	(2)	0.1	21.1
Jobbers......................	8.1	11.2	4.3	1.0	24.6	1.6	--	.2	.3	2.1	26.7
Calf handlers................	.7	1.7	.3	.3	3.0	.1	(2)	--	(2)	.1	3.1
Boners.......................	.7	3.6	2.3	(2)	6.6	(2)	(2)	(2)	--	(2)	6.6
Total....................	14.5	16.6	9.5	14.6	3 55.2	1.7	.1	.2	.3	4 2.3	57.5
Final market outlets:											
Retail food chains...........	7.0	2.7	.4	.8	10.9	1.6	1.1	.6	.1	3.4	5 14.3
Meat markets and ind. stores..	16.7	1.9	--	--	18.6	12.4	10.0	1.4	.3	24.1	42.7
Institutions and purveyors....	.3	(2)	--	--	.3	.8	10.5	.1	(2)	11.4	11.7
Processors and other..........	1.0	1.8	--	--	2.8	1.0	1.0	.4	2.9	5.3	8.1
Gov't. agencies incl. military	2.3	1.5	--	--	3.8	.4	1.1	(2)	.3	1.8	5.6
Export and offshore shipments.	(2)	.2	--	--	.2	.5	.2	(2)	.3	1.0	1.2
Shipments outside Bay Area to domestic points..........	8.2	--	--	--	8.2	2.7	2.7	.4	2.4	8.2	16.4
Total....................	35.5	8.1	.4	.8	44.8	19.4	26.6	2.9	6.3	3 55.2	100.0
Total purchased from packers....	50.0	24.7	9.9	15.4	6 100.0						

1 Derived from table 47 by dividing each quantity figure in the table by the total quantity available for distribution, 669.6 million pounds.
2 Less than 0.05 percent.
3 Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity available for distribution.
4 Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity available for distribution.
5 Includes quantities distributed to retail units (of Bay Area chains) located outside Bay Area.
6 Quantity sold by packers directly to final market outlets as a percentage of total quantity available for distribution.

Table 53.--Beef: Percentage distribution of total quantity distributed through specified channels, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as percentages of total quantities distributed							
	Packers			Wholesale meat distributors				Packers and wholesale meat distributors
	Bay Area	Other	Total	Packer branch houses	Jobbers	Boners	Total	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Wholesale meat distributors: (2)								
Packer branch houses	4.3	2.8	7.1	--	0.1	(3)	0.1	7.2
Jobbers	12.8	29.6	42.4	.2	--	.5	.7	43.1
Boners	.2	1.5	1.7	(3)	(3)	--	(3)	1.7
Total	17.3	33.9	[4] 51.2	.2	.1	.5	[5] .8	52.0
Retail market outlets:								
Retail food chains	7.3	4.4	11.7	.1	1.5	.1	1.7	[6] 13.4
Meat markets and ind. stores	33.1	3.4	36.5	6.1	19.5	1.0	26.6	63.1
Institutions and purveyors	.5	.1	.6	.8	22.0	.1	22.9	23.5
Total	40.9	7.9	[7] 48.8	7.0	43.0	1.2	[4] 51.2	100.0
Total purchased from packers	58.2	41.8	100.0					

1 Derived from table 43. Total quantity distributed: 236.3 million pounds.
2 Includes only quantities purchased by wholesale meat distributors and sold to indicated retail market outlets.
3 Less than 0.05 percent.
4 Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity distributed.
5 Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity distributed.
6 Includes only quantities distributed to retail food chain units located inside Bay Area.
7 Quantity sold by packers directly to final market outlets as a percentage of total quantity distributed.

Table 54.--Veal: Percentage distribution of total quantity distributed through specified channels, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as percentages of total quantities distributed							
	Packers			Wholesale meat distributors				Packers and wholesale meat distributors
	Bay Area	Other	Total	Packer branch houses	Calf handlers	Jobbers	Total	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Wholesale meat distributors:[2]								
Packer branch houses	4.8	8.1	12.9	--	(3)	(3)	(3)	12.9
Calf handlers	11.1	39.8	50.9	1.2	--	(3)	1.2	52.1
Jobbers	10.5	11.2	21.7	.7	2.9	--	3.6	25.3
Total	26.4	59.1	[4] 85.5	1.9	2.9	(3)	[5] 4.8	90.3
Retail market outlets:								
Retail food chains	3.2	.4	3.6	(3)	7.9	1.9	9.8	[6] 13.4
Meat markets and ind. stores	7.6	3.3	10.9	10.4	39.8	8.3	58.5	69.4
Institutions and purveyors	(3)	(3)	(3)	.6	1.5	15.1	17.2	17.2
Total	10.8	3.7	[7] 14.5	11.0	49.2	25.3	[4] 85.5	100.0
Total purchased from packers	37.2	62.8	100.0					

[1] Derived from table 44. Total quantity distributed: 24.0 million pounds.
[2] Includes only quantities purchased by wholesale meat distributors and sold to indicated retail market outlets.
[3] Less than 0.05 percent.
[4] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity distributed.
[5] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity distributed.
[6] Includes only quantities distributed to retail chain units inside the Bay Area.
[7] Quantity sold by packers directly to final market outlets as a percentage of total quantity distributed.

Table 55.--Lamb: Percentage distribution of total quantity distributed through specified outlets, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as a percentage of total quantities distributed						
	Packers			Wholesale distributors			Packers and wholesale meat distributors
	Bay Area	Other	Total	Packer branch houses	Jobbers	Total	
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Wholesale meat distributors:[2]							
Packer branch houses	9.7	0.4	10.1	--	(3)	(3)	10.1
Jobbers	16.3	8.2	24.5	.4	--	.4	24.9
Total	26.0	8.6	[4] 34.6	.4	(3)	[5] .4	35.0
Retail market outlets:							
Retail food chains	10.0	4.2	14.2	(3)	.3	.3	[6] 14.5
Meat markets and ind. stores	41.7	9.3	51.0	8.4	11.8	20.2	71.2
Institutions and purveyors	.2	(3)	.2	1.3	12.8	14.1	14.3
Total	51.9	13.5	[7] 65.4	9.7	24.9	[4] 34.6	100.0
Total purchased from packers	77.9	22.1	100.0				

[1] Derived from table 45. Total quantity distributed: 37.5 million pounds.
[2] Includes only quantities purchased by wholesale meat distributors and sold to indicated retail market outlets.
[3] Less than 0.05 percent.
[4] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as a percentage of total quantity distributed.
[5] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity distributed.
[6] Includes only quantities distributed to retail chain units inside the Bay Area.
[7] Quantity sold by packers directly to final market outlets as a percentage of total quantity distributed.

Table 56.--Fresh meat and cured pork: Percentage distribution of total quantity distributed through specific channels, San Francisco Bay Area, 1955[1]

Buyer	Sellers and quantities sold as percentages of total quantities distributed						
	Packers			Wholesale meat distributors:			Packers and wholesale meat distributors
	Bay Area	Other	Total	Packer branch houses	Jobbers, boners, handlers	Total	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Wholesale meat distributors:							
Packer branch houses	5.8	18.3	24.1	--	0.1	0.1	24.2
Jobbers, boners calf handlers	9.9	25.9	35.8	1.6	--	1.6	37.4
Total	15.7	44.2	[2] 59.9	1.6	.1	[3] 1.7	61.6
Final market outlets:							
Retail food chains	6.4	3.5	9.9	1.5	1.6	3.1	[4] 13.0
Independent markets and stores	26.7	3.0	19.9	19.9	18.8	38.7	68.4
Institutions and purveyors	.4	.1	.5	1.2	16.9	18.1	18.6
Total	33.5	6.6	[5] 40.1	22.6	37.3	[2] 59.9	100.0
Total purchased from packers	49.2	50.8	100.0				

[1] Derived from table 47. Total quantity distributed: 418.4 million pounds.
[2] Quantity purchased by wholesale meat distributors from packers and resold in final market outlets as percentage of total quantity distributed.
[3] Quantity distributed among and between types of wholesale meat distributors and accounted for in sales of wholesale meat distributors to final market outlets as a percentage of total quantity distributed.
[4] Excludes quantities distributed to retail chain units outside the Bay Area.
[5] Quantity sold by packers directly to final market outlets as a percentage of total quantity distributed.

U. S. GOVERNMENT PRINTING OFFICE : 1957 O - 423779