Petaluma Live Poultry Auction

poultry marketing experiment studied for auction volume, grading policy, prices, buyers, producer appraisal

J. C. Abbott and E. C. Voorhies

The following article is based upon a detailed report "The Petaluma Live Poultry Auction" by the same authors, available without cost as mimeographed report No. 114 from the Giannini Foundation of Agricultural Economics, University of California College of Agriculture, Berkeley 4, California.

The Petaluma live poultry auction—an experiment lasting from June 1948 to April 1951—was studied to determine what it meant to the poultry industry of the Bay area.

During the fall of 1948, 400 to 500 coops of chickens were offered at sales held twice weekly. Two years later sales conducted once a week averaged 250 coops. Through November 1950 average sales declined to 150 coops. They rose again to approximately 184 in December but dropped to 150 in January and February 1951. Auction sales of live chickens totaled 892,801 pounds in 1950 as against 1,814,152 pounds the previous year.

Dissatisfaction with existing market channels was indicated in the large quantities of produce handled by the auction in its first year. A peak volume for a single sale was achieved on January 11, 1949, when 55,000 pounds of poultry passed through. The average sale for the first three months approximated 28,000 pounds, for September 1948 to March 1949, 24,000 pounds, and April–September 1949, 17,000 pounds. At the same time total sales of poultry in the entire state stayed on much the same level.

Variation in the quantity of birds offered proved a deterrent to buyers with other important business and a source of loss to producers who sent in consignments when supplies were excessive.

In the 100 auction sales analyzed, the average deviation from the mean was 31%, but the range was much wider. Even after correction into weekly averages the mean variation was 24.9% during the months of September 1948 to March 1949. Seasonal fluctuations were less severe than at some other primary markets because of the combined effects of two breeding cycles, that of young meat birds leaving the hatcheries, and of older layers held for their egg potential during the period of scarcity in the fall, but culled out severely when their rate of laying declined in the summer.

There was no likelihood that the seasonal flow of birds through the auction would match the movement of consumer demand. The presence of wholesale buyers able to store against consumer requirements was an essential part of a satisfactory market. Performance of such services was not within the capacity of small retailers and hucksters—independent jobbers—who bought only for current requirements.

The institution of a grading program at the producer level was one of the most original steps in Western poultry marketing. Of the four major classes of birds—Leghorn hens, Leghorn broilers, colored fryers, and colored hens—more than half was classified, good; one third, fair; and less than 10%, as is. These figures indicate that the auction did not deal primarily in offgrade birds although some producers might have sent birds rejected by other buyers.

Sales data for 100 auctions were examined for departures from the tenets of a perfect market.

Maladjustments in the balance of supply and demand had an exaggerated effect on price making under the auction method, since there are no limits on the upward and downward movement beyond those set by open bidding.

Colored fowl were in demand and earned a premium over Leghorn hens of 12 cents per pound, and over colored fryers of four to six cents per pound. The special market for heavy, fat hens was open to birds graded fair as well as good.

Seasonal movements included the substitution of turkey for chicken at Thanksgiving and Christmas, and reduced interest in older birds during summer when fricassee and soup were less in demand.

Inferior birds sold better at the auction than they would have done elsewhere. Small retailers, prepared to process lower grade birds and sell them in their most attractive form, bought those lots that would bring maximum advantage.

Prices at Petaluma observed much the same pattern as those reported for the wholesale market at San Francisco but were more sensitive to short run changes in supply.

Auction Buyers and Producers

Almost half of the purchases by weight were made by San Francisco wholesalers during the year under detailed study. Close to 29% went to large wholesalers, and 11.7% each to Bay area retailers and local hucksters.

Eighteen poultry dealers bought 10,000 pounds or more during the year, but at any one auction only 10 to 12 made actual purchases.

Desirable features in buyers frequenting a market included regularity in attendance, interest in a wide range of produce, and capacity to take up varying quantities and redistribute them to the greatest advantage. An additional advantage of the auction from the dealer's point of view lay in its continuity, regardless of the contribution made by the individual buyer.

The market area from which birds were sent into the auction extended up to 100 miles north, east and south, and to the coast on the west. Two thirds of the total quantity originated in the Santa Rosa–Petaluma area and this proportion increased during the year.

Most poultrymen who availed themselves of the auction service were those interested primarily in production and lacking the time or inclination for personal assumption of marketing functions.

Continued on page 16

CALIFORNIA AGRICULTURE

Progress Reports of Agricultural Research, published monthly by the University of California College of Agriculture, Agricultural Experiment Station.

William F. Calkins.....*Manager* Agricultural Publications

W. G. Wilde.....*Editor and Manager* California Agriculture

Articles in *CALIFORNIA AGRICULTURE* may be republished or reprinted provided no endorsement of a commercial product is stated or implied. Please credit: University of California College of Agriculture.

CALIFORNIA AGRICULTURE will be sent free upon request addressed to: Agricultural Publications, University of California College of Agriculture, 22 Giannini Hall, Berkeley 4, California. Please allow about two weeks between your request and the arrival of your first copy.

In order that the information in *CALIFORNIA AGRICULTURE* may be simplified, it is sometimes necessary to use trade names of products or equipment. No endorsement of named products is intended nor is criticism implied of similar products which are not mentioned.

141

NEW PUBLICATIONS

—now ready for distribution—

CALIFORNIA GRASSLANDS AND RANGE FORAGE GRASSES, by Arthur W. Sampson, Agnes Chase, and Donald W. Hedrick. Exp. Sta. Bul. 724, May, 1951.

Single copies of these publications or a catalogue of Agricultural Publications may be obtained without charge from the local office of the Farm Advisor or by addressing a request to: Agricultural Publications, 22 Giannini Hall, University of California, College of Agriculture, Berkeley 4, California.

TO

Penalty for private use to avoid payment of postage, $300

University of California, College of Agriculture, Agricultural Experiment Station, Berkeley 4, California

Paul J. Sharp
Director

Free—Annual Report or Bulletin or Report of Progress
Permit No. 1127

RIVERSIDE

Continued from page 11

new commodity treatment—ethylene dibromide fumigation—has been developed for the control of this fly.

A general survey of mosquitoes of medical importance has been continued and several new species of Tabanidae and Acarina have been added to the known fauna of the state.

Residue Studies

To obtain adequate information as to the quantity and nature of insecticide residues on citrus, deciduous, vegetable and forage crops, about 3,000 chemical determinations of insecticides have been made. The information obtained is essential for the licensing of new insecticides for use on food crops.

More than 800 organic compounds were tested biologically as possible insecticides during 1950, and the most effective ones are being field tested. These tests have resulted in the commercial development of several new insecticides.

Certain of the projects discussed have been carried out in co-operation with the Division of Plant Physiology and the Division of Plant Pathology at Riverside.

Robert L. Metcalf is Associate Entomologist, University of California College of Agriculture, Riverside

PETALUMA

Continued from page 2

These producers, however, tend to be more interested in the egg than in the meat bird production business.

Appraisal of Auction

The poultry auction was suspended this spring. The principal reason was lack of sufficient volume of poultry to justify labor and cost.

The weekly auction at Petaluma offered to an area interested primarily in egg production a flexible and efficient sales facility.

Among its valuable services was that of bringing the going price out into the open, and of publicizing the conditions under which real sales were transacted. Excluding the effect of changes in over-all national demand, poultrymen and the small retailers are in a much worse position without it. Paradoxically enough, the decline in the volume of poultry passing through the auction has been a measure of the improvement brought about in marketing conditions in the area as a whole. Its presence as an alternative outlet enhanced the bargaining power of individual producers and enabled them to exact terms from outside buyers which would otherwise not have been possible.

J. C. Abbott is Research Assistant in Agricultural Economics, University of California College of Agriculture, Berkeley.

E. C. Voories is Professor of Agricultural Economics, University of California College of Agriculture, Berkeley.

DONATIONS FOR AGRICULTURAL RESEARCH

Gifts to the University of California for research by the College of Agriculture accepted in June, 1951

BERKELEY

American Potash Institute, Inc. $4,500.00
For study of California soils and the use of potash on these soils, Berkeley and Davis

Chipman Chemical Co., Inc. ..... 1 5-lb. can Chlorax spray powder
For use as a soil sterilant
1 bag 10% Dust Toxaphene
1 bag 10% Toxaphene Sulfur 40% dust
For use in entomology and parasitology

Julius Hyman & Company ..... 1 10-gm. recrystallized compound 269
1 gal. can 6% compound 269 emulsifiable concentrate
20 lbs 1% 269 dust
For use in entomology and parasitology

J. W. Kerns ..... Varieties of grass seeds
For test plot trials

Nopco Chemical Co. ..... Laboratory equipment and chemicals
To further the nutrition research program of Professor Samuel Lepkovsky

Shell Chemical Corporation, Agric. Products Dept. ..... 1 gallon Dieldrex 15
For use in entomology and parasitology

Simplot Soilbuilders ..... 10 sacks of single superphosphate
For test plot trials

DAVIS

Elbridge & Mary Stuart Foundation $2,000.00
For the study of Hexamita infections in turkeys

LOS ANGELES

American Cyanamid Company ..... 6 lbs. pulverized potassium cyanate
For national crabgrass control trials

Antara Products ..... 2 lbs. Igepon AP Extra Conc.
For national crabgrass control trials

California Planting Cotton Seed Distributors $2,000.00
For research on the physiology of abscission in horticultural plants

Carbide and Carbon Chemical Company ..... 5 lbs. CRAG Herbicide 1
5 lbs. EH 2-73 Herbicide (experimental)
For national crabgrass control trials