

The Sugar Sales Executive Looks at the Future of the Beet Sugar Industry¹

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I am in complete agreement with the thoughts of other speakers who have participated in a discussion of the optimistic future of our beet sugar industry.

Not being bold enough to let my fancies fly into the future, my rather brief talk is on what the U. S. Department of Agriculture figures on sugar deliveries by various categories for the last 10 years may indicate for conditions in 1971.

First, the quality of our industry product is very high due to the efforts of many of you in attendance at this meeting. Please be sure to keep up this good work as it not only means much to your individual company but it also works for the benefit of the entire beet sugar industry.

Second, the yearly per capita consumption in the United States in 1971 may not be very much under what it is currently; i.e., 98 lbs of refined sugar. The current total U. S. deliveries is 10,300,000 short tons raw value, and this should go to about 10,800,000 in 1971.

Third, the distribution of household sugar packages is decreasing each year, both in total hundredweight sold and the percentage of total U. S. deliveries, beet and cane. 10 years ago, household sugars were 58 million hundredweight or 35% of the total U. S. deliveries of beet and cane. Currently, household sugars are 53 million hundredweight or 28% of the total U. S. deliveries of beet and cane. The estimate for 1971 household sugars is 50 million hundredweight or 25% of the total U. S. deliveries of beet and cane. The total hundredweight that went to households hit a peak in 1958, and since then has declined about 1 million hundredweight per year. At some point, it will level off, but exactly when, cannot now be estimated. In all this time the total U. S. deliveries were increasing, so it is evident how steep is the decrease in the percentage of total sugar that goes into households.

Fourth, as the per capita consumption is about steady and our population is increasing each year, it is evident that deliveries to industrial users are increasing both in absolute units and in

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the percentage of total deliveries. Ten years ago, industrial users purchased 65% of the total U. S. deliveries. Currently, industrial users purchase 72% of the total U. S. deliveries. The estimate for 1971 indicates industrial users will purchase 75% of the total U. S. deliveries. I might add that if we had figures beyond 10 years back, I think we would find that industrial users formerly were not over 50% of total deliveries.

Fifth, this growth of industrial business has gone to bulk and liquid, to the detriment of the one-universal 100 lb bag of fine granulated. Bulk and liquid 10 years ago was 23% of the total U. S. deliveries. Bulk and liquid currently is 47% of the total U. S. deliveries. Bulk and liquid estimates for 1971 is 63% of the total U. S. deliveries. This indicates that the 100 lb bag is slowly but surely sliding into oblivion and, in not too many years, the 100 lb bags that are packed will be special grades and sizes of sugar. The 100 lb fine granulated will be an insignificant percentage of the total sugars used in the U. S. By 1971 perhaps, only 12% of the total U. S. deliveries will be 100 lb bags of all types, grades and sizes.

Sixth, this indicates that seasonal producers, such as we in the beet business are today, must have adequate bulk bin storage. Fortunately, this is only a matter of getting enough money from your management to build adequate bulk storage facilities. The method of bulk storage is proven. In that portion of the U. S. that has a 100- to 110-day beet campaign, I calculate that about 20% would be delivered while a factory was slicing. This is in addition to the factory inventory carryover at start of campaign.

The factory bin storage should be about 60% of its entire campaign production, and in the factory's traditional type warehouse would be around 20% in the form of 100 lb bags and household packages. This would provide flexibility in meeting changing trade demands and also provide some year round-work for operating personnel.

Finally, we in sales want more beet sugar to sell. We must expand our markets commensurate with the over-all growth of the total U. S. sugar deliveries. That problem is yours, and I feel confident that those in the agricultural and operating side of our business will meet the challenge successfully.
