

Commodity Report: Hamburger Patties

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I. Introduction

For our purchasing project, we decided to do a commodity report on hamburger patties. We will look at hamburger patties as bought by Stout's University Dining Service at Tainter. We will also look at the global and economic forces that affect supply and demand of ground beef and hamburger patties.

II. Global

In our search for information on hamburger patties we came across the term "ground beef". What is the difference between "ground beef" and "hamburger"? Ground beef can't have beef fat added to it like hamburger patties can. Ground beef is generally not graded and is made from less tender and less popular cuts of beef.

Now let's talk about the source of ground beef and hamburger which is cows. The top ten states for cattle production are Texas, Missouri, Oklahoma, Nebraska, South Dakota, Montana, Kansas, Kentucky, Tennessee, and Florida (see appendix for information on the top ten states). Half the number of cows is harvested now than in the 1970's. Part of this is due to the fact that more is gotten off a single cow. Also, there is a decline in the number of cattle herds. For the past several years, American citizens consumption about 29-30 lbs. of ground beef per person. The problem with declining herds is that now more and more nations outside of America are eating larger amounts of beef. This includes China, which has been experiencing a growth period and now has a middle class with interests in different products such as beef. One solution to this is to

import more beef. Right now Australia and New Zealand are the two largest but some think that in five to ten years Mexico could have a surplus of beef to import.

Nowadays, People are more health conscious. And the road they take to maintain their health is often by implementing a diet. There are many types of diets. One of the diets that suggest consuming beef is the Atkins Diet. The main principle of the Atkins diet is to limit consuming carbohydrate as much as possible and substituting it with protein. This is where beef comes in; this diet method affects the demand of beef. Currently, this diet method is under heavy investigation in causing health problems such as kidney problems, the heart problems, the premature deaths, and the osteoporosis.

Irradiation is a tool used to remove disease from beef. There is no guarantee that it will 100% sterilization of the product. The World Health Organization and the American Health Association have backed irradiation and studies state that irradiation doesn't significantly change appearance, taste and nutritional value of beef or food in general. Even with irradiation, safe preparation and handling is still required.

COOL or Country of Origin Labeling is another factor affecting beef. This regulation will require in Sept. 2004 that packages of beef, lamb, pork, fish, perishable agricultural commodities and peanuts have the name of country they came from. This new regulation has affected the supply and demand of beef and all other meat products. The new regulation forces the suppliers to invest on new labeling and to maintain a database on the product's origin.

III. Suppliers

This section deals with the suppliers of ground beef. We found on the Thomas Register a list of twenty ground beef suppliers. Here is the breakdown of the states the suppliers come from: four in Ohio; three in Pennsylvania; two in Wisconsin, and Montana; and one in Tennessee, South Dakota, Illinois, New York, Connecticut, New Hampshire, and Kentucky and Louisiana.

One of these suppliers is Reinhart Foods. They are located in La Crosse, Shawano, Milwaukee in Wisconsin; Pittsburgh and Sunbury in Pennsylvania; Cedar Rapids in Iowa; Twin Cities and Marshall in Minnesota; Detroit and Marquette Michigan. This company was started in 1972 and is the second largest broad line distributor in the nation.

While Reinhart Foods supplies many products, it buys these products from other producers. One of the producers of ground beef patties is Rochester Meat Company in Rochester MN. They are acquired Whiteford Food Ventures L.P. on November 1, 2001 because of the similarity of their respective products.

IV. Tainter

This brings us to the main user of the hamburger patties, UW-Stout's University Dining Service at Tainter. Tainter is the dining hall that serves the northern section of the Stout campus that includes the resident halls Wigin, Hovlid, Fleming, and Jeter-Tainter-Callahan Halls.

The University Dining Service uses a formal, open bidding system to initially select a company to provide the patties or any item they need. The process is quite strict as the proposal can't be even a minute past the deadline. To find an acceptable brand, the

management tests proposed brands. They sample, cook, and management eats them. They compare the taste against the current brand. After the bid process is done a company is selected. When the contract is done, if both sides like the arrangement, they have the option to resign.

The Tainter dining hall uses three different types of patties: 4-1, 5-1, and 8-1 (see appendix for information on price trends). The 4-1 means that there are four to a pound and these are used at dinner and each patty is 4 oz. The 5-1 means that there are five to a pound and these are used at lunch and each patty is 3.12 oz. The 8-1 means that there are eight to a pound and these are used in PM operations and each patty is 2 oz. The 4-1's are 80/20 while the 5-1's and 8-1's are 78/22 that means that the 4-1 are 80% meat and 20% fat while the others are 78% meat and 22% fat. These patties are all waffle cut because waffle cut works best with the machinery. Waffle cut means that when the patties come out of the freezer, they have a waffle like design cut into them. All patties are cooked at 165 degrees Fahrenheit. Orders can be placed on three times a week basis with orders coming in on Monday, Wednesday, and Friday. The 8-1 patties are a special case being as they are used far less. The 8-1's are reordered whenever a case is moved from the freezer to the front fridge. As a point of interest, none of the patties bought by the college are irradiated due to costs and low demand of irradiated food.

The main system used in the reordering process is called Aurora Information System's FoodPro. Jim Selz, Assistant Director Dining Service at UW-Stout, sits on a User's Group board as the board's Chair. FoodPro can be used for forecasting, financial analysis, catered event planning, food production/service, inventory control, purchasing, and menu planning and pre-costing.

V. Conclusion

In conclusion, the system by which the University Dining Service gets its hamburger patties is quite solid. The main problem that is foreseeable in the future is the declining cattle herds and rising demand for beef. This could in time force the college to raise its prices so as to continue to make money on its meal plans.