

Introduction to the Poultry Industry

AgScience Poultry Science Curriculum
Section 1

Commercial Poultry Industry

3 segments of the commercial poultry industry

Broiler Industry



Turkey Industry



Table Egg Industry



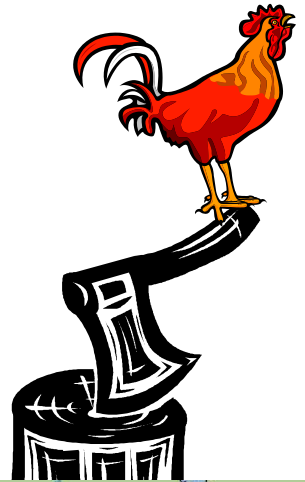
Developing Poultry Industry

1900s – Small backyard flocks of dual-purpose birds

- Primarily used for eggs
- Aged roosters and hens used for meat occasionally
- All slaughter and processing completed at home
- Chicken consumption very low at this time

1930s – Development of markets in the Northeast

- Increased demand for poultry products
- Started to grow birds year-round
- Migration of production to the Southeast
 - Plentiful land
 - Plentiful labor
 - Warmer climate
 - Accessibility of rail and barge transportation for grain and protein availability
 - Products: “New York dressed” carcasses
 - Only blood and feathers removed



Developing Poultry Industry

1950s – Vertical integration, Chicken of Tomorrow

- Prior to 1950s all aspect of poultry production were operated by independent parties
- Feed mills, hatcheries, processing plants all came under one companies control
- Specialty bred broilers became the top source of chicken meat
- Chicken of Tomorrow contest
 - Poultry producers competed to see who could produce the best broiler chicken
 - Encouraged advances in genetics, nutrition and management
- Products: Ready-to-cook broiler carcasses
 - Fast-food restaurants began to appear
 - Consumers could order only the part of the chicken that was their favorite

A major shift in marketing based on choice and preference was on the horizon

Chicken of Tomorrow Contest Excerpts



Developing Poultry Industry

1960s and 1970s – Marketing, research and product development

- Vertical integration reached present day levels
- Poultry integrators grew and the Allied Industry expanded to supply equipment and technical expertise
- Previously concentrated on production
- Began to become increasingly interested in marketing
- Beginning of consumer research and product development

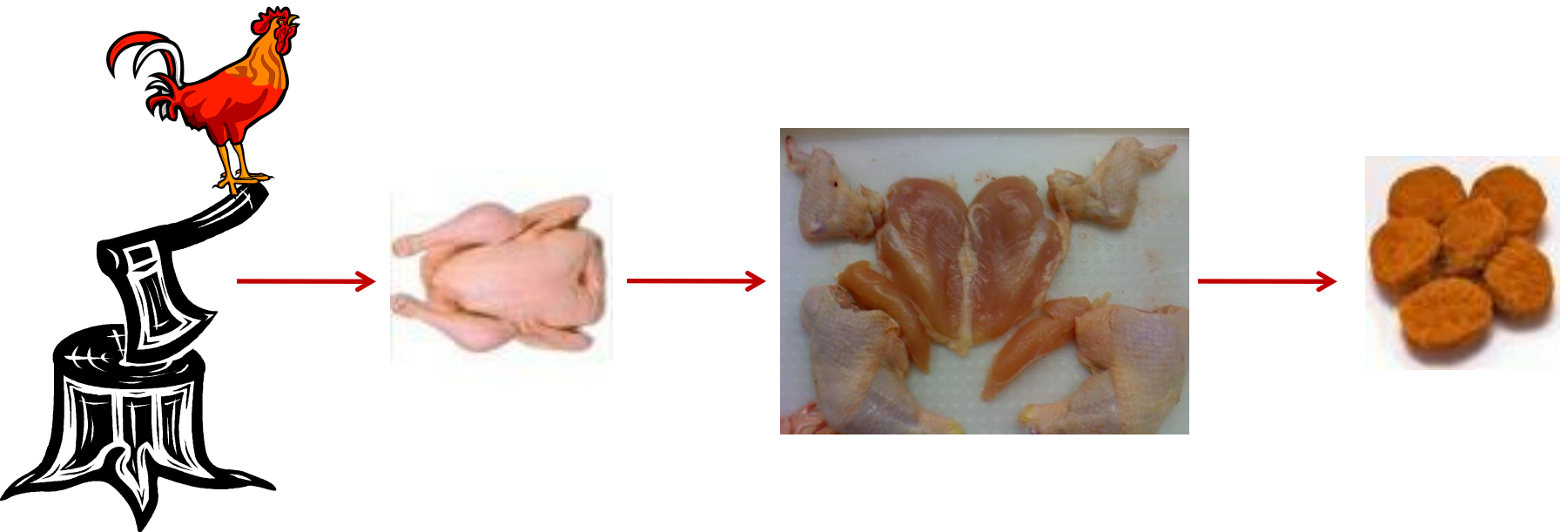
Products: Further processing

- Cut-up carcasses to support expanding fast food market
- Increased consumer demand for parts in grocery stores
- Print and TV ads starting being used to increase brand image
- Consumers increasingly willing to pay for choice and convenience

Developing Poultry Industry

1980s and 1990s

- Production continued to shift toward very large integrators
- Per capita consumption of poultry surpassed pork (1985) and beef (1992)
- Products: Wide range of products from whole birds to value-added products
- Consumer preference shifted away from whole birds
- Thousands of products produced from raw to fully cooked

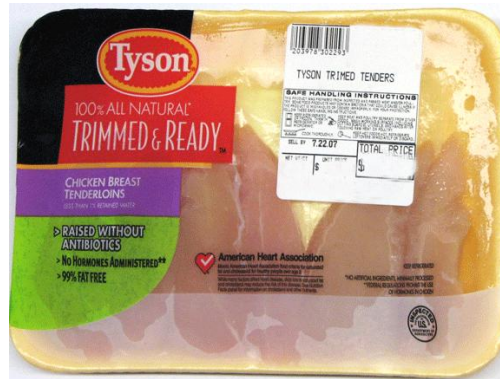


Developing Poultry Industry

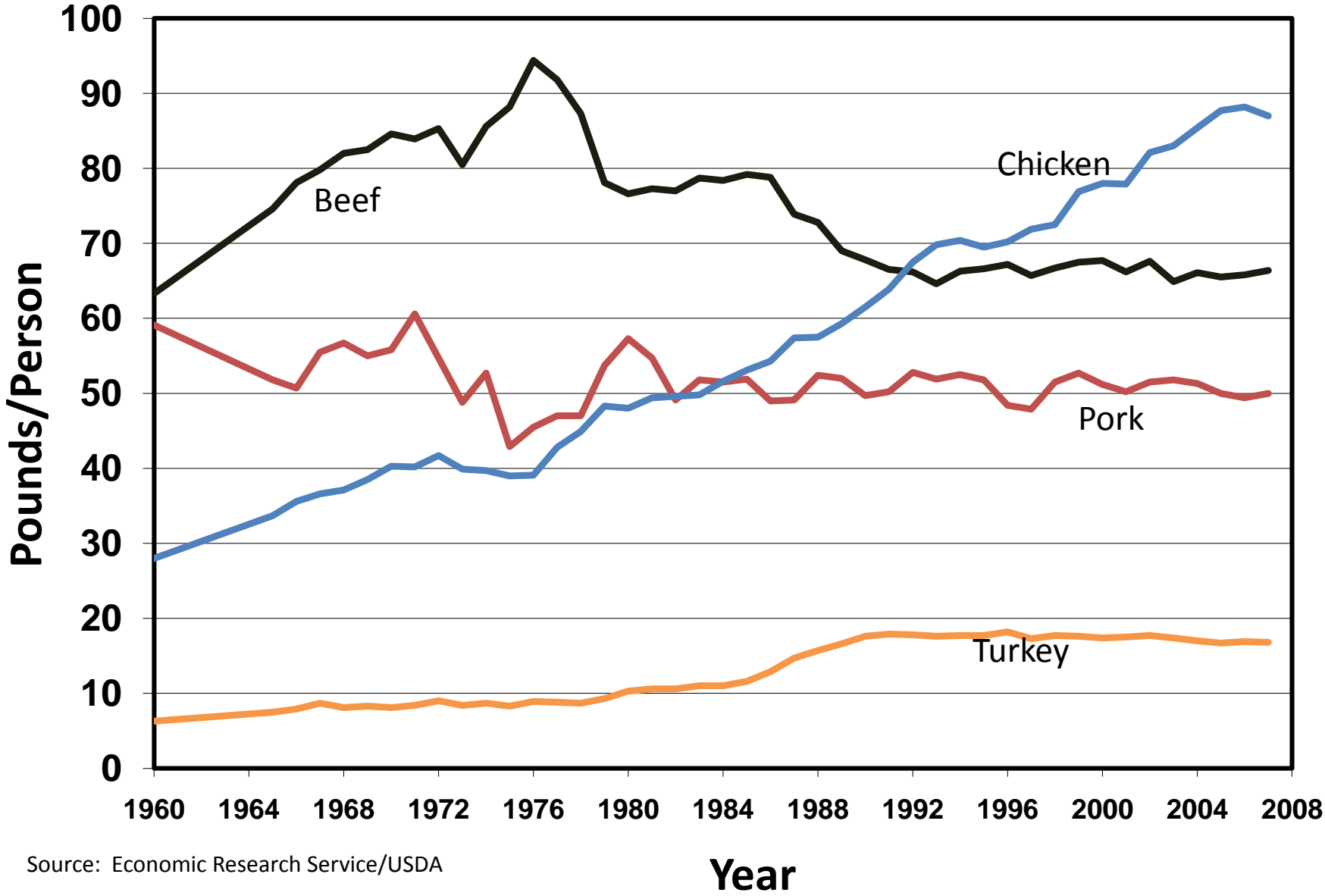
Today

- Consumers are looking for tasty, easily prepared products
- Home meal replacement or home meal assembly

Developing new products and processing technologies is a fiercely competitive!

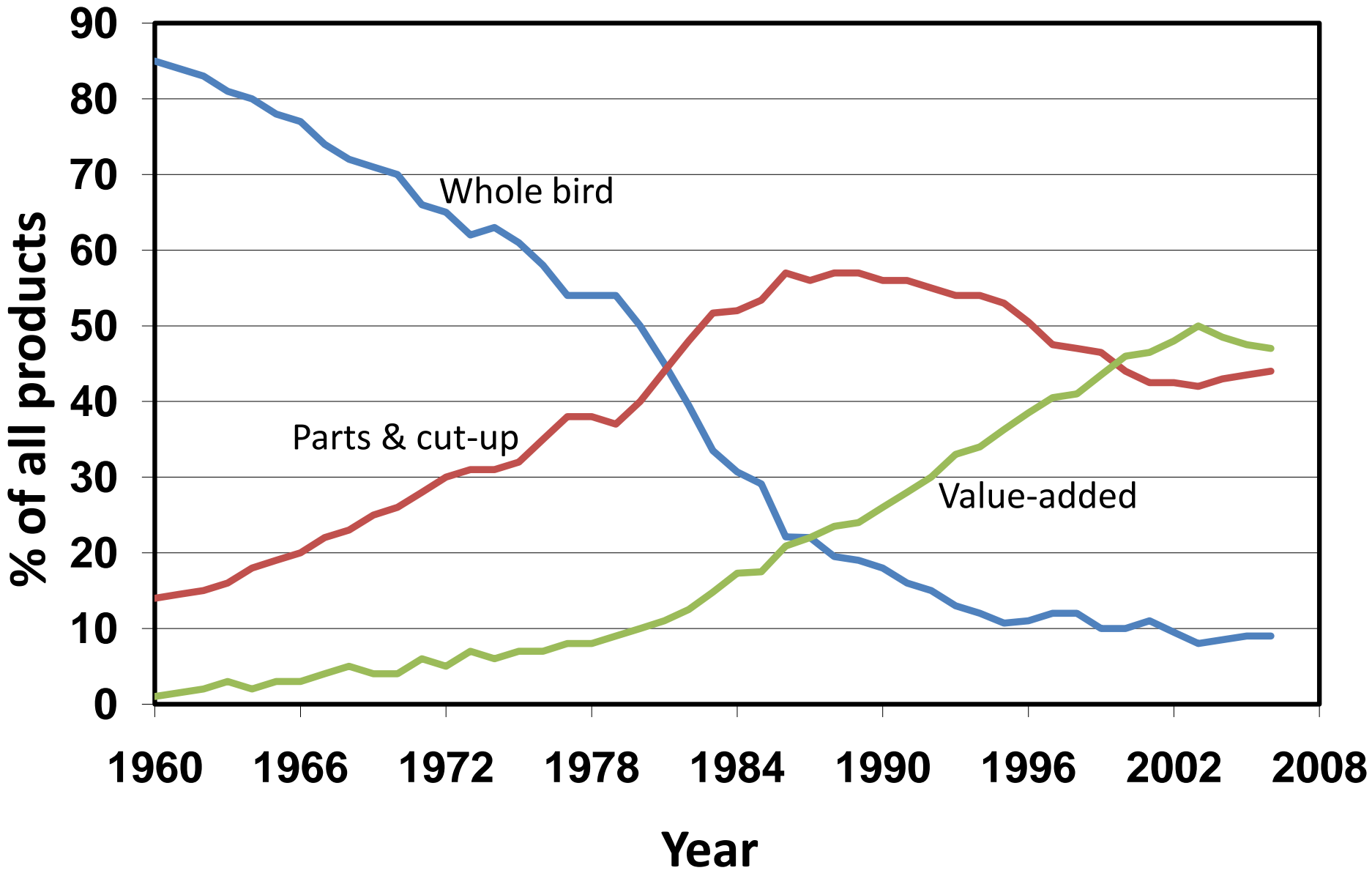


Per capita meat consumption in US

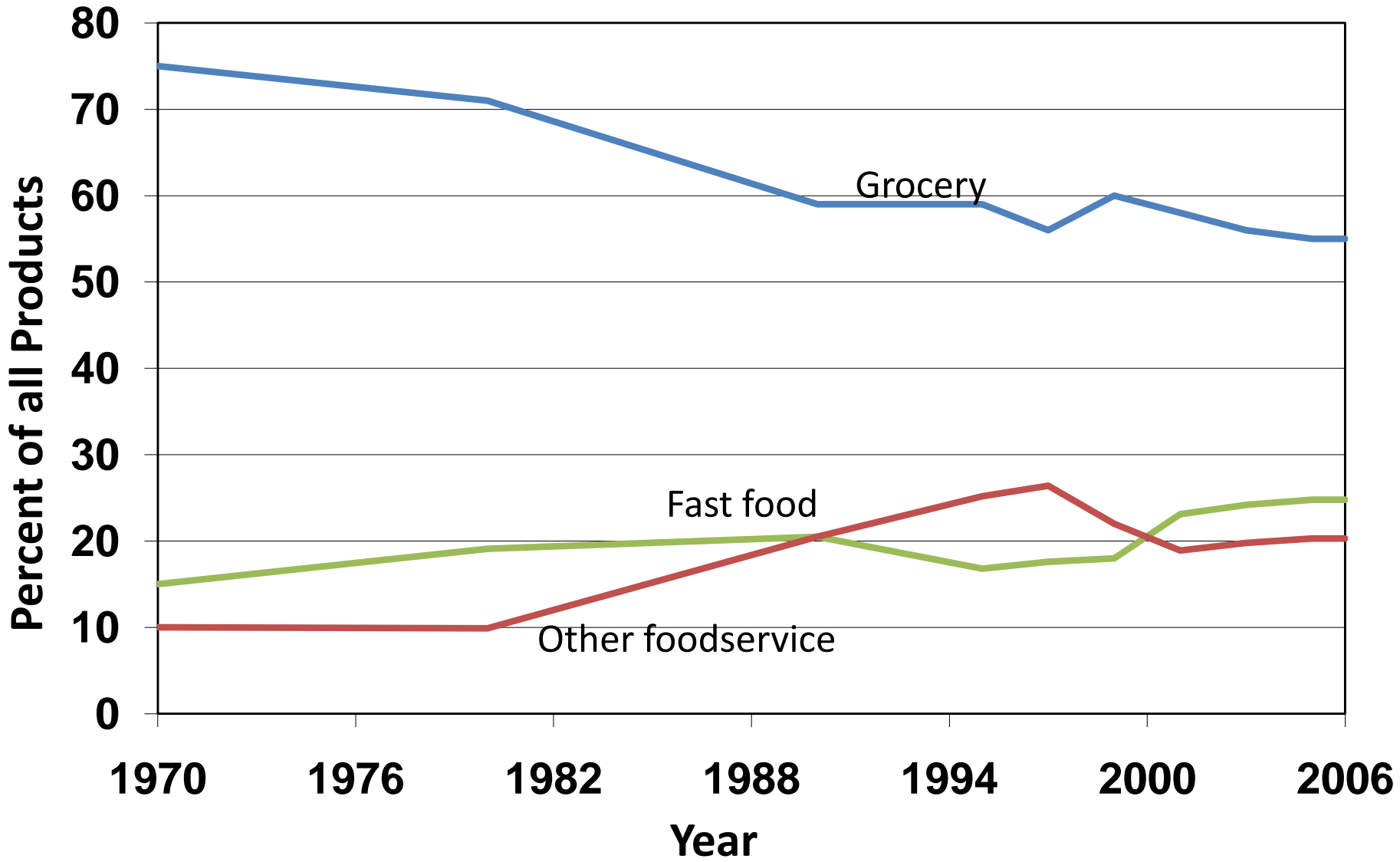


Source: Economic Research Service/USDA

How broilers are marketed in U.S.



Where broilers are marketed in the US



Source: Economic Research Service/USDA

Vertical Integration

Vertical Integration - the control by a single company of most or all aspects of poultry production.

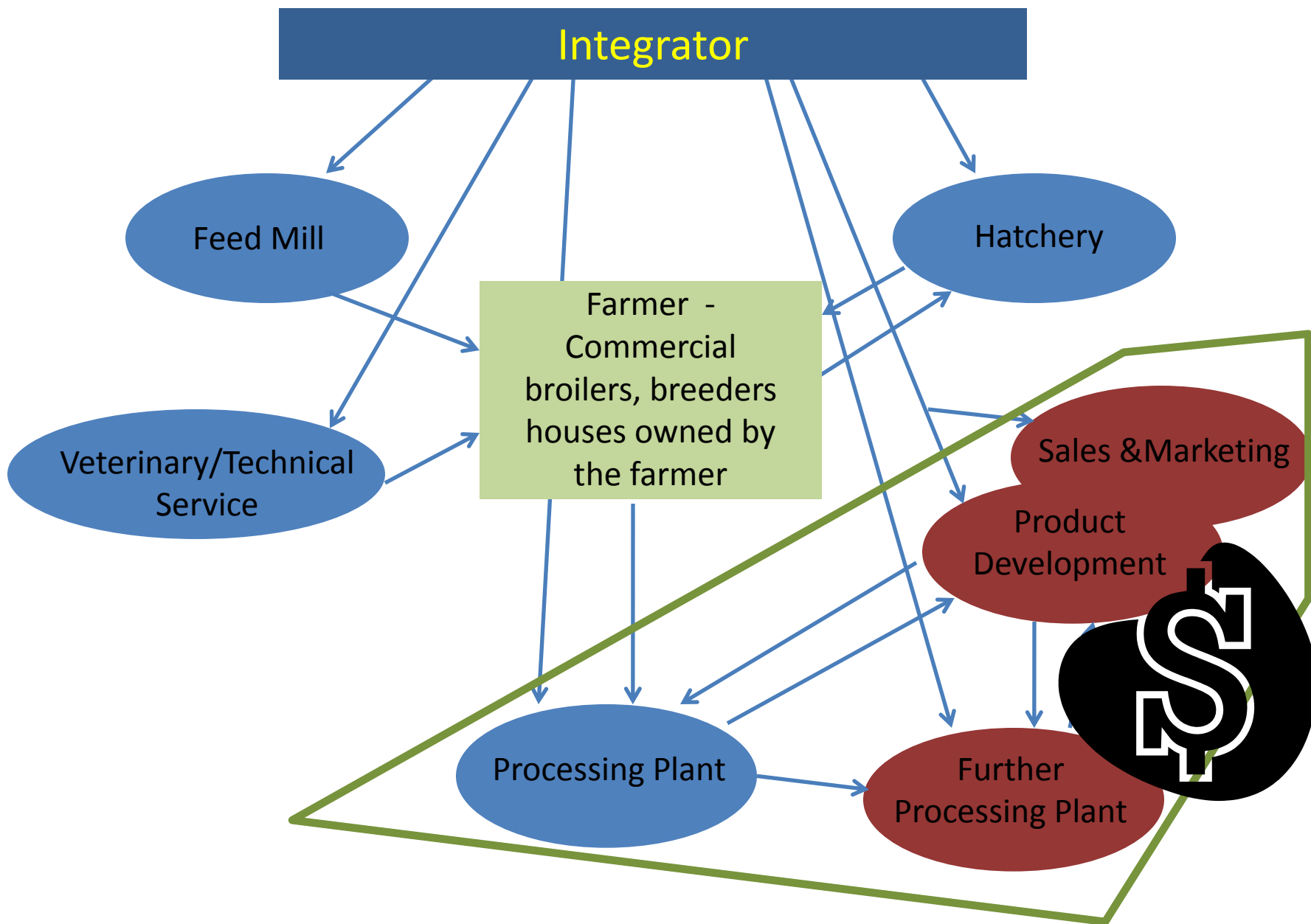
- Grower assumed all of the risk associated with raising broilers
- Each segment was owned by different individuals or groups
 - Trying to maximize profitability
- **OVERALL HIGH COST OF PRODUCTION and HIGH RISK!**

Vertical Integration provides:

- Constant supply of inputs and products
- Product is easily traceable through entire production system
- Maximum profitability for all parties

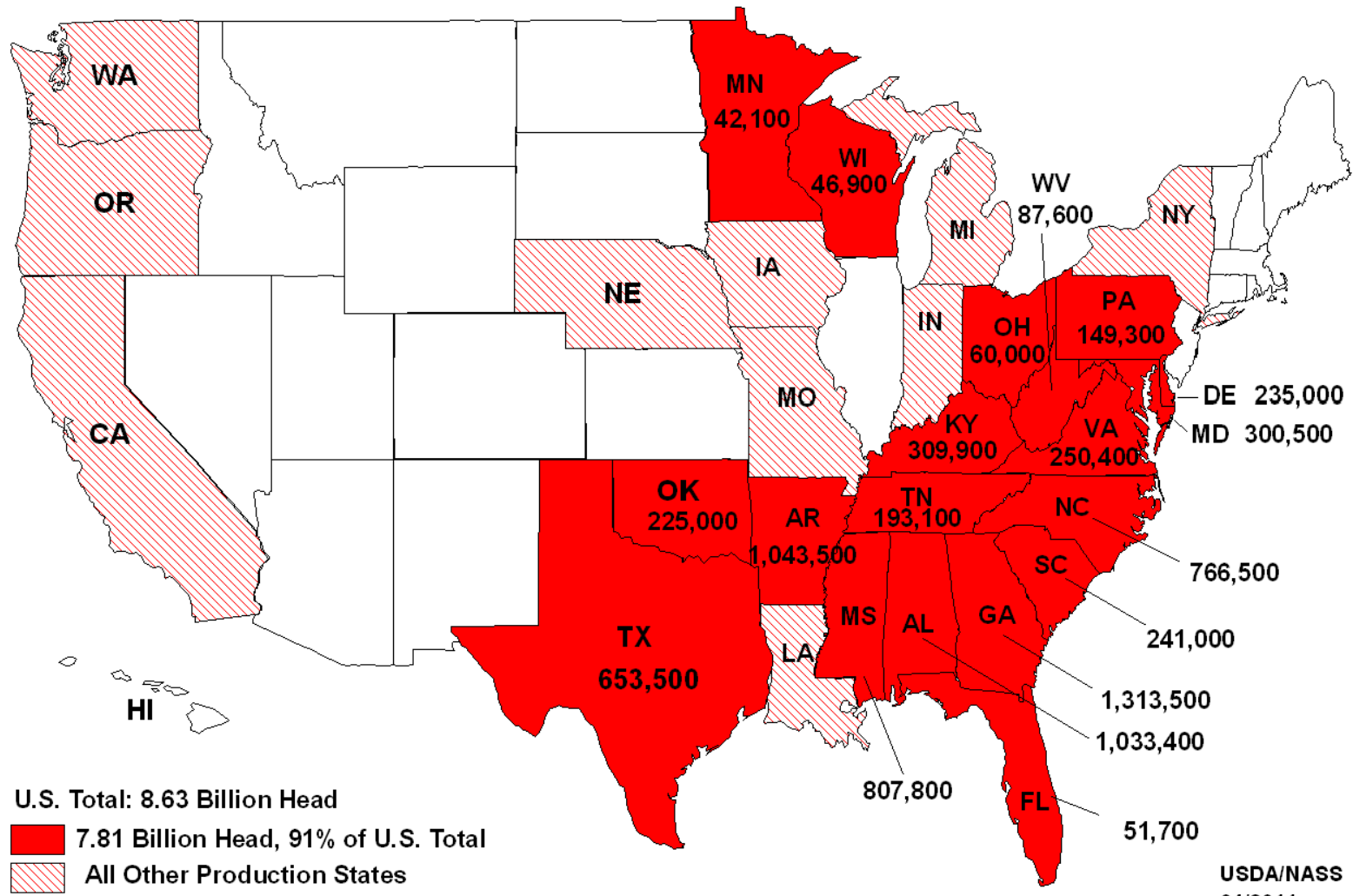


Vertical Integration



Broiler Production in U.S.

BROILER PRODUCTION BY STATE
NUMBER PRODUCED, THOUSAND, 2010



Turkey Production in U.S.

NUMBER OF TURKEYS RAISED, 2010 THOUSAND HEAD

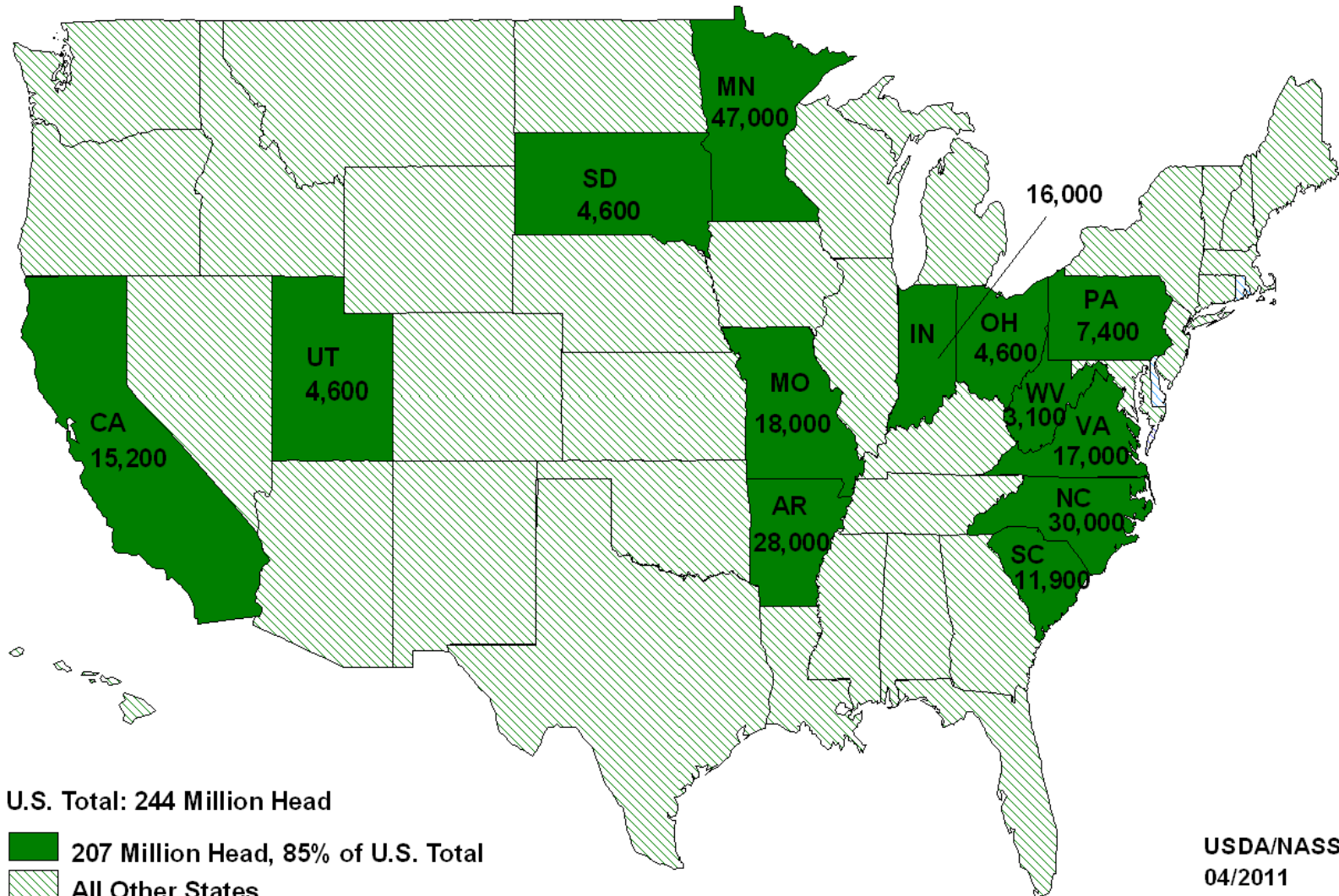
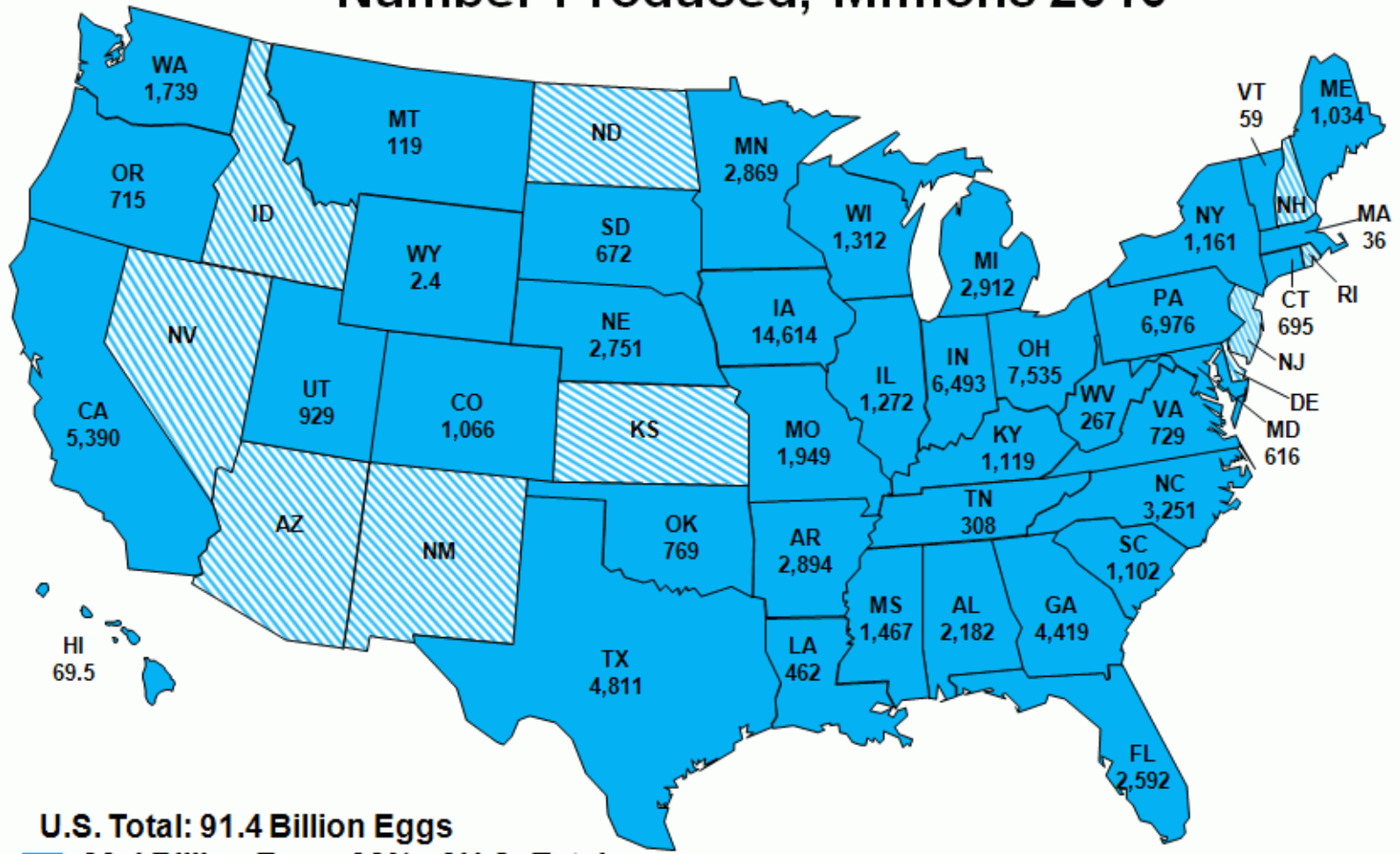


Table Egg Production in U.S.

Annual Egg Production by States Number Produced, Millions 2010



U.S. Total: 91.4 Billion Eggs
89.4 Billion Eggs, 98% of U.S. Total
All Other Production States

USDA-NASS
02/25/11

Impact of Poultry Production in Arkansas

Animal Agriculture in Arkansas

- 57,601 jobs total²
- 42,595 jobs in poultry industry in Arkansas²
- \$1.55 billion dollars total in wages annually²
- \$1.24 billion dollars in poultry industry in wages annually²

In Arkansas poultry and production is the leading Industry¹

- 1 in every 4 agricultural jobs¹
- \$1 in every \$4 of agricultural wages¹

National Ranking in Poultry Products

- No. 2 Nationally in Broilers¹
- No. 3 Nationally in Turkeys¹
- No. 9 Nationally in Eggs¹

¹National Agriculture Statistics Service, 2010

²Economic Impact of Arkansas Agriculture, 2010. University of Arkansas Division of Agriculture