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
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
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

Integrator

Feed Mill

Hatchery

Veterinary/Technical Service

Farmer - Commercial broilers, breeders houses owned by the farmer

Processing Plant

Sales & Marketing

Product Development

Further Processing Plant
BROILER PRODUCTION BY STATE
NUMBER PRODUCED, THOUSAND, 2010

U.S. Total: 8.63 Billion Head

- 7.81 Billion Head, 91% of U.S. Total
- All Other Production States

*Source: USDA/NASS 04/2011*
Impact of Poultry Production in Arkansas

Animal Agriculture in Arkansas
• 57,601 jobs total
• 42,595 jobs in poultry industry in Arkansas
• $1.55 billion dollars total in wages annually
• $1.24 billion dollars in poultry industry in wages annually

In Arkansas poultry and production is the leading Industry
• 1 in every 4 agricultural jobs
• $1 in every $4 of agricultural wages

National Ranking in Poultry Products
• No. 2 Nationally in Broilers
• No. 3 Nationally in Turkeys
• No. 9 Nationally in Eggs

1 National Agriculture Statistics Service, 2010
2 Economic Impact of Arkansas Agriculture, 2010. University of Arkansas Division of Agriculture