

HOG MARKETING BY CLASSIFICATION.

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INTRODUCTION.

For a number of years, a great deal of effort has been expended in attempting to introduce an objective measurement scheme (commonly called carcass classification) for meat marketing in Australia. In my view, most countries that have developed grading or classification systems have searched for words that adequately describe or define their specific system. In all countries, while words may differ, the underlying objectives appear to be similar. Economic benefits should accrue to producers in more equitable returns and a more precise basis for market information, to the meat industry by a more accurate standardization of the product permitting it to be sold on a descriptive basis, and to the consumer by providing greater satisfaction in the selection of the meat supplies.

1. Classification.

The classification of a product is the systematic and uniform distribution or allocation of the product into classes. Classification has as its objective, the development of a system of description of carcasses based on measurable or defined criteria. It aims at the establishment of an industry language - a language common to all elements of livestock and meat industry from paddock to plate.

Classification simply describes the carcass using established criteria. It does not say which one is best or better for a particular purpose, it does not impose our own or other people's likes or dislikes on the product by giving it superlatives often incorrectly applied or inappropriate to a particular market.

Harrington (1973) has summarised the reasons given for devising classification or grading schemes.

These are:-

- (a) to encourage, guide and speed up livestock improvements.
- (b) to intensify competition in the market (essentially by reducing uncertainties about the quality of the product under discussion or for which a price is quoted, so concentrating competition on price.)
- (c) to facilitate trade (that is to help people get what they want or sell what they have got, and to decide the right price for the transaction).
- (d) to provide the basis for market reports, both nationally and internationally.
- (e) to facilitate the development of export markets, of export quality control and of export promotion schemes.
- (f) to provide a basis for defining consumer grades to strengthen demand, and provide a sound basis for promotion.

Information Service.

During 1974 a pig carcass measurement and information service was instigated at the South Australian Meat Corporation, in excess of 20,000 carcasses were measured and data recorded. The research included follow through of individual carcasses to retail and manufacturing outlets. Dissection to the retailers and manufacturers specifications assisted in the establishment of groupings or classifications. It also ensured the involvement of the end users providing a basis for future acceptance, and establishing a practical approach.

The information service included the recording of the following:-

Tattoo: This provided identification of the producer who shipped the carcass.

Hot Carcass Weight: Based on a standard carcass definition.

Sex: Entire male, castrate or female.

Backfat: Introscope probe measurement taken 65mm lateral to the midline at the level of the last rib.

British studies reviewed by Harrington (1972) have demonstrated that measurements of fat taken off the midline give a better indication of the composition of the carcass than do fat measurements made at the midline. Apart from this superiority, probe measurements are capable of being automated. Probe measurements do not require that the carcass be split at the time of measurement and hence can be taken on pork carcasses which are generally traded on an unsplit basis.

2. Application to Marketing.

One of the reasons for support of classification, especially from producer groups, has been that they see it leading to an alternative marketing system providing added information, incentives, and management skills.

The Livestock Marketing Study Group of South Australia, was formed in 1977 to study efficiencies that could be gained from marketing systems based on classification.

With the imminent introduction of carcass classification the group considered that unless improved marketing systems were developed using classification it would always represent a cost to the industry not developing to its fullest potential. Recognizing the importance of obtaining the view of all sections of the industry, the Livestock Marketing Study Group sought the participation of producers, agents, wholesalers, retailers and exporters. In late 1977 a workshop was held and was attended by specialists from throughout Australia.

The workshop resolved that it is possible to develop systems of livestock marketing based on the concept that livestock are sold sight unseen with buyers bidding on estimated carcass classification while stock are still on the property. Under this marketing system producers classify their hogs on the farm on the basis of estimated weight and back fat. Each lot is described in a catalogue so that buyers can bid for their requirements without actually seeing the hogs. Buyers bid in cents per kilogram of dressed weight, thus eliminating the need to estimate the dressed weight of live animals. Producers being paid for what they produce rather than the visual appearance of live animals.

Producers selling through this new marketing system provide agents with the required lot information. The lot information includes the number of hogs, estimated weight, fat class and reserve price, if any, for each lot. This information, except the reserve price, is collated from all producers to produce a catalogue for the sale.

3. SCHEDULE - Weight and Fat Class Table.

WEIGHT CLASS	FAT CLASS					
	COLD CARCASS WEIGHT HEAD ON (ie. Hot weight less 2½%)	1	2	3	4	5
		FAT DEPTH (mm)				
A	35 kg and under	6 and less	7-9	10-12	13-16	17 & over
B	35.5 - 40 kg.	7 and less	8-10	11-13	14-17	18 & over
C	40.5 - 45 kg.	8 and less	9-11	12-14	15-19	20 & over
D	45.5 - 50 kg.	9 and less	10-12	13-15	16-20	21 & over
E	50.5 - 55 kg.	10 and less	11-13	14-16	17-21	22 & over
F	55.5 - 60 kg	10 and less	11-14	15-17	18-23	24 & over
G	60.5 - 70 kg.	11 and less	12-16	17-19	20-24	25 & over
H	70.5 - 80 kg	13 and less	14-18	19-21	22-27	28 & over
I	80.5 - 90 kg	14 and less	15-20	21-23	24-29	30 & over
J	90.5 - 105 kg	16 and less	17-21	22-25	26-31	32 & over
K	105.5 kg and over	19 and less	20-23	24-28	29-35	36 & over

This catalogue is available at a specified time before the sale to give buyers sufficient time for perusal of lots on offer.

The agents conduct the auction, based on the catalogue in the offices of the United Farmers and Stockowners. Buyers in person or by conference telephone bid in the same manner as they would with the traditional progressive auction. After the sale, buyers arrange transport through the agents; day of delivery being dependent on their processing needs. Carcasses are weighed immediately after slaughter and the back fat is measured over the L. dorsi (eye muscle) at the level of the last rib and 65mm from the mid line (P2). This measurement is made with an introscope. The classification is then determined by referring the weight and backfat measurement to the schedule.

The sale by classification has now been functioning for ten months and has become established as an alternative method of marketing geared to improved quality, and indeed has now become the price setter for quality pigs.

4. Conclusions.

Although hogs in Australia have traditionally either been sold at public auction or on a weight and grade basis direct to the packer, sale by classification combines the best elements of direct sales with the competitive bidding of open auctions.

The system has proved to be uncomplicated, inexpensive, educational, with the use of a common meaningful language leading to a greater percentage of quality hogs.

Appendix 1 ... Sample catalogue of "Sale by Classification"

Appendix 2 ... Economic evaluation of producer returns. J. Pauley Economist, Dept. of Agriculture, South Australia.

Film used in extension work:-

"This Little Pig went to Market" produced by the South Australian Film Corporation.

Based on a true story and depicting the benefits gained by the producers, retailers and consumer when classification is used.