

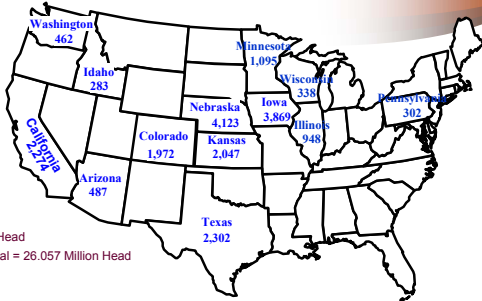
Meatpacking Industry

Clement Ward
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Industry Trends

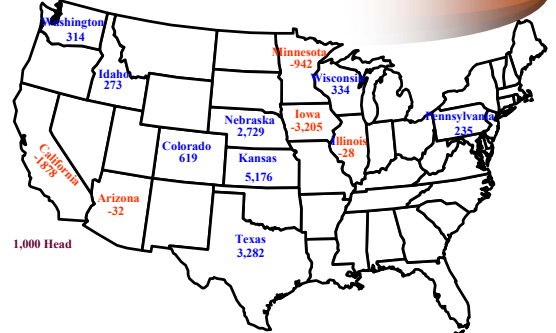
- Increased geographic concentration in the plains states

Leading Fed Cattle Slaughtering States, 1972



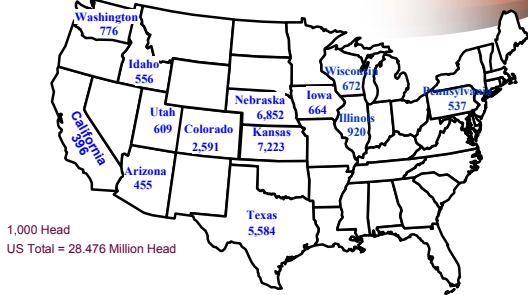
1,000 Head
US Total = 26.057 Million Head

Changes in Fed Cattle Slaughter, 1972 - 2001



1,000 Head

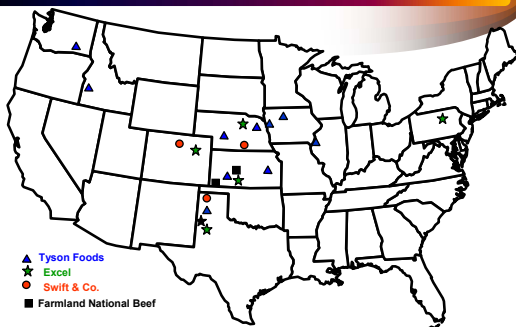
Leading Fed Cattle Slaughtering States, 2001



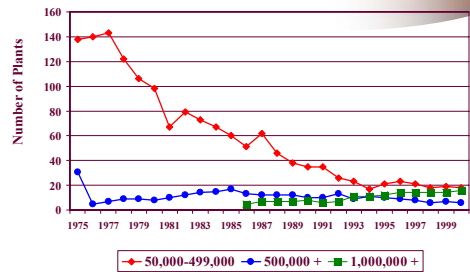
Industry Trends

- Increased geographic concentration in the plains states
- Increased importance of larger plants

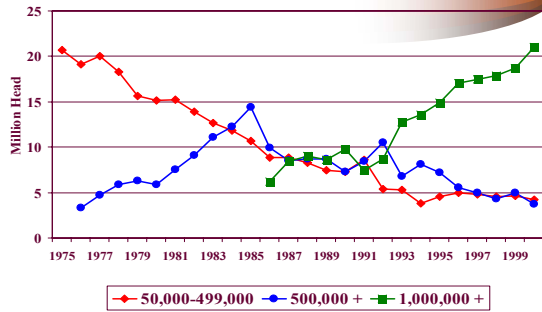
Major Fed Cattle Slaughtering Plants, Four Largest Firms, 2002



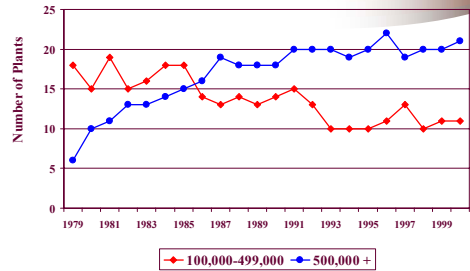
Number of Fed Cattle Slaughtering Plants By Size Group (annual slaughter)



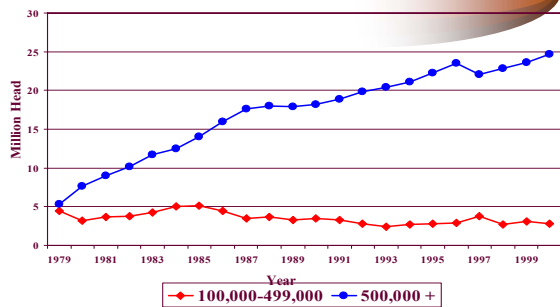
Fed Cattle Slaughter by Plant Size (annual slaughter)



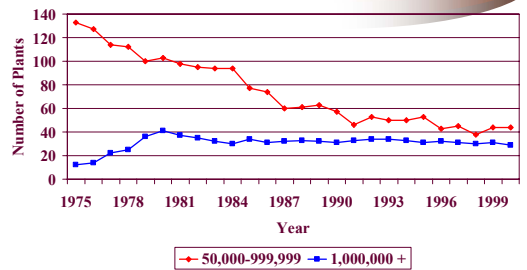
Number of Boxed Beef Plants By Size Group (annual production)



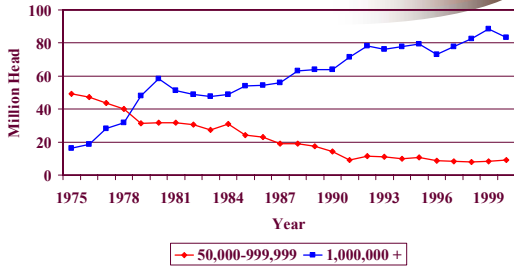
Boxed Beef Production by Plant Size (annual production)



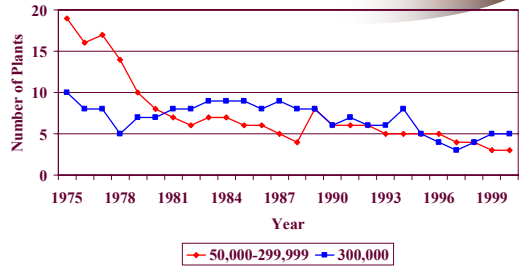
Number of Hog Slaughtering Plants By Size Group (annual slaughter)



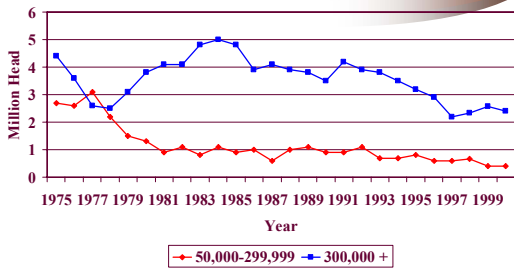
Hog Slaughter by Plant Size (annual slaughter)



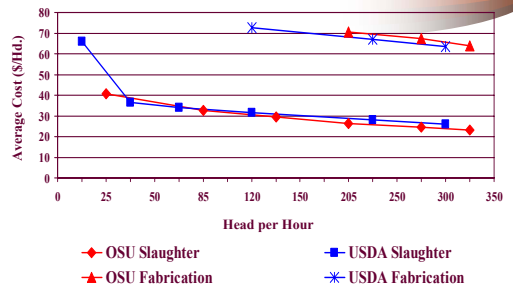
Number of Lamb Slaughtering Plants By Size Group (annual slaughter)



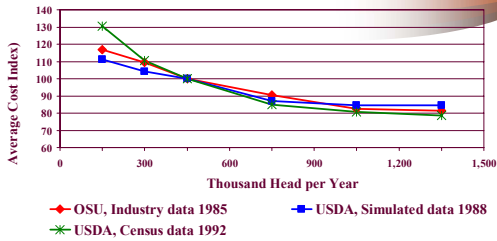
Sheep and Lamb Slaughter by Plant Size (annual slaughter)



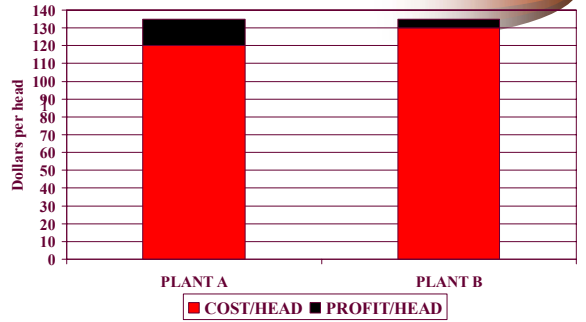
Cost Comparison by Plant Size: Slaughter only, Fabrication only



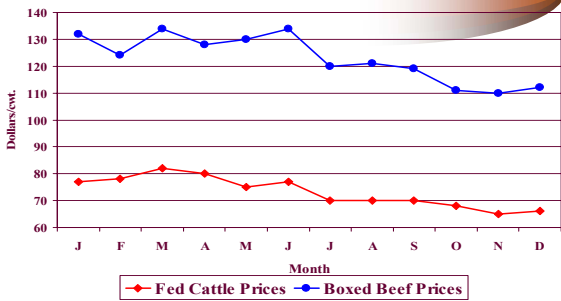
Cost Comparison by Plant Size: Slaughter-Fabrication



Cost And Profit Trade-off In Meatpacking



Input (Fed Cattle) and Output (Boxed Beef) Prices



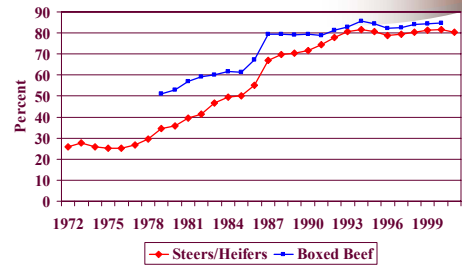
Industry Trends

- Increased geographic concentration in the plains states
- Increased importance of larger plants
- Increased consolidation and concentration among firms

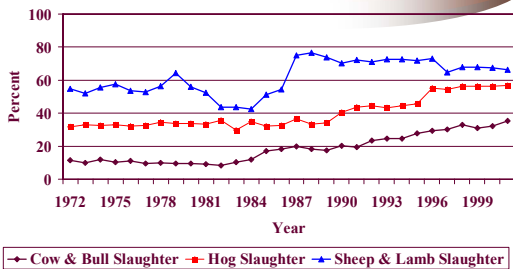
LARGEST BEEF PACKERS, 2002

Rank	Firm	Number of Plants	Capacity (head/day)
1	Tyson Foods, Inc.	10	36,000
2	Excel Corporation	7	28,100
3	Swift & Company	6	20,600
4	Farmland National Beef Packing	2	10,000
5	Smithfield Foods, Inc.	5	7,900
6	Rosen Meat Group	4	4,000
7	Greater Omaha Packing Co., Inc.	1	2,650
8	Nebraska Beef, Ltd.	1	2,500
9	Beef Packers, Inc.	1	2,100
10	American Foods Group	1	1,900

Combined Market Share of the Four Largest Firms



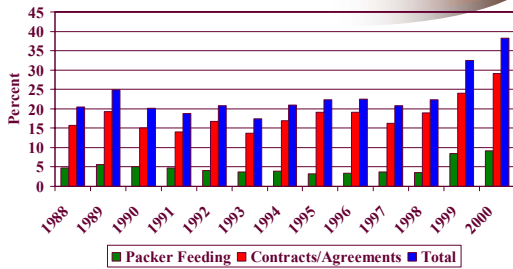
Combined Market Share of the Four Largest Firms



Industry Trends

- Increased geographic concentration in the plains states
- Increased importance of larger plants
- Increased consolidation and concentration among firms
- Increased precommitted or captive supplies

“Captive Supplies” for the Four Largest Beef Packers



Industry Trends

- Increased geographic concentration in the plains states
- Increased importance of larger plants
- Increased consolidation and concentration among firms
- Increased precommitted or captive supplies
- Variable profitability of packers

Financial Performance for the Four Largest Firms

