

The Margarine Industry of Europe

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RECENT mergers, acquisitions by the European margarine trust, and intensive merchandising campaigns throughout Europe to increase the popularity of margarine and expand the consumer markets for the product, have accentuated interest in this industry abroad.

This article, therefore, as it embraces all of the leading margarine producing countries of Europe, is offered to fill a want and supply a service of information of particular interest to manufacturers of margarine and producers of other fats for food purposes in the United States.

PART III

FINLAND, Czechoslovakia, Austria, Italy and Switzerland consume margarine in a small way and have a few manufacturing establishments. In Finland, for instance with fifteen plants operating in 1928 the total production was but 9,900 metric tons and the imports practically nil. Czechoslovakia does not rate as a large importer of margarine while the industry of the country which is of modest dimensions is largely in the hands of a concern affiliated with the Union.

Artificial Coloring

MOST of the margarine sold in Great Britain is colored. There is no requirement for the introduction into the product of coloring matter to distinguish margarine from butter. In 1926 the Imperial Economic Committee on Marketing issued a report the substance of which was that there appeared to be no necessity for legislation of this nature pending completion of research studies being undertaken to determine whether there was any as-

sociation between the natural color of butter and its vitamin properties. If the result of this research should indicate such association existing, the Committee stated its intention of recommending prohibition of the use of coloring materials in butter and likewise margarine. There has been no further action taken to date.

Southern Germany prefers an uncolored product while the central and northern sections favor the colored article. There are no taxes imposed by the government upon the use of artificial coloring matter. Until 1925 the use of coloring matter was prohibited by law in Denmark. With this regulation no longer in force much of the margarine consumed in Denmark is colored for which the government assesses no tax.

The artificial coloring matter most extensively used in the Netherlands is Naphthol red which has the approval of the authorities. Although requiring a permit for the manufacture of margarine, the Norwegian government exacts no tax and all margarine sold in that country is colored. This is likewise true of Sweden but margarine imported or intended for export must contain potato starch in such quantities that the starch will be found in the finished product to at least one tenth of one per cent and not more than one-fifth of one per cent.

France forbids the introduction of artificial coloring substances into margarine and the regulation is stringently enforced. As a matter of fact, until comparatively recently, a retailer of butter might not expose margarine for sale in his shop and vice versa. The French food inspection service announced recently the issuance in the early future of a regulation obligating manufacturers of margarine to incorporate in their formulae a small quantity of starch to prevent unscrupulous retailers, mixing margarine with butter for sale as "butter."

Spain has legislation on its statute books against the use of artificial coloring matter and the sale of margarine in circumstances that might lead to the confusion of margarine with

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butter. The manufacture of and sale of margarine on the same premises as butter is contrary to law although exceptions to this regulation are authorized at times.

Vitamins

ONLY one manufacturer in Great Britain at the present time is known to be making a vitamized margarine which he guarantees to be equal to the best grade of butter in nutritive qualities. Many of the smaller producers have put on the market margarines containing ingredients used solely for adding vitamins. It is the consensus of opinion of the industry in Great Britain, however, that the artificial incorporation of vitamins has not increased sales to any extent and the largest churner in all of Europe has expressed the opinion that the consumer does not desire such a product, but rather a natural margarine.

Many German manufacturers are offering their public margarines containing adequate quantities of Vitamins A and D. The source of these vitamins is not definitely known. Egg yolk has the required vitamins and soya lecithin is also claimed to be equal to egg yolk. The latter is being manufactured in Germany and is reputed to be much cheaper than egg yolk. No appreciable increase in the sale of margarine has been ascribed as yet to the vitamin innovation. Some brands of Danish margarines contain vitamins introduced into the product to supplement the natural vitamin content but experimental work is still going forward in this field. Some of the concerns in the Netherlands affiliated with the Margarine Union have attempted to create consumer demand for vitamized margarines through advertising but these trial efforts are said to have been unsatisfactory. Laboratory research into the problem is still being conducted.

One of the larger Norwegian churners has put on the market a full line embracing all grades of vitamized margarines and another is advertising its brands as containing vitamins. Nothing has been disclosed of the process which remains a well-guarded secret. The firm first mentioned has a staff of expert chemists engaged in research. In view of the prevailing opinion in Norway that margarine consumption is probably at its peak it is hardly possible to increase sales, the object of the manufacturers being apparently to endeavor to stimulate a demand for the improved product. Swedish producers are experimenting with vitamizing processes and about 2 or 3 per cent of Swedish margarine now contains cod liver oil to supply vitamins A and D. Churners have found that a certain prejudice on the part

of the consumer has developed by reason of the difference in taste imparted by vitamins, but this is said not to have affected its sale because the class of trade buying margarine of this type is convinced of its beneficial qualities. Thus far vitamizing of margarines has been confined to vegetable fat products the sale of which because of its added vitamin value has not expanded to any extent up to the present.

Vitamins are unknown to the French industry and no vitamized margarine of domestic origin has made an appearance on the market. French churners appear to exhibit some trepidation in venturing into this field and doubt the success of a campaign to launch a vitamized article because of the much greater popularity of butter in France. There has been little or no practical application of the principles of vitamizing in the manufacture of margarine in Belgium so far as is known although some experimentation has been undertaken. Manufacturers acknowledge a general lack of information on the subject and state considerable research will be necessary before satisfactory results can be achieved.

Advertising and Sales Methods

THE two largest firms of churners in Great Britain maintain chains of retail stores in which they sell their products as well as other food commodities such as tea, coffee, spices, sugar, dairy products, etc. The remainder of the production is distributed through wholesalers. The customary container is a tub from which bulk sales are made in the quantity desired by the customer. Cardboard cartons of 1 or 2 pound sizes are also in wide vogue. The average retail price varies from 6d (\$1.2) for the cheaper grades to 1s 4d (\$3.2) per pound for margarines of superior quality. Recent statistics showing the composition of sales are not available for reference purposes but in 1922 approximately 62 per cent consisted of the cheaper grades which percentage is estimated at the present time to have dropped to but 34%. This is indicative of a growing consumer preference for the better grades of margarine.

A study of prevailing wholesale prices of margarine and butter in Berlin in the past five years shows practically no changes for margarine whereas butter quotations have varied somewhat. The average during that period for butter has been nearly thrice the current price for margarine. Compared with 1913, Berlin market prices for margarines, over the past year were 18% higher while butter advanced 52% in price. The sales turnover of medium and fancy grades throughout is satisfactory but

sales of cheaper grades of margarines in some districts show gains though this increased volume has not been profitable in every instance, one reason being the practice of giving premiums which manufacturers have found hard to abolish.

Recently in the Netherlands the Union organized a new subsidiary sales organization the name of which is "Margarine Sales Central Limited." The purpose of the company will be to engage in the wholesale and retail merchandising of margarine, butter and other milk products, edible fats and oils for its own account as well as for the account of third parties. An innovation will be inaugurated in that the services of salesmen will be dispensed with in each of the eleven provinces of the Netherlands. Merchants will be required to send in their orders to the district sales offices of the company one of which is to be established in each province. The outcome of this new departure in merchandising will be watched with interest by margarine manufacturers.

The Union is reported to have spent the equivalent of \$7,680,000 for advertising in 1928. Wholesale prices were increased on March 14th this year from Fl.46 (\$18.40) per 100 kilos to Fl.54 (\$21.60) per 100 kilos (220.46 pounds) constituting a price advance of \$0.032 per kilo. Consistently low prices particularly on the lower grades have built up a trade estimated at 800 to 900 tons of the lower priced goods out of a total production of 1,100 metric tons per week.

Several brands of margarine receive extensive advertising in Norwegian newspapers, street cars and through other media. The trademarks of all the more popular brands thus receive general recognition. Seven of the most important margarine churners in Sweden combined in a cooperative selling agency in 1926 for the purpose of stabilizing prices and restricting competition. Three members of this group known as the Selling Organization of the Margarine Factories are subsidiaries of the Margarine Union. Cooperation does not extend to the purchase of raw materials or any other phases of manufacture and no common sales method or plan is pursued. One of the members has established branch warehouses and now has about fifty besides two branch sales offices and several agents. Another travels fourteen salesmen and maintains three district sales offices. Other manufacturers, some of them outside the selling organization sell chiefly through representatives on the road or wholesalers.

Legislative Measures

IN MOST of the European countries regulatory control if existing is confined to regulations governing artificial coloring which has been treated in a preceding section of this article. Certain countries, however, prescribe requirements which must be met by manufacturers. In Great Britain, for instance, the Butter and Margarine Act of 1907 defines the product and specifies that not more than 10% of butter fat may be added in the process of manufacture. Water content must not exceed 15%. According to the Public Health Regulations of 1925 which became effective January 1, 1927 the use of preservatives except salt is prohibited and it is further provided by the same act that manufacturing establishments must be registered with local authorities and shall be subject to inspection by officers of the Ministries of Health and Agriculture. Records of all consignments must be kept.

The government of the Netherlands under the Margarine Decree of October 16, 1925 promulgated various regulations affecting the industry. Under the provisions of this Decree the fat content must not be lower than 80% nor moisture in excess of 15%. Preserving agents other than common salt and benzoic acid or benzoic acid salt may not be present and total quantity of benzoic acid proper or contained in benzoic acid compounds may not exceed a definite limit. Foreign matter detrimental to health may not be present and the product must not be rancid, mouldy or possessed of an abnormal taste or odor. Five grams of the melted and filtered fat of the margarine must contain butter fat to a minimum of 3.0 in terms of the new "Kirschner" figure if in addition to the name "Margarine," the word "melange" is used. This last requirement is not enforced, however, when it is shown that the product is destined for export unless such product is stored at a place readily accessible to the domestic public. Each margarine factory in France is under the supervision of a government sanitary inspection service officer who receives his remuneration from the management of the plant.

An insecticide which is unaltered by time and which may be made into an emulsion is obtained by the addition of fatty acids, sulfonated fatty acids, abietic acid or naphthenic acids to a petroleum extraction of pyrethrum. Neutral substances which lower the surface tension between petroleum and alkaline water may also be added. Fr. Pat. No. 660,982.