



FOOD MARKETING POLICY CENTER

NEWSLETTER

Department of Agricultural and Resource Economics
 College of Agriculture and Natural Resources
 University of Connecticut

Newsletter Editorial: The British Approach to Antitrust

by Ronald W. Cotterill

Mission

The Food Marketing Policy Center conducts research on food and agricultural marketing and related policy questions. It facilitates research by maintaining large scale data bases and a visiting research scholars program. The general intent is to provide information that can contribute to improved performance of the food production and marketing system. Key users include farmer and consumer organizations and agribusiness firms, primarily in the U.S. but also in other countries, public agencies in the U.S. and other countries, state legislatures, and the U.S. Congress.

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December 2006 (Vol. 14 No. 1)

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Dinner in London after addressing the British Competition Commission Panel on Supermarket Pricing. Left to right: Miguel de la Mano, Antitrust Economist, European Commission, Brussels; Benoit Durand, Director of Economic Analysis, UK Competition Commission; Ronald Cotterill, Director, Food Marketing Policy Center, UConn; and John Davies, Chief Economist, UK Competition Commission.

On October 9th and 10th the British Competition Commission held two roundtable discussions on the pricing conduct of British supermarkets. I participated in the first day panel along with Margaret Slade, Warwick University; Ian Clarke, Lancaster University; Howard Smith, Oxford University and Peter Davis, economist (Yale, Ph.D.) and member of the Competition Commission. The topic was how to define markets and measure market power in the supermarket industry. On day two the

panel included Michael Waterson, Warwick University and Miguel da la Mano, economist at European Union Competition Directorate, among others.

That roundtable addressed farmer to consumer market channel issues, especially how to measure the exercise of buyer power by leading supermarket chains. The picture above is dinner in the theater district after day one. The transcripts are available via a link from our website:

(<http://www.fmpc.uconn.edu>). They are insightful—worth spending some time reading.

The British system of inquiry into competition issues is a refreshing return to the way the FTC operated in the 1960's. The Competition Commission staff of economists assembles large volumes of information from the companies and writes voluminous descriptive and analytical reports on the particular issue of interest. These are publicly available with omission of sensitive data. Go to their website via our link and examine the series of major reports on supermarket retailing that they have produced over the past seven years. They come close to the National Food Commission studies by the FTC staff and others on U.S. food retailing and manufacturing in the 1960s.

It was a great pleasure to share our work with the British. They clearly value what we have done. Global cooperation and exchange on research and policy issues in food industries is producing better results in all countries, including the U.S.

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Cooperating Research Personnel at Other Universities

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Food Marketing Policy Center Graduate Assistantships Available, Fall 2007

The Food Marketing Policy Center in the Department of Agricultural and Resource Economics has graduate assistantships available at the Ph.D. level. Students with interest in organization of food industries and one or more of

the following: demand and price transmission analysis, comparative analysis of U.S. and European foods systems, cooperatives, industrial organization economics, or antitrust policy are encouraged to apply. Support will be for four years. For further information, please contact Ronald W. Cotterill, Director, Food Marketing Policy Center, Storrs, CT 06269-4021. Tel. (860) 486-2742, Fax (860) 486-2461, or Email: Ronald.Cotterill@uconn.edu

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Personnel Changes

Dr. Sven Anders has completed his appointment as Post-Doctoral Researcher in the Food Marketing Policy Center at the University of Massachusetts. Dr. Anders received his Ph.D. from the University of Giessen and joined the FMPC staff in November 2005. Dr. Anders has taken a position as Assistant Professor in the Department of Rural Economy at the University of Alberta, where he will continue to collaborate with Food Marketing Policy Center staff on industrial organization, food safety, and risk prioritization research.

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AGRIBUSINESS: An International Journal update by R. W. Cotterill, Editor

Agribusiness, and more than a dozen other economic journals, are now available on line to subscribers at (www.interscience.wiley.com). The journal is also indexed in Econlit.

Instructions for manuscript submissions are available by email: (FMPC@UConn.EDU). Manuscripts are submitted electronically to the same address. Articles appearing in Issues No. 3 and 4, 2006 are as follows:

***Agribusiness* 22(3) Summer 2006 Special Issue: Wine Marketing**

Contents

“Co-Editors’ Introduction to the Special Issue” by Larry Lockshin and Luis Miguel Albusu.

Articles

"Market Segment Analysis to Target Young Adult Wine Drinkers" by Elizabeth C. Thach and Janeen E. Olsen.

“The Influence of Wine Attributes on Region of Origin Equity: An Analysis of the Moderating Effect of Consumer’s Perceived Expertise” by Jean Philippe Perrouy, François d’Hauteville, and Larry Lockshin.

“Spanish Wine Consumer Behavior: A Choice Experiment Approach” by Nadhem Mtimet and Luis Miguel Albusu.

“Geography Versus Brands in a Global Wine Market” by Günter Schamel.

“Matchmakers in Wine Marketing Channels: The Case of French Wine Brokers” by Virginie Baritoux, Magali Aubert, Etienne Montaigne and Hervé Remaud.

“Use of Scanner Data to Analyze the Table Wine Demand in the Italian Major Retailing Trade” by Francesco Torrisi, Gianluca Stefani, and Chiara Seghieri.

“Wine Business Practices: A New Versus Old Wine World Perspective” by Hervé Remaud and Jean-Pierre Couderc.

“Financial Strategies of Multinational Firms in the World Wine Industry: An Assessment” by Alfredo Manuel Coelho and Jean-Louis Rastoin.

Book Review, by David B. Schweikhardt

The Curse of American Agricultural Abundance: A Sustainable Solution, by Willard C. Cochran.

Agribusiness 22(4) Autumn 2006**Agribusiness Forum**

“Perspectives on the 2003 and 2004 Avian Influenza Outbreak in Bali and Lombok” by Phil Simmons.

Articles

“The Battle Between ‘Good’ and ‘Better’: A Strategic Marketing Perspective on Codes of Conduct for Sustainable Agriculture” by Paul Ingenbleek and Matthew T.G. Meulenberg.

“Predicting Food Safety Losses in Turkey Processing and the Economic Incentives of Hazard Analysis and Critical Control Point (HACCP) Intervention” by William E. Nganje, Mounir Siaplay, Simeon Kaitibie, and Emmanuel T. Acquah.

“The Big Picture: Obesity, Consumption, and Food Production” by Robert C. Johansson, Lisa Mancino, and Joseph Cooper.

“The Impact of Cross-Sectional Data Aggregation on the Measurement of Vertical Price Transmission: An Experiment with German Food Prices” by Stephan von Cramon-Taubadel, Jens-Peter Loy, and Jochen Meyer.

“Managing Food Industry Business and Financial Risks with Commodity-Linked Credit Instruments” by Calum G. Turvey.

“Follow the Leader? Adoption Behavior in Food Retailers’ Decision to Offer Fresh Irradiated Ground Beef” by Edward C. Jaenicke, R. Wesley Harrison, Kimberly L. Jensen, and Paul M. Jakus.

“Testing the Law of One Price in the Chinese Wholesale Food Markets” by Fredoun Z. Ahmadi-Esfahani.

Book Review, by Rachael E. Goodhue

The World’s Wine Markets: Globalization at Work, edited by Kym Anderson.

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Activity Report**Ronald W. Cotterill**

(*Ag. Econ., University of Connecticut*)

Ron was host at a milk marketing policy meeting held at the Food Marketing Policy Center on July 18, 2006. He met with Connecticut State Representative George Wilber; Robert Wellington, Corporate Economist for Agri-Mark; Edward Gallagher, Corporate Economist for Dairylea/DMS; Carmen Ross, a former federal milk market order executive, dairy farmers and others.

Ron attended the state of Connecticut Department of Agriculture’s Special Milk Regulation Board Meeting on August 28, 2006 to discuss dairy reinforcement legislative ideas and proposals.

Ron traveled to London in October to attend the U.K. Competition Commission’s economic roundtable discussion related to competition in local retail markets.

Ron presented a paper to the Connecticut Milk Regulation Board on October 18, 2006 entitled, “Milk Market Channel Policies for Connecticut and Other States.”

Ron presented a paper titled, “Private Labels: Supermarket Chain Buyer Power in Action” at the 76th Annual Southern Economic Association Meetings, November 18-21, 2006 in Charleston, South Carolina.

Ron gave an invited presentation on Co-ops at the Northeast Aquaculture Conference & Exposition at the Mystic Marriott Hotel in Groton, Connecticut on December 7, 2006.

Ron is working with recent Ph.D., Li Tian and Michael Cohen (Ph.D. student) on private label pricing, Sylvie Tchumtchoua (Ph.D. student) on dynamic Bayesian models of pricing, brand and generic advertising, Inga Druckute (Ph.D. student)

on static and dynamic discrete choice models to evaluate horizontal manufacturer level mergers when the channel conduct of retailers is incorporated, Adam Rabinowitz (Ph.D. student) on the impact of crime on supermarket location and urban access to supermarkets, and Melanie Murphy (M.S. student) on strategic pricing and price transmission in the peanut butter industry.

Julie Caswell

(Ag. Econ. University of Massachusetts)

In October, 2006, Dr. Julie Caswell participated in briefings and the press release in Washington, D.C. for the National Academy of Sciences, Institute of Medicine Report, *Seafood Choices: Balancing Benefits and Risks*. Julie was a member of the 13-person committee that wrote the report.

Robert J. Johnston

(Ag. Econ., University of Connecticut)

Robert Johnston was asked to contribute a chapter to the book *Labelling Strategies in Environmental Policy* which is forthcoming in 2007 from Ashgate Press (M. Tiesl, editor).

Robert Johnston gave the keynote address at *Sustaining Agriculture in Connecticut's Urban Environments*, a workshop sponsored by the Risk Management Team, College of Agriculture and Natural Resources, University of Connecticut.

Robert Johnston, along with co-author Joshua Duke of the University of Delaware, presented the paper "What is the Value of Preserved Farmland and How is it Influenced by the Means of Preservation?" at the *National Conference of the American Farmland Trust* held in Newark, Delaware.

Robert Johnston conducted an invited seminar for the *Eastern Connecticut Resource Conservation and Development Council*, addressing values for working farmland in Connecticut.

Nathalie Lavoie

(Ag. Econ. University of Massachusetts)

Nathalie Lavoie attended the AAEA meetings in Long Beach in July. Her co-author, Dave McEvoy, presented "The Effects of ITQ Management on Fishermen's Welfare in the Presence of an Imperfectly Competitive Processing Sector." Other co-authors are Sylvia Brandt and Sven Anders.

Rigoberto Lopez

(Ag. Econ., University of Connecticut)

Rigoberto was a keynote speaker at the Food Bank Programs Conference in Middletown, CT. The theme of his presentation was "A Town-by-Town Look at Community Food Security in Connecticut." A poster on this topic was also presented at the National Public Policy Education Conference in September in Fayetteville, AR and at the Society for Nutrition Education in San Francisco, CA.

Rigoberto continues to work with Xenia Matschke (assistant professor, UConn) on trade issues related to beer, with Benaissa Chidmi (assistant professor, Texas Tech) on breakfast cereals, with Kristen Fantuzzi (Ph.D. student) on soft drink consumption, with Alessandro Bonanno (Ph.D. candidate) on Wal-Mart Food Retailing, and with Rebecca Cleary on Wal-Mart's impact on milk prices.

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Data Corner

Recent acquisitions include:

Trade Dimensions *Market Scope. The Desktop Guide to Supermarket Share* 2007.

TNS Media Intelligence (formally Competitive Media Reporting), *Multi-Media Service, Class/Brand \$* (Leading National Advertisers, national advertising data), 2001-2005. We also recently purchased the 1994 data to complete our series 1988-2005.

Information Resources Inc., *Marketing Fact Book 2002, 2003, and 2004*.

The Food Marketing Policy Center subscribes to the following trade journals; the current holdings are listed for each publication:

Progressive Grocer, The Publication for Strategic Management, November 1987-current.

Sales and Marketing Management, January, 1989-current.

Food Institute Report, 1984, 1985, 1988-current.

Private Label, The Magazine for the Brands. 1993-current.

Cheese Reporter, Serving the World's Dairy Industry Weekly, 2000-current.

The Griffin Report of Food Marketing, 1991-current.

The Milkweed, The Farmer's Milk Marketing Report, October 2000-current.

Contact Adam N. Rabinowitz (860) 486-2826 for a complete listing of data and reference works available.

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Food Marketing Policy Center Publications

Our publications are available on our web site <http://www.fmpc.uconn.edu>. If you are unable to find a publication online call (860) 486-1927 or write for a copy.

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Recent Papers and Publications

Anders, Sven and Julie A. Caswell. Assessing the Impact of Stricter Food Safety Standards on Trade:

HACCP in U.S. Seafood Trade with the Developing World. Selected paper presented at the annual meeting of the American Agricultural Economics Association, Long Beach, California, July 23-26, 2006.

Bonanno, Alessandro. "The Impact of In-Store Services on Fluid Milk Retail Pricing." June 2006. Food Marketing Policy Center Research Report No. 94.

Caswell, Julie A. 2006. "Quality Assurance, Information Tracking, and Consumer Labeling." *Marine Pollution Bulletin* 53 (10-12):650-656.

Chen, Yu Jay. 2006. "Explaining Supermarket Location in Connecticut." M.S. Thesis. University of Connecticut, July.

Cotterill, Ronald W. "Pricing and Policy Problems in the Northeast Fluid Milk Industry." *Agricultural and Resource Economics Review*, Vol 35, No. 2, October 2006, pp. 239-250.

Cotterill, Ronald W., and Adam N. Rabinowitz. "Toward Reform of Fluid Milk Pricing in Southern New England: Milk Market Channel Policies for Connecticut and Other States." A Report to the Connecticut Milk Regulation Board, October 2006. Available at <http://www.fmpc.uconn.edu>.

Cotterill, Ronald W., Michael Cohen, and Li Tian. "Private Labels: Supermarket Chain Buyer Power in Action." November 2006. Food Marketing Policy Center Research Report No. 96. Available at <http://www.fmpc.uconn.edu>.

Cotterill, Ronald W. "Agribusiness." In *International Encyclopedia of the Social Sciences*, 2nd ed. 8 vols. Edited by William Darity. Detroit: Macmillan Reference USA, 2007, (forthcoming).

Fouayzi, Hassan, Julie A. Caswell, and Neal H. Hooker. 2006. "Motivations of Fresh-Cut Produce Firms to Implement Quality Management Systems." *Review of Agricultural Economics* 28(1):132-146.

Gonzalez, Maria and Rigoberto A. Lopez. "Political Violence and Farm Household Efficiency in Colombia." *Economic Development and Cultural Change*. Forthcoming January 2007.

Hitsch, Günter J. "An Empirical Model of Optimal Dynamic Product Launch and Exit Under Demand Uncertainty." *Marketing Science*, Vol. 25, No. 1, January-February 2006, pp. 25-50.

Kim, Donghun and Ronald W. Cotterill. "Cost Pass-Through in Differentiated Product Markets: The Case of U.S. Processed Cheese." *Journal of Industrial Economics*. Forthcoming, 2007.

Johnston, Robert J., and Cathy A. Roheim. "A Battle of Taste and Environmental Convictions for Ecolabeled Seafood: A Contingent Ranking Experiment." *Journal of Agricultural and Resource Economics*, 31(2):283-300, August 2006.

Lavoie, Nathalie and Qihong Liu. "Pricing-to-Market: Price Discrimination or Product Differentiation?" *American Journal of Agricultural Economics*, Forthcoming 2007.

Lopez, Rigoberto A., Emilio Pagoulatos, and Maria A. Gonzalez. "Home Bias and U.S. Imports of Processed Food Products." *North American Journal of Trade and Finance*, 17(December 2006):363-373.

Rojas, Christian. "Price Competition in U.S. Brewing." *Journal of Industrial Economics*, forthcoming.

Rojas, Christian and Everett Peterson. "Demand for Differentiated Products: Price and Advertising Evidence from the U.S. Beer Market." *International Journal of Industrial Organization*, forthcoming.

Souza Monteiro, Diogo Monjardino de. 2006. *Theoretical and Empirical Analysis of the Economics of Traceability Adoption in Food Supply Chains*. Ph.D. dissertation, University of Massachusetts, Amherst, 134 pp.

Souza-Monteiro, Diogo and Julie A. Caswell. "Traceability Adoption at the Farm Level: Analysis of the Portuguese Pear Industry." Selected paper presented at the annual meeting of the American Agricultural Economics Association, Long Beach, California, July 2006.

Sparling, David and Julie A. Caswell. 2006. "Risking Market Integration Without Regulatory Integration: The Case of NAFTA and BSE." *Review of Agricultural Economics* 28(2):212-228.

Tchumtchoua, Sylvie. "Estimation and Inference in Parametric Stochastic Frontier Models: A SAS/IML Procedure for a Bootstrap Method. August 2006. Food Marketing Policy Center Research Report No. 95. Available at <http://www.fmpc.uconn.edu>.

Volpe, Richard J., III and Nathalie Lavoie. The Impact of Wal-Mart Supercenters on Grocery Prices in New England." University of Massachusetts, Amherst, MA, Working Paper No. 2006-8, October 2006.

Weber, S. and S. Anders. 2006. "Price Rigidity and Market Power in German Retailing." *Journal of Managerial and Decision Economics*, Price Rigidity and Flexibility: New Empirical Evidence (special issue).

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