



FOOD MARKETING POLICY CENTER

NEWSLETTER

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

Mission

The Food Marketing Policy Center conducts research on food and agricultural marketing and related policy questions. It facilitates research within the land grant university system by organizing meetings and conferences, by maintaining large scale data bases and by distributing publications. 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, agribusiness firms, public agencies, state legislatures, and the U.S. Congress.

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Newsmaker Interview: Michael Fishman, Acting Director, Office of Analysis and Evaluation, Food and Consumer Service, USDA.

by Ronald W. Cotterill

•What is the Office of Analysis and Evaluation?

It is a policy research office for the Food and Consumer Service. We do both long-term research on all issues related to the food systems programs, largely through contracting, and we also do short-term policy analysis that supports the policy development process within Food and Consumer Service.

•What long-term research issues interest the Office?

One project that has implications across the board, is work in the area of hunger and food security. We are working with academics and other interested parties within and out of government, to try to define good measures of hunger and food insecurity that can be used to really give us a good handle on the levels of hunger and food security in the United States. To date we have been able to hone in on a set of measures that looks at all the dimensions of hunger, food and security. Census field tested these measures for us in its April 1995 current population survey of 60,000 participants. We now have, and are doing, an analysis of the results of that survey. Certainly there's never been such a large scale effort to measure hunger, food and security in the United States. That information will be out later this year. Our intention is to continue to work with Census, and work with others to both refine the measures, continue to measure every year levels of hunger, food access and security in the United States.

•Is there another key issue that the Office has focused upon?

Yes, there's been a renewed emphasis on nutrition. We want to get an understanding of what works in nutrition education because there is a well recognized link between diet and health, but there's not an equal recognition or belief that we can successfully influence what people eat. So we have done a synthesis of the existing evaluation research to assess what we know about the effectiveness of nutrition education. We structured it by different target populations: preschool children, children, pregnant women and infants, elderly, adults. The end result is a volume that was published by the Society of Nutrition Education in November of this past year as a free standing Journal of Nutrition Education as well as six supplementary volumes to that. These publications detail some very clear markers about the key components of effective nutrition education.

•Briefly, what is your reaction to the finding by the Federal Trade Commission in the mid 1980's that a major and primary source of nutrition education for low income population and kids is, in fact, television advertising by major brands, such as branded breakfast cereal?

It's not surprising to me. We're trying to learn from the work that advertisers have done and do social marketing that reaches children through television as well as through other sources. One of the critical factors is targeting behavior change. It's fine to want to get there through other vehicles, but if your end result isn't behavior change, you're not going to be successful.

Also, you've got to use all vehicles from advertising to reinforcing messages in the school, and in the community through parents. When different interventions take that kind of comprehensive approach there's a much more likelihood of them being successful.

•Did you address the issue as to how society should finance this kind of social marketing?

I think it's clear within the context of the food

assistance programs that we are moving toward supporting a comprehensive approach to nutrition education. I can't tell you how society as a whole should finance it, but we need to find a way to make sure that recipients of food assistance programs get access to the kind of information that can help them make healthy food choices.

•Commercial marketing data bases, currently, are extremely weak--almost non existent--when it comes to low income and consumers. This suggests that maybe the government could assist these private corporations in some ways to enhance their sensitivity to the low income marketing frontier. Do you have an idea about how government might get involved on that?

We haven't thought about that. What we have thought about is seeing if there's some way of integrating electronic benefit transfer technology with scanning technology to give feedback to purchasers about what they are buying. If someone buys nothing but high fat products, or there are no fruits and vegetables, then they might get a printed out reminder from the cash register. We've had discussions about doing that kind of thing. It's not something we've implemented yet because, first of all, that integration of scanning technology to electronic benefit transfer has not happened on a large scale.

If you would like to speak with Michael Fishman about this work, his Tel. No. is (703) 305-2115.

Food Marketing Policy Center Staff and Cooperating Researchers

Staff Changes: After five years as Center Staff, Larry Haller has moved to Washington, D.C. and is Statistics Section Leader, Industry Analysis Staff, Grain Inspection and Packers and Stockyards Administration, USDA, (202) 690-4612.

Irene Dionne, our Administrative Secretary for five years, has moved to a new position in the Cooperative Extension Service and Lorraine Knight is her

replacement. We thank Larry and Irene for outstanding service, wish them well in their new positions, and welcome Lorraine to the Policy Center.

Ronald W. Cotterill, Director

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Cereal Price Action Update

In October 1995, NBC Channel 4 Washington, D.C. Consumer Reporter, Elizabeth Crenshaw and staff, came to Connecticut for information and interviewed Ron Cotterill as part of their four part series on cereal industry pricing titled, "The Cost of Crunch." A video copy of this series, which also ran nationally on CNBC, and prior TV segments on cereal (ABC Good Morning America, ABC 20-20, Phil Donahue Show) are available on a loan basis from the Policy Center.

In the January 1996 issue of *Farm Journal*, "Crackle Over the Pop in Cereal Prices" by Larry Reichenberger addresses wheat farmer concerns over the spread between retail cereal prices and farm level prices. We have included a copy at the end of this newsletter.

On March 12, 1996 Congressmen Charles Schumer (D-NY) and Samuel Gejdenson (D-CT) held a Congressional Forum on high cereal prices, the effect of market concentration on private label penetration, and the effectiveness of anti-trust enforcement in a product differentiated industry such as cereal.

Speakers included Professor John Connor, Purdue University; Professor Ronald Cotterill, University of Connecticut; Emeritus Professor Alfred Kahn, Cornell University; and Peter Berlinskis, Editor, Private Label Magazine. For Papers by Professors Connor, Kahn, and Cotterill, see Publication List.

NE-165 Conference Announcement

Emerging Issues in Strategy and Policy in the Food System

In cooperation with the Food Marketing Policy Center, the NE-165 Regional Research Project will present a policy-and research-oriented conference on *Emerging Issues in Strategy and Policy in the Food System* in Washington, D.C. on June 20-21, 1996. The workshop will create a forum for a unified discussion of which emerging issues in food system strategy and policy are truly important and deserving of research effort; it will involve researchers, policy makers, and interest group representatives. Areas of discussion will include anti-trust and competition policy; food safety policy; the interaction of horizontal market structure and firm strategies; the organization of vertical markets for food products; strategies for assurance of food safety and nutritional quality; and analysis of market power in food markets. Discussion will focus on giving real forward momentum to research on strategy and policy in the food system. For program information and registration materials contact Julie Caswell: Tel (413) 545-5735; e-mail caswell@resecon.umass.edu; Fax (413) 545-5853.

Proceedings Available

The Economics of Reducing Health Risk From Food

Proceedings from the June 1995 NE-165 Conference on *The Economics of Reducing Health Risk From Food* are available. The book features 12 chapters focused on theoretical, empirical, and policy issues

related to the supply of food safety and nutrition including: the choice of health risk reduction strategies; evaluation of the effectiveness of foodborne pathogen control measures; and the economics of farm-, processor-, and retailer-level supply of food safety. Conference participants will receive a copy of the proceedings by mail; others may order a copy by contacting the Food Marketing Policy Center.

Structural Changes in the European Food Industries

The European Commission has established a network of researchers in a project whose objective is to understand the forces at work in Europe which are changing the structure of the food industry. The 17 research teams from 13 countries that comprise the network are mainly economists and marketers from universities and business schools. The project, is coordinated by Professor Bruce Traill of the University of Reading.

A 'Discussion Paper' series reports on research team results and also contains selected research of members of the network related to structural change. They are in English to ensure wide accessibility to work that would otherwise only be published in its original language. For a list of discussion papers and free single copies contact:

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Activity Report

Julie Caswell

(University of Massachusetts)

Julie is co-chairing, along with Ron Cotterill, the Organizing Committee for the NE-165 Conference on *Emerging Issues Strategy and Policy in the Food System* to be held June 20-21, 1996 in Washington, D.C. For information see the announcement elsewhere in this newsletter. The Food Marketing Policy Center will be a workshop sponsor.

Julie and Ron are coordinating the efforts of over 90 researchers at 29 land grant universities and 8 federal agencies, as well as several international participants, to write a new five-year regional research project to study how private strategies and public policies interact to affect the performance of the food system. The project proposal was submitted to the Experiment Station Directors who suggested revisions. It will be resubmitted in June.

Julie and Eliza Mojduzka have been invited to present a Principal Paper at the July 1996 meeting of the American Agricultural Economics Association in San Antonio, Texas. The paper titled, "Using Informational Labeling to Influence the Market for Quality in Food Products" will be part of a session on Regulating Safety and Quality Standards in Food Marketing, Processing, and Distribution.

Ronald W. Cotterill

(University of Connecticut)

Ron co-organized and delivered a paper at a conference sponsored by FMPC, Farm Foundation, USDA NRI Competitive Grant Program and the University of Reading titled, "Food Retailer-Manufacturer Competitive Relationships in the EU and USA: Emerging Research Issues," University of Reading, UK. July 1995. Many of the conference papers will be forthcoming as a dedicated issue of

Agribusiness.

Ron attended and spoke at a USDA Conference titled, "Access to Food" September 1995.

Ron was a guest on radio talk shows in Minneapolis and Phoenix to discuss the high cost of breakfast cereal with hosts and callers - October 1993, January 1996.

Ron is serving as expert economist for the National Dairy Herd Improvement Association, the Northeast DHI, Vermont DHI, Pennsylvania DHI and Ohio DHI in a Sherman Act monopolization case against these cooperatives by Agritronics, a private milk tester.

Ravi Dhar and William Putsis

(Yale University)

Ravi and Bill are taking the lead on a project with Ron on the analysis of private label strategies in food industries.

Michael Lubatkin

(University of Connecticut)

Michael continues work on the strategic motives for merger in food industries.

Richard Rogers

(University of Massachusetts)

Richard is a member of the organizing committee planning for the project's June conference on "Strategy and Policy in the Food System" to be held in Washington, D.C. on June 20-21.

Richard met with Rich Sexton (UC-Davis) at the annual American Economics Association meeting held in San Francisco this January. Over the next six months they plan to work on their project with the Center for Cooperatives at UC-Davis addressing

"Optimal Advertising for Agricultural Marketing Cooperatives in the Presence or Absence of Industry Commodity Programs."

Richard was a reviewer for the papers submitted for the 1996 American Agricultural Economics Association's annual meeting.

Richard is Chairing the Selected Papers and Symposium Committee of the Northeastern Agricultural and Resource Economics Association's annual meeting.

Kathy Segerson

(University of Connecticut)

Kathy and Tom Micelli are developing theories of state federal interaction as regulatory and programmatic decentralization occur. Kathy presented a seminar on this work in the Department of Agricultural and Research Economics, University of Connecticut titled, "Economics and the Republican Contract with America: The Case of Unfunded Mandates," February 1996.

Thomas E. Steahr

(University of Connecticut)

Tom recently purchased an extensive Geographic Information Systems package that will allow him to expand his analyses of food related illness. Tom is also proceeding to analyze spatial aspects of poverty and food access.

Visiting Scholars

Mr. Aviv Nevo, a Ph.D. candidate in economics at Harvard University, is a visiting scholar at the Food Marketing Policy Center this semester. His Dissertation is on the measurement of market power in the ready-to-eat cereal industry.

Tamotsu Kawamura, Iwate University, Japan, is a visiting professor at the Policy Center as a Fulbright Scholar through August.

Data Corner

Recent acquisitions include:

1996 Market Scope, Trade Dimensions, Stamford, CT.

1996 Marketing Guidebook, Trade Dimensions, Stamford, CT.

1990 Population Census on CD ROM.

ARC View Geographic Information System for mapping data by zip code, MSA, census block or other boundary limits.

Contact Andrew Franklin (860) 486-2826 for a complete listing of data and reference works available.

Food Marketing Policy Center Publications Catalog

We have updated the list of the publications that are available through the Center. Call (860) 486-1927 or write for a copy.

Recent Publications and Papers

Barrett, J. and Segerson, K. 1995. Prevention Versus Treatment in Food Safety: An Analysis of Conceptual

Issues. Invited paper at NE-165 conference economics of reducing health risk from food, Washington, D.C.

Caswell, Julie A. and Neal H. Hooker. In Press. HACCP as an International Trade Standard. *American Journal of Agricultural Economics*. (Presented as a Principal Paper at the Allied Social Science Associations meetings, January 1996.)

Caswell, Julie A., ed. 1996. *Economics of Reducing Health Risk from Food*. Storrs, CT: Food Marketing Policy Center.

Caswell, Julie A. Rethinking the Role of Government in Agri-Food Markets. Commissioned Paper for the Food and Agricultural Marketing Consortium Workshop on *Global Restructuring of Agro-Food Markets: Need for Change in Marketing Policy*, Washington, D.C., January 1996.

Caswell, Julie A. Research on the Economics of Food Safety: The NE-165 Agenda. Poster presented at the *Sixteenth Annual USDA Cooperative Food Safety Research Workshop*, Crystal City, VA, December 1995.

Connor, J. M. Breakfast Cereals: The Extreme Food Industry, presented at Congressional Forum on Cereal Prices, Washington, D.C., March 12, 1996. University of Connecticut, FMPC Issue Paper No. 12.

Connor, John M., Richard T. Rogers, and Vijay Bhagavan, "Concentration Change and Countervailing Power in the U.S. Food Manufacturing Industries." *The Review of Industrial Organization*, forthcoming.

Cotterill, R.W. 1995. "The Food Manufacturing and Retail Food Distribution System of the Future: Convergence Towards the U.S. Model." Invited paper presented at conference, University of Reading, U.K. *Agribusiness*, forthcoming.

Cotterill, R. W. "The Dairy Industry: A Connecticut Perspective." August 1995. Dept. of Agricultural and Resource Economics, University of Connecticut, FMPC Issue Paper No. 10.

Cotterill, R. W. "High Cereal Prices and the Prospects for Relief by Expansion of Private Label and Antitrust Enforcement." Presented at the Congressional Forum on Cereal Prices, Washington, D.C., March 12, 1996. University of Connecticut, FMPC Issue Paper No. 11.

Haller, L. and Cotterill, R. 1995. "Evaluating Traditional Share-Price and Residual Demand Measures of Market Power in the Catsup Industry." University of Connecticut, FMPC Research Report No. 31. *The Review of Industrial Organization*, forthcoming.

Haller, L. 1995. "The Effects of the Breatrice-Con Agra Merger on Brand Level Marketing Strategies." University of Connecticut, FMPC Research Report No. 30. *Agribusiness*, forthcoming.

Haller, L. August 1995. Food Cooperatives. University of Connecticut, FMPC Issue Paper No. 9. forthcoming, *Encyclopedia of the Consumer Movement*, New York: Garland Publishing.

Kahn, Alfred E. March 11, 1996. Statement on the Breakfast Cereals Industry, presented at Congressional Forum on Cereal Prices, Washington, D.C., March 12, 1996. University of Connecticut FMPC Issue Paper No. 13.

Rogers, Richard T. and Robert J. Tople, "The Economics of Advertising: Where's the Data?" *The Review of Industrial Organization*, February 1996.

Steahr, T. E. "An Estimate of Foodborne Illness in Populations with HIV/AIDS Infection, United States, 1987-1993." *International Journal of Environmental Health Research*, forthcoming.

Steahr, T. E. Risk of Foodborne Illness for Persons with HIV Infections, United States 1987-1992. Proceedings of Tracking Foodborne Pathogens from Farm to Table: Data Needs to Evaluate Control Options, January 9-10, 1995.

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