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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Newsletter Editorial: Global Reach

Left to right–front row: Professor Ronald W. Cotterill, University of Connecticut; Professor Nurettin Kaldirimci, President, Turkish Competition Commission. Back row: Hakan Sabuncu, Manager, Training Unit, Competition Commission; Ekrem Kalkan, Economist, Competition Commission; Fevzi Ozkan, Head, Administrative and Finance Department, Competition Commission; Alper Fevzi Kara, Economist, Competition Commission; Professor Hassan Voral, Uludag University; the translator.

by Ronald W. Cotterill

Fall 2007 found the Food Marketing Policy Center active literally around the world. I completed a major report for the UK Competition Commission that critiqued reports completed for Tesco, the leading UK supermarket chain, by Professor Jerry Hausman, MIT; Professor Ronald Smith, University of London and a third leading industrial organization professor who withdrew his name from his own report and my references to it in response to my work. The issue was defining local markets and
measuring market power of supermarkets in them. Professor Margaret Slade, Warwick University, also addressed the same issues for the UK Competition Commission (go to http://www.competition-commission.org.uk/inquiries/ref2006/grocery/ and for the three Tesco expert reports, click “Main party submissions”).

Then in New Zealand I teamed up with Hausman and Chip Bamberger, Lexicon Chicago, to present analysis for the government that sought to stop either of the two supermarket chains that sell virtually all groceries in New Zealand from acquiring the leading mass merchandise department store (50% SOM) who recently entered food retailing by opening three supercenters. The government lost because the entrant realized that the merge premium offered by the leading chain, Woolworths, was sweeter than the returns it would earn by building more stores and injecting competition into grocery markets. The court followed their logic when it ruled that the likelihood of successful entry on a large scale was low. This is an unfortunate ruling for consumers because it implicitly recognizes the dominance of the two supermarket chains and the strategic barriers to entry that they can focus upon entrants (and did focus on this entrant). One newspaper estimated that Woolworths is paying a $200 million dollar premium to keep a third major supermarket chain out of New Zealand.

After these major forays into antitrust policy on opposite sides of the world, I traveled to Turkey in December to visit my daughter who is teaching English at Bilkent University, Ankara. The Turkish Competition Commission is located next to Bilkent in suburban Ankara. They invited me to present a seminar and advise them on a major merger. Carrefour, the leading supermarket chain is acquiring the second largest chain; however, their combined national market share is less than 20% of grocery sales. I also was invited by a very lively think tank, the Ankara Center for Research and Thought, to present a more wide ranging lecture on the political economy of capital markets and antitrust.

The above picture, taken in the President of the Competition Commissioner’s office, captures the warm hospitality and serious interest in antitrust economics in Turkey. It also captures our link with research in Turkey. Professor Hasan Voral, Department of Agricultural Economics, Uludag University, works with Professor and Chairman Erkan Rehber, who spent a Fulbright year with us in Storrs and Lecturer, Basak Canan Ozbag, MS UConn 2002. Mr. Ekrem Kalkan, Commission economist, is applying to do advanced graduate work at the Food Marketing Policy Center at the University of Connecticut.

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**Food Marketing Policy Center Graduate Assistantships Available, Fall 2008**

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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**Recent Graduates**

Alessandro Bonnano, Ph.D., University of Connecticut, August 21, 2007.


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**Personnel Changes**

Rui Huang, who is completing her Ph.D. in industrial organization, food marketing and econometrics in the Department of Agricultural and Resource Economics, University of California-Berkeley will join us in the Fall as Assistant Professor.

Dr. Alessandro Bonanno has been hired for one year as an assistant professor-in-residence and will be working with the Food Marketing Policy Center during the 2007-08 academic year on food marketing issues.

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**Position Announcement**

**Food Marketing Policy Center**

**University of Massachusetts Amherst**

**Post-Doctoral Research Associate**

The Department of Resource Economics (http://www.umass.edu/resec/) at the University of Massachusetts Amherst invites applications for a two-year post-doctoral research position with the Food Marketing Policy Center (http://www.fmpec.uconn.edu) to work with faculty members and independently on projects examining buyer market power, product differentiation, and other industrial organization topics at various levels of the food supply chain. Ph.D. in area of agricultural economics, economics, or related field required. Strong empirical and theoretical orientation and experience with new empirical industrial organization modeling are required. Background in bargaining theory and international trade issues desirable. Specialties desired are Industrial Organization, Microeconomic Theory, or Applied Econometrics. Salary is competitive and based on qualifications. This position is grant funded.

Review of applications will begin on March 3, 2008. The search will continue until the position is filled. Please send a letter of application, curriculum vitae, writing samples, a copy of
graduate transcripts, and three letters of recommendation to:

Nathalie Lavoie
(http://www.umass.edu/resec/faculty/lavoie/index.html)
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The University provides an intellectual environment committed to providing academic excellence and diversity including mentoring programs for faculty. The College and the Department are committed to increasing the diversity of the faculty, student body and the curriculum. The University of Massachusetts is an Affirmative Action/Equal Opportunity Employer. Women and members of minority groups are encouraged to apply.

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Visiting Scholar

Dr. Elena Lopez, Department of Economics, University of Alcala de Henares, Spain, worked as a research scholar with Xenia Matschke and Rigoberto Lopez on international trade issues from October 22 to December 22, 2007.

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Agribusiness 23(3) Summer 2007

Articles


“Alternative Approaches in Detecting Asymmetry in Farm-Retail Price Transmission of Fluid Milk” by Oral Capps, Jr. and Pablo Sherwell.


“Large Mergers and Acquisitions of European Brewing Groups—Event Study Evidence on Value Creation” by Oliver Ebneth and Ludwig Theuvsen.


“Obesity and Low-Carb Diets in the United States: A Herd Behavior Model” by Dragan Miljkovic and Daniel Mostad.


Book Review, by Edmund M. Tavernier.

NAFTA Revisited: Achievements and Challenges, by Gary Clyde Hufbauer and Jeffrey J. Schott (assisted by Paul L.E. Grieco and Yee Yong).

Agribusiness 23(4) Autumn 2007

Articles

“The Impact of Cooperatives’ Risk Aversion and Equity Capital Constraints on their Inter-firm Consolidation and Collaboration Strategies—With

Agrribusiness, and more than a dozen other economic journals, are now available online 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, 2007 are as follows:

“Assessing the competitiveness Situation of EU Food and Drink Manufacturing Industries: An Index-Based Approach” by Christian Fischer and Sebastian Schornberg.


“Food Consumption and Demographics in Japan: Implications for an Aging Population” by Mauricio V.L. Bittencourt, Ratapol P. Teratanavat, and Wen S. Chern.


“Potential Market Segments for Genetically Modified Food: Results From Cluster Analysis” by William Kaye-Blake, Anna O’Connell, and Charles Lamb.

“Economic Evaluation of Shelf-Space Management in Grocery Stores” by Chanjin Chung, Todd M. Schmit, Diansheng Dong, and Harry M. Kaiser.

Book Review, by Samarendu Mohanty


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**Activity Report**

**Ronald W. Cotterill**  
*(Ag. Econ., University of Connecticut)*

Ron assisted Howrey and Simon LLC, and several dairy farmers and cooperatives in the Southeast US in their development and filing of monopsony milk pricing complaints against Dean Foods and Dairy Farmers of America.


Ron was an invited seminar speaker at the University of Connecticut Economics Department, on October 16, 2007 and gave a presentation on “Using Panel Data on Food Purchases, Census data, and GIS to Analyze Competition among Food Retailers.”

Ron traveled to Wellington, New Zealand from October 24 to November 1, 2007 to testify for the New Zealand Commerce Commission in a major food retailing merger. Other economic experts for the government were Professor Jerry Hausman, MIT, and Dr. Chip Bamberger, Lexecon, Chicago.

Ron traveled to Ankara, Turkey from November 29 to December 10, 2007 to work with the Turkish Competition Commission and present a seminar titled, “Market Definition and Measurement of Market Power in the Grocery Industry: International Convergence in Theory if not Practice.” He also presented a paper to the Ankara Center for Research and Thought titled, “The Evolution of the Political Economic Foundations of Competition Policy.”

Ron served as expert witness in Camden, New Jersey federal court in a landlord and consumer challenge to a horizontal merger where the acquirer...
shut down a competing supermarket and refused to allow the landlord to lease the premises to another supermarket, in Cape May, New Jersey, October 2007.

Ron and Adam N. Rabinowitz presented a poster on October 7, 2007 at the University of Connecticut College of Agriculture and Natural Resources annual Cornucopia Fest entitled, “Farm Level, Wholesale and Retail Prices in the Fluid Milk Marketing Channel: How the consumer milk dollar is split among the milk channel players (farmers, processors, and retailers) and how that relates to their respective costs.”

Ron continues to work with Michael Cohen (Ph.D. student) on private label pricing, Sylvie Tchumtchoua (Ph.D. student) on dynamic oligopoly models of pricing and 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, and Adam N. Rabinowitz (Ph.D. student) on the impact of crime on supermarket location and urban access to supermarkets.

Julie Caswell
(Ag. Econ. University of Massachusetts)

Julie Caswell was a guest on Ideas Network with Kathleen Dunn, Wisconsin Public Radio on July 20, 2007 discussing establishment of the White House Interagency Working Group on Import Safety, recent food safety events, and the food import inspection system.

Nathalie Lavoie
(Ag. Econ. University of Massachusetts)

Grant Awarded: “Incorporating Buyer Market Power and Product Differentiation in the Food Supply Chain,” by Nathalie Lavoie (P.I.), Christian Rojas, Dan Lass, Julie Caswell. Grant proposal and award under the National Research Initiative Competitive Grants Program of the USDA. Grant award period: 1/1/08 to 12/31/09. Award $168,789 (indirect costs: $33,758).

Rigoberto Lopez
(Ag. Econ. University of Connecticut)

Alessandro Bonanno (then Ph.D. student) presented a selected paper co-authored with Rigoberto Lopez entitled, “Retail Services and Food Prices: A Structural Analysis” at the American Agricultural Economics Association meetings, July 29-August 1, 2007 in Portland, Oregon.

Rebecca Cleary (M.S. student) presented a poster entitled, “The Impact of Wal-Mart on Market conduct: A Case Study of the Dallas/Fort Worth Milk Market” (co-authored by R. Lopez) at the 2007 American Agricultural Economics Association meetings and on October 7, 2007 at the University of Connecticut College of Agriculture and Natural Resources annual Cornucopia Fest.

Rigoberto served as an instructor in a course on “Global Agribusiness Strategies,” offered to a group of trainees from Nicaragua, September 26, 2007.

Rigoberto continues to work with Xenia Matschke (assistant professor, Economics at 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 on Wal-Mart Food Retailing, and with Elena Lopez on demand for specialty milk.

Christian Rojas
(Ag. Econ. University of Massachusetts)

Christian Rojas and Tianji Shi have completed a paper entitled, “Tax Incidence When Quality Matters: Evidence from the Beer Market.”

Data Corner

Recent acquisitions include:

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


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.fmpec.uconn.edu](http://www.fmpec.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**


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