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Executive Summaries

RESEARCH

Consumer Segments in Urban and Suburban Farmers Markets

Gabriel Elepua and Michael A. Mazzocco

Consumer intercept surveys were obtained from a sample of urban and suburban farmers markets to measure consumers' attitudes toward and behaviors at the farmers markets. One of the primary purposes of this study was to ascertain clusters or segments that may be useful in helping managers develop farmers markets and similar retail channels.

Five behavioral segments were identified using cluster analysis: Market Enthusiasts, Recreational Shoppers, Serious Shoppers, Low-involved Shoppers, and Basic Shoppers. Each of these segments represents a group of consumers with different attendance and purchasing behavior. Furthermore, different segments look upon the farmers market shopping experience differently, ranging from an opportunity to quickly purchase fresh vegetables to a regular outing of on-site consumption and entertainment.

The implications are that different farmers market structures and organizations can compete favorably for different segments within the same market geography. Additionally, organizers should not expect a single market organizational emphasis to attract all segments.

Italian Consumer Attitudes toward Products for Well-being: The Functional Foods Market

Azzurra Annunziata and Riccardo Vecchio

Many researches in literature highlight how consumers today are more concerned about self-care and personal health and seemingly demanding more information on how to achieve better health through diet. Consequently, the development and marketing of a growing spectrum of products called functional is a major trend in today's food industry.

Consumer acceptance has regularly being identified as the decisive factor in the successful marketing of functional foods, thus relevant papers explore cognitive, motivational and attitudinal determinants of consumer acceptance of functional foods in different countries. The empirical analysis conducted in this study was constructed to investigate the factors which influence Italian consumers behaviour towards functional food products and verify the opportunities for further expansion of this market segment.

The current work has confirmed that the existing opportunities for functional foods manufacturers that operate in Italy require further consumer studies to target product development and marketing efforts to specific consumer groups. Therefore, the paper suggests new research avenues that should focus on identifying the needs and wants of Italian functional foods users and try to detect the most effective instruments that deliver simple and valuable information to the final purchaser. Other interesting results provided by the present study (as the importance of taste in purchasing a functional food, or the consumers' interest in a specific logo for these products) would benefit from additional qualitative and quantitative research methods to extend findings legitimacy.

Economic Analysis of Options for Food Aid Policy in Honduras *Michael Boland and Alena Brautigam*

The purpose of this research was to formulate an analysis of alternative food diets for three different family income levels based on four types of schools located in Honduras. Personal interviews were conducted with children, parents, and teachers over the course of two summers. A linear programming model was used to evaluate the economic and nutritional feasibility of four policy options.

The economic impact was found to be greatest in rural areas using a targeted approach to identify the poorest while working cooperatively with the parents in a nutrition education program. The two programs (and their combination) serve as a basis for better understanding the mix of foods in a low cost diet and the food policy options for food aid in Honduras. This research is of interest to managers of agricultural and food firms since they are heavily involved in the supply chain for distribution of US food aid.

Bio Energy Entry Timing from a Resource Based View and Organizational Ecology Perspective Desmond Ng and Peter D. Goldsmith

Over the past decade U.S. energy policy have promoted the growth of the bioenergy industry. Companies initially entering the industry were focused on converting corn into ethanol. Recent advances in the technology hold the promise of commercial operations that convert cellulose into ethanol. The ability of this new technology present a quandary for those investing in the industry: Should they invest in plants using the old technology or in the new technology, when should they invest, and how is this decision influenced by the number of plants in the industry and market price uncertainty for ethanol?

This paper provides a hypothetical analysis of this decision by integrating the resource based view of strategy with that of organizational ecology. The analysis is performed using a dynamic programming (DP) model that jointly accounts for this flexibility-commitment tradeoff and the market dynamics of the ethanol market. The results of the model demonstrate a basic trade-off for managers and investors between gains from a commitment to specialized assets and those from remaining flexible with lower levels of fixed investment. This trade-off is influenced by the number of plants (population) and uncertain conditions of the market. The results demonstrates that, while corn-based plants using dry milling technology may not be ideal, they have been optimal given the uncertain business environment.

While the results are hypothetical at this time, this "experimental" approach to strategic decisions has been strongly recommended as the appropriate approach in a dynamic world where information is limited. As information improves and increases certainty regarding assumptions made in the analysis, the analysis can be rerun and the quality of the answers improved.

Factors Influencing Growth of Dairy Product Manufacturing in the United

States Fafanyo Asiseh, Stephen Devadoss, Yuliya Bolotova, John Foltz and Robert J. Haggerty

The paper analyzes factors influencing the growth of the number of dairy product manufacturing establishments in the United States using publicly available data reported by the U.S. Economic Census and U.S. Census of Agriculture. Factors hypothesized to affect the growth are associated with dairy industry input and output markets, labor markets and agglomeration. Furthermore, we hypothesize that the patterns of growth of small-size and medium-large-size dairy product manufacturing establishments are different and we find empirical support for this hypothesis.

The growth of the number of small-size dairy product manufacturing establishments is strongly affected by the proximity of both input and output markets as well as by the presence of competition from medium-large-size establishments. In contrast, the growth of the number of medium-large-size establishments is affected by the proximity of the input market and the absence of competition from small-size establishments. The proximity of the output market does not seem to have a strong effect on the growth of the number of medium-large-size establishments.

The identified differences in the growth patterns have implications for the dairy product manufacturing businesses' strategic decision-making, as well as for developing policies targeting small-scale food manufacturing businesses that are typically locally owned and/or operated by a group of agricultural producers.

CASE STUDIES

Appellation of Origin Status and Economic Development: A Case Study of the Mezcal Industry Carlos Omar Trejo-Pech, Ma. Carmen López-Reyna, Lisa A. House, and William Messina

Mezcal is an alcoholic beverage produced only in seven states in Mexico (Durango, Guanajuato, Guerrero, Oaxaca, San Luis Potosí, Tamaulipas and Zacatecas) under appellation of origin status from the Word Intellectual Property Organization. While it has been produced in Mexico for many centuries, mezcal's appellation of origin was only granted in 1995. Therefore efforts to produce and market mezcal as a premium product have a relatively short history.

Until relatively recently, mezcal had been considered a low quality spirit in Mexico. (i.e., the alcoholic beverage for the poorest groups of the population). This was similar to consumers' perception of tequila in Mexico about thirty years ago when tequila received its appellation of origin. Consumer perception of mezcal has started to change and it is now being sold in some of the most exclusive stores in Mexico, in some cases at prices higher than those of well known premium tequila brands.

Most of the areas where mezcal is produced are rural with high levels of poverty, and most farms are small. Technology is a constraint for these producers along with access to financing, marketing and legal information. Furthermore, available equipment for bottling firms in the market was designed for producing high volumes that could not be reached by individual mezcal enterprises in Mexico. In an effort to overcome some of these obstacles, in 1994 the marketing cooperative El Tecuán was formed in Guerrero State.

El Tecuán was one of the first cooperatives established to help market and promote mezcal and it has had success in helping to establish and maintain consistent high quality, and in launching its own brands of mezcal into the marketplace. As such, it can be considered representative of other mezcal enterprises in Mexico, and this case study documents some of their successes and the challenges currently being faced.

'Tenderstem' Broccoli for Export Markets: An Analysis Study on the AgroFood Company Sayed F. El-Sayed, Walid Y. Sallam, Daniel F. Warnock, and David Hahn

This case study, 'Tenderstem' Broccoli for Export Markets: An Analysis Study on the AgroFood Company, was developed for use by the Faculty of Agriculture at Cairo University in Egypt. The case explores an agricultural situation that can be taught to both classroom and extension learners. The current case study discusses the situation of a vegetable producer and exporter located along the Cairo-Alexandria Desert Road, northwest of Cairo, Egypt. The owner produces vegetable crops, mainly focusing on broccoli, green bean, and peppers, in field and greenhouse environments. The challenges faced by the management of the AgroFood Company are similar to those faced by other farms producing horticultural crops including potential market identification, cultivar longevity, production expansion, labor management, using middlemen effectively, and increasing market share for product. A primary challenge this farm faces is to produce specialty vegetable crops not commonly found in Egypt. The case chronicles how the management decisions for production of 'Tenderstem' broccoli have impacted the farm's ability to effectively compete in the current export market. This case provides basic production, market, and financial information for evaluating the economic potential for shifting current production practices of broccoli towards the production of a specialty vegetable crop, 'Tenderstem' broccoli. The case uses a documentary format, secondary data resources, and interviews with the company management team. The teaching notes narrative describes the opportunities for producing 'Tenderstem' broccoli in Egypt for export and offers strategies for classroom learning situations. Students completing the case will have a better understanding of protected vegetable production systems, gain decision making and analysis skills, and become familiar with using financial analysis principals for strategic business decisions.

INDUSTRY SPEAKS

Building a Talent Pipeline: The Development of the 'Alltech Mini-MBA' Aidan Connolly and Kate Phillips-Connolly

By its 20th anniversary, Alltech's growth had surpassed even the most ambitious goals of its founder, Pearse Lyons. This success, however, has led to a dilemma faced by many agribusinesses—a need to create a new cadre of managers who can take the company forward, develop and manage opportunities while maintaining the corporate culture and vision.

After analyzing how best to fill this gap a commitment was made to build a highly customized, internal education program using lecture, case study and project-based learning processes. Alltech's goal was to find a way to systematically develop the management potential of existing employees, in ways that would work with the technical nature of the industry and corporate culture. In the end, building its own program by taking the best, most relevant elements from the available options and adapting them to the company was more cost efficient than sponsoring MBAs and more focused than off-the-shelf programs.

Alltech's commitment to its customized executive education program is providing a series of positive outcomes including improving managers understanding of the corporate vision and strategy as well as of their industry; creating a cadre of the next generation of leaders, while deepening their loyalty; developing corporate competencies; and in the process identifying new business strategies.