RESEARCH

Designing the Last Mile of the Supply Chain in Africa: Firm Expansion and Managerial Inferences from a Grocer Model of Location

David Weatherspoon and Anthony Ross

Retailers are recognizing the significant market potential of sub-Saharan Africa whose land mass is equivalent to three times the size of the U.S., and contains 66 cities with more than a half-million people. There are unique environmental complexities that emerging economies present for food retailers, in particular: where to invest and how much to invest? Firm managers must make these supply chain investments with little structural and demographic data and recognize that their primary competition is the informal market which is greater than 50% of food retailing in most of Southern Africa. The goal of this paper is to highlight the relevance of considering the informal sector in facility location modeling in emerging economies.

This paper presents a new conceptualization of market expansion in the retail sector of Zambia. It demonstrates the importance, and timeliness of considering market entry decisions for emerging economies using empirical and secondary data on formal and informal activities within an economy. A number of studies have examined the impact of foreign direct investment and market entry strategies in other regions of the world, but studies devoting attention to emerging economies in sub-Saharan Africa are only now emerging. This growing interest in the literature represents an opportunity for this study to present a creative and frame-braking line of thinking with an exploration of location decisions using a dataset describing living conditions, and other demographic data such as informal sector data to assess where retailers might locate their customer-facing stores—the last mile of their retail supply chain.

Assessing Input Brand Loyalty among U.S. Agricultural Producers

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U. S. agricultural input suppliers face a number of marketing challenges. For many suppliers, large commercial farm enterprises have replaced traditional smaller
farms as their primary customers and represent the majority of their sales 
revenues. One strategic response to the resulting marketing challenges is the 
development of a strong brand or preference for sale locations (dealers). The 
problem is to understand the determinants of brand loyalty, the role of dealer 
loyalty, and to identify effective strategies for reaching loyal customers. This 
research assists agribusiness managers in addressing these important issues.

Data was obtained from the 2003 Commercial Producer Survey conducted by the 
Center for Food and Agricultural Business (CAB) at Purdue University. Over 2,100 
completed questionnaires were obtained from a sample of 14,301 mid-size and 
commercial producers across the United States. The survey collected information 
on producers’ attitudes and preferences for branded expendable and capital input 
products. Information was also collected on respondents’ loyalty to their dealer and 
and farm and farmer characteristics. The data were primarily analyzed with logit 
regression techniques.

Results suggest that, for both capital and expendable items, some demographics are 
meaningful characteristics for distinguishing brand loyal customers. Preferences 
purchasing the lowest priced inputs), attitudes and beliefs (such as believing that 
quality differences exist among brands) and other factors that are part of an 
individual’s decision-making processes (use of media as a source of information) are 
more significant indicators of brand loyalty. Brand building strategies aimed at 
generating commercial producer loyalty should focus on the value that the producer 
can obtain through product quality, service, and relevant information.

Source Differentiated Mexican Dairy Import Demand
Miguel A. Ramirez and Christopher A. Wolf

Mexico is a destination of dairy product imports that attracts exports from many 
major dairy producing countries. Understanding Mexican import demand requires 
a model that accounts for substitutions and price interactions both across dairy 
products and source countries. This paper utilizes a source differentiated demand 
model to assess the Mexican market from 1990 through 2005. During this period, 
European Union export share of dairy products to Mexico fell while other 
destinations, especially the United States, became more important. We estimate 
that the United States would take 42 cents of every additional dollar allocated to 
dairy product imports in Mexico. Oceania, particularly New Zealand, takes 21 cents 
of that additional a dollar. Our estimates indicate that the European Union may 
continue to lose market share in Mexico. These estimates assume that everything 
else is equal and major world dairy market changes, such as a new World Trade 
Organization agreement or the weakening US dollar, would affect the relative 
competitiveness of dairy imports into Mexico.
Range and Limit of Geographical Indication Scheme: The Case of Basmati Rice from Punjab, Pakistan *Georges Giraud*

Basmati is well renowned as the most aromatic rice over the world. Its price is the highest for rice on trade and domestic markets. In spite of low yield, Basmati rice is interesting for all the commodity chain actors. Basmati fits well with very small farms. Basmati rice growing may be considered as naturally leading to a quite extensive agriculture.

Punjab province represents 90% of overall Basmati rice production in Pakistan. This area forms the genuine alluvial lands appropriate for Basmati cultivation, due to good water availability, high temperature, important sun exposure, at a low altitude. The first indication of a release of a pure line selection was done in Punjab, Pakistan in 1933.

New lines are developed now for yield improvement. The growing area is spread out of Punjab since decades. However, this rice doesn’t offer similar qualities than Basmati from Punjab. Due to price attractiveness, some opportunist behaviors appear such as cropping Basmati variety out of Punjab, blending of polished long grain from other varieties, or attempt to private patent.

DNA tests are mandatory for export in Europe. They allow to authenticate the variety, but not the area where the variety was grown. The Basmati commodity chain is under corporate governance with high competition pressure. Rice “Basmati from Punjab” is a key issue as the Geographical Indication protection is still pending in Pakistan. The need of protection is clearly documented, but the registration will probably increase Basmati market shortages. A seed patent will protect Basmati lines and may allow them to be grown in enlarged area. A GI will not mislead export market but will enhance price pressure on domestic market.

This article analyses Pakistani Basmati commodity chain with data issued from recent publications, completed by field study held in 2007 that allowed interviews of several local stakeholders.

Buyer and Seller Responses to an Adverse Food Safety Event: The Case of Frozen Salmon in Alberta *Leigh Maynard, Sayed Saghaian, and Megan Nickoloff*

Consumers receive conflicting health messages about fish consumption. On one hand, consumers hear that fish is a low-fat protein source high in omega-3 fatty acids. On the other hand, a 2004 report of elevated polychlorinated biphenyl (PCB) levels in farmed salmon generated concern among consumers and industry participants.

The purpose of this research is to evaluate how Canadian consumers and seafood processors reacted to these conflicting health messages. Demand system estimates and time-series analysis of ACNielsen 2001-2006 frozen meat scanner data in
Alberta, Canada showed an economically significant drop in salmon consumption following the PCB finding. Among seafood and poultry products in the freezer section, salmon’s expenditure share in the months preceding the PCB finding was about 5%-9%, and the estimated reduction in expenditure share attributable to the event was about 2%.

Within five months, two seafood processors responded by introducing wild salmon products at low prices. The new wild products quickly outpaced sales of all non-wild salmon products and contributed to substantial demand expansion. The markedly lower prices of the wild products appear to be possible partly because of strategic competitive behavior between the two processors, and partly because lower-value species of salmon were used, which are generally associated with sacrifices in flavor. The rapid sales growth, however, suggested that consumers placed a higher priority on the wild products’ health attributes and value pricing. The analysis illustrates how a food safety threat was averted, and even served as a catalyst for growth.

Industry-Academic Partnerships – Benefit or Burden?

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There are many opportunities for collaboration between industry and academia in the applied field of agribusiness management. Some of the key areas for developing partnerships include research projects, sabbatical leaves with industry, consulting, outreach activities, student enrichment activities, and industry advisory boards. Effectively managing these partnerships depends on an awareness of the possibilities that these partnerships entail as well as the potential benefits and pitfalls.

One of the key areas in which faculty members may collaborate with industry is in the conduct of research. Many of these opportunities include traditional research projects, which may involve the faculty member directly in the research, or indirectly through student research projects. Sabbatical leaves with industry and consulting opportunities are other examples where faculty members may work on research projects with industry partners. The principal advantages of industry collaboration are the opportunity to work on current problems, and access to ideas, data, and resources. In collaborating with industry, academic researchers are often concerned with maintaining objectivity and the ability to publish research findings.

Collaboration with industry is crucial in developing student enrichment programs. All of these programs, including developing employment opportunities, site visits, internships, mentoring, and in-class visits, rely on cooperation with industry partners. Students often find student enrichment programs an invaluable addition to their classroom education. Such programs help prepare them for the working world, make career choices, and begin the process of networking with industry.

Industry advisory boards are an effective mechanism for engaging industry partners by securing their commitment to work in partnership with a department,
institute, or college. Advisory boards are particularly useful in getting industry members involved in activities such as curriculum review, fundraising, and student enrichment activities. An active industry advisory board provides many opportunities for faculty members to initiate partnership opportunities with industry members along many different dimensions.