



*International Food and Agribusiness Management Review*  
*Volume 11, Issue 2, 2008*

## **Executive Summaries**

---

---

### **RESEARCH**

#### **Assessing Information Bias and Food Safety**

*Dennis Conley and Mark Wade*

American consumers arguably face the most abundant and varied supply of safe, nutritious foods in the world. Yet, consumers are overwhelmed by warnings from consumer protection organizations, industry advertising, the government, the media, and from conflicting scientific studies. Faced with a variety of messages from media and information sources, consumers do have the ability to differentiate between information that is biased and unbiased. Previous research has approached market failure for food safety attributes as a justification for food safety regulation. This research addressed market failure based on the degree to which unbiased information is relayed through the media from senders to consumers. An evaluation of nine years worth of consumer accessible newspaper and magazine articles concluded that information received by consumers is biased, both positively and negatively.

The implication for managers of agribusiness firms in the food chain is that the role of information in the market place is not neutral. All indications support claims made by previous researchers that generic advertising and promotional campaigns help mitigate negatively biased information and hopefully increase demand. Failure to have a campaign exposes management to an external factor, namely negative information over which management has no control, which can have a detrimental affect.

#### **Structural Change in a Food Supply Chain**

*Desmond Ng*

As changes in modern agribusiness markets have placed increasing emphasis to the study of structural change processes, this research advances an agent based model to examine transitions from a spot market exchange to a vertically coordinated arrangement in a supply chain system. This agent base simulation model draws from the subjective theme of Austrian entrepreneurship, behavioral theories of the firm and social networks. The results of this agent based simulation model indicate

that structural change occurs with market structures that facilitate information transmission rather than from incentive based contractual arrangements.

Keywords: Agent based models, Structural change, Austrian economics, and Social networks.

## **Customer Satisfaction in Farmer-to-consumer Direct Marketing**

*Frederike Lülfs-Baden, Achim Spiller, Anke Zühlsdorf and Matthias Mellin*

Farmers' direct marketing of food is a widely neglected branch of modern agribusiness marketing. It is certainly a niche market but plays a distinctive role for establishing high quality markets in the food business. The importance of direct marketing for high quality farm products has increased during the past few years. However, on-farm outlets are in lively competition with other store formats such as supermarkets and organic stores, which have developed their own assortment of regional and high quality products. In Germany, most supermarkets have entered the organic marketing segment in the last few years, introducing new articles positioned very close to traditional farm produce.

This paper analyzes the impact of customer satisfaction and its driving forces for farmer-to-consumer direct marketing and is based on a customer survey in 33 organic and conventional on-farm stores in Germany. Altogether, 1,537 customers were questioned in several regions in Germany. The results emphasize the role of store atmosphere, customer service and product quality as the main factors which influence customer satisfaction. Consumers who are satisfied with the farm outlet perceive a unique store design characterized by a special interior and an outstanding product presentation. In contrast to the retail industry, farm outlets are not standardized but stamped with the owner's personality. Store atmosphere as well as individual service must reflect the farmer's unique approach. The study demonstrates the importance of customer satisfaction for stable relationships and long-term business success. Customer satisfaction is closely connected to word of mouth communication, which is the main marketing tool for farm outlets.

## **Economic Relationships and B2B Communication in Selected European Agri-food Chains - First Empirical Evidence**

*Christian Fischer, Monika Hartmann, Miroslava Bavorova, Heinrich Hockmann, Hannele Suvanto, Leena Viitaharju, Philip Leat, Cesar Revoredo-Giha, Maeve Henchion, Claire McGee, Grzegorz Dybowski, and Mira Kobuszynska*

The roles of business relationships and B2B communication in selected European agri-food chains are analyzed. Based on a systematic review of the literature and qualitative interviews with key representatives from EU farming, food processing and retailing sectors, several hypotheses are developed with regard to the determinants which may potentially have an impact on the goodness of agri-food buyer-supplier relationships. Good relationships are defined as those which display high levels of mutual trust, commitment and satisfaction, and a positive collaboration history.

The subsequent quantitative analysis is based on data generated by a enterprise/company survey conducted between November 2006 and April 2007. The resultant database contains information on business relationships and B2B communication from 1,026 farmers, food processors and retailers in two commodity sectors (meat and cereals) in five different EU countries (Germany, United Kingdom, Ireland, Finland, Poland). Using structural equation modelling, an advanced statistical technique, we test the empirical relevance of the theoretically postulated determinants of relationship goodness, overall (i.e., across both chains and all five countries), and separately for different chain stages (i.e., the farmer-processor versus the processor-retailer relationship) and for each country involved.

The estimation results suggest that for the aggregate analysis, the most important contributor to good business relationships is good communication, with its two components, adequate communication frequency and high information quality, being equally important. The existence of personal bonds and equal power distribution between buyers and suppliers are the second most important relationship-goodness determinants. In addition, the embeddedness of an agri-food company in the local economy seems to contribute positively, but weakly, to good business relationships. The analysis also reveals that the relative importance of these determinants differs across the two stages of chain relationships considered and between the countries investigated.

The main implications arising from this analysis are that agri-food business managers, who are seeking to improve their supplier or buyer relationships, need to consider the crucial role of effective communication and the positive contribution that the existence of personal bonds can make to the development and maintenance of sustainable relationships.

## **INDUSTRY SPEAKS**

### **The Impact of Biofuel Production on Food Security**

*Andrew Makenete, Wessel Lemmer and Julia Kupka*

A multifeedstock approach is crucial for sustainable biofuel production in South Africa. In respect of ethanol production, biofuel producers should be allowed to draw on a range of starch-based crops including maize. A multifeedstock approach will enable producers to select crops best suited to the agro-climate of the regions where their plants are situated and to minimise logistic costs by sourcing crops grown closest to their plants. In recent months, plans to use maize to produce ethanol have raised concerns that this could jeopardise food security in South Africa.

This paper gives an overview and insight into the latest tendencies of bio-ethanol developments in South Africa. An interpretative study was undertaken which consisted of an analysis of historical data, study of relevant scientific literature as

well as published and unpublished paper and reports (popular magazines, papers, press releases, journals and research reports). This paper concentrates on the impact on food security when maize is used to produce ethanol.

It argues that increasing the local demand for maize, will ensure that South Africa's full maize production potential can be utilised. This will contribute to food security by helping ease price volatilities, and ensure a substantial supply pool of maize. In addition, there are important rural development and logistical advantages to using maize to produce ethanol. Finally, it is argued that in South Africa, unlike is the case in the US and the EU, where biofuel production is motivated mainly by energy security and environmental concerns, the primary motivation for biofuel production is to create sustainable income earning opportunities in marginalised areas. Expanding maize cultivation for ethanol production has important potential in this regard.

Unfortunately, the outcome of the biofuels strategy for South Africa is disappointing for its conservatism, exclusion of maize as feedstock and its lack of vision on the potential of biofuel production to stimulate rural development. In contrast, South Africa and Southern Africa have vast underutilised portions of agricultural land that would be suitable for the production of sufficient feedstock.

## **INDUSTRY INTERVIEW**

**Dr. Kristian Moeller, Managing Director**  
**FoodPLUS GmbH, Secretary -GLOBALGAP**  
*Thandokwakhe Sibiya*

Throughout history people have been facing risks associated with food. Food scares of the twentieth century have caused consumer panic leading to loss of confidence in the safety of the food chain. Many public and private initiatives in the form of food quality certification schemes have evolved to restore confidence. One such private initiative is the GLOBALGAP (former EUREPGAP). This executive interview discusses the role of GLOBALGAP in food certification with Dr. Kristian Moeller who is the Managing Director for GLOBALGAP. This discussion took place during IAMA's 17th Annual World Forum and Symposium in Parma, Italy on June 25, 2007.