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Executive Summaries

A comparison of curriculum in baccalaureate degree programs in agribusiness management

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Research question

The purpose of this study was to compare curricula and program requirements from a diverse group of colleges and universities offering agribusiness management degrees or as an area of specialization. These programs include formal degrees, options, majors, and specializations. Marketing, management, and other course requirements and electives for B.S. degrees in agribusiness management (BSABM) are compared against similar requirements for B.S. degrees in agriculture (BSA) that have a major or option in agribusiness management.

Study description

We used USDA database and others databases to identify 115 programs with degrees or majors in agribusiness management.

Findings/results

A broad survey course in agricultural marketing was taught by 90 percent of the BSA programs relative to 71 percent of the BSABM programs. Business marketing was a required course for 55 percent of the BSABM programs relative to 33 percent of the BSA programs. There were no differences between programs for courses in futures marketing, price analysis, and food and agribusiness marketing. Some BSABM have likely substituted a business marketing course for an agricultural marketing course.

Almost twice as many BSABM required a management course relative to BSA. A course in agribusiness management was required by over 70 percent of BSA and BSABM. More than half of the BSA programs required farm management compared to 34 percent of the BSABM who may have substituted a business management course for a farm management course. BSABM were three times as likely to require business finance compared to BSA programs.

Strategy was usually taught as a senior level course due to its integration of different management concepts. This course was twice as likely to be a required or elective course in

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BSABM. Thirteen courses in strategy were taught within colleges of agriculture. All BSABM that offered a strategy course taught within the college of agriculture required students to take the course.

BSABM were more likely to have a required or elective course in international agricultural marketing relative to BSA. International business management courses taught within the college of business were four times as likely to be a required or elective course for BSABM students.

Over half of the BSABM and BSA required agricultural policy, agribusiness or food marketing, futures markets, price analysis, and international agricultural marketing were taught by half of the BSA and BSABM. Business law was required by over a third of both BSABM and BSA. A course in cooperatives was three times as likely to be required by BSABM.

Management implications

Exposure to global and international aspects of management are inadequate in many programs despite their importance. Over half of the BSABM programs did not require an international business course. Strategy was not required by 75 percent of the BSABM programs. Human resource management and business or agricultural law was another course that was not required by almost two-thirds of the BSABM. Approximately 50 percent of the BSABM did not have a business finance, management, or marketing requirement.

Alternative marketing systems for the apparel wool textile supply chain: filling the communication vacuum

S.C. Champion and A.P. Fearne

The research question

Recent wool industry reviews in both Australia (1999) and New Zealand (2000) have provided recommendations relating to the need for woolgrowers to communicate more closely with their downstream customers, in order to better understand their requirements for raw wool. However, there are few concrete ideas on how to enable this and this paper presents an initial assessment of the level of communication between the various links in the apparel wool supply chain, with particular emphasis on the link between woolgrowers and their downstream customers.

Study description

This study sought to collect preliminary data relating to communication in the apparel wool supply chain. Analysis of secondary data and information gathered from semi-structured interviews with downstream wool supply chain members in Italy and Germany was used to understand the nature and extent of communication in the wool processing sector and across the 'farm gate'. To assess the effectiveness of this communication, data was collected relating to the improvement of raw wool quality over time.

Findings/results

While there appears to be an emerging recognition by the various members of the apparel wool textile chain of the need for, and power of, improved communication, significant barriers including the presence of 'functional silos' continue to exist within the chain.

Management implications

The nature and quality of communication would appear to be the issue, rather than whether it is occurring or not. Comments indicating a desire to retain activity within defined sectors would seem to be a causative factor.

Market orientation in a sample of Chilean agrifood processing firms

FERNANDO MARTINO AND ANGELA TREGEAR

Market orientation is widely perceived to be an optimal approach to management decision-making amongst theorists in marketing and management disciplines. However, this approach has rarely been investigated within the agribusiness sector, in spite of increasing challenges and pressures which are closely akin to those found in other industrial sectors. In Chile, a number of firms in the agribusiness sector have achieved success in international markets. However, a key question is whether such firms display naturally market oriented tendencies, or whether their success is due to external circumstances. Based on a small sample of agrifood processing firms in Chile, this study investigates the extent of market orientation amongst managers by employing the classic model of market orientation developed by Kohli and Jaworski (1990, 1993). The study finds that although managers generally perceive that they adopt market oriented behaviors, key aspects such as attitude to risk, dissemination of market intelligence, and basis of employee reward systems appear to run counter to a market orientation. The paper concludes with reflections on the applicability of the Kohli and Jaworski model of market orientation to the Latin American context.

The revenue risk of value-based pricing for fed cattle: a simulation of grid vs. average pricing

JOHN D. ANDERSON AND KIMBERLY A. ZEULI

Reluctance to adopt value-based pricing (also referred to as grid pricing) stems from a fundamental problem created by the system: increased revenue uncertainty and variability. A better understanding of the sources of risk in grid pricing could help producers make better marketing decisions and could, in the long run, bring about changes that will make grid pricing a more attractive marketing option.

Much previous research examines the contribution of inconsistent carcass characteristics to revenue variability. The possibility that the structure of premium/discount grids also contributes to grid revenue variability has been recognized but not fully analyzed. This study quantifies the impact of grid variability, pen quality differentials, and quality grade price discounts on the level and variability of revenue per head from pens of fed cattle. Comparisons are made between grid and live pricing results.

In this study, stochastic simulation is used to generate live weight and carcass data for six pens of 500 cattle. These pens differ in the percent of cattle grading choice or higher. Pen quality ranges from 45% to 95% choice in 10% increments. Per head revenue for each of the six pens of cattle is calculated weekly on both a live and grid basis during the period October 1996–May 2001. The resulting time series of revenue data is examined to determine how revenue level and variability are affected by temporal changes in grid structure as well as by differences in the carcass characteristics of cattle.

Analysis of the revenue series yields several interesting results. First, grid pricing has become a more attractive marketing option over time. From October 1996 to December 1998, grid pricing produced greater returns than live pricing only on pens of cattle that were at least 75% choice. From January 1999 to May 2001, grid pricing produced higher revenue levels for all of the pens studied. Second, as the discount on select cattle becomes larger (in absolute value), grid pricing becomes a more attractive marketing option. This counter-intuitive result occurs because of the strong positive correlation between the select discount and cattle prices (i.e., as the discount becomes larger, the base price is also increasing). Finally, pen quality and the select discount both affect revenue variability from grid pricing. As the select discount increases, the variability of returns increases for all but the most uniform pen of cattle (95% choice). The impact of the select discount on revenue variability becomes more pronounced as pen quality decreases.

Risk and uncertainty associated with grid pricing are still likely viewed as significant obstacles to grid pricing adoption by many producers, although in the last couple of years grid pricing returns have improved in comparison to live pricing returns. Strategies to alleviate some of this risk might involve adjustments to the grid that reward superior cattle as opposed to just penalizing inferior cattle; adoption of new technologies that allow more objective assessment of carcass merits prior to slaughter; and improved coordination between the feedlot and packer sectors through information-sharing arrangements.

Market opportunities and threats to the U.S. pork industry posed by traceability systems

Sterling Liddell and DeeVon Bailey

Research question

This paper compares the traceability, transparency, and assurance (TTA) systems for pork between the United States, some of its major trading partners, and competitors in world pork markets. These comparisons are important for at least three reasons. First, consumers in major markets, such as the European Union (EU) and to a lesser extent in the United States, are expressing an increased concern about the inputs used in pork production at the farm level and throughout the marketing chain. TTA can be used to address these concerns. Second, TTA has the potential to become the basis for product differentiation between countries, not just between firms. Third, consumers may be willing to pay for pork products with characteristics certified through TTA systems and a market opportunity may be lost if such systems are not developed in the United States.

Study description

We take a macro approach (i.e., the country level) to complete the analysis. We highlight the general level of development of TTA in specific countries and, hence, the relative position of industries within countries rather than firms within countries. We make our comparisons by examining the presence or absence of TTA at each level of the pork marketing chain in the United States, the EU, Canada, Australia/New Zealand, and Japan. A scoring system is described for developing an ordinal ranking of the TTA systems in these countries and the ordinal rankings for the countries are reported.

Findings/implications

Our results indicate that the U.S. pork system is lagging other countries in the development of TTA in terms of providing traceability, transparency, and extrinsic quality assurances. Extrinsic quality assurances include assurances about pork quality that are not related to food safety or its eating quality (taste, government grade, etc.) but which are still valued by some consumers. Extrinsic quality assurances could be related to animal welfare, environmental preservation, or other inputs or absence of inputs used to produce the pork product. If pork products from other countries are preemptively differentiated from U. S. products based on TTA, then the U.S. pork sector could potentially be damaged in international markets and possibly even domestic markets.

Management implication

The EU has stressed developing TTA programs that involve each level of the marketing chain beginning with producers. The U.S. system continues to place emphasis on the marketing chain from the processor level forward. The U.S. pork industry has made little effort, compared to the pork industries in other countries, to develop systems to assure consumers about the inputs used in pork production, processing, distribution, and retailing (extrinsic quality assurance). As a result, the U.S. pork industry may face additional threats to its markets in the future as consumer awareness and concerns about the processes and inputs used to produce food continue to increase. It is also possible a market opportunity is not being addressed by the U.S. pork industry if domestic and foreign consumers are willing to pay more for pork with food safety and quality assurance characteristics certified through TTA.