

**ECONOMICS OF FOOD MARKETING SYSTEM (11:373:331)****Spring Semester****Department of Agricultural, Food & Resource Economics****School of Environmental & Biological Sciences****Rutgers University**

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**Office Hours:** M/W 10-12, or drop by, or make an appt (email me)

**Class Meeting Time and Location:** M/W, 4<sup>th</sup> period (2:15– 3:35pm); FS 101

**Pre-requisite:** Marketing I, Microeconomics

**Course Description and Learning Goals:** This course is designed to teach students the economics and management of the US food marketing system that encompasses the value chain extending from farm gate to consumers' plate. So, assuming that you are present, that you are a participant in discussions, that you speak to me about anything and everything related to this course, and that you do the reading and the work required, then by end of the course you will be able to

- (i) evaluate the importance of the food marketing system in the U.S. and in the world economy,
- (ii) determine the role of consumers in a (food) marketing system,
- (iii) examine how the food marketing system is organized, including management strategies used by market participants (e.g., wholesalers),
- (iv) assess the roles played by the market participants (e.g., retailers) in the food marketing system,
- (v) identify factors influencing the food marketing system,

- (vi) understand how agricultural industrialization is transforming the food production-marketing system, and
- (vii) understand the role and impact of public policy in the food production-marketing system.

Students will learn a variety of concepts, including analytical models and how to use them in assessment of the real-world marketing strategies, consumer behavior, and market performance. Student's work throughout the semester should show strong and coherent evidence of these learning objectives, embodied primarily in the writing and thinking they do.

**Course Materials:** You have enrolled in this course voluntarily. *You are responsible for the assigned readings before coming to class.* Additional readings on relevant current events or topics will be assigned in due time (as handout, via email or in Sakai, or as reserve readings at the Chang Library). The primary and complementary texts selected for this course are given below. We will use both texts to learn concepts and their applications, begin discussions in classes, and to frame issues addressed in written work.

Kohl, Richard L. and Joseph N. Uhl **(KU)** *Marketing of Agricultural Products*, 9<sup>th</sup> ed., Upper Saddle River, NJ: Prentice-Hall, 2002.

Kotler, Philip & Kevin L. Keller **(KK)**. *A Framework for Marketing Management*, 5<sup>th</sup> ed., Upper Saddle River, NJ: Prentice-Hall, 2012.

**Recommended/Supplemental readings:** Rhodes, V. James, Jan L. Dauve, and Joseph L. Parcell. *The Agricultural Marketing System*, 6<sup>th</sup> ed., Scottsdale, AZ: Holcomb Hathway Publishers; *Progressive Grocer*, *Business Week*, *WSJ*, and the business section of your local newspaper.

**Sakai AND your RU email:** If you are registered for this course, you should be able to access this course (11:373:331) in your Sakai page and login using your RUID and PW. We will be using Sakai extensively for accessing course materials (syllabus, articles, assignments, quiz/exams, videos, etc.), submitting assignments, and communicating with the course instructor. For problems with SAKAI, contact: [help@sakai.Rutgers.edu](mailto:help@sakai.Rutgers.edu). **Make sure you USE the RU email assigned to you – that's what Sakai uses.**

<b>Course Outline and Reading Assignments</b> (subject to change as deemed necessary)		
<b>Class meetings</b>	<b>Topics</b>	<b>Homework<sup>1</sup></b>
1, 2	Syllabus explained, Course overview Food and Agribusiness Marketing in the 21 <sup>st</sup> Century <i>Reading Assignment:</i> KU Chapter 1; KK Ch. 1	Article review and identifying YOUR food suppliers!
3, 4	Analyzing Agri-food Markets <i>Reading Assignment:</i> KU Ch. 2	
5, 6, 7	Understanding the role of Consumer Behavior <i>Reading Assignment:</i> KU Ch. 4; KK Ch. 4, 5 & 7	Watch video and answer questions! Also, review articles.
8, 9, 10	Organization and Management of the Food Processing Sector <i>Reading Assignment:</i> KU Ch. 5; KK Ch. 10	May conduct case study exercise.
11, 12, 13	Organization and Management of the Food Wholesaling and Retailing Sectors; Market logistics / supply chain management <i>Reading Assignment:</i> KU Ch. 6; KK Ch. 13, 14	Watch video and answer questions! Also, review articles.
14	<b>First in-class Exam</b>	<b>Good luck!</b>
15, 16	Market Structure and Competition in Food Markets <i>Reading Assignment:</i> KU Ch. 9	Compute concentration ratios, Lerner index, etc. and make conclusions
17, 18, 19	Industrialization of the Agri-food system: Decentralization, Vertical coordination, Mergers and Acquisitions <i>Reading Assignment:</i> KU Ch. 12	Compute VC index and make conclusions

<sup>1</sup> Quizzes are not mentioned here but there will be at least one quiz for each section, typically announced, i.e., no pop-quiz. The number of HW may be adjusted to reflect course progress.

20, 21, 22	Price Management and Analysis <i>Reading Assignment:</i> KU Ch. 8 &10 (limited coverage) ; KK Ch. 12	Compute pricing strategy outcomes
23, 24	Analyzing Food Marketing Costs <i>Reading Assignment:</i> KU Ch. 11	Analyze food marketing cost
25, 26	Government and Food Marketing <i>Reading Assignment:</i> KU, Ch. 21& 22	Review articles
27	The Global Food Market <i>Reading Assignment:</i> KU Ch. 7; KK Ch. 18	Analyze the U.S. trade data for agricultural and food products over at least two Census periods.
28	<b>Second in-class Exam (not comprehensive!)</b>	<b>Good luck!</b>

**Teaching Methods and Expectations:** A variety of methods will be used to accomplish the course objectives. These methods include instructor's lectures, videos, group presentations and papers, and most importantly class discussion. Lectures and discussions will be used to integrate the topics covered in the course, to explain and amplify information contained in the reading assignments, and to present supplementary material. When possible, outside guest lecturers will be invited to speak to the students on relevant topics. The course is designed to elaborate and clarify the material in the textbook and outside material, stimulate your thinking about key issues related to food marketing, and relate the covered material to real world situations. Emphasis will be placed on active student participation and discussions. Ideally, I will like to create an open atmosphere in which we can creatively and imaginatively analyze ideas and concepts. In the process we will add to our intellectual skills and become more analytical in our thinking about events related to (or not) food marketing.

You are expected to come to class prepared to discuss the relevant issues. You are strongly encouraged to and are expected to participate actively during class discussions and analyses. You are responsible for the material in the reading assignments and materials handed out in class. *Note* that for each hour of the class, you may need to devote at least 2 hours outside the classroom.

**Evaluations:** The main question of interest here is "What did you learn in this class that you did not know before?" One enrolls in a course to learn something new or to expand the horizon of something already learnt, and I hope this course will be able to offer students exactly that.

To evaluate student understanding and progress, there will be **2 in-class tests**. Each test generally consists of both multiple-choice and short essay-type questions focusing on relevant concepts, theories, facts, analytical procedures, and models. In addition, there will be **home work, quizzes** (both

*almost every week*), and a **term project** during the semester. Details of the term project are given at the end of this syllabus.

Examination dates are given below so that you can plan accordingly (NOTE: there is NO make-up exam in this course – see details below).

**Monday, March \_**

**1<sup>st</sup> exam; in class**

**Monday, May \_**

**2<sup>nd</sup> exam (not comprehensive); in class**

**Grading:** It is my responsibility to prepare appropriate evaluation to your progress in learning and give feedback regularly. Grading will be based on written work (tests, homework, quiz, term paper) and class participation. I aim for fairness in grading. Please remember that grading is a subjective process whose end is not always satisfactory to everyone. Also please remember that your grade in this course is not a prediction of your success after graduation, nor is it an evaluation of your worth as a person. Grades for the course will be based on:

<i>Two in-class exams, @100 each</i>	<i>200</i>
<i>Team term project: 60 pts written report (10 draft + 50 final) + 20 pts oral presentation + 10 points progress reports, including forming team + 10 pts peer evaluation</i>	<i>100</i>
<i>HW</i>	<i>40</i>
<i>Quizzes</i>	<i>50</i>
<i>Participation (you can't participate if you are not present in class!)</i>	<i>5</i>
<i>Extra credit</i>	<i>5</i>
<b>TOTAL</b>	<b>400</b>

**Grades:** Final grades will be adjusted based on your overall class performance. Those who earn the A grade typically receive 90% or above of the total points (those earning 50% or below will receive an F grade). *Improvement during the semester will be taken into consideration in determining course grades in borderline cases. University policy regarding incomplete grades will be followed.*

**My commitment regarding Teaching and Learning:** I see my role as a teacher to be a facilitator of learning. My goals include, among others, the transfer and discovery of knowledge and the

development of YOUR abilities to think critically and analytically. This is accomplished through both theory and practical work in- and outside the classroom. Teaching and learning require a collaborative effort where I assume the primary responsibility for guiding the learning process and YOU assume the personal responsibility for learning. In this collaborative approach, I expect YOU to participate actively and provide feedback throughout the semester to improve my teaching and your learning.

Even after a decade of teaching this and other courses, I still consider myself learning continuously how to teach better. Therefore, I am committed to continuous improvement in the quality of teaching and learning. To achieve this, I will use several mechanisms. First, you are invited to speak to me freely at any time about any aspect of the course. Second, we may conduct a mid-terms evaluation of the course. At any time, you may also indicate the merits and demerits of the course and your suggestions for improvements. Your feedback will help me gauge how the course is progressing and make it a worthwhile learning experience for you. I will share the summary of your feedback with you and will try to make the necessary adjustments in my teaching based on your feedback. Finally, course evaluation forms will be administered at the end, and I encourage you to write comments on the back in addition to filling up the bubbles. This will be particularly helpful for making effective changes in future.

**Your Responsibilities:** Some of YOUR responsibilities, as a student in this class, include:

1. **Be** committed to and **responsible** for learning. This includes using all the college-level skills you have for reading, writing, thinking, listening, and the “grit.” For instance, prepare for each class by **READING** assignments **BEFORE** class, ask relevant questions, and study adequately for quizzes, exams, and term papers.
2. Use the principles of **critical thinking** when completing assignments, e.g., analysis of articles and term paper. Some of the elements of critical thinking include: relevancy (your statements must be relevant to the question), accuracy (statements presented as facts and used to support your position must be accurate and clearly supported with evidence), clarity (expand on your idea and provide examples or illustrations to explain what you meant), depth (address the complexity of the problem), breadth (consistently and thoughtfully consider alternative points of view and interpretations), logic (your line of reasoning needs to be logical, and your conclusions must follow your logic), and significance (you must draw conclusions from the experience) [adapted from *Foundation for Critical Thinking* by Richard Paul, 1996].
3. Do your assigned work **on time**. If you think you will need help in the class, get it as soon as possible. The longer you wait to get help, the harder it gets to catch up with the class.
4. **Participate** in class discussions. *There are credits to be earned!* You are strongly encouraged to provide feedback to the Instructor throughout the semester in order to improve this class.
5. If you are having difficulty learning in this class, or having any class-related problem, or just want to stop by, I expect you to **see you in my office**.
6. You have chosen to enroll in this class, therefore, **you are expected to** arrive on time and attend

(over)

every class session for its entirety. Absence from class does not excuse you from being responsible for contents missed.

7. **Be mindful** of your neighbor. Notify me if you are having any difficulty in class.
8. Your active engagement in the following is **PROHIBITED** during class: any portable electronic devices (e.g., laptop, cell phone and similar devices), newspaper, and similar other items. IF you must make or take a call/mssg, please step outside the classroom without disturbing other students or the instructor. *Continuing to conduct prohibited activities in class after being warned may include but not limited to dismissal from the class.*
9. **Academic dishonesty** will not be tolerated. You are expected to follow all applicable University, School, and Departmental policies and regulations. You may be asked to sign an honor pledge with each assignment, including HW, Quiz, and Exams. All students are expected to abide by the *academic honor system* followed at Rutgers. Any form of cheating, including plagiarism in reports, will be handled accordingly. Please visit <http://academicintegrity.rutgers.edu/integrity.shtml> for more details. **Each examination may include questions based on the RU academic integrity policy.**
10. *Those students with learning or other **disabilities** should contact the instructor at the beginning of the semester with appropriate paper work.*
11. Last but not the least, kindly note that **this syllabus is a type of contract** for enrolling in this course. If you decide to continue with this course beyond the point of drop and add, I shall consider that all rules, policies etc. outlined in this syllabus and/or discussed in the class are acceptable to you.

#### **ASSIGNMENT, EXAM, AND ANY CLASSWORK RELATED POLICIES**

1. **Formatting related:** If your HW and/or any written work has more than one page, properly number the pages and staple the report *before* you submit. Folding pages at the corner is not considered stapling. I am not responsible for any lost or missing pages in your written work. Do not forget to write your name on any submitted work.
2. **Labeling related:** Clearly label items that needs labeling (e.g., \$, lb, ft, proper nouns, etc.). Points may be deducted if completed work is not properly labeled.
3. **Show work details:** Getting the answer correctly is not sufficient, you need to show how you got to the correct answer, i.e., show your work, particularly in work that involves math. Points may be deducted if completed work is missing details.
4. **Penalty for non-completion:** Complete and submit ALL assignments, whether individually or in a group, in a timely manner and in a suitable/professional format. Non-submission of homework and other assignments on the due date will result in a @20% deduction of points per calendar day AFTER the due date, i.e., if you submit the day after the due date, you will lose 20% points for that assignment, and so on.

5. **Getting acknowledgement:** If you submit your completed assignments by email, make sure you receive my acknowledgment of receipt. If you drop off your completed assignment in my mail box, make sure to get a written acknowledgment from one of the Secretaries in my Department. If you are sliding your completed assignment under my office door, it is your responsibility to obtain an acknowledgment from me.
6. **Missing examinations and quizzes:** *There are NO make-ups for missed exams or quizzes.* If you **miss a quiz**, that will constitute the lowest score and will be 'dropped' from your final grade and replaced by your average quiz score for the semester. That is, you may miss a maximum of one quiz during the entire semester without incurring any penalty. IF you must **miss an exam** and have a valid, documented excuse (e.g., illness documented by a physician's note is a valid excuse), you have the option of (i) writing a short paper on a class-related and instructor approved topic, or (ii) increase proportionately the weight of the other exams and having the final grade determined accordingly. Without any documented valid excuse, you will be given zero grade for the missed exam(s).
7. **Plagiarism** carries severe penalty, including but not limited to, suspension and expulsion. **Note that Rutgers subscribes to a service ([www.turnitin.com](http://www.turnitin.com)) that can and will detect and verify plagiarism and all faculty members have access to this service.** I will be using Turnitin to check the originality of your term paper (both the team section and the individual section). The cutoff point is 25% in terms of the 'similarity index.' So, if your report is flagged by Turnitin as above 25% in its originality report, you will lose 75% of total points; and if your paper is flagged at 50% or above, you will be reported to the proper authorities who handle academic integrity issues at Rutgers. Visit <http://turnitin.rutgers.edu/> for more information. Please consult Rutgers University's policies on academic integrity for details.

**If you have questions regarding this syllabus, or class policies, or about the course, or any class material, please do not hesitate to contact me.**

### **TEAM TERM PROJECT DESCRIPTION AND GUIDELINES**

Successful completion of a marketing term project allows students to connect course materials to the real world. Additionally, such a project provides an opportunity for students to practice their communication skills through interacting with other group members and completing a written project; such communication skills are extremely valuable in students' professional career. To encourage substantial effort and significant participation, this term paper project represents a substantial portion of students' final grade.

Teamwork and collaborative learning are the essence of the "new economy". We will try to simulate a similar environment in the classroom to enable learning and to provide you with a "hands-on" experience. Students will work in small groups (see details below). The objective of the Term Project is to give students an opportunity to think about and apply the concepts covered in class to the real

world. When completed successfully, this term project is expected to foster one's analytical thinking and presentation skills, including writing skills, and foster individual as well as shared learning.

This term project includes working collaboratively with your peers in the class and it requires field work as well as library research for economic data and information. You will also need to analyze such economic data and present in both oral and written forms.

### **Steps toward successful completion of the Term Project**

**Step 1: Team formation:** This is a part of a cooperative learning process. **Small groups or teams** will be formed by an in-class lottery system on the **first Monday** of the course (on Jan 26<sup>th</sup> this spring). Each team will consist of a **maximum of 4 students** (in case the total number of students is NOT a multiple of 4, then some groups may have more/less than 4 students). Those students who were absent will be assigned to teams at random. Exchange emails/phone numbers among team members on the day teams are formed.

**A Note on Group Management:** Groups are static, i.e., once you are in a group, you will remain in that group throughout the semester. A group may 'fire' you IF there is a consensus among the rest of the members of the group to fire you. In that case, there must be a formal one week's notice given to you by any member of the team and cc the termination notice to the instructor. In case you are fired, you may find another team that will 'hire' you or as mentioned in a footnote elsewhere, do the project on your own.

Please note that you will get an opportunity to evaluate each of your teammates (10 points). Your evaluation WILL impact your teammate's final grades. So, it is best if everyone in a team works cooperatively.

If you want me to join your team's discussions occasionally, contact me in advance so that I can plan my day accordingly. MORE importantly, DO NOT hesitate to contact me (email please) if you need help, or have any question.

**Step 2: Start your work NOW! Do not wait!!**

### **Term Paper Task Details**

The project involves marketing management analysis of a **local retail** business (food or non-food). The goal of this term project is to help students apply course concepts and analytical skills in the real world. This project will require students to be able to gather disparate sets of information, put them together in a coherent manner, think critically and use their presentation skills, including writing skills. Here is what you are required to do:

**Task#1:** Contact a local retailer or a retailer (e.g., Stop and Shop) in your area of residence (e.g., Highland Park) and explain the manager (or the owner) the purpose of your project and explain how upon completion, you will provide value to the retailer (e.g., you'll give him/her your written report).

**Task#2:** Conduct a **profile and management analysis** of the selected retailer. This involves an examination of all of the following:

- a. Company profile - describe the company/the retailer, its location, its history, about the sector in which it operates, its leadership and personnel, part of a chain store (or franchise) or an independent operation, the primary products or services it makes and/or sells, its competitive advantage and customer value it offers
- b. Marketing environment - market area, competition, state of technology, etc.
- c. Target market and market area – target market characteristics, geographical market area, etc.
- d. Market potential – Is the retailer expanding its product (service) and/or market area? Why? How?
- e. Product management strategies- product positioning, product life cycle, new product development, etc.
- f. Distribution aspects – supply chain characteristics (see #4 below)
- g. Pricing strategies – general pricing policy and specific pricing strategies of the retailer (e.g., psychological, bundling, dynamic pricing, etc.); how do its prices compare with competitors?
- h. Promotion strategies- advertising, PR, sales/trade promotions, etc.
- i. Obstacles and innovations to survive and succeed – how is the company doing as a business? Is its sales going up (or down) in the past couple of years? If so, why? (try to find out reasons besides the usual ‘economic downturn’ reason); what major problems does it face or faced in the last 5 years and how they were resolved? What has this retailer done to succeed during that period? Given the hindsight, what it would do differently and why?
- j. Future direction - where does the business see itself in 5 years and 10 years into the future? The answer to this question will also highlight its strategic business plan, which is essential for its success.

**Task#3:** Analyze **the supply chain of the retailer:** consult the owner or manager of the retailer and identify at least *two major product lines* for the retailer. You must justify your selection with analytical information, e.g., data showing that these product lines are the top sellers in last six months for your retailer. Now document and analyze the supply chains of these two major product lines, including their vertical coordination arrangements. Critique these supply chains and recommend how to make improvements. Provide appropriate supply chain diagrams and supporting data.

**Task#4:** Conduct a mini-**SWOT (strength, weakness, opportunity, and threat) analysis** of the retailer. Some of the information you have gathered for the profile analysis (i.e., Task#2) will be useful here.

**Task#5:** The final step is **reporting** and this consists of regular progress reports (see the schedule of due dates elsewhere), an in-class oral presentation, a draft written report, and a final written report. **Complete all your reports** by their given deadlines. **In the final written report**, include your conclusions about the business and recommend how to improve the business you selected; be very specific so that the owner/manager could implement them. At the end of the conclusions section, add your comments on relevance and usefulness of this project to the course and whether it contributed to your learning, e.g., should such project be part of this course? Provide alternatives, if any.

**IMPORTANT TERM PAPER DATES TO REMEMBER (*assignments must be emailed by the due date/time as an attachment - MS Word preferred*)**

January end	Lottery for team membership will be held in class TODAY, i.e., term project teams will be formed today. Those who are absent today will be assigned to teams at random.
February first week	Name and contact info of the retailer are due by <b>9pm</b> TODAY; 4 points
Mid-February	Progress report #1 due by <b>9pm</b> ; 2 points. <i>For this report, you need to complete Task#1 and Task#2a.</i>
February end	Progress report #2 due by <b>9pm</b> ; 2 points. <i>For this report, you need to complete rest of Task#2.</i>
March end	Progress report #3 due by <b>9pm</b> ; 2 points. <i>For this report, you need to complete rest of Task#3 and Task#4.</i>
Early April	Oral presentation (5 min each group); 30 points. <i>For this report, you need to present your project in oral form (draft written report not required until April 14<sup>th</sup>)</i>
Mid-April	Draft written report due by <b>9pm</b> ; 10 points. <i>You may receive comments on the draft.</i>
April end	Final written report due (as attachment) via email by <b>9pm</b> ; 50 points

**WRITTEN REPORT GUIDELINES (you will forfeit valuable points if you do not follow these guidelines)**

1. Written reports **must be typed** (use easily readable font and font size, e.g., Times Roman, 12 pt), preferably in MS Word, and submitted via email. *Quality is more important than length.*
2. Your report must be written in the **style of a professional report**. That is, it must have a cover

page, a TOC, page numbering, etc. If you are not sure what a professional report is, contact me asap.

3. Written reports should be properly sectionalized by topics (e.g., supply chain) and appropriately marked.
4. You must provide **proper citations in the main body and a reference at the end of your term paper** even if you only rewrite someone else's writing. Plagiarism implies academic dishonesty and if caught, you will be penalized accordingly. **Plagiarism in any form carries a stiff penalty, so give due credit where it is due.** *Wikipedia is good place to start, but it is NOT an acceptable source of reference.* ALL citations must be under the heading "References," and placed at the end of the term paper. Use the Chicago style of referencing *only* (see the Sakai site for the rules and/or ask Dr. Bhuyan for a sample).
5. If you are attaching any appendix material (e.g., data print out), make sure that they are well defined and submitted in an organized manner.
6. Last but not the least, **REVISE, REVISE and REVISE** *before* you submit the final version of the term paper in May.

Before the class started, students were asked to submit the following info by Jan 24<sup>th</sup> (get extra credit for meeting the deadline or lose points by not meeting it).

**STUDENT INFORMATION: Please email the following info by the end of second week of classes to [Bhuyan@aesop.rutgers.edu](mailto:Bhuyan@aesop.rutgers.edu). Thank you!**

1. Your name and the name you like to be called:
2. Your E-mail address that you use more frequently:
3. Your expected graduation date:
4. Why are you taking this elective course, i.e., what are your learning goals or what are you expecting to learn in this course?
5. Describe your previous education and/or experience in marketing or allied field:
6. What do you know about the U.S. food marketing system BEFORE taking this course?
7. Have you done any research related to marketing of a product or service, whether as a student or otherwise? If so, please describe (and hope you'll share it with the class when appropriate):
8. List the courses you have taken on micro- and macroeconomics, math, calculus, and statistics:
9. List the best course(s) yet, and why:
10. How much time per week do you plan to devote to this class outside of scheduled class hours?
11. If you were teaching a course, any course, how would you teach it?

**TERM PAPER GROUPS and PROJECTS**

<i>Student Name</i>	<i>Company selected</i>	<i>Products selected</i>
<b>Group X</b>	e.g., Harvest Moon Brewery	?
1. Jane Doe1		
2. Jane Doe2		
<b>Group 1</b>		
1.		
2.		
3.		
<b>Group 2</b>		
1.		
2.		
3.		
4.		