Agricultural and Resource Economics 275

Agribusiness Management and Entrepreneurship
Fall 2006

Instructor: Ronald W. Cotterill

Course Description:

This is a course in managerial economics, and entrepreneurship with a focus on food sector industries. It explores demand and cost theory. Students will use Microsoft Excel and the computer software that comes with the textbook to analyze managerial economic questions. In one problem set students will actually estimate demand curves for branded milk, Hood, Garelick, and store brand, in Boston. Specific firms will be studied via guest lectures by invited executives and field trips to nearby firms.

Students are expected to have a working knowledge of high school algebra. and analytic geometry, as well as an introductory microeconomics course.

Title: Agribusiness Management and Entrepreneurship
Class: TuTh 9:30 am – 10:45 a.m.
Room: W.B. Young 233

Text: Samuelson and Marks, Managerial Economics, 5th edition, Dryden Press, 2006.

Other readings on the reading list will be distributed by the instructor.

Examinations and Grading:

Midterm Exam 40%
Final 40%
Problem Sets 15%
Notebook 5%

(Notebooks will be collected at the midterm and final examinations and graded for content 2.5% at each time).

Course Outline:

I. Introduction to Economic Decision Making

- text chapter 1

II. Optimal Decisions Using Marginal Analysis

- text chapter 2

III. Demand Analysis and Optimal Pricing

- text chapter 3

IV. Estimating Demand

- text chapter 4
- David Streitfeld "Amazon Pricing Test Angers Customers", *Hartford Courant*, Thursday 9/28/2000, p. E1 (in readings).
- Kevin J. Delaney "Hoping to Overtake Its Rivals, Yahoo Stocks Up on Academics" 8/28/06, *The Wall Street Journal* (in readings).
- Constance L. Hays "What They Know About You", *The New York Times*, Nov. 14, 2004 (in readings).

V. Cost Analysis

- Ferguson, C.E. and Gould, J.P. *Microeconomics*, 4th edition 1975, Chapter 7, Theory of Cost. (Readings)
- "National Commission on Food Marketing, Economies of Scale in Food Retailing," Chapter 7, pp. 139-152 and Technical Appendix D pp. 493.494. (in readings)

VI. Market Equilibrium

- Ferguson, C.E. and Gould, J.P. *Microeconomics*, 4th edition 1973 Chapter 8, "Theory of Price in Perfectly Competitive Markets".
- Cotterill, R.W., W. Putsis, A. Rabinowitz and I Druckute. "The Carbonated Soft Drink Industry in the United States" in Tremblay V.J. and Tremblay C.H. Industry and Firm Studies M.E. Sharpe 2007, (section on pricing and trade promotions in readings).

VII. Monopoly

- text chapter 9

VIII. Cooperative Theory

- Cotterill, Ronald. "Agricultural Cooperatives: A Unified Theory of Pricing Finance, and Investment" in Royer ed. Cooperative Theory: New Approaches, USDA, Agricultural Cooperative Service Report No. 18, July, 1987, p. 171-195 (readings).
- Petraglia, Lisa and Richard Rogers. "The Impact of Agricultural Marketing Cooperatives on Market Performance in U.S. Food Manufacturing Industries for 1982." Food Marketing Policy Center Research Report No. 12, pp. 43-77 (readings). Full report is available at http://www.fmpc.uconn.edu/SERIES.HTML.
- Chedekel, Lisa. "Trapped by Zippers and Hoods", *Hartford Courant*, 12/12/2004, p. 1, (readings).

IX. Food Retailing: Direct Product Profit Analysis, Strategic Pricing

Go to http://www.ers.usda.gov/publications/aer811 and read chapter titled "Food Retailing" starts on p. 21

- "The Marsh Super Study" Progressive Grocer, Maclean Hunter Media, Stamford, CT, December 1992, Part II. (Readings)
- Bennett, Stephen. "Putting Soft Drinks to Work." *Progressive Grocer*, p. 89, February 1993. (Readings)
- Ryan Mathews "Category Management Grows Up" *Progressive Grocer*, p. 79, November 1996 (in readings).
- "Can Retailer-Controlled Brands Dominate Category Management?" *Progressive Grocer*, A-9, November 1996 (in readings).
- Steiner, Robert. "Category Management – A Pervasive New Vertical/Horizontal Format", Antitrust, Spring 2001, p. 77-78. (Readings).
- Denis, P. and J. Fishkin. "Minimizing Antitrust Risk for Manufacturers and Retailers in Category Captain and Category Management Relationships, www.swidlaw.com 2003 (in readings)

X. Market Channel Analysis: Distribution/Channel Relationships, Strategic Management

- Cotterill, Ronald. "Dynamic Explanations of Industry Structure and Performance, University of Connecticut Good Marketing Policy Center Research Report No. 53, April 2000. Download at www.are.uconn.edu/fmktc.html. Read sections 2 and 3, pages 3-8 and accompanying picture, tables and figures at the back of the report. Browse the appendix stock price charts.
- Giblen, Gary. "The Private Label Megatrend: A Mega Plus for Food Retailers" Smith Barney, New York, April 5, 1995. (Readings)
- Cotterill, Ronald. "The Economics of Private Label Pricing and Channel Coordination," in G. Galizzi and L. Venturini *Vertical Relationships and Coordination in the Food System*, Physica-Verlag: Herdelberg 1999, (section in readings).
- Cotterill, Ronald. "The Food Distribution System of the Future: Convergence Towards the US or UK Model?" *Agribusiness*, Vol. 13, No. 2, March/April 1997, pp. 123-136. (Readings)
- Bell, Richard. "The Challenge of Food Distribution" in B. Ramsay "The Future of the Global Food Industry, Strategic Directions" Financial Times Monograph Series, London, October 1999. (Readings)

XI. Food Manufacturing and Distribution Firms

- a. Cooperatives (UConn Co-op and Co-op visit)
- b. Wholesaling – Brokers (Guest lecture by Chuck Clark CEO Farm-Tek, Windsor CT. Guest lecture by Jennifer Gruber, Food Broker and Tropicana Brand Manager for New England)