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# The Food Industry Center

## 2015 ANNUAL REPORT

UNIVERSITY OF MINNESOTA

# OUR MISSION

The Food Industry Center will develop leaders for tomorrow's food industry. Through research, educational programs, and industry collaboration, it is a leading source of knowledge on how food reaches consumers efficiently and contributes to safe and healthy lives.

# ABOUT US

**The Food Industry Center (TFIC)** was founded in January 1995 at the University of Minnesota as one of several Alfred P. Sloan Foundation Industry Studies centers and the only one that studies the food industry. TFIC has an illustrious 20 year history of conducting primary research on the food industry and offering forums on current industry topics and best practices. Originally established as The Retail Food Industry Center, the Center changed its name to The Food Industry Center in 2001 to accurately portray the breadth of food industry studies the Center conducts.

# A NOTE FROM THE DIRECTOR

**Michael Boland**
*Director, The Food Industry Center*

It has been a busy year for the Center. Faculty working in the areas of consumer and food economics have been analyzing a number of food stamp benefit programs, health and wellness, and other issues this past year. We had a team of students who participated in the annual National Grocers Association (NGA) case competition and other student competitions. Several colleagues and I are working on policy options for the avian influenza, which has been devastating for turkey and egg producers.

The food marketing class that I taught partnered with several Twin Cities organizations on marketing plans for new products including single-serve packages of Cheerios for busy parents with babies, lightly caffeinated milk (yes, you read that correctly) for high school students, a shelf stable Greek yogurt dessert, a restaurant that would use locally grown fruit and produce, lean lamb products, and a service provided by greenhouses that would plant and check a garden for an aging population who wanted fresh vegetables but needed help planting and caring for the garden. It is interesting to see what college students will come up with when asked to develop an idea for a new product or service. The student group with the caffeinated milk product was asked to present before the Minnesota Women's Agricultural Leadership Conference in April and did a great job.

Our inaugural international study tour looked at the dairy foods industry in Ireland in light of new policy changes. Twenty students worked on a business plan for an Irish dairy firm. One student group was chosen from among the five to present before a group of 74 farmers and their families. It was a great experience! It was so successful that, later this year, 30 Irish dairy producers will be coming to Minnesota and Wisconsin and several of our students will be hosting them!

International Dairy Student Group

Student Business Plan Presenters

Jean Kinsey and Ray Goldberg

The International Food and Agribusiness Management Association (IFAMA) held their annual meeting in St. Paul in June. I was co-coordinator of the nine industry panels on food security, talent and knowledge management, and big data. We had industry leaders from Cargill, CHS, General Mills, and Land O'Lakes on the program. Wayde Fleener and Dave Jackett from General Mills spoke about how General Mills uses data in their supply chain to look at supply disruption issues and use of social media data for new product trends. They provided several case examples, which were very enlightening. Yone Dewberry and Chris Fisher shared how data is used in decision-making while Loren Heeringa, Nick Koewler, and Mike Macrie spoke about onboarding employee engagement. All are employees of Land O'Lakes.

One of our alumni, Professor Ray Goldberg (Ph.D., 1952), was honored with a lifetime achievement award. Ray was head of the Agribusiness Program at Harvard for over forty years and now teaches in the Kennedy School of Public Affairs and Business School at Harvard where he leads the Private and Public Scientific, Academic, and Consumer Food Policy Group (PAPSAC). Mike Boland and former TFIC director, Jean Kinsey, have been members of PAPSAC since its inception.

Our monthly luncheon speaker series continues to be popular with students. A joint MBA / MS degree program with the Carlson School of Management is on the docket for approval by the Board of Regents this summer. Dr. Hikaru Peterson will be joining our department this fall. She is a well-known researcher in food issues and an accomplished teacher. Hikaru is currently researching rural grocery stores and will be teaching the food marketing class.

Finally, we have a new look to the website as part of the university and college makeover. Our URL is the same at **http://foodindustrycenter.umn.edu/** but we encourage you to take a look if you have not recently. All of the old publications from the center that were done as part of the Alfred P. Sloan Foundation funding have been archived and are still available. We have included all the annual reports and newsletters along with a 20-year history of the Center and other information on the new website. A number of you have asked about Jean Kinsey and a note from her and what she is doing in included in this report.

In this annual report, you will learn more about our student activities and Center events for the July 2014 to June 2015 time period. We benefit from outstanding industry cooperation. The contributions we receive from our Sponsoring Members are leveraged to support our many activities like those listed throughout this report. They also allow us to leverage competitive grants to support graduate students, research, and outreach activities.

Feel free to contact me at boland@umn.edu or 612.625.3013 about any issue.

# STUDENT ACTIVITIES

## LEARNING FROM INDUSTRY COLLEAGUES AT NATIONAL GROCERS ASSOCIATION MEETING

The Food Industry Center's student team for the case study competition at the 2015 National Grocer's Association Convention was Derek DeGardner, Sami Fleckner, Austin Liepold, and Crystal Siemers-Peterman (recipient of NGA Asparagus Scholarship). The students ran a 5k to help raise funds for the NGA scholarship program. The students made the competition finals again this year. In addition, they served as moderators and attended workshops. They especially enjoyed the mentoring program.

Sami, who also participated last year and is currently interning with Land O'Lakes, said, "We started much earlier than last year and that helped us." Crystal, who is interning at FLM+, or Farmer, Lumpe, McClelland and Associates, which is owned by Land O'Lakes, said "We were really disappointed at not winning! We felt good about our recommendations but I learned a lot and am looking forward to being part of next year's team."

This year's industry client was Wakefern Foods, a large grocer in the eastern United States. The case study question was: How would you move resources from print advertising into other forms of media for Wakefern?

The number of schools competing in the completion was the largest ever and included:

Louisiana State University, St. Joseph's University, Arizona State University, Cornell University, Illinois State University, North Carolina State University, Utah State University, University of Georgia, Fresno State University, Western Michigan University, Cal Poly San Luis Obispo, and Portland State University.

The students saw that the increasing cost of coupons and print advertising, decreased customer loyalty and competition from big box stores was leading to a loss in potential revenues for Wakefern. The students devised a strategy built around a digital application that would pair with your phone when you entered the store. As a customer shopped, the app would download own-store coupons as well as manufacturer's coupons contained in a library in the cloud. The app would also recognize if the consumer was shopping for food preparation and would suggest recipes and items needed for those recipes and where they were located in the store. The students spent a lot of time understanding the technical aspects of why wifi does not work so well under steel roofs and why beacons would be needed in the store. In addition, they learned about Bluetooth and other pairing devices that would download all possible coupons at checkout.

It is easy to see why their ideas made the finals round!

Derek DeGardner, Crystal Siemers-Peterman, Sami Fleckner, Austin Liepold (left to right)

Erik Hanson, Will Secor, and Joel Cuffey (left to right) in IFAMA Graduate Student Case Competition

Students also participated in the International Food and Agribusiness Management Association Graduate Student Case Study Competition and the Agricultural and Applied Economics Association Graduate Student Case Study Competition.

We partnered with Midwest Dairy on the 2015 Dairy Academy, which included a visit and interviews with various store managers of Jerry's Food, a tour of First District's dairy processing facility in Litchfield, and a visit to a dairy farm. Over 35 students participated. They were joined by six General Mills employees who discussed their positions and what they do in supply chain management and sourcing. Rongrong Jing, recently graduated student in Agricultural and Food Business Management, had this to say, "In my country, we are envious of your dairy products. Being able to see the plant and farm makes me realize what a nice industry this would be to work in."

Students after their tour of First District Dairy Processing Plant

# FOOD INDUSTRY LEADER IN THE CLASSROOM SERIES

The Food Industry Leader in the Classroom luncheon series invites food sector professionals into the classroom to meet with University and food sector students to share their knowledge about working in the sector. This past year, we had the following speakers:

Daniel Shannon

In September 2014, Daniel Shannon, who was with Kraft Foods North America at the time, spoke about successfully managing sales and promotional activity in multiple categories totaling over $150 million dollars in revenue. In particular, he spoke about effectively managing a team of employees responsible for sales in the Western United States. Yeqing Qu, an Agricultural Food and Business Management student who is currently in graduate school at the University of California, Davis, noted, "Listening to how an internship led to a job and successful career was very informative for me."

Aaron Riippa

Aaron Riippa, a buyer with General Mills, talked about the Marketing Sourcing Solutions categories, including supporting all Brand and Marketing sourcing for print, publishing, and sampling.

Madlyn Daley

Madlyn Daley, Senior Vice President for Knowledge and Insights for Dairy Management, Inc. discussed changing consumer and product trends, and marketplace dynamics in dairy on October 23, 2014. Madlyn used examples from her career with Quaker and McKinsey & Company to help provide a broad overview about what is going on with differing demographics. Maggie Jennissen, senior in applied economics, had this to say about Madlyn's presentation. "There was a lot of data in her presentation and it was interesting to learn more about how social media is being used in dairy."

Matt Stommes

On February 3, 2015 former Gophers football player Matt Stommes, who grew up on a dairy farm near Eden Valley, MN, discussed his career as a production supervisor for Cargill AgHorizons. Leo Rahadja, senior in the Agricultural Food and Business Management major said, "I didn't realize that firms such as Cargill allowed employees to work on charitable causes in their community such as food shelves. It said a lot to me that an employer expected their workers to be involved in their community as part of their job."

Finally, students got to hear about innovation in the butter category when Paul Luna, Marketing Manager for Land O' Lakes, talked about European butter and other innovative products on April 13, 2015. Paul used examples from his career with Kraft Foods, General Mills, and now Land O' Lakes about product innovation and marketing branded products. Billy Kaye, recently graduated with an applied economics degree and a management trainee with Scoular Company in Kansas, said, "I was impressed that Mr. Luna was able to balance his career, family, and the National Guard. What an inspiration."

Paul Luna

*More than 150 students attended these luncheons.*

Note: Aaron and Matt spoke about on-boarding programs for new employees at IFAMA conference. Tina Dorner, Talent Acquisition Specialist with CHS, and Nick Koewler, Talent Acquisition Manager for Land O'Lakes, were also on that panel.

# STUDENT PROFILES

Faculty working in TFIC have a number of doctoral students funded by government and industry at the present time. We have been very competitive in securing external funding for our graduate student's tuition, stipend, insurance and benefits, and funding for travel to present research at conferences. Here is a summary of what some of our students are doing.

Applied Economics Doctoral Students

**Joel Cuffey** is a third-year student focusing on the impact of SNAP on employment and food security, the potential effect of restrictions on SNAP purchases, and the extent of food deserts in the Twin Cities.

**Ndifongwa Ngwa** is researching food safety by focusing on consumer response to food recalls.

**Erik Hanson** is a third-year student working with Michael Boland researching occupational safety at agribusiness retailers. His hope is that his research will reduce accident rates and thereby strengthen this key part of the food economy. Erik is pursuing an academic career in managerial and production economics.

**Dom Rolando** is starting research looking at the egg, broiler chicken, and turkey industries in Minnesota. This research, with his adviser Metin Çakır, is very timely in light of the avian flu outbreak.

**Will Secor** is a third-year student studying the impacts of ownership on managerial decisions such as ownership structure affecting the decisions of entry and exit, how to price retail food products, and where and how to source raw agricultural products. Will was chosen to moderate an afternoon session at IFAMA with Ray Goldberg and is working with Michael Boland.

**Jeta Rudi** is a third-year student working on the issues pertaining to healthy food consumption and food safety with Metin Çakır. Jeta was the first recipient of the Jean Kinsey Graduate Student Fellowship in Consumer Economics.

**Cael Warren** is assessing the healthfulness of food distributed by food shelves by calculating monthly Healthy Eating Index scores for a large sample of food shelves served by Second Harvest and The Food Group. He is working with Rob King.

Fanda Yang at his internship at Land O'Lakes

**Fanda Yang** is a third-year student working with Marin Bozic on risk management related research on the Margin Protection Program for Dairy Producers and its relationship with traditional hedging practice through CME futures and options. He strives to become a dairy economist for the U.S. dairy industry. In the summer of 2015 he interned with Land O'Lakes.

# UPDATE FROM JEAN KINSEY

In this new phase of life, Professor and Director Emerita Jean Kinsey has been occupied with activities planned and unforeseen. She was recently privileged to lead a toast to Gail Pesyna, during a special reception at the annual conference of the Industry Studies Association in Kansas City. (**www.industrystudiesconference.org/conference/2**) Gail was Vice President and Program Director at the Alfred P. Sloan Foundation. Gail was a professional colleague and friend to TFIC during the early 2000's while the Alfred P. Sloan Foundation was funding TFIC's research. Gail is still a tireless advocate for the Industry Studies Association and industry studies. Gail retired from Alfred P. Sloan Foundation earlier this year and has moved to Pittsburgh with her husband.

Jean Kinsey served on the Committee on a Framework for Assessing the Health, Environmental and Social Effects of the Food System for the Institute of Medicine (IOM) and National Research Council of the National Academies. The committee's 2 years of work produced a report by the same name that will be published this summer. (**www.nap.edu/catalog/18846/a-framework-for-assessing-effects-of-the-food-system**)

Back at the UMN (University of Minnesota), Jean is currently serving as president of the University of Minnesota's Retirement Association. She is also active in the UMRA photo club. She encourages all retirees from UMN to check out joining this volunteer club. (**www1.umn.edu/umra**). As planned, she is active in the Senior Section of the Agricultural and Applied Economics Association (AAEA), has an active consulting life, and continues to raise funds for a graduate fellowship. Jean travels all around the world with her husband, Frank Busta. Unplanned was

Gail and Jean at Industry Studies Association annual meeting

her receiving the Outstanding Ph.D. Alumni Award from the Department of Agricultural and Resource Economics at University of California, Davis, in May, 2015. That university has one of the outstanding doctoral programs, and Jean was one of five alumni who were chosen for this prestigious award. ***Congratulations!***

# EVENTS & OUTREACH

## MINNESOTA FOOD PRODUCERS LUNCHEON

2015 Minnesota Food Producers Luncheon

This year's luncheon, sponsored by TFIC, Minnesota Agri-Growth Council, and Minnesota Grocers Association, was held on May 21, 2015 prior to the annual Siehl Prize awards ceremony.

This year's Minnesota Food Producers Luncheon included Jennie-O-Turkey Store, owned by Hormel Foods, MOM Brands which is now part of Post Holdings, and Kemps Foods, which is owned by Dairy Farmers of America (DFA). It was another great program.

Greg Kurr, President and CEO of Kemps, spoke about their innovative products and marketing philosophy. Charles Krause, a dairy farmer from Buffalo, MN who has two children studying at the UMN, talked about the role of his farm as part of a sustainable environment.

Glenn Leitch, President of Jennie-O-Turkey Store, shared one of their new turkey products with the audience and discussed product and marketing innovation. John and Lynnette Gessell, multi-generation turkey growers from Flensburg, MN shared their thoughts about being turkey growers in an industry suffering from avian influenza.

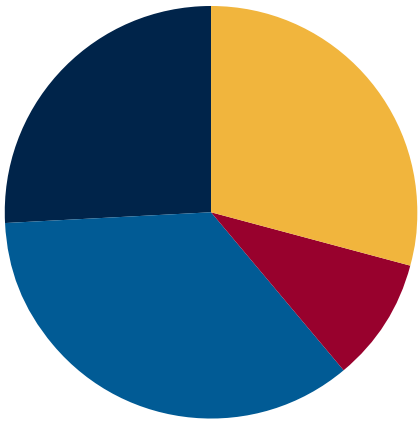
Chris Neugent, President of Post Consumer Brands (formerly MOM Brands), concluded with thoughts about hot and cold cereals and innovation in that category. Henry Albers, who farms with his family near Dundas, MN, talked about working at the plant in Northfield, MN, which is one of the most unique cereal plants in the world.

Our website includes a copy of the brochure and videos from each of our past luncheons, which can be streamed. Please look at them if you have time. The photographer used a camera mounted on a drone this year to shoot some aerial footage of the farms.

Graduate students Erik Hanson, Jeta Rudi, and Will Secor served as hosts for each of the three sets of speakers.

# FINANCIAL REPORT

## EXPENSES FOR FISCAL YEAR 2015



- *Staff*
- *Student Programs*
- *Education Programs*
- *Other*

Revenues from sponsoring members for fiscal year 2014 totaled $36,750 and expenses totaled $46,700. The expense breakout can be seen in the figure.

*Other expenses include industry magazine subscriptions, databases, and library support.*


## ACKNOWLEDGMENTS

The Food Industry Center would like to extend a special THANK YOU to our Sponsoring Member companies and organizations for their financial support during the year. We would also like to extend a special Thank You to our Board of Executives, for their leadership and support of the Center this past year.

### Sponsoring Member Companies

General Mills, Inc.

Land O'Lakes, Inc.

Midwest Dairy Association

National Grocers Association

Old Dutch Foods

SUPERVALU, Inc.

### The Food Industry Center Staff

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