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The Food Industry Center

2013 ANNUAL REPORT

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 a 15 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.

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.

UNIVERSITY OF MINNESOTA

A NOTE FROM THE DIRECTOR

Michael Boland
Director
The Food Industry Center

Our center works with students interested in food industry careers. They come from a variety of backgrounds - some are pursuing formal degrees or certificates, others students already work in the food industry. For our current University students, we offer outside-the-classroom educational opportunities to link students to food industry firms and current industry topics. Opportunities include a monthly luncheon speaker series, various networking events, and participation in industry activities such as the National Grocers Association case study competition. Our food marketing class, taught by Applied Economics Professor and TFIC Research Affiliate Ben Senauer, was filled again this year. I will begin teaching that class in 2014 upon Dr. Senauer's retirement. Our newest faculty member, Metin Cakir, will teach my business strategy class in 2014. You will meet Metin later in this annual report.

Our reporting year is based around the UM fiscal year and this report highlights our July 2012 to June 2013 activities. As in the past, our collaborative efforts extend out into the University and food industry communities. We continue to partner with other food centric programs on campus such as the Food Policy Research Center and the Grains for Health Foundation on public programs and research. This past May, in cooperation with College of Food Agricultural, and Natural Resource Sciences and the University of Minnesota Foundation, we launched a Minnesota Food Producers Luncheon in conjunction with Minnesota Agri-Growth Council. In that inaugural event, we spotlighted General Mill's Green Giant program, GNP Company, and Old Dutch Foods. In each case we had a senior leader and a producer who were interviewed to discuss their contracting programs with producers.

INDUSTRY SUPPORT

We benefit from outstanding industry cooperation and have many activities already planned for our 2013-2014 year. 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 and research activities. In the past 12 months, Tim Beatty, the Center's Research Director, and I have been able to secure more than $225,000 to support doctoral student research in nutrition and food policy issues. We are starting a major project for the USDA Economic Research Service looking at food price variability across different geographies. This topic has been looked at for producer prices but not consumer prices. And thanks to some new data sets, we will be able to work with graduate students on these topics. The cost of training and educating a masters or doctoral student for 12 months is approaching $30,000 and $40,000, respectively, a year, so our ability to leverage our work into research grants is critical for building the next generation of university teachers, researchers and industry leaders. This fall of 2013, we had four excellent students join our graduate program to work with us. During the past year, we have been reshuffling some office space to create common space in a bay for the faculty who work with us and our students. This is not as easy as it seems in a university! But we have been able to do that which has created many synergies for us and our students.

GOOD BYE

Finally, we said good bye to long-time TFIC program manager, Lisa Jore who took a new position outside the UM with additional opportunities. She was an integral part of the Center for almost ten years. In addition, our student worker, Denise Fung, graduated and has a new job. We miss both of them! Frank Trnka has assumed new responsibilities with the Center, and you will meet Frank later in this report. Tim and I continue to be active in different industry and professional society activities. We look forward to seeing you during this upcoming year!

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 ANNUAL MEETING

The Food Industry Center's student delegation at the 2013 National Grocer's Association Convention included four students. Tory Ahman, Denise Fung, Ashley Gilles, and Kim Tam moderated and participated in the Convention's breakout sessions and met with industry mentors to walk the Convention's trade show floor; ultimately receiving real time industry education and career preparation. They also participated in the marketing plan competition which featured Chief Markets from Ohio.

Kim said,

> *"We went out to SuperValu and Lund's to rehearse our presentation for the competition. I had never been to a corporate office before. Then we saw several of those same managers at the conference. It made me realize how these activities were linked."*

Ashley commented,

> *"I liked the trade show and meeting various people with my mentor. I worked at Lunds in the past and got to learn even more about careers."*

How would you develop a marketing plan for Chief Markets?

Ashley, Denise, Kim, and Tory offered their solution to this question as members of the University of Minnesota team participating in the Convention's annual case competition. The team competed against other schools from Louisiana State University, Sam Houston State University, St. Joseph's University, Arizona State University, Cornell University, Illinois State University, North Carolina State University, Fresno State University, Western Michigan University, Cal Poly San Luis Obispo, and Portland State University. This was the largest

number of schools participating in the contest to date. Tory discussed her participation

> *"I really enjoyed meeting the students from other universities and learning about their ideas. Although we did not win, it was a great experience. There was a lot of information to digest."*

The 2014 topic was just announced and it involves developing a local foods strategy for a retail grocer.

LEARNING FROM INDUSTRY AND ACADEMICS AT THE FOOD DISTRIBUTION RESEARCH SOCIETY

Four students attended the marketing plan competition at the Food Distribution Research Society annual meetings in San Juan, Puerto Rico in October 2012. They were sponsored by TFIC and a travel grant from the CHS Foundation. Jason Foster, Denise Fung, Andrew McBride, and Samantha Wheeler worked on a marketing plan for a locally-produced ethnic food called green bananas which is marketed in the greater New York area. Other schools competing in the contest included Utah State, University of Idaho, Cal Poly San Luis Obispo, Colorado State, University of Florida, University of Kentucky, Chico State University, and Texas A&M University.

LEARNING FROM INDUSTRY AND ACADEMICS AT THE AGRICULTURAL AND APPLIED ECONOMICS ASSOCIATION

Once again, we sponsored three graduate students to participate in the graduate student case study competition at the Agricultural and Applied Economics Association annual meeting in Washington DC in August 2013. Students from eleven schools including Cornell, Michigan State, Georgia, Illinois, Kansas State, Sam Houston State, and LSU. The students read a case on JBS United, an animal health and nutrition company based in Indiana.

STUDENT ACTIVITIES

MIDWEST DAIRY ACADEMY TOUR

On a beautiful fall day on the last Friday in October 2012, 31 students from the University of Minnesota climbed on a bus and participated in the Midwest Dairy Association's Dairy Academy. The students represented nine majors from four different colleges. As part of the academy, students visited Cub Foods to learn about merchandising dairy products, toured First District's plant in Litchfield to learn more about dairy processing, listened to Michael Boland and Marin Bozic discuss current dairy issues, and visited Becker Farms to learn more about dairy production.

Emilie Lane said,

> *"I really enjoyed getting to know some of the other students on the bus ride and meeting the Beckers. What a great farm family! The [processing] plant visit was very informative."*

PROFILES

JOEL CUFFEY

Joel Cuffey is a Ph.D. student in the Department of Applied Economics. Under the supervision of Professor Tim Beatty, he has worked on project such as estimating vulnerability to food insecurity, measuring the impact of food assistance on labor market outcomes (along with Professor Elton Mykerezi), and conducting a meta-analysis of the impact of food assistance on food expenditures. Currently, Joel's research is being funded by a cooperative agreement with the USDA to examine healthy eating incentives for SNAP recipients. In addition, Joel is investigating how well non-experimental estimation methods can replicate the experimental food stamp cash-out data.

METIN ÇAKIR

Metin Çakır joined the department of Applied Economics as an assistant professor in Food System Economics. The position involves developing an internationally leading research program that impacts business and government economic decisions and teaching graduate and undergraduate level courses related to Food System Economics. Before joining the University of Minnesota, Metin held the position of assistant professor and Van Vliet Chair at the University of Saskatchewan in Canada.

Metin conducts research in the areas of industrial organization and food marketing. His work involves analysis of imperfect competition in the US and Canadian agricultural markets. His recent work on market power in the US fluid milk market received the Agricultural and Applied Economics Association's 2013 "Quality of Research Discovery" award. In the area of food marketing Metin's research focuses on the effects of marketing strategies on food intake. His recent work explores causes and consequences of marketing managers' package downsizing strategy.

FRANK TRNKA

Frank Trnka is an Information Technology Specialist in the Department of Applied Economics at the University of Minnesota. Frank is the web editor for the Department's web sites, and provides support for The Food Industry Center, the Midwest International Economic Development Conference, and a number of faculty within the department.

MARIN BOZIC

Marin Bozic has been busy working with food scientists and is beginning a new technical feasibility study and marketing plan for utilizing acid whey—a byproduct of fast growing greek yogurt production. Working with postdoctoral researcher Dr. Vardges Hovhannisyan, Marin is looking at industrial organization issues in the U.S. dairy sector.

EVENTS & OUTREACH

MINNESOTA FOOD PRODUCERS LUNCHEON

The Center launched its inaugural Minnesota Food Producers Luncheon which was held prior to the annual Siehl Prize awards ceremony on May 23, 2013 (www.apec.umn.edu/prod/groups/cfans/@pub/@cfans/@tfic/documents/asset/cfans_asset_439442.pdf). The goal was to spotlight firms that work with Minnesota producers. There were 84 participants at the luncheon and they represented a wide diversity of backgrounds. Steve Aanenson, CEO of Old Dutch, and Jim Hartkopf, an Old Dutch potato grower from Clear Lake spoke about the relationship of growers with Old Dutch and the impacts on their products. Anton Vincent, President of the Frozen Foods division at General Mills and Green Giant sweet corn grower Brian Broderius from Hector, spoke about the partnerships General Mills has with Minnesota vegetable growers. Finally, Mike Helgeson, Chief Executive Officer of GNP Company and chicken producer Troy Vannurden from rural Benton County discussed the relationship between the Gold n'Plump brand and Minnesota producers. Fifty minutes of questions and dialogue followed which made this a successful event! Each speaker was introduced by a University of Minnesota Borlaug Scholar or graduate student. The event was sponsored in conjunction with the Minnesota Agri-Growth Council. After the luncheon, Chris Policinski, President and Chief Executive Officer of Land O'Lakes, was the key note speaker for the Siehl Prize ceremony. The date for the 2014 luncheon is May 22.

FOOD INDUSTRY LEADER IN THE CLASSROOM SERIES

This 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

On September 25, 2012, Alicia Calhoun and Bud Floyd from Produce Marketing Association's (PMA) Foundation for Industry Talent (www.pmafoundation.com/) spoke about this program and careers in the produce and flower industries. We wanted to learn more about the possibility of UM students participating in future PMA events. PMA currently works with students from Cal Poly San Luis Obispo, Fresno State, Cal Poly Pomona, Chapman University, UC Davis, and other schools.

Mark East from The NPD Group, the leading global provider of consumer and retail market research, spoke about insights on consumer behavior as it relates to nutrition and food on October 29.

On February 5, 2013, Chris Armacost, a brand manager at General Mills, spoke about the management of brands internationally with a special focus on China, Japan, and Korea. The University of Minnesota has a large number of Asian students and this topic was designed to better understand how marketing is done globally.

And on February 26, UM alum Stacy Vossmer, a Buyer for Target, talked about dairy purchasing and in particular, cheese.

More than 145 students attended these four luncheons.

COLLABORATING ON FOOD EDUCATION

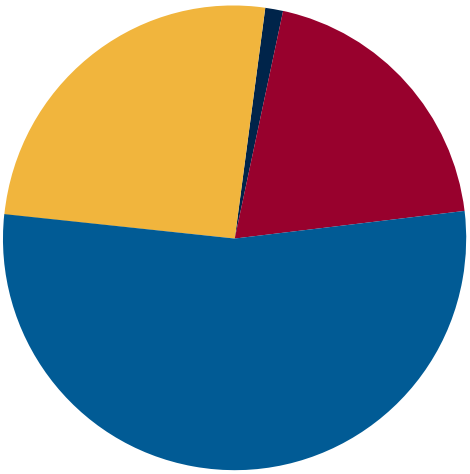
Food Day Economics

On October 23rd 2012, The Food Industry Center joined the wide variety of groups, students, centers, and departments on campus, that focus their educational energies on food, to celebrate National Food Day. Over 1,100 students, faculty, staff, and community members gathered at Coffman Union to learn more about the variety of programs educating on and researching food and health at the University of Minnesota.

As a University partner to the event, TFIC hosted a table at the exposition to introduce and promote the Center's programs and its analysis of food production, distribution, and consumption through an economic lens. The 2012 event was the University's inaugural celebration of Food Day. Thank you to TFIC Sponsoring Member General Mills and Land O'Lakes for their in-kind support of this University-wide event.

FINANCIAL REPORT

EXPENSES FOR FISCAL YEAR 2013



Revenues from sponsoring members for fiscal year 2013 totaled $54,500 and expenses totaled $71,000. The expense breakout can be seen in the figure.

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.

Kelloggs

Midwest Dairy Association

National Grocers Association

The NPD Group

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Mike Kruger, Executive Director, Midwest Dairy Association

Allan Routh, President, SunOpta Grains and Milling

Mark Wilhite, Vice President of Industry Initiatives and National Retail, General Mills

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