



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

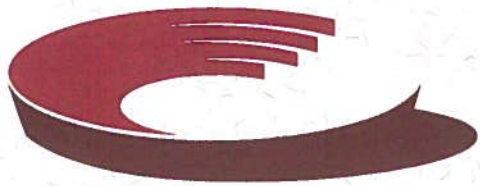
**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*



## The Retail Food Industry Center

Advancing Knowledge About Processing,  
Distribution, Sales, and Food Service

---

## TRFIC NEWSLETTER

University of Minnesota  
Vol. 3 No. 1 Winter 1997

---

### FROM THE DIRECTOR

In the January 1997 issue of *Supermarket Business*, Jeffrey Schaeffer and Carol Fensholt challenged us and the industry to work together and build a base of knowledge that is useful to both the Center and the industry. We appreciate their interest and support. We thank all the wonderfully cooperative industry leaders, executives, and store managers who have given us tours, provided information, and encouraged our efforts. A continuing relationship of learning and education is our goal.

We have learned that many in the industry believe "retail food" means groceries. In the Center, we define retail food more broadly, encompassing all locations where consumers purchase food including fine dining and fast food along with their distribution channels. To better communicate that we stand at the retail point in the food distribution chain and look back to manufacturers and forward to consumers, we have added a tag line to our logo and title. Credit for this idea goes to our Executive Secretary, Mavis Sievert. Our Steering Committee developed the wording that you see at the top of this newsletter.

Following our Board of Advisors suggestions, we are developing new educational opportunities for industry people and for students at the University of Minnesota. Undergraduate management courses are increasing their focus on food processing, distribution, and retailing. Internships are being established that will better prepare graduates for the food industry. Two short courses (Food Marketing in April and Leadership in October) are scheduled and others are being developed. We are always looking for ideas and partners in our educational ventures. Call us with your suggestions.

### SHORT COURSE ON FOOD MARKETING

The Retail Food Industry Center is working with R-TECH Laboratories, a business unit of Land O' Lakes, Inc., to develop and present a two and a half day short course. "Going for Gold: How to Build Winning Food Marketing and Sales Strategies" will be held on April 9-11 at the Earle Brown Center on the St. Paul Campus of the University of Minnesota. Topics on the program include: "Preparing to Market a Food Product," "Consumer Acceptability of the Product," "Determining the Best Price," "Finding the Right Channels for your Product," and "Building Sales with Merchandising." For more information on how to register for this short course or for information about future workshops, call Mavis Sievert at (612) 625-7019.

### RECOGNITION FOR OUR DIRECTOR

Dr. Jean Kinsey has been selected as a Distinguished Fellow of the American Council on Consumer Interests. This group is a professional association of academic and government researchers who work on consumer education, research, and policy issues. They publish the *Journal of Consumer Affairs*. Dr. Kinsey has been active in the group since 1976 and served as president in 1983.



## TRFIC SEMINAR ON APRIL 22

Ron Pedersen (Chairman and CEO of Marketing Specialists Sales Company of Dallas, TX) will present "Growing Business in an Information Age" in Room 155 of the Earle Brown Center (St. Paul Campus) from 2:00 to 3:30 p.m. on Tuesday, April 22. Mr. Pedersen is a member of our Board of Advisors and his company is a leading U.S. sales, marketing, and food broker. A reception will follow his presentation

## BOARD OF ADVISORS MEETING

The Board of Advisors for The Retail Food Industry Center had their first meeting on Oct. 10. After lunch with Minnesota Governor Arne Carlson at the Governors Mansion, they met at the St. Paul Campus Student Center and discussed the Center's activities. Among their many valued suggestions were recommendations to focus our research activities on key industry issues and to develop educational programs that address industry needs. The next Board of Advisors meeting will be held in Minneapolis on October 2.

## SPEECHES ON THE FOOD INDUSTRY

Faculty and students affiliated with the Center are becoming experts on the retail food industry. They are a terrific group of dedicated people; the Center's heart and soul. Many have published their findings in The Retail Food Industry Center Working Papers (summarized below) and have given presentations about food retailing to groups around the globe. Some meetings where they have spoken or are scheduled to speak include: American Agricultural Economics Association, Food Distribution Research Society, American Association of Cereal Chemists, National Agri-Marketing Association, Minnesota Grocers Association, Minnesota-Wisconsin Dairy Policy Conference, a Symposium in Montpellier, France, a Conference in Piacenza, Italy, a Lecture at the University of Kiel, Germany, a Seminar at the Agricultural University of Norway in Oslo, and a Lecture at Tokyo University, Japan.

## HIGHLIGHTS OF WORKING PAPERS

### 96-01 *Estimation of Household Brand-Size Choice Models*

By Changwon Park and Ben Senauer

Market environment and household demographic factors are associated with different purchase behaviors. By modeling the probabilities of choosing different (non-premium) brands and sizes of spaghetti, this study found that consumers were very sensitive to price differences between popular brands. They readily switched to less expensive products when small price discounts were offered. Economists call such products perfect substitutes.

### 96-02 *Food Marketing in an Electronic Age: Implications for Agricultural Producers*

By Jean Kinsey and Ben Senauer

The shift from producers pushing products onto the market to consumer demand pulling products through the system and the adoption of more efficient logistics, marketing, and merchandising methods are causing dramatic changes in the food industry. The likely effects on agriculture include: increasing the number of crops grown under contract, simulating the production of more specialized items, changing production practices, and encouraging the formation of cooperatives that add value to farm products.

### 96-03 *Changes in Retail Food Delivery: Signals for Producers, Processors and Distributors*

By Jean Kinsey, Ben Senauer, Robert P. King, and Paul F. Phumpiu

Changes in consumer demographics and lifestyles are encouraging retailers to develop new store formats, to provide more ready-to-eat foods, and to target niche markets. Demand signals are moving up the food distribution system and are altering production and investment decisions. The reengineering of the food supply chain is already affecting product assortment and replenishment, promotions, and new product development.

**96-04 *Competitive Analysis of U.S. Food Processing Plants***

By Shekhar Jayanthi, Bart Kocha, and Kingshuk K. Sinha

To evaluate the relative productivity of food manufacturing plants, a new approach was developed that quantifies differences and suggests directions for improvements. This method was applied to data from 20 processed food manufacturing plants. Small plants appeared to be quite efficient. Competitiveness was enhanced by equipment maintenance, quality management programs, packaging supplies inventories, workforce training, and product variety.

**97-01 *Adoption of ECR Practices in Minnesota Grocery Stores***

By Paul F. Phumpiu and Robert P. King

The adoption of Efficient Consumer Response (ECR) business practices and technologies were compared by interviewing 40 grocery store managers across Minnesota. Twin Cities metropolitan stores were more likely than out-state stores to coordinate shelf-space and product assortment decisions and pricing and promotion activities with trading partners. Stores that were part of large chains were making faster progress toward implementing ECR initiatives, but many independents have adopted these initiatives. ECR adoption was closely correlated with higher productivity as measured by sales per labor hour and sales per square foot of selling area.

**STEERING COMMITTEE MEMBER  
PROFILE**

Craig Streich is an Operations Supervisor for the Cub Food Retail Division of SuperValu, Inc., an Eden Prairie-based Retail Food Sales Support Center and Food Wholesale Supplier.

As a TRFIC Steering Committee member, Craig brings 32 years of store operations experience and

knowledge. In his current position, he is directly accountable for the supervision of fourteen franchise-owned stores in the Minneapolis/St. Paul area and in St. Cloud, Minnesota. He provides advice, assistance, guidance, and interoffice communications on day-to-day issues and long-term operation concerns of Cub Foods stores.

Craig is also serving a second term on the Board of Directors for Second Harvest (St. Paul Food Bank) and recently accepted an Advisory Board position for the Supermarket Management and Operations program at the Dakota County Technical College in Rosemont, Minnesota.

His areas of personal interest include boating, fishing, pheasant hunting, wood working, and golf. Craig and his wife Debra take great pride in their son Tony, who is in his sophomore year of studies at Columbia University.

**NEW STEERING COMMITTEE MEMBER**

Susan Kujava, a Business Group Manager at Land O' Lakes, has joined the TRFIC Steering Committee. Her 16 years of experience in the food service industry will be a major asset for our Center.

**OUR CENTER'S MISSION**

The Retail Food Industry Center will become a leading source of knowledge on how effectively and efficiently food reaches consumers. Through research and educational programs, it will help develop leaders for tomorrow's retail food industry.

**WORLD WIDE WEB SITE**

More information about TRFIC activities, new references to research on the food industry issues, and additional links to other Internet sites have recently been added to our World Wide Web site [<http://rhetoric.agri.umn.edu/~trfic>].



## **DID YOU KNOW?**

More food business mergers and acquisitions were recorded by The Food Institute during 1996 (538) than in any of the previous five years.

The Food Marketing Institute (FMI) 1996 Community Relations Survey found that 82 percent of supermarket companies contribute to food banks.

The National Restaurant Association projects total restaurant industry sales in 1997 to reach \$320.4 billion, an increase of 4.2 percent from 1996. Limited-service (fast-food) restaurants will experience the most growth, 5.2 percent, and reach \$103.5 billion in sales. The restaurant industry consists of 607,796 commercial, 177,708 institutional, and 1,160 military locations.

Home-delivered food sales represented 5.4 percent of food-at-home purchases in 1977, 2.1 percent in 1993, and 2.6 percent in 1995 according to the USDA.

Net profits after taxes and extraordinary items were 1.20 percent of supermarket sales in 1995-96 according to the FMI's Annual Financial Review. This compares with 1.13 percent in 1994-95, 0.93 percent in 1993-94, and 0.49 percent in 1992-93.

FMI reports that the average supermarket in 1996 had weekly sales of \$9.27 per square foot of selling area, had \$111.40 of sales per labor hour, and had \$19.40 of sales per customer transaction.

A typical person (8 years old and older) consumed 4.1 commercially prepared meals per week in 1996, up from 3.8 just five years earlier according to National Restaurant Association research. Men tend to eat out more than women (4.6 meals per week versus 3.8 meals per week). Saturday is the most popular day to eat out, followed by Friday and Sunday. Monday is the least popular day to eat out.

---

Please add me to the Center's Mailing List for Seminars \_\_\_\_\_, Newsletters \_\_\_\_\_, Short Courses \_\_\_\_\_, and Other Publications \_\_\_\_\_.

Name, Address, and Phone Number:

---

---

---

---



The Retail Food Industry Center

---

The Retail Food Industry Center  
University of Minnesota  
Applied Economics Department  
317 Classroom Office Building  
1994 Buford Avenue  
St. Paul, MN 55108-6040  
Jean D. Kinsey, Director, 612-625-2744  
Mavis A. Sievert, Exec. Secretary, 612-625-7019  
Fax: 612-625-2729