



UNIVERSITY OF
SASKATCHEWAN

Department of Agricultural and Resource Economics

AREC 840.3

Economics of Agri-Food Marketing

Term 1 2023-24 (Fall 2023)

Instructor: Dr. Jill E. Hobbs

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Office: 3E68

Class time: Wednesdays 2.30pm-5.20pm

Room: Agriculture 1E79

COURSE DESCRIPTION

Course Objectives and Learning Outcomes

This course introduces graduate students to theoretical and empirical methods for analyzing the structure and organization of agri-food marketing channels, and the effect of information asymmetry and quality differentiation in food supply chains. The course is designed to deepen analytical and critical thinking skills. It is run as a combination of lectures and seminar discussions based around a set of weekly readings.

Upon completion of the course you should be able to:

1. Apply the transaction cost economics framework to analyzing vertical coordination in agri-food supply chains
2. Evaluate empirical approaches to analyzing supply chains, contracting, market power, and resilience
3. Apply economic analysis to collective marketing situations (supply management, generic advertising)
4. Describe the economic effects of quality differentiation in agri-food markets
5. Derive industry and policy implications from economic analysis of agri-food marketing issues
6. Critically assess research methodologies and frame research questions pertaining to the economics of agri-food marketing

Prerequisites: Permission of the instructor

Key Dates

October 4 Research paper outline due

October 4 Assignment 1 handed out.

October 13 Assignment 1 due

November 6-10 Fall break week (No classes)

November 22 Assignment 2 handed out

November 24 Research paper due

December 4 Assignment 2 due

December 8-11* – Final exam (take-home)

(* Final exam dates are tentative and subject to scheduling).

ASSESSMENT:**Grade Determination**

Research Paper	35%
2 Assignments (10% each)	20%
Participation	10%
Final Examination	35%

Generative Artificial intelligence tools are not permitted to be used in any assessments for this course. Any use of such tools will be considered academic misconduct in this course.

Research Paper (35%)

This will be a research topic drawn from a list of topics provided by the instructor unless the student has a particular topic that they wish to pursue. If the latter is the case this topic should receive approval of the instructor by September 27. Students should submit a 1-2 page outline of the research paper for feedback and discussion with the instructor by October 4. The final paper is expected to be a major research work. While no length is specified, papers should range between 5000 and 6500 words in length to research the topic in sufficient detail.

The paper is due by midnight on Friday November 24 2023. Late papers will be penalized 10% of their final grade for each day late (midnight being the cut off time for each late day). No extensions will be given for one week prior to the due date (i.e. November 17 2023) without a medical certificate.

Papers must be the student's original work and also must not have been used for another class. ***Plagiarism will not be tolerated.*** Students should familiarize themselves with the University of Saskatchewan guidelines on academic misconduct at <https://governance.usask.ca/student-conduct-appeals/academic-misconduct.php>

Assignments (20%)

There will be two assignments, each worth 10%. The assignments are designed to test the student's analytical and critical thinking abilities.

Assignments must be submitted to the instructor via Canvas by midnight on the days indicated. Late assignments will be penalized 10% of their final grade for each day late (midnight being the cut off time for each late day).

Participation and attendance (10%)

Participation by all students in the class discussions creates an effective and dynamic learning environment. Students are expected to attend all classes, be prepared for class by having read thoroughly the assigned readings prior to each class, and to contribute actively to the weekly discussions in class. A participation grade will be assigned by the instructor.

Final Exam (35%) (take-home)

Starting with week 2, each week includes a potential final exam question that will be made available as you access the reading material for that week. **Five** of these questions will be selected for the final take-home exam (comprising 75% of the exam grade). The remainder of the

exam (25% of the exam grade) will consist of material you have not previously seen. It is strongly recommended that you complete the potential final exam question each week. This will enable you to focus on answering the second part of the final exam (worth 25% of the final exam grade) that you will not have seen before. The take-home style exam is designed to provide students with an opportunity to demonstrate analytical and critical assessment skills in more depth than is generally possible in an examination room setting. As such, ***students are expected to answer these questions independently***. As a rough guide, to address the topics adequately, answers to the final exam essay questions should be around 1500 words in length.

The final take-home exam will be set over a 3 day (72 hour) period during the final exam period. Subject to scheduling, the final exam will be available at 12pm (midday) on Friday December 8 and will be due at 12pm on Monday December 11 2023. However, **these dates are tentative and will be confirmed at a later date subject to other exam scheduling**. Students should therefore avoid making prior travel, employment, or other commitments for the entire final exam period (December 9-23) until the exam schedule has been confirmed. If a student is unable to write an exam through no fault of his or her own for medical or other valid reasons, documentation must be provided and an opportunity to write the missed exam may be given. Students are encouraged to review all examination policies and procedures:

<http://students.usask.ca/academics/exams.php>

INSTRUCTOR AVAILABILITY

I have an open door policy, so please feel free to stop by my office if you have questions about the course material. I can be reached by email or phone if you'd like to set up an appointment. See the front page of this course outline for my contact information.

CLASS SCHEDULE

This course is based around a set of weekly readings as indicated below. Students are expected to have read the material prior to class and come to class prepared to participate in discussion about the material. Specific references to articles will be made during class discussions, so having the material on hand in class will be essential.

To maximize understanding, it is recommended that the articles for each week be read in the order in which they appear below. All readings are available via Canvas.

DATES & TOPICS	READINGS	DUE DATES
PART I: TRANSACTION COSTS & THE ROLE OF INSTITUTIONS		
Week 1 - September 6: Introduction: Why Institutions matter	No readings	<i>Term paper topics handed out</i>
Week 2 – September 13: Institutions & the Boundaries of the Firm	Hobbs, J.E. (2018). <i>Transaction Costs, Institutions and the Organization of Supply Chains: Three “Good Questions”</i> . Paper presented at the 30 th International Conference of Agricultural Economists (ICAE 2018), Vancouver, Canada. July 28-August 2 2018. Klein, B., Crawford, R.G. and Alchian, A.A. (1978). Vertical Integration, Appropriable Rents, and the Competitive Contracting Process, <i>Journal of Law and Economics</i> , 21(2), pp.297-326.	
Week 3 - September 20: Transaction Cost Economics (TCE)	Williamson, O.E. (1986). <i>Economic Organization: Firms, Markets and Policy Control</i> , Harvester Wheatsheaf, Hemel Hempstead. Chapter 9: “What is Transaction Cost Economics?” pp.174-191. Hobbs, J.E. (1996). A Transaction Cost Approach to Supply Chain Management, <i>Supply Chain Management</i> , 1(2) pp. 15-27.	

Week 4 - September 27 – Empirical Applications of TCE to Agrifood Marketing	<p>Hobbs, J.E. (1997). Measuring the Importance of Transaction Costs in Cattle Marketing, <i>American Journal of Agricultural Economics</i>, 79(4):1083-1095.</p> <p>Boger, S. (2001). Quality and Contractual Choice: A Transaction Cost Approach to the Polish Hog Market. <i>European Review of Agricultural Economics</i>, 28(3):241-261.</p>	<p><i>Deadline to notify instructor if a student wishes to choose a term paper topic not from the provided list</i></p>
PART II: SUPPLY CHAINS, CONTRACTS, AND MARKET POWER		
Week 5 – October 4: Spot Market Transactions	<p>Schroeter, J.R. and Azzam, A. (2003). Captive Supplies and the Spot Market Price of Fed Cattle: The Plant-Level Relationship. <i>Agribusiness</i>, 19(4):489-504.</p> <p>Crespi, J.M. and Sexton, R.J. (2004). Bidding for Cattle in the Texas Panhandle. <i>American Journal of Agricultural Economics</i> 86(3): 660-674.</p>	<p><i>Research paper outline due Wednesday October 4</i></p> <p><i>Assignment 1 handed out</i></p>
Week 6 - October 11: Contracts: Information and Hold-ups	<p>Sheldon, I. (1996). Contracting, Imperfect Information and the Food System, <i>Review of Agricultural Economics</i>, 18(1), pp.7-19.</p> <p>Vukina, T. and Leegomonchai, P. (2006). Oligopsony Power, Asset Specificity, and Hold-Up: Evidence from the Broiler Industry. <i>American Journal of Agricultural Economics</i> 88(3):589-605.</p>	<p><i>Assignment 1 due Friday October 13 (midnight)</i></p>
Week 7 - October 18: Value Chains and Relationship Sustainability	<p>Fisher, C., Hartmann, M., Reynolds, N., Leat, P., Revoredo-Giba, C., HENCHION, M., Albisu, L.M. and Gracia, A. (2009). Factors Influencing Contractual Choice and Sustainable Relationships in European Agri-Food Supply Chains. <i>European Review of Agricultural Economics</i> 36(4):541-569.</p> <p>Olmos, M.F. (2010). An Investigation of Factors that Influence the Survival of Contracts in the DOCa Rioja Wine Industry. <i>Applied Economic Perspectives and Policy</i> 32(2):298-318</p>	

Week 8 - October 25: Supply chain resilience and COVID-19	<p>Bina, J.D., Tonsor, G.T., Schulz, L.L., and Hahn, W.F. (2022). Regional and plant-size impacts of COVID-19 on beef processing. <i>Food Policy</i> 108, 102247.</p> <p>Hadachek, J., Ma, M. and Sexton, R.J. (2023). Market structure and resilience of food supply chains under extreme events. <i>American Journal of Agricultural Economics</i> DOI: 10.1111/ajae.12393</p>	
PART III: PRODUCER GROUPS AND COLLECTIVE MARKETING		
Week 9 - November 1: Supply Management Marketing Boards	<p>Veeman, M.M. (1982). Social Costs of Supply-Restricting Marketing Boards, <i>Canadian Journal of Agricultural Economics</i>, 30 (March):21-36.</p> <p>Cardwell, R., Lawley, C. and Xiang, D. (2015). Milked and Feathered: The Regressive Welfare Effects of Canada's Supply Management Regime, <i>Canadian Public Policy</i> 41(1):1-14</p> <p>Doyon, M., Bergeron, S., and Tamini, L.D. (2018). Milked and Feathered: The Regressive Welfare Effects of Canada's Supply Management Regime: A Comment, <i>Canadian Public Policy</i>, 4(3): 272-277.</p> <p>Cardwell, R., Lawley, C. and Xiang, D. (2018). Milked and Feathered: The Regressive Welfare Effects of Canada's Supply Management Regime: Reply, <i>Canadian Public Policy</i>, 4(3):278-288.</p>	
<i>November 8 – FALL BREAK WEEK. NO CLASS</i>		
Week 10 – November 15: Generic Advertising in Commodity Markets	<p>Wolf, A.F. (1944). Measuring the Effect of Agricultural Advertising, <i>Journal of Farm Economics</i>, 26(2):327-347.</p> <p>Zheng, Y. and Kaiser, H.M. (2009). Evaluating the Effectiveness of Generic Advertising Versus Non-Advertising Marketing Activities on New York State Milk Markets. <i>Agribusiness</i> 25(3):351-368</p>	

PART IV: QUALITY SIGNALS AND CONSUMER BEHAVIOUR		
Week 11 - November 22: Information Asymmetry and Quality Signals	<p>Barzel, Y. (1982). Measurement Cost and the Organization of Markets, <i>Journal of Law and Economics</i>, 25(1), pp. 27-48.</p> <p>McCluskey, J.J. (2000). A Game Theoretic Approach to Organic Foods: An Analysis of Asymmetric Information and Policy, <i>Agricultural and Resource Economics Review</i>, 29(1): 1-9.</p>	<p><i>Assignment 2 out Wednesday November 22</i></p> <p><i>Term paper due Friday November 24 (midnight)</i></p>
Week 12 - November 29: Food Safety, Quality Assurance and Traceability	<p>Herath, D. and Henson, S. (2006). Does Canada Need Mandatory HACCP? Evidence from the Ontario Food Processing Sector. <i>Canadian Journal of Agricultural Economics</i> 54(4):443-459.</p> <p>Alberini, A., Lichtenberg, E., Mancini, D. and Galinato, G.I. (2008). Was It Something I Ate? Implementation of the FDA Seafood HACCP Program. <i>American Journal of Agricultural Economics</i> 90(1):28-41</p>	
Week 13 – December 6: Evaluating Consumer Preferences: Empirical Methods	<p>Adalja, A., Hanson, J. Towe, C and Tselepidakis, E. (2015). An Examination of Consumer Willingness to Pay for Local Products. <i>Agricultural and Resource Economics Review</i> 44(3):353-274.</p> <p>Hobbs, J.E., Bailey, D., Dickinson, D.L. and Haghiri, M. (2005). Traceability in the Canadian Red meat Sector: Do Consumers Care? <i>Canadian Journal of Agricultural Economics</i> 53(1): 47-65.</p> <p>Yang, Y. and Hobbs, J.E. (2020). Food values and heterogenous consumer responses to nanotechnology. <i>Canadian Journal of Agricultural Economics</i> 68:289-313.</p>	<p><i>Assignment 2 due Monday December 4</i></p>

ADDITIONAL INFORMATION

Canvas

Course materials, including the readings and assignments, are available through Canvas, the University of Saskatchewan's Learning Management System (canvas.usask.ca). Please check the 'Notifications' settings for this course in Canvas to ensure that you receive all instructor announcements, deadline reminders, etc.

If you have technical issues, please contact Canvas help when logged into canvas.usask.ca via the Help menu. You can make a phone call, start a live chat, or report a problem. Also, let me know if you are having difficulties accessing Canvas.

If you are new to Canvas or would like a refresher, here are a few links that you may find helpful:

- **The USASK Student Canvas page** is a great place to start <https://students.usask.ca/study/canvas.php>
- The Canvas Community Student Guide is a helpful resource [Explore the Canvas Community Student Guide](#)

Student feedback:

Your feedback on the course is important to me. Please take the time to complete the course evaluations at the end of the semester, as well as any midterm evaluation surveys. I also welcome any informal feedback as the course progresses.

Copyright

Course materials are provided to you based on your registration in this class, and anything created by your professor is their intellectual property and cannot be shared without written permission. This includes PowerPoint slides, course notes, assessments, and exams. All course materials developed for this course are the intellectual property of the instructor. Additionally, other copyright-protected materials created by textbook publishers, journals, and authors may be provided to you based on license terms and educational exceptions in the Canadian Copyright Act. These materials are for your personal use only. **It is NOT permitted to post any of the course materials to online forums or to share these materials beyond this course.** Inappropriate sharing of course materials will be considered academic misconduct.

Academic Integrity (**IMPORTANT!**)

The University of Saskatchewan is committed to the highest standards of academic integrity.

<https://academic-integrity.usask.ca/>

Students are urged to read the [Regulations on Academic Misconduct](#) and to avoid any behaviours that could potentially result in suspicions of cheating, plagiarism, misrepresentation of facts and/or participation in an offence.

For help developing the skills for meeting academic integrity expectations, see: <https://academic-integrity.usask.ca/students.php>

Students are encouraged to ask their instructors for clarification on academic integrity requirements.

Generative Artificial intelligence tools are not permitted to be used in any assessments for this course. Any use of such tools will be considered academic misconduct in this course.

Access and Equity Services (AES)

Access and Equity Services (AES) is available to provide support to students who require accommodations due to disability, family status, and religious observances. Students who have disabilities (learning, medical, physical, or mental health) are strongly encouraged to register with Access and Equity Services (AES) if they have not already done so. Students who suspect they may have disabilities should contact AES for advice and referrals at any time. Those students who are registered with AES with mental health disabilities and who anticipate that they may have responses to certain course materials or topics, should discuss course content with their instructors prior to course add / drop dates.

Students who require accommodations for pregnancy or substantial parental/family duties should contact AES to discuss their situations and potentially register with that office. Students who require accommodations due to religious practices that prohibit the writing of exams on religious holidays should contact AES to self-declare and determine which accommodations are appropriate. In general, students who are unable to write an exam due to a religious conflict do not register with AES but instead submit an exam conflict form through their PAWS account to arrange accommodations.

Any student registered with AES, as well as those who require accommodations on religious grounds, may request alternative arrangements for mid-term and final examinations by submitting a request to AES by the stated deadlines. Instructors shall provide the examinations for students who are being accommodated by the deadlines established by AES.

For more information or advice, visit <https://students.usask.ca/health/centres/access-equity-services.php>, or contact AES at 306-966-7273 (Voice/TTY 1-306-966-7276) or email aes@usask.ca.

Student Supports

Academic Help for Students

Visit the [Learning Hub](#) to learn how the University Library supports undergraduate and graduate students. Attend online or in-person workshops, review online resources or book 1-1 appointments for help with:

- First year experience
- Research
- Study strategies and skills
- Writing
- Math and Statistics

Teaching, Learning and Student Experience

Visit the [University Library](#) and [Learning Hub](#) to find supports for undergraduate and graduate students with first-year experience, study skills, learning strategies, research, writing, math and statistics. Students can attend [workshops](#), access [online resources and research guides](#), and book [1-1 appointments](#).

Connect with library staff through the [AskUs](#) chat service or visit various [library locations](#) on campus.

Financial Support

Any student who faces unexpected challenges securing their food or housing and believes this may affect their performance in the course is urged to contact Student Central <https://students.usask.ca/student-central.php>.

International Student and Study Abroad Centre

The International Student and Study Abroad Centre (ISSAC) supports student success and facilitates international education experiences at USask and abroad. ISSAC is here to assist all international

undergraduate, graduate, exchange, and English as a Second Language students in their transition to the University of Saskatchewan and to life in Canada. ISSAC offers advising and support on matters that affect international students and their families and on matters related to studying abroad as University of Saskatchewan students. Visit <https://students.usask.ca/international/issac.php> for more information.

Land Acknowledgement

As we gather here today, we acknowledge that the Saskatoon campus of the University of Saskatchewan is on Treaty Six Territory and the Homeland of the Métis. We pay our respect to the First Nation and Métis ancestors of this place and reaffirm our relationship with one another. We recognize that in the course of your studies you will spend time learning in other traditional territories and Métis homelands. We wish you safe, productive and respectful encounters in these places.

University of Saskatchewan Grading System for graduate courses

The following describes the relationship between literal descriptors and percentage scores for courses in the College of Graduate Studies and Research:

90-100 Exceptional

A superior performance with consistent strong evidence of

- a comprehensive, incisive grasp of subject matter;
- an ability to make insightful, critical evaluation of information;
- an exceptional capacity for original, creative and/or logical thinking;
- an exceptional ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently;
- an exceptional ability to analyze and solve difficult problems related to subject matter.

80-89 Very Good to Excellent

A very good to excellent performance with strong evidence of

- a comprehensive grasp of subject matter;
- an ability to make sound critical evaluation of information;
- a very good to excellent capacity for original, creative and/or logical thinking;
- a very good to excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently;
- a very good to excellent ability to analyze and solve difficult problems related to subject matter.

70-79 Satisfactory to Good

A satisfactory to good performance with evidence of

- a substantial knowledge of subject matter;
- a satisfactory to good understanding of the relevant issues and satisfactory to good familiarity with the relevant literature and technology;
- a satisfactory to good capacity for logical thinking;
- some capacity for original and creative thinking;
- a satisfactory to good ability to organize, to analyze, and to examine the subject matter in a critical and constructive manner;
- a satisfactory to good ability to analyze and solve moderately difficult problems.

60-69 Poor

A generally weak performance, but with some evidence of

- a basic grasp of the subject matter;
- some understanding of the basic issues;
- some familiarity with the relevant literature and techniques;
- some ability to develop solutions to moderately difficult problems related to the subject matter;
- some ability to examine the material in a critical and analytical manner.

<60 Failure

An unacceptable performance.