CONTINUOUS FOOD SAFETY TRACKER SURVEY SHOWS H1N1 COMMUNICATIONS WERE EFFECTIVE

The outbreak of the H1N1 (Swine) flu virus in late April and early May commanded intense media attention on what experts believe could evolve into a major world health crisis. On June 10th, the World Health Organization (WHO) raised the pandemic threat level to six, declaring a pandemic. Although the number of cases of H1N1 diagnosed in the U.S. has climbed to over 13,000, including 27 deaths, the ferocity of the virus appears to be milder than feared, but health officials are still bracing for a potential return of the virus during the fall flu season.

To track consumer awareness of the H1N1 outbreak, The Food Industry Center has added several questions to its Continuous Food Safety and Defense Tracking (CFST) survey, currently conducted weekly under a grant from the National Center for Food Protection and Defense. The questions include what sources of information consumers are using to keep up with the Swine Flu, how serious they feel the threat is to the country and their households, and what precautions they are taking to protect their households. Data from the first three weeks of tracking H1N1, shows that consumer awareness started out at 98.3% in week 1 (April 29th thru May 2nd), and reached 100% awareness by the third week.

Despite this total awareness level, consumers do not seem to be panicking. They initially rated the seriousness of the virus with respect to the country as a 4.2 on a six point scale (with six being extremely serious and 1 being not at all serious) in the first week, with the level declining to 3.4 just prior to the WHO’s decision to raise the pandemic threat level. With respect to their household, consumers tended to be somewhat less concerned, rating the seriousness of the virus as a 3.1 in the first week, falling to a 2.4. However, both ratings showed an increase the week following the pandemic declaration to 3.8 and 2.9 respectively, revealing the rise in threat level was heard by consumers.

When asked what information sources they were using to keep up with the H1N1 flu, the media with the highest rating through the ninth week, was Network Television (61%), followed by the Internet (48%), Local Newspapers (39%), and Cable News Television (42%).

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The Food Industry Center began its life as an Alfred P. Sloan Foundation Industry Studies Center in 1995. The Sloan vision for its centers was for faculty and graduate students to become intimately familiar with their respective industry, by meeting the people in the firms and gathering original industry data. Researchers would study questions about operational efficiency, global competitiveness, and industry contributions made to the employment and general economic welfare in the United States. The Food Industry Center was funded with this intention for almost 10 years by the Sloan Foundation, during which time it conducted original surveys of supermarkets, studied retail food employment, and developed knowledge about the food supply chain and information technologies.

The Sloan Foundation’s Industry Studies cohort has now morphed into a new, independent organization. Over the past five years there has been a steadfast committee, led by Frank Giarratani, an economics professor from the University of Pittsburgh and Gail Pesyna, Director of Human Resources and Program Management at the Sloan Foundation, working to create a new professional academic association called the Industry Studies Association. The new association was launched at the University of Illinois – Chicago on May 28, 2009. It was a proud moment for the Sloan Foundation, the organizers, and all of us who have been involved over the years. Scholars from around the nation that are involved with industry studies program will continue to meet annually and share research findings. “It is the most interesting professional meeting I attend,” is the opinion of this Center Director and many others.

The membership statement of this new association states “We encourage participation by any scholar who seeks to ground his or her research in the deep knowledge of particular industries. The key to participation is shared commitment to a research approach that places great value on direct contact with industry for insights, data, and observations.” To learn more about this unique group of scholars and researchers, visit the ISA website at http://www.industrystudies.org/.

The Food Industry Center no longer receives financial support from the Sloan Foundation, but remains a proud member of this association. The Center is still strongly committed to the approach set forth by the Sloan Foundation and looks forward to working with our sponsoring member companies to support our programming and research.

U OF M STUDENTS JUDGE MASTER MARKETER PROGRAM

Three students from the Applied Economics Department and the NAMA Club (National Agricultural Marketing Association) participated as judges at the 2008 Master Marketer Program sponsored by SUPERVALU, Inc. The goal of the Master Marketer Program is to acknowledge all retailers that make an extraordinary effort in advertising, promotions, merchandising, marketing, and community service throughout the year.

Retailers submit their promotions in twelve categories for recognition as one of the best in class Master Marketers. The entries were judged on creativity, clarity, and effectiveness and one winner was selected in each of 12 categories. The winners received an all inclusive trip for two to the 2009 National Grocers Association (NGA) annual convention in Las Vegas last February. The awards were presented at a gala dinner last December.

We want to acknowledge the help of University students Theresa Krause, Katelin Redalin and Amanda Eberle, their advisor Professor Ward Nefstead, and thank them for their service to the program. As judges, they reviewed the entries, helped to select the winners, and attended the gala dinner. Krause, Redalin, and Eberle also attended the NGA annual convention in February.
HOW SAFE IS OUR FOOD SUPPLY? EXPECTATIONS, TECHNOLOGY, AND REGULATION

It typically takes 30 days after a food contaminated with a microbe (e.g. E. coli, Salmonella) causing a food borne illness will result in a food being recalled from the market, said Craig Hedberg, Professor of Environmental Health Sciences at the University of Minnesota. During this time lag, people get ill, some get treated, and most recover. Dr. Hedberg’s overview of the contaminated food recall process was part of the 2009 Spring Conference of The Food Industry Center titled “How Safe is our Food Supply? Expectations, Technology, and Regulation,” held on April 1 at Coffman Memorial Union on the University’s Minneapolis campus.

As in the past, the Center’s Spring Conference is designed to look at a topic of interest to the food industry and explore it from three different disciplines, while incorporating industry perspective into the discussion. In addition to Dr. Hedberg, Ted Labuza, Professor of Food Science and Nutrition, provided a case study of a food recall, giving a real-life example of the logistical and legal ramifications of food recalls. Dennis Degeneffe, Research Fellow from The Food Industry Center, and Jean Kinsey, Professor of Applied Economics and Director of TFIC, discussed their analysis of the economic consequences on the economy and food industry from food recalls. The Conference wrapped up with a three person panel of industry and academic representatives discussing their responses to the most recent peanut butter recall. These panelists were Frank Busta, Sr. Science Advisor to the National Center for Food Protection and Defense, Phil Minerich, Vice President of Research and Development for Hormel Foods and Dave Weimer, Corporate Director for Supply Chain Food Safety and Recalls for SUPERVALU, Inc. Conference participants discussed their own experiences with the recent peanut butter recall, demonstrating the Center’s unique ability to bring together academic research and industry knowledge to provide practical insight on food industry issues.

A special THANK YOU to this year’s Spring Conference sponsors CHS, Inc.; CUB Foods/SUPERVALU; General Mills; and Nash Brothers Trading Co. Their generous sponsorship allowed University of Minnesota students to attend the conference for free and take advantage of networking opportunities with food industry professionals. Sponsors set up display tables and/or spoke about the career opportunities or new products in their company. The Spring Conference also provides an opportunity for TFIC to collaborate with our sponsors on preparing students to be future leaders in the food industry.

This year’s event was attended by over 125 people, a third of which were students. Academic, nonprofit, and public institutions were also represented as well as 18 different food and food-centric companies. Copies of this year’s presentation are available on the TFIC website at http://foodindustrycenter.

TFIC SENDS STUDENT INTERNS TO NGA CONVENTION

Each spring, The Food Industry Center sends student interns to participate in the National Grocers Association Annual Convention in Las Vegas. This year, TFIC sent 5 students to walk the show floor with industry mentors, attend workshops, and moderate information sessions. Justin Ewens, Amanda Eberle, Katelin Redalen, Theresa Krause, and Jordan Weber, all students from the College of Food, Agricultural, and Natural Resource Sciences, represented the University of Minnesota and its food and agriculture management programs at the convention.

A successful new element was introduced into the internship program this year-- matching students with industry mentors. Theresa Krause noted “I enjoyed meeting with my mentor because it helped me connect what I was learning with real people.” Katelin Redalen said “(a) highlight for me was the time spent with my mentor, Brian Audette of SUPERVALU. Brian toured the showroom floor with me and introduced me to several individuals at the conference that he knew.” Industry mentors echoed this positive experience. They commented on their interest in hearing student feedback on the convention and were eager to be involved in the educational process by sharing their knowledge of the food industry.
DID YOU KNOW?

Financial leverage decreases quality?

A new study of the consequences of debt financing shows a deterioration in quality in supermarkets. Research shows that limited corporate liquidity and financial constraints are associated with more frequent stockouts. The study concludes that highly leveraged firms appear to be degrading their products’ quality in order to preserve current cash flow for debt service. (David A. Matsa Kellogg School of Management, Northwestern University, “Financial Leverage and Product Quality: Evidence from the Supermarket Industry”)

New money for organics

Rising from a small base, organic food sales still account for only about 3 percent of total food sales. Fruits, vegetables, and dairy accounted for over half of the $19 billion organic food market in 2007. But, demand is ahead of supply. The 2008 Farm Act boosted spending for organic food production fivefold with new funds for direct financial support to farmers to convert to organic production, funds for research to study the conservation and environmental outcomes of organic practices, and an initiative to develop new and improved seed varieties for use in organic production systems. (http://www.ers.usda.gov/Publications/EIB55/EIB55.pdf)

Employer-paid health care increases with income

The percent of employees who have access to employer provided health care increases as incomes being earned increase. In households earning less than $27,300 per year only 22 percent have employer provided health insurance while 89 percent of households earning over $130,000 per year have employer provided health insurance. (The McKinsey Quarterly, Chart Focus Newsletter, May 2009 http://www.mckinseyquarterly.com/newsletters/chartfocus/2009_05.htm)

California Agriculture

California produced 22 percent of the milk in the U.S. in 2007, most of it going to make cheese and butter. The average size of their 81,500 farms is 312 acres. They are the sole U.S. producer (more than 99%) of at least 10 crops including walnuts, persimmons, almonds, artichokes and olives. (Food Technology, 63:5 2009, p 32.)

Apparentlly these news sources have done a good job of helping consumers take appropriate and proper precautions, since survey respondents report they are washing their hands more often (68%), watching for symptoms (58%), and using hand sanitizers more often (41%). Only 3% of consumers report that they are eating less pork, with the media having stated that eating pork is not a means of catching H1N1.

Students also participated in the NGA workshops and found them a useful learning tool in addition to their academic work. Theresa Krause said “The workshops were similar to most classes I have taken at the University… This really helped summarize classes I have taken the past three years. Also, it showed me how I can put my education into practical experience.” As an intern assignment, Katelin Radalen moderated the NGA session “How to Use Technology to Drive Store Sales”. She acknowledged “I consider myself extremely lucky to have had such a great opportunity like the 2009 NGA convention.”

The NGA Convention’s internship program is a valuable opportunity for The Food Industry Center, as it works towards its strategic goal of educating tomorrow’s food industry leaders. If you would like to be involved with next year’s NGA Convention intern program, or work with TFIC as it prepares future food industry leaders, contact us at tfic@umn.edu or by phone at (612) 625-7019.