

Is the Food Model Changing?*

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Dominant Model

- Consumers offered mediocre quality food
 - Supersized with chemicals, sugar and lipids
- Provide ever more highly engineered foods
 - e.g., Pork with Omega-3 engineered into it
- Ignore consumer's desires for safety such as BSE testing
- Government run for the food and chemical industry -- little regulation, low standards
 - US government welfare keeps this alive

New Model

- Global Consumer Awareness & Intercommunication
- Environment
- Health
- Changing Consumers & Quality
- Brand & Standards
- Local

Global Consumer Awareness

- Internet, mobile phones, social web sites etc. connecting more and more people
 - Non-advertising product knowledge transfer
 - Supersize Me, Omnivore's Dilemma, etc.
 - Bad publicity kills products overnight
 - BSE in U.S. cattle shuts Asian markets
- Travel and communication transferring ideas
 - Slow food growing rapidly in Japan
 - Chinese consumers becoming aware of environment

The Environment/Global Warming

- Agricultural production as part of the problem
 - Runoff, ground water, antibiotics, soil mining etc.
- Increasing energy prices
 - Peak oil before 1974, 1979. Is this time real?
 - Pollution from fossil fuels
- Greater weather unpredictability affecting food systems
- Global warming may shift production locations

Health and Food

- People recognizing the linkage between diet and health
- Recognition of agricultural chemicals issue
 - Runoff, ground water, antibiotics, soil mining etc.
- Empty calories and obesity
 - Adult onset diabetes in children

Changing Consumers

- More aware and educated
 - The two coasts
 - More able to separate truth from advertising
- See food as part of the “good life”
- Food as experience
- Appreciate diversity
- Heirloom and tradition valued
 - Resurgence of local varieties in Europe
- Increased care about how things are produced -- ask Nike or Cathy Lee

Brand & Standards

- Highest quality and production standards
 - “Niman Ranch” strategy
- Credible standards for organic etc.
 - Not low road USDA
 - CCOF or other industry groups
- Terroir as valuable IP
 - Yountville, Stag’s Leap etc.

Increased Interest in the Local: Thinking about California

California Agriculture (Problems)

- Profitability problems
- Increasing pressure by environmentalists
- Increasing land values and labor costs
- Loss of agricultural land

Neo-European Model or CA Learning from Napa

- Excellent physical endowments
 - Farmers subsidized to be stewards (not soil miners)
- Proximity to highest quality consumers
- Globally sophisticated consumers (chefs, etc.)
 - Culinary Inst. has branch in Napa! Alice Waters
- Knowledge about quality and organic stds.
 - CCOF sets a global standard -- CA should push it
- California is a global “brand”
- Superb research and training institutions

Conclusion -- Dominant Model Is in Crisis

- Polluting and inefficient
- Not profitable for farmers
 - Few giant corporations make all the profit
- Dependent upon Federal welfare and not delivering what society needs
- Adverse health outcomes -- obesity etc.
- Increasingly discredited in media
- Centralized creativity in an distributed Internet world
- Feeding ever greater distrust of scientists

Conclusion -- Neo European

- Innovation, understanding new markets, and globalization are more important than ever
- The local/global contradiction will continue
- Local farmers in high-income nations must increase quality and innovation
 - Emphasize creativity
 - Processing that adds quality and value
- Opportunities for entrepreneurs to develop new business models and create a world with more choices

Thank You
Comments or Questions?

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