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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