AGEC 506 Marketing and Price Analysis

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Office Hours: No formal hours. I am here most days from 9 to 3, and am usually available. After class is lunchtime.

Courses in “Marketing and Price Analysis” generally emphasize either:

a. Understanding the array of forces that determine the level and behavior of commodity and food prices, or
b. Forecasting prices and examining strategic marketing and price speculation.

The first is more theoretical and often emphasizes policy; the second has a practical focus and is concerned with what can broadly be termed farm and food firm management.

This class is in the first category. It should be called “The Economics of Agricultural Markets.” Our goal is to develop an understanding of behavior in commodity and food markets and the factors governing this behavior. Such knowledge is important because commodity and food markets are subject to regulations of all kinds, and we wish these to be intelligent regulations. Furthermore, they are very interesting. Agricultural markets are many-faceted, with topics ranging from optimal grain storage and market concentration in the poultry and livestock industries to food safety and fast food advertising to children. Ultimately, everything is related to the fundamental notions of supply and demand. Markets are, after all, where supply and demand meet.

The main objectives of the course are:

1) To acquaint students with the important components of commodity and food markets and the many interesting problems they present;

2) To initiate students in the practice of reading and ultimately conducting agricultural marketing research.

The course is concerned with developing analytical skills and logical thinking about markets. This involves integrating economic theory, analytical methods, common sense, and familiarity with the institutional framework of the various components of the food system. Market analysis involves building “models” of markets, and one must be able to evaluate the strengths and weaknesses of these creations.


We will follow the topics in the text, although we may not cover the last three chapters, which deal with applied price analysis. We will also include topics not in the text, especially those dealing with retail pricing and the consumer side of markets. In addition, we will read some of the journal articles in the reading list below. My plan is for the class to consist of lectures and class discussion, the latter generally based on journal articles. We will certainly not read all the papers listed, and others may be assigned. The articles differ widely in complexity and difficulty (and clarity). You certainly are not expected to understand everything: the trick is to extract the important points. Leave the details to specialists and those performing similar manipulations in similar endeavors, e.g. writing theses.
Prerequisites are a course in intermediate microeconomics and some facility with calculus. Students also need to have taken a solid course in statistics. This should include an introduction to regression analysis, at least to the point that you can interpret results obtained by this method. Grades will be based on a midterm (25%), a final (35%), homework exercises (15%), and a project (25%). The homeworks will include very brief (maximum two double-spaced pages) written reviews/summaries of selected class readings, consisting of:

1) A description of what the paper tries to do;
2) Its strengths (if any) and weaknesses (if any);
3) What you learned (if anything);
4) Your grade for the paper (A,B,...), and a reason for it.

There will also be some problems. The term project will consist of an analysis of a particular issue involving commodity/food markets. This will entail an examination of the research evidence relevant to your problem as published in various sources. It would be desirable if you also included some original data analysis, however simple, although this is not a requirement. The length of the paper is up to you, but if you want a number something along the lines of 12-15 pages seems reasonable. About half way through the semester you will need to turn in a short (less than one page) description of the question you are studying. In addition to the written paper, students will present a short (15-20 minute) class presentation of their project. This will be during the last week of the semester.

* An asterisk indicates articles which we will very likely read.

1. Demand and demand elasticities - Chapter 2 and Chapter 3.


2. Agricultural Supply - Chapter 3


3. Price Determination Under Different Competitive Models - Chapter 4


4. Marketing Margins - Chapter 6


Schnepf, Randy, *Farm to Food Price Dynamics*. Congressional Research Service 7-5700, November 6, 2009, 38 pages.

5. Space - Chapter 8


6. Price Variation in Time - Chapter 9


7. On Farm off-Farm Prices and Index Numbers - Chapter 10

8. Price Discovery and Contracts - Chapter 11


10. Information on quality and prices- Chapter 7


11. More on Noncompetitive Pricing; Marketing Orders and Coops


