

ARE Research Briefs

Mandated Marketing Programs for California

by Hyunok Lee, Julian M. Alston, Hoy F. Carman, and William Sutton

Federal marketing orders and state marketing programs are an important part of California agriculture. As of May 1995, there were forty-eight state marketing programs and thirteen federal marketing orders in California.

This study is a comprehensive status report on California marketing programs from a historical perspective. After a background in marketing program operations and history, the study investigates their growing role in California with an emphasis on state programs. Historical program budget figures are used for this investigation. The analysis shows that specific patterns emerge across commodity categories and different time periods. Over time promotion budgets grew quickly along with total budgets, but research budgets remained relatively constant. Fruit crops are found to have a greater share of production value devoted to marketing programs than vegetables. Further, fruit crop programs tended to focus on promotion while those for field crops and vegetables focused more on research.

California Agriculture: Issues and Challenges

edited by Jerome Siebert

The Giannini Foundation and the Division of Agriculture and Natural Resources published *California Agriculture: Issues and Challenges* in conjunction with the XXIII International Conference of Agricultural Economists (August 10-16, 1997, Sacramento, CA). The book is a collaborative effort of UC Berkeley and UC Davis agricultural and resource economists.

The book's eleven chapters comprehensively summarize California agriculture from an economic and policy perspective. They provide both a foundation and a reference point for evaluation and analysis of change in the agricultural and agribusiness sectors. The book's topics cover the many issues and challenges faced by California by an overview of their complexity, development, present status, and future.

The California Table Grape Commission's Promotion Program: An Evaluation

by Julian M. Alston, James A. Chalfant, Jason E. Christian, Erika Meng, and Nicholas E. Piggott

This study analyzes demand relationships for California table grapes and evaluates the promotional expenditures of the California Table Grape Commission (CTGC). The postwar history of the table grape industry is reviewed; several econometric models are estimated for both demand in North America and in several export markets in Asia; and the results of the econometric models are used in benefit-cost analyses of CTGC programs, both from the point of view of the industry, which funds the programs through a check-off, and from the point of view of society as a whole.

Promotional expenditures by the CTGC, including advertising in print and electronic media, marketing activities to wholesalers and retailers, and public relations and communications activities have significantly increased demand relationships in the table grape industry. This result was found in a variety of model specifications including: Long annual time series for the U.S. and Canada taken as one market, monthly observations of U.S. and Canadian demand, monthly observations for a number of individual cities in the United States, annual data for the largest export markets, and monthly data for individual countries importing the largest volumes of fresh grapes from California.

To use the econometric estimates of the demand shifts associated with CTGC promotional expenditures in a benefit-cost analysis, a full model of the industry was constructed with simulations for various assumed elasticities of supply. Even when supply was highly elastic with respect to price, the benefits to producers far exceeded either the total cost of the program (by a factor of ten), or the incidence on producers of the checkoff (by a factor of over 150). While these benefit-cost ratios appear enormous, they are the consequence of an increase in per capita table grape consumption in North America of about twenty percent realized over twenty-five years. Export promotions in the table grape industry were also substantially greater than costs.

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