

Business Climate of Food Firms: A Comparative Analysis of Problems Faced By Food Manufacturers, Wholesalers, Retailers and Service Institutions in New Jersey

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This paper presents the problems facing food firms using information from focus groups of industry executives from New Jersey. The leading problems for food manufacturers are related to regulation, taxation, economic development, and high business costs. For food wholesalers the leading problems are transportation, regulation, labor quality, training and education, and public relations. Food retailers cite litigation and liability, high business costs, regulation, and insurance costs as leading problems. For food service firms, regulation, licensing and permits, labor quality and costs, and high business costs are the most pressing problems. Policy recommendations for improving the business climate are provided.

The food industry, which comprises food manufacturers, wholesalers (brokers), food stores (supermarkets and grocery stores) and food service institutions (eating and drinking places), is a major segment of the U.S. economy (Adelaja, 1988). Combined with agriculture and closely allied with transportation, insurance, legal equipment supply, refrigeration and other firms which service this industry, the food industry accounts for more than 15 percent of the U.S. economy (Senauer, Asp and Kinsey, 1991). The importance of this industry is underscored by the fact that food is a necessity, and that consumers are increasingly demanding new and innovative avenues for food consumption, both at home and away from home (USDA, 1989; USDA, 1990; Nayga and Capps, 1992; Nayga and Riethmiuller, 1995; Nayga, 1994; Connors, 1988; Marion, 1986).

The food industry is particularly important in regions of the U.S., such as the Northeast, where consumer concentration is high (Connor, 1994; Connor et. al., 1985). New Jersey, for instance, is one of the leading states in the nation in terms of the concentration of food firms (Adelaja, 1988). In

New Jersey, the large number of consumers, high population density and affluence of consumers contribute to a thriving food retail sector. Proximity to New York and Philadelphia and access to major ports from which fresh and processed foods are being exported and imported is a major reason for the high concentration of food wholesale firms in the state (Adelaja, Schilling and Horzepa, 1994). The fact that New Jersey has among the highest consumer per-capita income, substantial labor force participation by women, and a high proportion of two wage earner families makes the state an ideal location for food service businesses. The relatively high productivity of New Jersey manufacturing workers, the abundance of highly skilled and technical personnel that are critical for flavors and extracts/ingredients firms, and the availability of scientists and research centers are among the advantages that New Jersey offers food manufacturers (Lopez and Henderson, 1988; Adelaja, 1988). New Jersey, being a state with a long history of industrialization, has historically maintained a proportion of the total number of food manufacturers in the region and nation exceeding its share of regional and national populations.

The 22,250 food-related firms in New Jersey employed 313,404 workers in 1992. These firms paid more than \$5 billion in wages and generated \$54.6 billion in sales (see Table 1). This industry represented about 12 percent of both employment and gross sales, and 7 percent of payroll in New

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Table 1: Sizes and Contributions of New Jersey's Food Industry Components

| Industry | Establishments | Employment | Payroll (\$ million) | Gross Sales (\$ million) |
|----------------------------|-----------------------|--------------------|---------------------------------|-------------------------------------|
| Food Manufacturing | 567 (25%) | 33,500 (10.7%) | 1,023.7 (20.4%) | 9645.3 (17.7%) |
| Food Wholesale | 1,939 (8.7%) | 30,134 (9.6%) | 1,006.8 (20.1%) | 26,339.5 (48.2%) |
| Food Retail | 6,364 (28.6%) | 97,578 (31.1%) | 1,465.5 (29.2%) | 13,044.4 (23.9%) |
| Food Service | 13,380 (60.1%) | 152,192 (48.6%) | 1,517.6 (30.3%) | 5,590.8 (10.2%) |
| Total Food Industry | 22,250 | 313,404 | 5,013.6 | 54,620.0 |

Sources: New Jersey Census of Manufacturers, 1992; New Jersey Census of Retail Trade, 1992; New Jersey Census of Wholesale Trade, 1992.

Jersey's economy (Adelaja, Schilling and Horzepa, 1994). Almost 80 percent of the employment in the food industry derives from food stores and food service institutions. It is noteworthy that 50 percent of the entry level jobs (first jobs) in New Jersey are food industry jobs, meaning that one out of two people start their professional careers in the food system. In a state where economic recovery lagged behind most other states after the last recession, the food industry is increasingly being looked at as a conduit to the economic development of the state. Other reasons the food industry is a desirable target for economic development include the fact that it is integrally linked to the state's large tourism industry (New Jersey has the third largest tourism industry in the nation) and the coastal economy. Furthermore, New Jersey offers proximity to raw food materials, ports and air transportation facilities, and a vast consumer market. Similarly, New Jersey has a significant level of pre-existing infrastructure to facilitate industrial development.

State policy makers are concerned about the food industry's future and seek avenues by which to improve its performance and competitiveness. The state recently developed a series of policy initiatives designed specifically to aid in the development of the industry. However, historically, the limited dialogue between the industry and government has been major a handicap. While effective public policy must balance the needs of the public with the needs of businesses, it is difficult to design such policies within an environment where limited communication exists. One explanation for this communication gap is that as a result of the magnitude of the New Jersey's environmental problems,

the state took bold steps to ensure environmental compliance and responsibility by industry. Industry largely perceived these moves as hostility toward business (New Jersey Department of State, 1995). In addition, most studies on the business climate in New Jersey indicate that the higher cost of doing business in New Jersey is a major deterrence to competitiveness.

To facilitate a public-private sector partnership in developing strategies to improve the business climate of food firms in New Jersey, the authors of this paper embarked on a project to uncover the problems of the food industry, generate consensus among various food industry segments on cross-cutting issues, develop models relating industry performance to variables related to the various industry concerns, educate policy makers about the problems of the food industry, and bring government and food industry representatives together to jointly develop strategies to solve these problems (with the University as an unbiased facilitator). The final objective was a government-business-developed strategic plan for economic development. This study reports on the first phase of this project, the documentation of industry concerns and recommendations. The results could be extended to other regions and states with similarly structured food industries.

Approach To The Research

The research was initially guided by a project advisory committee (PAC) comprising individuals from Rutgers University and the New Jersey Department of Agriculture (NJDA). The Rutgers

members of the PAC included administrators at the dean level; faculty at the Center for Advanced Food Technology (CAFT), the Center for Urban Policy Research (CUPR), the Food Science Department, the Ecopolicy Center, and the Department of Agricultural Economics and Marketing. The NJDA staff included personnel involved in economic development, rural resources, administration, marketing, aquaculture, fisheries and seafood.

The PAC was subsequently expanded to include industry and trade association members who provided further guidance on the direction and scope of the study. The company affiliations of these individuals are Sorrento Cheese Company, PSE&G and Ron-Son Mushroom Products (representing food processing); Firmenich Corporation, Flavors and Extracts Manufacturers Association (FEMA) and Takasago International Corporation (representing the food flavors, extracts and ingredients industry); the Food Bank of Monmouth/Ocean Counties (representing the emergency food system); New Jersey Restaurant Association (NJRA), New Jersey Food Council (NJFC) (representing the supermarket and restaurant industries); Agriconsultants and the Eastern Dairy, Deli, Bakery Association (EDDA) (representing wholesalers).

Six homogenous focus group meetings of industry leaders (executives from companies and trade associations) were planned and convened between January and April of 1995. There were two regional meetings of food processors (for north and south New Jersey), one meeting of the flavors, extracts and ingredients industry, one meeting of wholesalers and brokers, one meeting of the food retail industry, and one meeting of the food service sector. The firm of Berkowitz and Associates, a management consulting firm with extensive experience in the food industry, was retained to facilitate the focus group meetings. Attendants at every meeting were carefully selected to ensure balance and representation of a broad spectrum of interests within the industry.

The food manufacturing focus group meetings were attended by representatives of the following companies: Al and John's, Inc.; Andrea Ravioli; Best Foods Baking Group; CPC International, Inc.; Darling International; Goya Foods Company; Nabisco Biscuit Company; the New Jersey Food

Processors Association; Sorrento Cheese Company; Zerega's Sons, Inc.; Crown Cork & Seal Co.; Cumberland Dairy, Inc.; Gorton's Seafood; Progresso Quality Foods; Redpack Foods, Inc.; Ron-Son Mushroom Products; Violet Packing Company; Cangemi Consultants; FEMA; Firmenich; General Spice; Haarmann and Reimer; Hagelin & Company; Meer Corporation; National Assoc. of fruits, Flavors & Syrups (NAFFS); RedStar Bio-products; Scarinici & Hollenbeck; and Takasago International Incorporated.

The brokerage and wholesale focus group was attended by representatives of the following companies: EDDA; the Matrix Marketing Group Inc.; Hersh Marketing Co.; J & S Food Broker; Wakefern Food Corporation; Agriconsultants; and the NJFC.

The food retail focus group was attended by representatives of the following companies: the Grand Union Company, Inc.; The Great A&P Tea Company, Inc.; Kings Supermarkets, Inc.; NJFC; Pagano's IGA, Inc.; Pathmark Stores, Inc.; Twin County Grocers, Inc.; Wakefern Food Corporation; and Wawa, Inc..

Finally, the food service focus group was attended by representatives of the following companies: Food Bank of Monmouth/Ocean Counties; Fromagerie Restaurant, Inc.; L'Affaire 22; Labrador Lounge; Memphis Pig Out; the NJRA; and Quality Inn, Inc..

In addition to the focus group participants, individuals representing the following companies also provided comments: Aarhus, Inc.; Austin, Nichols & Co., Inc.; Biazzo Dairy, Inc.; Bocconcino Food Products, Inc.; Cambridge Bakery Products; Celentano Brothers, Inc.; Four Sisters Winery, Inc.; Harrison Baking, Inc.; Kings Road Wineries; Lea & Perrins, Inc.; Lombardo Ravioli; Marathon Enterprises, Inc.; Papetti's Hygrade Egg Products, Inc.; Paterson Soup Works; Sylvan Farms Winery, Inc.; Thomas J. Lipton Company, Inc.; Thumann's, Inc.; Tuscan Dairy Farms, Inc.; World Class Kitchens, Inc.; Clement Pappas & Co.; Manischewitz Foods, Inc.; Ocean Spray Cranberries; Food Ingredients Companies Inc.; Dragoco, Inc.; Florasynth, Inc.; Gillette Foods; International Flavors & Fragrances, Inc.; National Starch, Inc.; Losurdo, Inc.; Frank Donio, Inc.; Dauito Produce, Inc.; Sid Alpers Organic Sales, Inc.; Frank J. Gatto, Inc.; H&G Trading Limited; Pezrow Corporation;

Willing and Shtafman, Inc.; JASZ, Inc.; Keystone New York Corporation; D & R Food Brokers, Inc.; Sullivan & Fitzgerald Food Brokers, Inc.; Pennington Supermarket, Inc.; 40 Main Street Restaurant; Capital Pizza Huts, Inc.; Danny's Italian Restaurant; Ground Round Restaurant; Mega Management, Inc.; Pals Cabin Restaurant; Trattoria Moderna Restaurant; and The Windmill Restaurant.

Participants in each focus group were asked to identify, categorize, prioritize and rank the issues and problems faced by their respective industry. They were also asked to make recommendations to policy makers in terms of what types of governmental and/or institutional support would enhance industry performance. The remainder of this paper is devoted to the discussion of the problems identified by representatives of each sector of the New Jersey food industry as well as their recommendations to policy makers interested in improving the business climate faced by the industry.

Problems Facing Food Firms

Representatives of the four major segments of the New Jersey food industry examined in this study highlighted a number of diverse issues affecting the performance of food manufacturing, food wholesale, food retail and food service firms in the state. Challenges associated with the stringency of the regulatory climate, high costs of doing business, economic development, labor quality and transportation are among the concerns shared by all four industry segments. A summary of the problems and concerns expressed by study participants, organized by industry segment, are presented in this section.

Problems of Food Manufacturers

Food manufacturers face numerous challenges in New Jersey. The major areas of concern expressed by representatives of New Jersey food manufacturing firms during focus group meetings, ranked in order of perceived importance, include regulations, taxation and fiscal issues, economic and market barriers to development, costs of doing business, education, training and labor quality, public relations and image and transportation.

Broadly speaking, the regulatory environment faced by food manufacturing firms was cited as the

most significant deterrence to industry growth. Industry representatives argue that the enforcement of these regulations is more punitive than corrective. Specifically cited were regulations governing air pollution, water pollution and solid waste disposal. Also criticized was the permit acquisition process which was seen as extremely expensive, time consuming, inflexible and hostile. Many of these problems were attributed to the New Jersey Department of Environmental Protection (NJDEP).

Industry representatives felt that the costs of doing business in New Jersey and the lack of adequate economic development assistance were substantial deterrents to industry performance. High property taxes and utility taxes were of major concern. The New Jersey Economic Development Authority (EDA) was also criticized for the inadequacy of the economic development assistance packages available. Furthermore, industry representatives felt that whereas other states actively encourage and support the retention and expansion of existing firms and the recruitment of new businesses, New Jersey has adopted a stance perceived as antagonistic. In contrast to other states, New Jersey offers no programs designed to provide technical assistance to industry in complying with state laws and regulations. Industry representatives felt that limited public awareness of the food industry contributes to the lack of state promotion and assistance for food manufacturing firms.

Food manufacturing representatives highlighted a number of other industry problems and concerns including the unavailability of adequate labor for lower skill and lower wage positions, poor worker education and ethics, high labor turnover, traffic congestion and inadequate transportation infrastructure. In summary, many food processors in New Jersey indicated that the primary reason for remaining in the state is the high level of capital investment already in place.

Problems of Food Wholesalers and Brokers

While the food wholesale industry has been successful in maintaining and indeed expanding in New Jersey, a number of problems persist that hinder the industry's performance. In order of importance, the top issues raised by industry participants in the wholesale focus group include transportation, regulation, workforce education and training,

public relations, non-union competition, costs of doing business and quality of life in the state.

Transportation was identified as the most serious problem. Particularly problematic were the reduction in the number of daily deliveries due to congestion and traffic-related problems, excessive toll booths, inadequate road signs and poorly maintained and structured roadways. Also identified was the inefficient use of truck backhauling.

The state's regulatory climate was also an issue of concern. The enforcement of New Jersey's unit pricing laws and other regulations to which grocery stores must adhere is seen as inequitable. Specifically, price clubs and super drug stores are not necessarily subject to these regulations, placing food stores at a competitive disadvantage. Lack of uniformity in regulations governing kosher foods, USDA requirements mandating the inspection, grading and stamping of food goods, the uncertainties associated with the rapid implementation of nutritional labeling requirements, competition with foreign suppliers exempt from many domestic regulations and solid waste disposal were also identified as problems.

Similar to many other segments of the food industry, food wholesale representatives cited the lack of qualified and reliable low skill labor as an industry concern. High labor turnover rates, poor work ethics, poor education and language barriers were among the specific labor concerns expressed by study participants. Limited public awareness and inadequate public policy support of the industry were also seen as problematic. Finally, the state's perceived indifference toward business was seen as a severe deterrence to a firm's decision to locate in the state.

Problems of Food Stores and Retailers

Food retailing has managed to maintain and expand its presence in New Jersey over the last several decades. Nevertheless, a number of barriers currently exist that interfere with the industry's ability to operate efficiently. In order of importance, the top issues raised by industry participants in the supermarket focus group include litigation, costs of doing business, regulations, insurance, solid waste disposal, food safety and sanitation, economic growth climate and labor, and transportation.

Liability for injuries sustained by patrons falling in stores was considered one of the most costly aspects of the supermarket business. Representatives of the industry argued that they are the target of an excessive number of false "fall down" claims. Product liability claims were also cited as a source of costly litigation, although the products sold are not necessarily produced by food stores.

Another concern cited was the high level of state and local taxes, permit fees and fines faced by retail food stores. The lack of uniformity across townships in terms of fees to which food stores are subject increases the search time involved with getting information on applicable fees. Industry representatives also criticized the excessive cost of workman's compensation insurance and the excessive paperwork required to file health claims.

Food retail stores are subjected to a large number of regulations, including laws that govern the sale of liquor, tobacco and pharmaceuticals as well as the enforcement of standards for sanitation, health, public and employee safety, fire safety, weights and measures, waste disposal and other environmental concerns. Excessive and nonuniform regulations force retail food stores to incur significant expense as additional personnel must be hired to handle permits, fees and inspections. A specific area of regulatory concern is solid waste disposal, particularly as it relates to recycling and composting. Focus group participants also highlighted the difficulty of working with the NJDEP. The NJDEP's antagonistic attitude towards business and inadequate internal communication cause food retail firms to expend excessive amounts of time and money, especially in the area of permit acquisition.

Industry representatives criticized many state standards regarding food safety as being old and often not reflective of new packaging technology, new product lines and new information. It was also felt that food inspection needs to be conducted earlier in the food distribution chain rather than placing the onus of food safety on food retailers. Unit pricing laws and other regulations which apply to food stores but not to wholesale clubs, price clubs, super drug stores or other non-food stores which nevertheless sell food were also criticized. These laws place additional costs on food retailers.

Industry representatives are also concerned about the inadequacy of New Jersey's educational

system and the fact that it does not provide adequate numbers of qualified individuals for hire at low- and mid-level positions. Rapid labor turnover was cited as a costly problem faced by food stores. Food retailers also felt that the state is not aggressively promoting new business and is in fact, hostile toward many industries. They also highlighted the need for state assistance in transporting workers to and from their places of employment and numerous other transportation related problems.

Problems of Food Service Institutions

The New Jersey food service industry faces a number of problems and challenges that hinder the ability of the industry to grow. The major areas of concern expressed by industry representatives, ranked in order of perceived importance, include regulations and licensing, labor, costs of doing business, publicity and public image and state support/recognition of the industry.

Smoking regulations are a leading regulatory issue faced by food service establishments. The lack of a uniform state ban on smoking was seen as problematic and difficult to enforce. The lack of uniform sanitation regulations was also cited as an industry concern. Liquor licensing was also criticized in terms of excessive fees, taxes and initial cost of license acquisition. Restaurateurs expressed concern over the unavailability of beer and wine licenses (as opposed to a composite liquor license). The time and money expended for permit acquisition was also viewed as excessive.

Industry representatives expressed concern about the lack of a strong work ethic among young workers in the state. Inadequate transportation arrangements and too few public transportation options were also cited as industry problems. New Jersey's high minimum wage was seen as a major industry concern, particularly since the industry employs many low skilled 16- to 18-year-old workers. Also, current Social Security laws limit the amount of time senior citizens can work due to the income eligibility stipulations of the program.

Operating costs in general, and particularly regulatory fees and property taxes, were cited as being much higher in New Jersey than in other states. Industry representatives criticized the state for viewing taxes on alcohol sales as an additional

source of state revenue. Concern was also expressed about the high cost and limited availability of insurance. It was noted that insurance costs reflect the industry's susceptibility to frivolous litigation.

The study participants indicated that their industry needs improved publicity and promotion as food service establishments do not get enough publicity from the media and the state. This group also called for an ombudsman in state government to work directly with New Jersey's food service industry.

Policy Recommendations

The industry leaders participating in the food industry focus groups offered numerous recommendations for policy makers interested in enhancing the business climate of New Jersey food firms. A summary of these recommendations listed by food industry sector follows.

Food Manufacturers

Major regulatory reform, particularly in the areas of pollution control and enforcement, were strongly recommended. The component of such reform would include placing a greater onus on consumers, harmonizing regulations across the state, streamlining the permitting process, improving the NJDEP-industry relationship (including the establishment of a Food Industry Ombudsman to assist with regulatory mitigation and compliance) and improving methods of disposing food processing wastes.

Industry representatives also provided a number of recommendations addressing non-regulatory issues. For instance, state economic development assistance and promotion were viewed as important elements necessary for the stabilization and growth of food manufacturing in New Jersey. Critical labor issues similarly prompted industry representatives to recommend improvements in the educational system, particularly in its role of preparing non-college bound students for the workforce. In the area of transportation, industry representatives recommended increased public transportation services between New Jersey's cities and decentralized food manufacturing facilities.

Food Wholesalers and Brokers

Representatives of the food wholesale industry recommended state involvement in the coordination of trucking transport. The elimination of toll booths (or the establishment of an automated toll) and the development of a better system of traffic observation and control was also recommended in order to reduce traffic delays. Industry representatives further recommended that the definition of food stores be broadened to encompass price clubs and other businesses not currently classified as such, in order to level out the effects of unit pricing laws. Numerous other recommendations were offered that were designed to promote fairer competition between domestic food stores and non-food stores as well as foreign competitors.

It was recommended that the state take a more active role in promoting and improving the education of the state's emerging work force, consider undertaking a national public relations campaign designed to attract more food companies and manufacturers to New Jersey, and creating incentives for businesses to locate in New Jersey. This industry also recommended the establishment of an ombudsman position to promote food-related industries and assist firms would be beneficial.

Food Stores and Retailers

Industry representatives strongly advocated tort reform to prevent costly fraudulent claims and frivolous lawsuits and to ensure that food manufacturers, rather than food retailers, are held liable for any defects in food products. They also strongly recommended reform in the fee, permit and fine system utilized in New Jersey. The compilation and publication of all fees, permits and potential fines to which food retail outlets are subject was also suggested. It was also recommended that an ombudsman be designated within the NJDEP as the single liaison person between the food industry and the NJDEP in order to reduce the confusion, inefficiencies and red tape currently experienced by the industry.

Measures to promote uniformity in the regulations affecting food stores were also suggested. Also recommended was a review and revision in health laws to reflect new developments in the industry. The continuation of curbside recycling at

the place of residency along with the use of municipal and county centers for recycling and returning hazardous and toxic products were strongly recommended. Due to sanitation concerns and worker safety considerations, the industry opposed a system whereby recyclables are returned to retail stores. It was also recommended that food inspections be conducted earlier in the distribution chain in order to better protect consumers from unsafe food.

Other recommendations include the improvement of the public education system and vocational training programs, less government hostility toward business, more aggressive state promotion of new businesses, and the coordination of Department of Transportation and New Jersey Transit activities in order to improve the ability of employees to get to work.

Food Service Institutions

Representatives of food service institutions supported a uniform state ban on smoking in food service establishments, the reduction of liquor licensing fees, the regulation of "bring your own" establishments, the creation of beer and wine licenses as alternatives to composite liquor licenses, the introduction of a differential minimum wage for 16- to 18-year-old worker, and the reduction and simplification of regulatory fees and licenses. Another recommendation advanced by industry representatives was that the Tourism Board should be an advocate for the industry and assist the industry in its publicity efforts.

Stronger and more active state support for food service institutions was highly recommended by study participants. It was suggested that the state provide greater access to economic development assistance funds through EDA loans and that the specific business conditions unique to the food service industry be taken into account during the application process. Representatives of this industry also recommended the employment of an ombudsman by the state government.

Summary and Conclusion

It is obvious that the problems facing the four food industries are complex and diverse. Table 2 offers a summary of the major categories of prob-

lems and issues identified by industry representatives during focus group sessions. While regulatory issues are the most pressing of the problems facing manufacturers and food service facilities, the nature of the regulatory problems differ. For food processors, the issues are environmental regulation by the DEP. For food service facilities, the issues are health related and local regulation. For wholesalers and retailers, the top issues are, respectively, transportation and slip/fall/product liability. Regulations appear in the top three list for all industries, suggesting the persistence of regulatory issues.

The cost of doing business is an area that is problematic for food service and retail operations. This category of problem is not consistently defined across industries. Retailers worry about permit fees while food service institutions worry about property tax, inspection fees, frivolous lawsuits and insurance costs. Labor costs and quality also appear to be leading issues for wholesalers and food service firms.

Obviously, the relationship between the New Jersey state government and the food industry

needs to be improved. All four segments of the food industry recommended the employment of an industry ombudsman for either their segment or for the entire industry. The state of New Jersey has already begun a process of improving its relationship with industry. In fact, partly as a result of this study, the food industry was targeted for economic development assistance in 1996 by the New Jersey Department of Commerce. Greater collaboration and dialogue between the public and private sectors would be beneficial.

One of the objectives of this project is to assist the four food industries in developing a joint vision and plan that will enable the entire food industry to strengthen its future position. Given the diversity of issues they face, however, consensus building may indeed be difficult. If consensus is formed, it is likely to revolve around resolving cross-cutting issues such as regulation, labor quality, economic development and the cost of doing business. These are issues that the state can indeed assist the food industry in resolving.

Table 2. Ranking of Issues Facing New Jersey's Food Industry

| Rank | Manufacturing | Wholesale | Retail | Service |
|------|--|---|---|--|
| 1 | Regulations *Excessive Enforcement *High Fees/Fines *Lack Industry Knowledge *Permitting Problems | Transportation *Backhauling *Congestion | Litigation *Slip & Fall Liability *Product Liability | Regulations/Licensing *Smoking Regulations *Sanitation Regulations *Liquor |
| 2 | Taxation/Fiscal *Property Taxes *Utility Taxes | Regulations *Wholesale Clubs *Kosher Foods *Nutritional Labeling | Costs of Business *Permit Fees/Fines *Shoplifting/Shrinkage | Labor *Poor Work Ethic *Limited Transportation |
| 3 | Barriers to Development *EDA Loans Restrictive *Limited Support | Education/Training *Labor Quality *Language | Regulations *No Uniformity *DEP *No Unit Pricing in Wholesale Clubs | Costs of Business *Property Taxes *Fire Inspect. Fees *Insurance Fees *Frivolous Lawsuits |
| 4 | Education/Training *Poor Work Ethic *Limited Skills (Low End) | Public Relations *Lack Industry Knowledge *Poor State Image *No Business Incentives | Insurance *Health *Workman's Comp. | Publicity/Public Image *No State Support |
| 5 | Public Relations/Image *Limited Support *Limited Recognition | Non-Union Labor *Wholesale Clubs *Wage Differentials | Solid Waste Disposal *Limited Composting *Recycling | State Support *Limited EDA Assistance *Lack Industry Knowledge |
| 6 | Transportation *No Infrastructure *Traffic *Backhauling | Costs of Business *High Costs | Food Safety/Sanitation *E. Coli Contamination *Outdated Standards | National Trends *Business Meal Deduct. *Alcohol Consumption |

An important finding of this study is that the major problems faced by food firms are policy, economics and business related. In many land-grant institutions, the preponderance of the research and other programs directed toward assisting the food industry are food science, food technology and science related. This study points to the need for a more prominent university role in the area of policy research and greater extension efforts in the socio-economic and policy areas. For institutions interested in engaging in finding solutions to problems of food firms, Table 2 is perhaps a good reference point. It suggests the need for institutional analysis and a focus on issues such as regulations, economic development, business climate, transportation, infrastructure, labor and policy analysis. Agricultural and food economists could indeed serve a critical role in assisting food firms. Finally, it is hoped that the issue areas identified through policy research involving New Jersey food firms may provide a starting point for similar efforts in other states.

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