

AgriLife Research economist explores consumer food purchase patterns

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COLLEGE STATION – A Texas AgriLife Research economist has a keen interest in tracking consumer food purchases for both home and away.

“I look at grocery aisles a bit differently, things (on the shelf) that would make a good study,” said Dr. Oral Capps, Jr. co-director of the Agribusiness, Food and Consumer Economics Research Center at Texas A&M University and Regents Professor.

Capps was recently featured in the National Association for Business Economics May online edition (<http://nabe.com/publib/news/12/05/05.html>). He told the association, “I am not the conventional academician. I like to engage those working in the private sector and in government.”

Capps specializes in demand and price analysis with expertise in econometric modeling and forecasting methods.

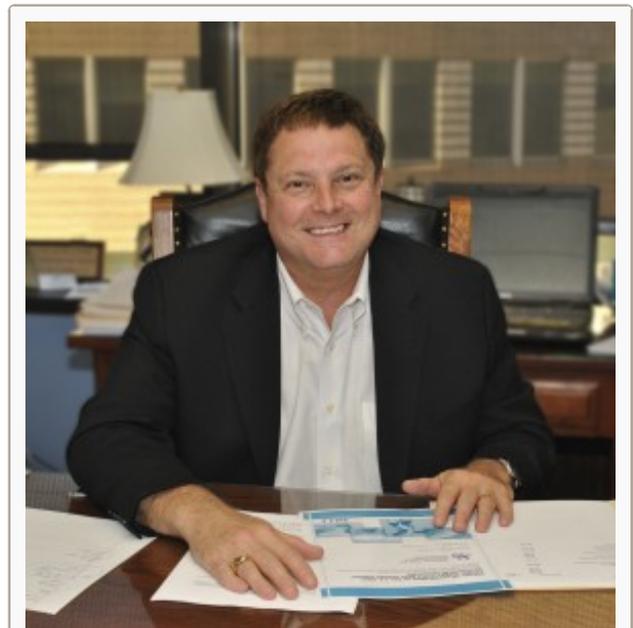
His analyses were used recently in an energy drink study, examining the purchases of four energy drink brands at a H-E-B store in College Station.

“These are called ‘New Age Drinks’ and we wanted to know how price-sensitive these brands were, he said. “We also want to make projections or forecasts of further activity as well as customer counts,” Capps said.

The study used econometric models, which evaluate factors that drive consumer purchases. The models key in such aspects as consumer incomes, if they were up or down, and how much these conditions affected purchasing patterns and the effects of overall sales.

“The energy drink market is one of the fastest growing markets in the non-alcoholic beverage industry,” Capps said.

Energy drink sales in the U.S. are expected to eclipse \$10 billion by this year. The study provided a historical perspective on the nature of the market for energy drinks by researching factors associated with brands Red Bull, Monster, Rockstar and Full Throttle.



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“The results provided strategic information to the local retailer on such metrics as own-price and cross-

price elasticities and out-of-sample forecasts were made one quarter ahead,” he said.

Many college students purchase energy drinks to combat mental fatigue and also receive vitamins.

“They are marketed primarily to individuals between the ages of 13 and 35 years old. They do not require much shelf space, Capps said. “Some of the things we examined in this study dealt with the price sensitivity of these brands. That is, we looked at the effects of price on purchases.”

The drink study contained 153 weeks of data from 2007-2010 and included weekly customer counts, weekly dollar sales for all brands, weekly ounces sold for all brands and weekly prices per ounce for all brands derived from the sales and volume information.

“These data sets are common for research regarding food/beverage purchases,” Capps said.

More recently, Capps and a interdisciplinary team have been evaluating local school lunchrooms in three Bryan elementary schools, measuring food waste patterns. The results from that study should be published by next spring.

In the meantime, Capps teaches seminars for the National Association for Business Economics. He also specializes in unilateral price effects of mergers and acquisitions, as well as evaluations of agricultural checkoff programs.

“I truly enjoy what I do,” Capps said. “There is so much value in what these studies uncover whether it be for individuals, commodity groups or corporations. To uncover specific patterns of purchased food/beverage items or of particular commodities can lead to many great things in the way our food/beverages are produced and distributed.”

For more information about the center, visit <http://afcerc.tamu.edu/>.

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