

**BOOK REVIEW: F. Bailey Norwood and Jayson L. Lusk.**  
***Agricultural Marketing and Price Analysis.* Upper Saddle**  
**River, NJ: Pearson Prentice Hall, 2008, xi + 445pp., \$86.67**  
**hardback. ISBN 978-0-13-221121-5.**

Let me say at the beginning of this review that I thoroughly enjoyed reading this book. The writing style is smooth and easy to follow. The concepts covered can be understood without difficulty. Certainly, the authors poured a tremendous amount of heart into their work.

The motivation for this book is clearly to serve as an undergraduate textbook in agricultural economics, but not in the traditional sense. As indicated in the Preface, the authors have purportedly tried to capture changing academic priorities in agricultural marketing and price analysis, encompassing emerging areas of research and sophisticated data analysis. Throughout, the text is rich in extremely useful numerical examples at the precalculus level. Many of the examples are not in the realm of agriculture, and some of the quotes contain language unexpected in an agricultural economics text. No doubt, this is an attempt to reach modern students with virtually no knowledge of agriculture.

Most of the Preface is devoted to a description of how the book is organized and why. Thus, it would not be useful to repeat the contents of the Preface. Instead, I impose my own perspective on the organization of the book and attendant utility. There are 14 chapters in the book, divided into four sections.

The first section, “Welcome to Economics and Price Analysis,” includes four chapters, all devoted to microeconomics theory. The chapters cover basic concepts, supply and demand, and imperfect competition, leaving perfect competition for a chapter near the end of the book. Ostensibly, the authors focus on theory relevant to agribusiness and consumers as opposed to farmers.

The second section, “Understanding Agricultural Prices and Markets,” contains four chapters, all devoted to agricultural commodities. The first two chapters of this section, Chapters Five and Six, are devoted to traditional basic agricultural marketing—commodity price behavior and market channel coordination. Chapter Seven is truly unique and a major contribution. It is a fairly detailed exposé on commodity price analysis using regression via Excel. There is no attempt to show the mathematics or assumptions of regression—a nontrivial matter given that the students are assumed to have no knowledge of regression, as indicated in the Preface. However, the authors do an outstanding job showing the mechanics of commodity price analysis with the Excel regression tool. Chapter Eight pertains to the international trade of commodities. The presentation is excellent. However, as indicated on the website for the book, the numerical example for international

market equilibrium is incorrect. The revised version is posted on the book website. Errors aside, this chapter is a valuable contribution and easy to follow.

The third section, "Agribusiness Marketing Strategies," encompasses four chapters. The first chapter of this section, Chapter Nine, covers the basics of commodity futures and options markets and hedging. The remaining three chapters constitute a return to microeconomics theory pertaining largely to product pricing. Chapter Ten focuses on imperfectly competitive pricing with game theory. Chapter Eleven covers the gamut of discriminatory, bundle, and tie-in pricing. Especially unique is Chapter Twelve, which is a relatively long discourse on consumer behavior and research encompassing psychology, willingness to pay, conjoint analysis, experimental auctions, and more. The last three chapters of this section are exceptionally well done, particularly the numerical examples.

The fourth and final section, "Additional Topics," contains two chapters. The first, Chapter Thirteen, is a succinct exposé on the theory of the firm from the perspective of perfect competition. Finally, Chapter Fourteen provides perspective on the developments and tradeoffs pertaining to agricultural and environmental policy.

Now the question becomes: Where does an undergraduate text of such magnitude belong? In other words, which agricultural economics course would be a good fit for this book? The authors claim in the Preface that due to the versatility of the text, different chapter groupings could be used, depending on the focus of the class. They even suggest specific groupings by type of course, e.g., introductory, advanced price analysis, and agricultural marketing. Perhaps the authors are hoping that the book will be adopted in a couple of distinctly different classes. Or perhaps the book, because of its hybrid nature, is not well suited for any given undergraduate agricultural economics class. Indeed, one of the authors uses the text in his agricultural marketing and price analysis class and excludes six chapters completely which encompass much of the more novel contributions. Only two chapters are covered entirely.

The success of this multifaceted approach to textbook writing remains to be seen, but I have no doubt that the text will be heavily used in a supplemental fashion. Though the book has numerous errors throughout, it is loaded with major contributions with excellent, easy-to-follow numerical examples. Moreover, the authors appear to be eager to find and post errors with corrections on the book website. I am sure that there will be a second edition and one that is virtually free of errors.

Let me state again that I thoroughly enjoyed reading the book and found it compelling. I am already thinking about how I will use various parts in my own classes.

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