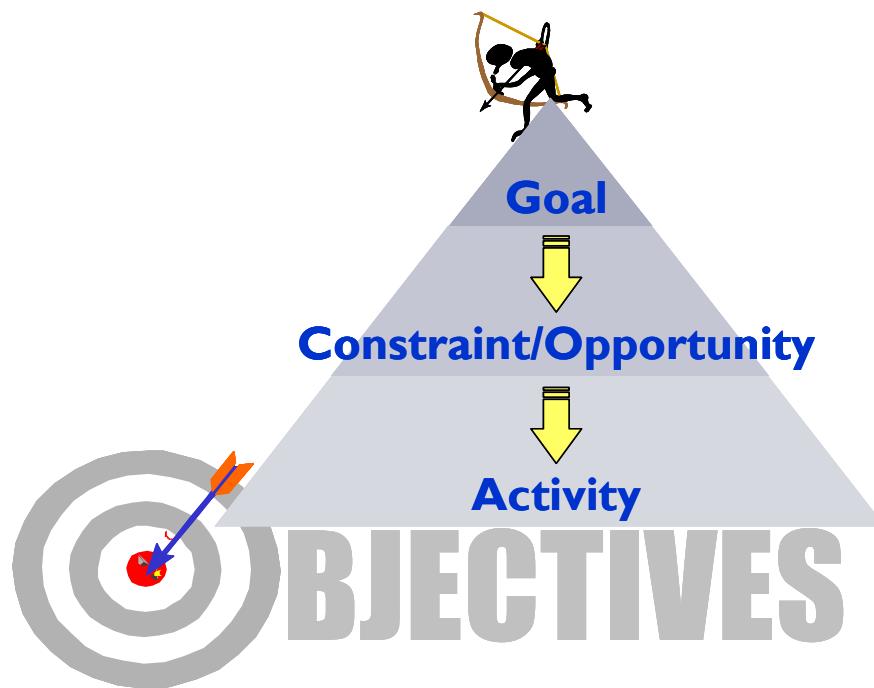


***EVALUATING MARKET
DEVELOPMENT PROGRAMS***

***GUIDELINES FOR FAS AND
ITS INDUSTRY PARTNERS***



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Evaluating Market Development Programs

Guidelines for FAS and its industry partners

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Summary

Evaluation is the capturing of learning from your program and feeding that learning into future plans.

- Section 1*
- *Discusses some broader issues such as the definition of evaluation, the process, how much to spend and who does it. It emphasizes the need for training in evaluation techniques.*
- Section 2*
- *Discusses the concepts of evaluation.*
 - *At the heart of evaluation is the search for causality; did our program cause the increase in sales?*
 - *A number of evaluative procedures are discussed and certain evaluation concepts introduced.*
 - *These concepts follow-on from Results-Oriented Management (R-OM), the evaluative management process, promoted as the basis for preparation of the UES submissions.*
- Section 3*
- *Outlines an evaluative approach for FAS industry partners.*
 - *It proposes a framework of evaluative procedures, several of which are already implemented.*
 - *These include:*
 - *impact forecasting (already part of the UES);*
 - *monitoring (already part of the administrative procedures);*
 - *activity evaluations (on all activities, largely using built-in procedures);*
 - *the Annual Country Progress Report (a review of the learning from the previous years program); and,*
 - *an occasional Program Evaluation study. It is suggested that the latter is undertaken every 5 years in some markets, and every 3 years in others.*
- Section 4*
- *Suggests some evaluation approaches for different types of activity.*
- Section 5*
- *Discusses the Annual Country Progress Report and provides an example.*

Section 6

- *Reviews the basis of Program Evaluation studies.*
- *It outlines the conceptual underpinning of any studies and the necessary preparation for a study, including the study plan.*
- *As all programs are different, it suggests a broad interrogative approach to these evaluations, listing a series of questions which need to be answered to obtain a clear understanding of the impact.*
- *It outlines a suggested report structure and then discusses five different hypothetical examples of Program Evaluation studies.*

Section 7

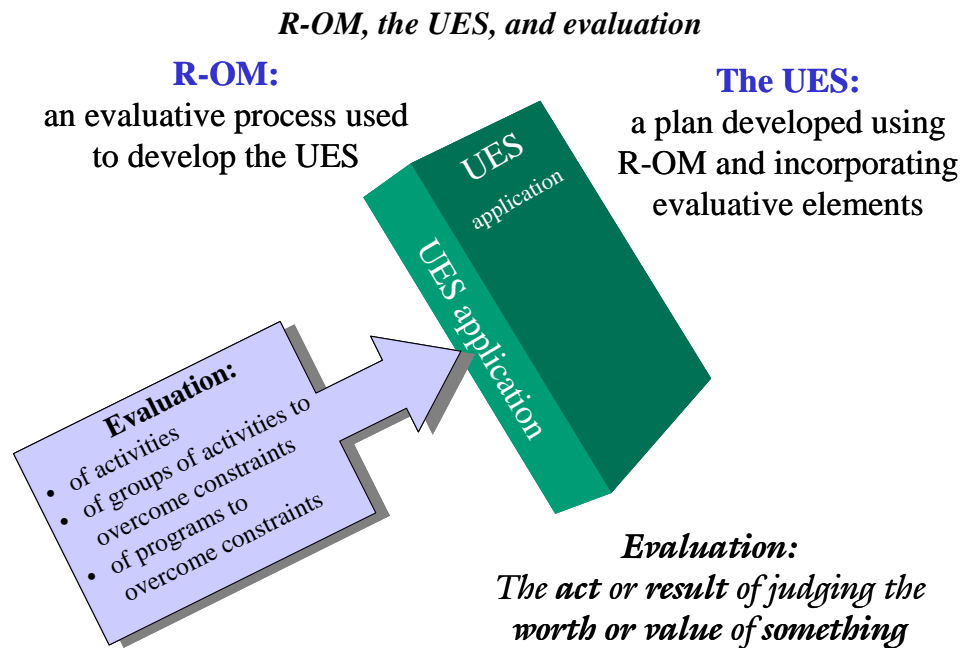
- *Provides a glossary of the various terms used in the report.*

1 EVALUATING MARKET DEVELOPMENT PROGRAMS

1.1 Introduction

1.1.1 R-OM, the UES and evaluation¹

These guidelines assume a familiarity with Results-Oriented Management (R-OM) and its application to the preparation of a Unified Export Strategy (UES), the mechanism for gaining FAS financial support for export market development. The preparation of the UES and the use of R-OM is part of evaluation. Indeed, R-OM is an evaluative management process and the UES is structured around setting objectives, measuring progress and incorporating learning from past programs into new plans, all key components of evaluation. Thus, R-OM and the UES are a process and framework for capturing and presenting the results of evaluation.



1.1.2 Evaluation: clarifying what evaluation means

¹ For a recap on the process of Results-Oriented Management and its application to the UES see *A guide to Results-Oriented Management* prepared by Agralytica in February 2000 for FAS and its industry partners.

Evaluation Guidelines

Evaluating market development programs

The word ‘evaluation’ is widely used in many colloquial and formal contexts, often with ambiguous meaning. For the purposes of this report:

Evaluation = *The **act** or **result** of
judging the **worth** or
value of something.*

To get a clear indication of the meaning let us parse this definition. It will help clarify what we mean and reveal the potential ambiguities of the term evaluation and the importance of using it with care.

C The ‘**act**’ is the process of evaluation. This includes a wide range of different activities which will help you draw conclusions on whether ‘something’ *has been* worth doing. Note the past tense. The process of evaluation of a program can take place at several different levels. It can assess:

- The ‘worth’ of *activities*; in this case, an assessment of part of a program;
- The impact on specifically identified *constraints* or *opportunities* taking account of several different activities, again part of a program;
- The impact on *program goals* taking account of the impact of several activities on several constraints or opportunities.

Much of the rest of this report refers to the process of evaluation.

C The ‘**result**’ is the learning derived from evaluation. The learning can be captured in a number of different ways:

- By **measuring progress** using quantifiable performance measures at the constraint or activity levels of the UES program, or,
- By developing an understanding of **the way that something has worked**. The development of this understanding can be through both quantitative or qualitative methods.

C The ‘**worth**’ or ‘**value**’ is measured in a number of different ways.

- ‘**Value**’ is the most difficult concept associated with evaluation. ‘Value’ usually refers to the relationship between the output and the input - ‘the bang for your buck’. This is a measure of efficiency of a program. This is the ‘holy grail’ of evaluators, though, most, if they are wise,

back off trying to quantitatively assess **efficiency** because it is extremely difficult to measure whether x caused y, or how much of y can be attributed to x. Various evaluation methodologies can help you to assess value, but in almost every case, subjective assessment has to be called upon. More on this later.

- Because measuring value is difficult, we fall back on other measures of ‘**worth**’. In particular, we look to measures of **effectiveness**; in other words, did we achieve a predefined objective? Here, the key is defining good, measurable objectives that give a true indication of worth. This is a key part of R-OM and of the UES.

C The **something** referred to in the definition are the various FAS programs to promote US agriculture and food exports. They take many different forms although they are primarily concerned with direct or indirect methods of *creating incentives* for key players in export markets to buy or sell US products.

Finally, we should emphasize that evaluation is primarily about **learning** and **feedback**. The main reasons for undertaking evaluation is to gain learning to improve future programs.

1.2 Why evaluation?

All involved in the various export development programs assume responsibility for the quality of programs. Identifying the impact and understanding the main contributory factors can improve programs. A full commitment to evaluation will result in better use of the funds identified for export market development.

There is a tendency for evaluations to be one-sided and highlight the negative issues which arise. Evaluations should be objective and acknowledge both positive and negative lessons from past programs. Evaluations should always be constructive.

Evaluation need not be an additional, onerous chore; it is an essential part of the program development and implementation process. Neither should it be regarded as a threat. Evaluation provides an opportunity to review a program and the way it operates. It should be a constructive force for improvement and not a catalogue of either poor performance or success stories.

Evaluation Guidelines

Evaluating market development programs

1.3 Shared responsibility for evaluation

FAS market development programs exist within a framework of partnership. The FAS and the US government provide several services to assist US agricultural and food exporters, and they partly fund the various market development programs. The export agencies also mobilize resources to develop markets, working closely with their exporter constituency.

Program effectiveness is of concern to all involved in export market development. Considerable efforts have been made to improve accountability and to make sure that the management of the various programs reveals results and progress. Within this framework of partnership, FAS has the responsibility to ensure that the support it provides is effective, and to measure progress. FAS focuses on progress at the constraint level of a program's hierarchy of objectives. Are constraints being overcome? Are opportunities being captured and what is the impact of the program on the value of exports to identified markets? FAS is interested in 'big picture' effects, not the minutiae of programs.

Considerable trust is placed in the FAS industry partners. They are the experts in individual product markets, and are in the best position to identify what should be done to develop markets. They share overall responsibility for the programs to deliver value for money and to play their part by evaluating program activities.

1.4 The evaluation process

Evaluation begins with the planning process. In the annual market development planning process (i.e. through the UES) you forecast impact and identify performance measures on the basis of how you see the program working. In the process of implementing the program you will monitor the progress of inputs (resources committed) and of outputs. Also, you will evaluate all the activities you undertake. Finally, on an annual basis, you will review the overall effectiveness of your program and the extent to which you are overcoming constraints or capturing opportunities.

The time to plan for evaluation is when you write your annual market development plans. Currently, there is no unique place in the UES application to identify future evaluation studies, or to elaborate an evaluation plan. FAS intends to rectify this and provide a separate section.

1.5 How much money to spend on evaluation?

Evaluation costs money. Even if no resources are spent on contracting evaluators, there is an opportunity cost to the time spent by program staff; time that could have been spent on other activities such as the delivery of programs. All activities should incorporate evaluation procedures. This may involve additional resource if there is no evaluation being undertaken currently.

Some broad indication of how much needs to be spent on evaluation should be made by program managers in advance of the annual planning and budgeting cycle. This will ensure that time is allocated in the work program of the FAS partners and that resources are available in the overall budget. All programs should have funds for evaluation built into their budgets.

There is no easy answer to how much effort should be spent on evaluation, and rules of thumb can be inappropriate and misleading. The amount of resource required can vary considerably. In some cases, where a program focuses on a relatively small number of players, the costs of an impact evaluation can be relatively modest and can be absorbed into the normal operational management of the program (e.g. through a key account management system). In other cases, where it is a major program involving substantial funds, many different participants and several components, it is justifiable to invest a reasonable sum to understand how it is working.

There are several questions to pose when considering how much money and other resources to allocate to evaluation:

- C What is the risk if the program is ineffective? The evaluation effort should be influenced by the risk of low value for money.
- C Can much of the evaluative activity be incorporated into the normal management of the program? For example, all activities should incorporate methods for determining whether the objectives have been met.
- C Is it likely that the evaluation can improve the overall efficiency of the program to more than cover its costs?

Evaluation Guidelines

Evaluating market development programs

- C To what extent will a major investment in evaluating a program contribute to benefits elsewhere? For example, can it lead to improvement in similar programs or with new market development exercises elsewhere?
- C Can learning be achieved from relatively small-scale evaluations?

1.6 Who evaluates? The need for objectivity

1.6.1 Using program staff to evaluate

The staff responsible for administering the program can, with the help of in-built administrative procedures, undertake a considerable amount of evaluative work at the activity level. For example, seminars, workshops, training, technical assistance, etc. are all learning events. Testing before and after these events will identify what has been achieved. Testing what has been learned should be undertaken when the participant is back at work with an opportunity to use the knowledge or skills gained from the seminar. Thus, a seminar activity should comprise the seminar *plus a follow-up*; a trade show activity should include a follow-up, as should a mission, a conference, etc..

Program staff should establish procedures to evaluate each of their activities. Have objectives been met? If not, why?

Activities should include an event plus a 'follow-up'. This provides an opportunity to assess whether the activity has achieved its objectives.

1.6.2 Using third party evaluators

But does that mean that all evaluation can be done using in-house resources? No, we do not think so. It is essential that the program is subject to external assessment. Third party evaluation is valuable when assessing progress in markets, and with overcoming constraints or capturing opportunities. There are several advantages to this:

Where appropriate, use third party evaluators for Program Evaluations that review progress meeting market goals and overcoming constraints and capturing opportunities.

- C *Proximity:* The program management is often too close to things. Familiarity often obscures the obvious. A skilled outsider can very quickly identify the major issues and put smaller issues into perspective.
- C *Lack of close on-going working relationships:* An outsider can also say some things which are difficult for the insider to say.
- C *Respondent openness:* An outsider can collect information from respondents clear of any of the biases which have been developed from working relationships.
- C *Breadth of experience:* An experienced evaluator often comes with a wider perspective than those who have been working for a period in a single program. Many organizations face similar issues, yet they often choose different solutions. This wider experience helps to confront local dogmas (e.g. ‘retailers will never tell you the impact of a joint promotion on sales’, or ‘newsletters are always effective’) and open up a broader assessment of the program.

1.6.3 Employing third party evaluators

The task of choosing evaluators is challenging. A reputable organization or individual is essential as they are going to be in close contact with your key targets. A slip by them, could affect your relationship with your ‘clients’.

Third party evaluators must be objective. Objective advice is crucial. Do people love or hate your product? Do your staff promote or hinder the product? These are delicate issues, but critical to know if you are to make headway and understand how to improve your program. Your evaluators must be prepared to make themselves unpopular by challenging ‘sacred cows’; a white-wash helps no-one improve the program. The evaluator is in the best position to collect sensitive information, and it is his/her professional duty to do this.

The evaluator must also be free to choose his/her own route during the evaluation. Hand-picked contacts, visited with the local representative or someone from the head office are unlikely to reveal an objective picture. Local representatives are likely to behave differently when a visitor from the head office comes in; also, key contacts cannot really say what needs to be said if their local representative is present.

Evaluation Guidelines

Evaluating market development programs

The organization employed should call upon wide experience of evaluating market development programs. An organization with wide experience of a range of products in many different markets can offer much more than someone with only narrow experience.

Choose objective, experienced, and challenging evaluators. Give them the freedom to identify their own evaluation methodology and choose their own respondents.

As in all professions, there are good and not so good evaluators. Take references to assure yourself that the organization performs well. However, remember, evaluation is a touchy subject and some of the best and most effective evaluators may not always be popular with everyone, especially where criticism is not welcomed.

1.7 The need for training in evaluation techniques

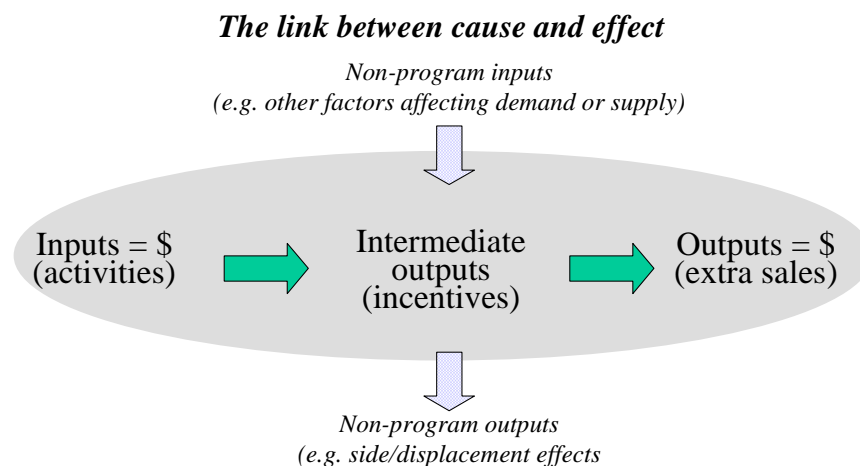
It will become clear from the following that we put great store in the ability of the staff of export groups to do some of the activity evaluation themselves. However, care must be taken in adopting this route. The development of evaluation instruments, such as tests and questionnaires, demands considerable skill and there are dangers attached to putting the responsibility for questionnaire design in the wrong hands. Developing evaluation instruments, avoiding bias in questions and sample selection are key skills which all those involved in evaluation need to be comfortable with.

Our solution is to suggest that all responsible for activity implementation receive some basic training in the design of instruments and methods of collecting information accurately with limited bias. There are many pitfalls in questionnaire design which can give misleading responses, and market research companies have numerous tactics to minimize the problems of non-response and to reduce the problems of bias creeping into the interview process. The safest way to avoid these biases is to standardize. For example, a template for pre- and post-testing learning situations and a standard approach to collect information when making key account visits to targets can reduce problems. This is beyond the scope of these guidelines.

2 INTRODUCTION TO THE CONCEPT OF EVALUATION

2.1 Evaluation: the core process

Essentially, evaluation involves assessing the *output* resulting from any *input*. In the case of export market development this means ‘What is the effect on sales (outputs) of our programs (inputs)?’. The issue is made more complex because program activities rarely impact sales directly; the impact is usually indirect. For example, the program aims to create incentives for people to buy or sell the product by changing attitudes. Thus, *inputs* result in *intermediate outputs* (in effect, incentives), which eventually result in *final outputs*.



Also, to make evaluation even more challenging, any program is subject to other factors which influence the ultimate output. These *non-program inputs* can be critical, especially in the agriculture and food sectors where crop supplies may vary considerably from season to season, currency exchange rates may change affecting price and the level of demand, and farm, food or trade policies influence market incentives. There are many other agents of change. Private buyers and suppliers create market incentives themselves and these can be very powerful forces. For example, if McDonalds decides to go into Domurastan, they generate interest in french fries and help develop markets for french fries. US suppliers may get significant advantage from this. Similarly, if Tyson decides to invest in Bolizuela, they generate interest in the soy feeds which they use at home. Also, if WalMart goes to Thailasia, they look for suppliers who can consistently meet their standards and specification. Each of these non-program inputs help to promote US exports.

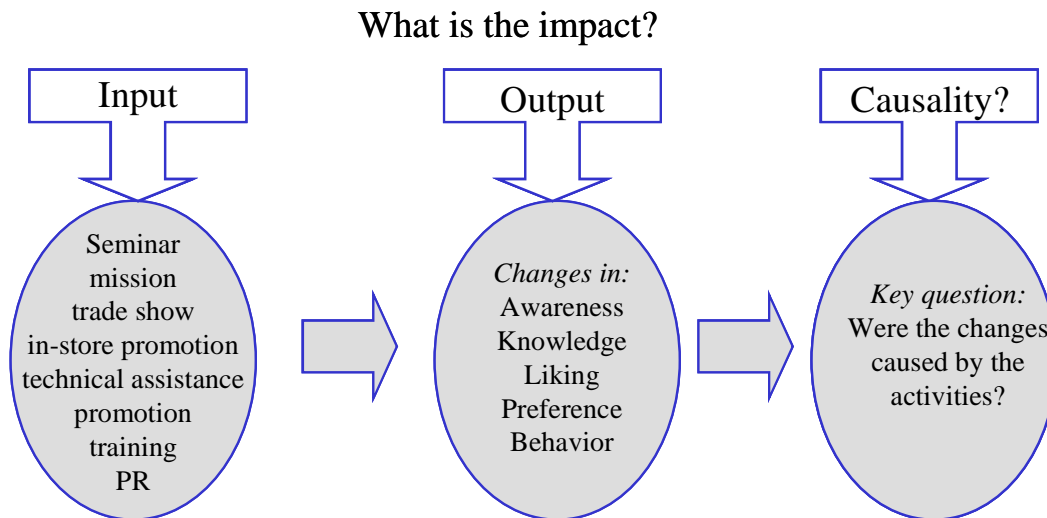
Program Evaluation Guidelines

Introduction to the concept of evaluation

Finally, there are *non-program outputs*. These are possible side effects which can be of interest to the evaluator. Examples of side effects may be displacement of demand between rival products or origins (e.g. oranges and pears, or California and Florida).

Thus, the core evaluation process is shown in the following figure. In essence, evaluation tries to answer the question 'What is the linkage between inputs and outputs?'.
What is the impact?

The basic evaluation question



2.2 Identifying causality: Did x cause y?

The ultimate aim of evaluating market development programs is to identify the additional sales which result from the program. Often it is difficult to prove the impact of programs, largely because of the influence of non-program inputs. There is no perfect indisputable evaluation process, and it is unlikely that any evaluation has ever unambiguously measured and weighted pros and cons to produce a single, unique indicator of success.

Evaluation is not a scientific exercise aimed at producing definitive answers to all questions; judgement lies at its heart.

Inevitably, in any evaluation exercise, there is a need to use an element of subjective judgement. The art of good evaluation work is to reduce the reliance on subjective judgement. Choosing appropriate techniques and methodologies can provide a more objective view of the impact and effectiveness of the activities and the overall program.

The hierarchy of objectives outlined in the R-OM approach reveals the underlying assumptions of the program. Evaluations should check the validity of these assumptions.

Despite the challenge of attributing causality, going through the R-OM process and its associated discipline of implementing evaluation, contributes as much to the improvement of the program as the evaluation results. This is because R-OM and any associated evaluation process ensure that those involved think very deeply about their programs, what they are trying to achieve, and how to achieve it.

Going through the R-OM process and its associated discipline of implementing evaluation, contributes as much to improvement of the program as the evaluation results.

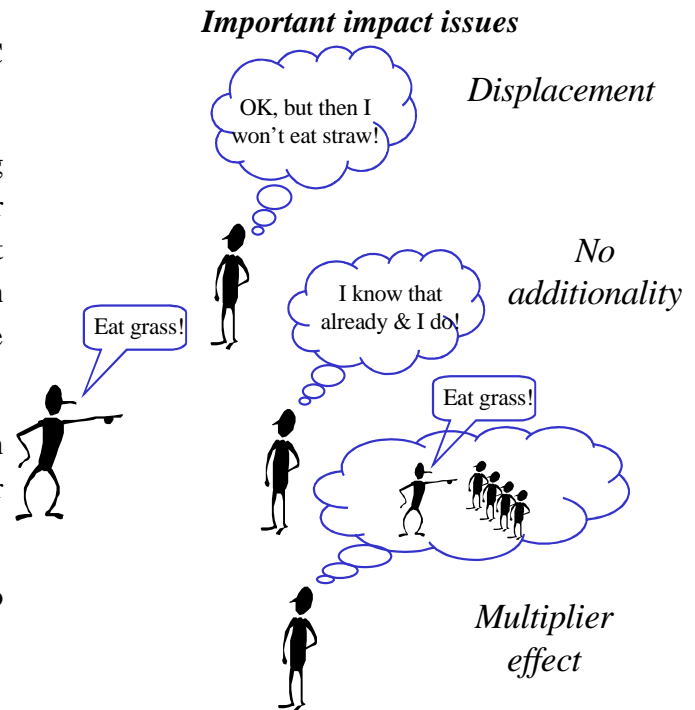
Evaluating impact is not always straight forward. There are several related concepts which should be taken into account if possible:

Program Evaluation Guidelines

Introduction to the concept of evaluation

- C *multiplier effects* (you tell A & B, A tells C & D, B tells E & F, C tells...etc);
- C *displacement effects* (you change buying behavior but this steals from another product). This normally is the aim of market development; the problem occurs when both are the source of public funds, and they are competing in the same market place; and,
- C *additionality* (the changes would have taken place anyway because of other forces or factors).

Each is important and should be taken into account in any evaluation assignment.



2.3 The nature of market development activities

Most of the export market development programs are concerned with developing incentives for people to sell, buy, or recommend US products. The key mechanism is communication: to get a specific message to a target to change behavior (either by recommending the product, or by buying or selling it). This basic communication process is at the heart of most of the activities of the FAS industry partners, be they in-store promotions, PR, seminars, training, or missions. Therefore, broadly similar evaluation approaches can be used for the bulk of the program.

At the heart of good communication practice is a clear understanding of the decision-making process of the targets. How do they make their decisions? Who or what are the major influences?

2.4 Evaluation methods

2.4.1 Macro or micro approach?

Econometric techniques have been used to assess the impact of programs within individual country markets. These are macro methods which involve a top-down approach to evaluation. While useful in skilled and experienced hands, these techniques are not for the fainthearted. There are many different econometric techniques ranging from the relatively simple to the highly sophisticated and esoteric. Econometrics attempts to identify relationships between various economic factors. In theory this sounds promising, as one could identify the extent to which the volume and value exported from the US is influenced by the amount spent on promotion. In practice though, econometrics makes only a modest contribution to understanding what does and does not work.

There are many constraints on using econometric approaches. Economic analysis demands good data, collected consistently over several years, and it assumes homogenous product. The FAS industry partners are exporting into many countries with poorly developed data collection procedures, and the products they are exporting are changing continually to meet varying market needs. Thus, for example, the pork exported to Japan is not the same as it was 10 years ago, and neither are many other products. Ways of presentation have changed and products in the same category are increasingly differentiated to meet specific market segment needs. Econometric analysis may be useful when considering large levels of expenditure at an aggregated program level, but even then, there are many questions raised. Econometric analysis may be able to confirm the relative importance of price in determining export success or failure, but it will not be able to say what was the more or less effective part of the program, nor why.

We suggest that econometrics is used to assess the effectiveness of the aggregate programs (MAP, FMD, etc.). It has a limited role in evaluating the effectiveness of individual country market programs or of individual activities or groups of activities. Our attention in this document focuses on developing evaluative systems which are more directly linked to program management. The aim is to integrate evaluation into the management of the program and to focus on developing learning from that evaluation.

Our evaluative approach is more ‘bottom-up’. It relies on evaluating activities or groups of activities to assess their effectiveness. If they are proved to be effective, it will allow us to draw conclusions about

Program Evaluation Guidelines

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whether we are overcoming constraints or capturing opportunities; in turn this will help us to draw conclusions about the effectiveness of the program in achieving individual market goals.

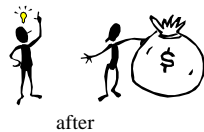
2.4.2 Two key evaluation methodologies

The before and after test

There are two main methods of evaluating the impact of activities. The first is called the *before and after test*. In this approach, you check the situation before an activity (providing you with a baseline) and then again, after the activity. You can then assess the change which results from the activity.

The before and after test

What changes took place?



Conclusion:

Activity changed behavior
But: was it affected by other
non-program factors?

Weakness: others who were
not exposed to the activity
may also have changed
because of other factors

Strength: Relatively easy to
do

This is a relatively easy process, especially where there are few people involved in the activity. However, on its own, it cannot provide a clear indication of causality because of the influence of other, non-program, inputs.

The experimental test

A second method is more widely accepted, although it is more challenging methodologically. This is *the experimental approach*. It relies on being able to compare the impact on those who experience the program ('program on') with a similar group who did not experience the program ('program off'). Any changes found between the two groups can then be ascribed to the program.

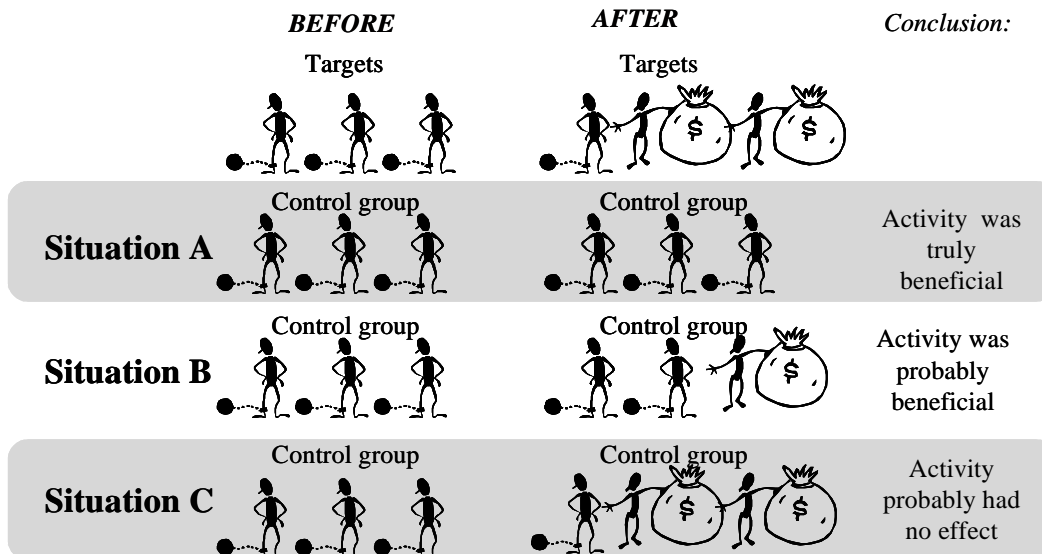
The experimental test

Targets: exposed to activity Control group: not exposed to activity	What changes took place?	<i>Strength:</i> Compares 'activity on' & 'activity off'.
	What is the difference between the 2 groups?	<i>Weakness:</i> very difficult to identify comparable control groups

For example, in the experimental test shown in the figure, the changes among the targets should be compared with changes among the control group. Situation A in the following figure gives a clear indication that the activities had a beneficial effect, as long as the control group chosen was representative of the targets. However, with situation B, and situation C, you have much less confidence in the positive impact of the activities.

The experimental test

What changes took place?



Program Evaluation Guidelines

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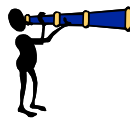
While the experimental method may be the best from a statistical methods standpoint, it is not relevant to much of the work of the FAS industry partners. In many cases, they are working with the leading players in the sector, or with players chosen by specific criteria. Consequently, it is difficult to match these with a control group for the purposes of any evaluation. The experimental method can only be applied to situations where you can compare those who participate with those who do not. For example, you can evaluate the impact of quality marks on sales by comparing those who use it and those who do not, or by comparing those exposed to a promotion with those who were not.

2.5 Different evaluation components

Evaluation is not one single activity. It is a process which is incorporated into planning and R-OM. It comprises three separate components: impact forecasting, monitoring and impact evaluation. The first two are incorporated into the regular planning and monitoring of programs and involve no additional effort. Each of these is described below:

C *Impact forecasting*²: This is the evaluation you do when you are preparing your UES. Planning involves identifying what levers you can pull and predicting impact. This form of evaluation assesses in advance what you expect to be the net effect of your activities and of your overall program. It is the process you go through when you develop your market plan and identify your performance measures against which you can gauge progress. Impact forecasting is one of the most powerful components of evaluation as it reveals the basic expectations behind your program.

Impact forecasting



*What you
forecast you
will do*

Assessing the possible future impact of your activity or program as part of the planning process



C *Monitoring*: This is the process of tracking progress against program targets and objectives. It is continuous and involves the routine collection of data about the implementation of programs. Usually, it is in-built into program management.

² This is referred to in evaluation literature as *ex-ante evaluation* - the pre-implementation evaluation.

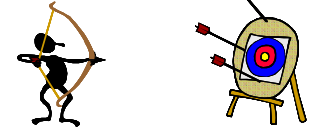
C *Impact evaluation*³: This involves assessing impact after the implementation of the activities and program. Simply recording your performance is not enough. Why did you achieve the targets you set? What aspect of your program was most successful? Impact evaluation is normally undertaken at the end of a program. However, we distinguish between three forms of impact evaluation which allow us to continually assess whether individual activity objectives have been met and whether these contribute to overcoming constraints and achieving market goals of a program. These are listed below.

Impact evaluation



*What you
actually did*

Collecting data to assess the
impact of an activity or program



- *Activity evaluation*: This involves assessing whether the activities have met their objectives.
- *An annual impact assessment, referred to as the **Annual Country Progress Report***: Because the full impact of a program usually takes time, the point at which you assess impact is critical. It is important to learn the lessons of a program as soon as possible so that they can be incorporated into future plans. The Annual Country Progress Report is an opportunity to review the program without necessarily undertaking a detailed evaluation study. The conclusions are drawn on the basis of activity evaluations and a subjective review of the program and market.
- *A sustained impact evaluation, referred to as **Program Evaluation***: A Program Evaluation is more comprehensive than the Annual Country Progress Report and normally involves **an evaluation study** which assesses whether you have met your objectives and what contributed to success or failure. These are undertaken occasionally. In any year that a Program Evaluation is carried out it is not necessary to undertake an Annual Country Progress Report.

2.6 Focus on the objectives and underlying assumptions of the program

The quality of the objectives is critical to any evaluation exercise. Without clear objectives or performance measures it is impossible to evaluate, as you have nothing to evaluate against. Thus, it is critical to have good objectives at all levels of the program.

³ This is referred to in the evaluation literature as *ex-post evaluation* - the post implementation evaluation

Program Evaluation Guidelines

Introduction to the concept of evaluation

Well identified constraints: The R-OM approach focuses on the development of well defined constraints and opportunities to clarify the objectives of programs. Based on this, it also shows how to develop performance measures at the ‘constraint’ level of the program.

Objectives for activities: At the activity level, objectives must be developed for each activity. What is it you are trying to achieve with each activity (and naturally, these activity objectives must address constraints higher in the hierarchy of objectives)?

Well articulated objectives: A good objective must specify quantity, quality, and time. For communication activities, the bulk of the work of the FAS industry partners, the objective must specify the targets you want to reach, the message to be communicated, and the time it will take to achieve this.

Clearly defined underlying assumptions: Assumptions are also important. The structure of your program is revealed by its underlying assumptions. You choose your activities and your constraints on the basis that they are going to help you meet your goals.

Assumptions about change in the external environment: In making your forecasts of impact you also have to make forecasts of changes in the external environment. These should be explicit in your plans and will need to be monitored to help assess their impact on the final outcome of the program.

3 AN EVALUATION APPROACH FOR THE FAS INDUSTRY PARTNERS

3.1 Different evaluation components

To recap, evaluation is an integral part of your program. It includes:

<i>Impact forecasting</i>	This is a critical part of your planning activity. It involves identifying performance measures (your forecasts). Details on the planning process are covered in the R-OM guide.
<i>Monitoring</i>	This is a normal part of your program administration and will not be covered in these guidelines. It involves monitoring both inputs and outputs.
<i>Activity evaluation</i>	This is a key evaluation thrust and is covered in Section 4. Activity evaluations are primarily undertaken by program staff.
<i>Annual Country Progress Report (CPR)</i>	Each year it reviews the impact of the activities in each market. In some years the Country Progress Report will be largely subjective and will be undertaken mainly by program staff (see Section 5). In other years you will have undertaken a Program Evaluation study (see below) and will have a firmer, more objective base for your conclusions.
<i>Program Evaluation (PE) studies</i>	These are conducted on an occasional basis. They assess effectiveness at the constraint or market level ⁴ , that is, the overall effect of all the activities in overcoming constraints and achieving market goals (see Section 6). Impact evaluations involve both program staff and, where necessary, third party evaluators.

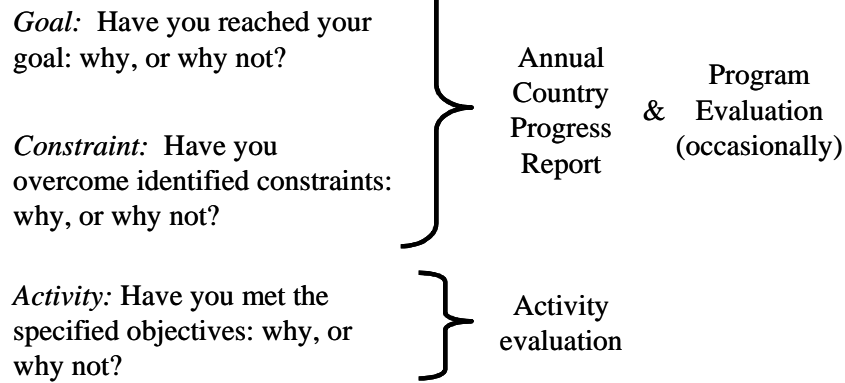
The focus of this report will be the **Activity Evaluations**, the **Annual Country Progress Reports** and the **Program Evaluations** which focus on more sustained impact. The following figure illustrates how these apply to the different levels of an organization's the hierarchy of objectives.

⁴ The R-OM process is built around the hierarchy of objectives. It comprises three levels: the **goal**, the **constraint/opportunity**, and **activity** levels. Refer to *A guide to Results-Oriented Management*, Section 4 (See also inside front cover).

Program Evaluation Guidelines

An evaluation approach for the FAS Industry Partners

Evaluation at different stages of the hierarchy

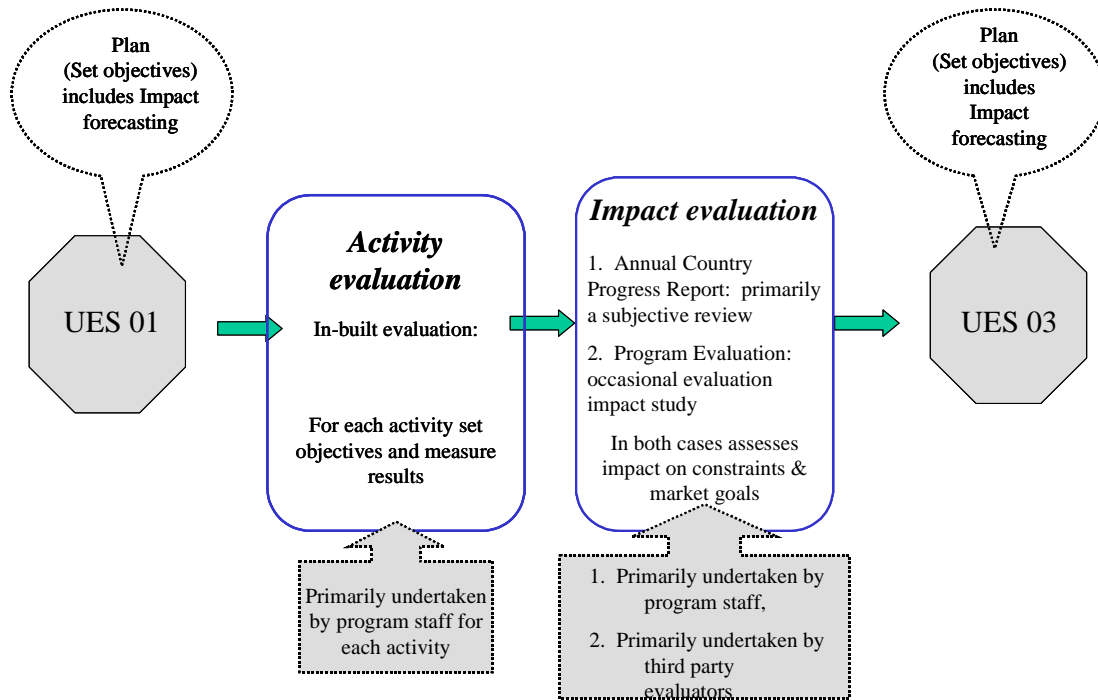


The differences between the three types are summarized in the table below.

The three types of evaluation

<i>Type of evaluation</i>	<i>What does it comprise?</i>	<i>How is it to be done?</i>	<i>Who does it?</i>
Activity Evaluation	An assessment of whether the objectives of each activity were met	Based on in-built evaluation of every activity	Primarily program staff
Country Progress Report	An annual review of the performance in achieving goals & overcoming priority constraints or capturing defined opportunities	Mainly subjective summary of impact drawing on in-built activity evaluations plus desk-based annual review of market	Primarily program staff
Program Evaluation	An occasional review of the performance in achieving goals & overcoming priority constraints or capturing defined opportunities	Evaluation study drawing on in-built activity evaluations plus an additional evaluation study	Third party evaluators

The following diagram illustrates these different components and how they fit together conceptually.



NB: The results of the activity and impact evaluations of UES 01 are not available in time to feed into UES 02

3.2 When should you do evaluations?

Evaluation takes place continuously during the year. Program managers need to monitor the implementation of the program and to assess whether each activity has achieved its specific objectives. All activities should be accompanied by evaluation plans.

Also, Program Evaluations need to be undertaken regularly to assess the sustained impact of programs. In general, we recommend every major market is subject to Program Evaluation every 3 years and each minor market every 5 years. A number of factors may influence the timing of Program Evaluations in each market. We suggest the following guidelines:

Program Evaluation Guidelines

An evaluation approach for the FAS Industry Partners

- C Clearly, impact evaluations are required where performance measures show that a constraint is intractable or an opportunity is difficult to capture.
- C Think about what decisions you face in the future. If a market is risky and has attracted some concern, undertake an impact evaluation in that market as you may need to amend the program. If a program is very new, give it time and focus on those programs which are ready for reconsideration.
- C Consider riskiness as a key criteria. With limited resources, it may be prudent to focus attention on those market programs which have the greatest risk of poor performance.

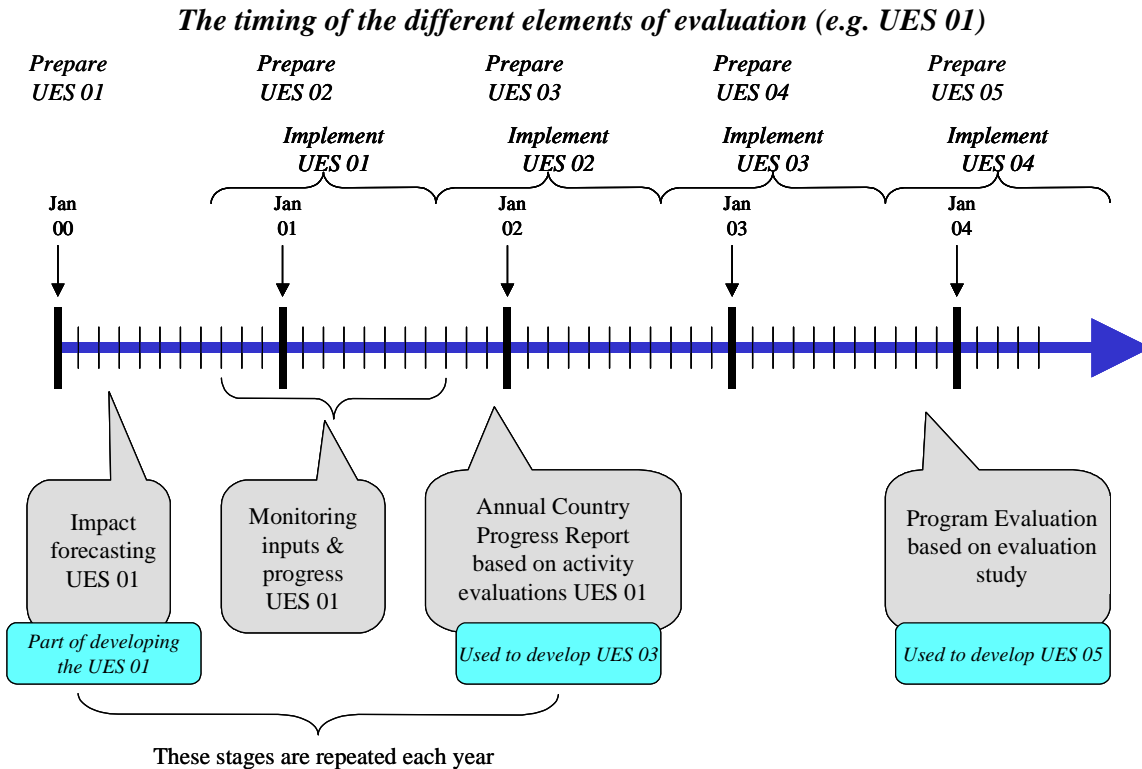
3.3 Planning for evaluation

An evaluation plan (EP) should be prepared each year. The plan will identify which markets are going to be subject to Program Evaluations and the resources required. It will also identify where additional resources are necessary for any of the activity evaluations. Additional resources may be needed for market research to collect performance measures, or for specific research services to assist with evaluating an individual activity.

The following figure shows when evaluations should be undertaken using the UES 01 as an example and assuming it launches a new program in a new country. The impact forecasting is undertaken as part of the planning process before submission of applications for FAS funding in March 00. Monitoring of progress takes place during implementation of the plan (assumed to be September 00 to September 01) and the Annual Country Progress Report reviews the impact of the year's program (say November 01). The Program Evaluation (which will identify longer term impact) will be undertaken at the end of the following year (say October 03). The importance of the Annual Country Progress Report is underlined by the delay between the launch of the program and the first full Program Evaluation.

Program Evaluation Guidelines

An evaluation approach for the FAS Industry Partners



The nature of evaluation activities for different markets in years one to five might be as shown in the following **hypothetical** example.

- C In **Costa Rica**, although a relatively small market, it is essential to undertake a Program Evaluation every three years. There is concern about one constraint which has been difficult to overcome. Funds have been continuously applied to a promotional campaign with little change in performance. There is also a suspicion that the major beneficiary should have the incentive to fund more of the campaign. In all other years the Annual Country Progress Report will be mainly undertaken on the basis of the activity evaluations.
- C **Mexico** is a major market . The agency has been working for several years in this market and hence, it will be subject to a full Program Evaluation every three years.
- C In **Dominican Republic**, a very small market with little commitment of funds, the Program Evaluation will be conducted only every 5 years (year 1 and year 6).

Program Evaluation Guidelines

An evaluation approach for the FAS Industry Partners

	<i>Type of evaluation activities undertaken</i>				
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<i>Costa Rica:</i> important market - Program Evaluation every 3 years	activity evaluations & Annual Country Progress Report	activity evaluations plus Program Evaluation	activity evaluations & Annual Country Progress Report	activity evaluations & Annual Country Progress Report	activity evaluations plus Program Evaluations
<i>Mexico:</i> important market - Program Evaluation every 3 years	activity evaluations plus Program Evaluation	activity evaluations & Annual Country Progress Report	activity evaluations & Annual Country Progress Report	activity evaluations plus Program Evaluation	activity evaluations & Annual Country Progress Report
<i>Dominican Republic:</i> small market; Program Evaluation every 5 years	activity evaluations plus Program Evaluation	activity evaluations & Annual Country Progress Report	activity evaluations & Annual Country Progress Report	activity evaluations & Annual Country Progress Report	activity evaluations & Annual Country Progress Report

4 ACTIVITY LEVEL IMPACT EVALUATION

4.1 Building evaluation into activity design

Activities should be designed to assess whether specified objectives have been met. For example, any workshop activity (or any learning event) must identify whether the targets attended, understood the message, and applied the understanding in their jobs. Similarly, a trade show activity should identify the sales leads obtained and the eventual outcome of those leads. In most cases, activity evaluation can be undertaken in-house without involving a third party evaluator.

- *Activities should be considered as event plus follow-up.*
- *The follow-up is essential to assess if the message has been communicated and if the activity has changed behavior.*

There are two main sources of material for activity evaluation.

- C The first are the administrative records which, if designed with evaluation in mind, can provide relevant evaluative material. For example, activity records could provide information about who attended certain events, how many hits a web-site received, how many newsletters, handbooks, promotion materials were printed and circulated, and who they were sent to.
- C The second are evaluative procedures which include pre- and post-activity tests, and follow-ups. The instruments used are either face-to-face interviews with key targets, or some form of survey of broader target groups.

Because most market development activities involve communication (getting a specific message to a specific target), it is relatively easy to identify some standard activity evaluation methodologies. The precise methodology is largely determined by how many individual targets (buyers, advisers, etc.) you are addressing with your activity. If it is a large number, and the communication is indirect through media or intermediaries, then you will have to resort to some form of sample survey. If it is a relatively small number with whom you have direct contact, then you can collect information directly from the participants.

Program Evaluation Guidelines

Activity level impact evaluation

We suggest categorizing target audiences into the following groups:

- C *Small target groups:* The numbers involved as targets are limited (usually less than 25 companies or people - e.g., the 3 leading retail chains, the 5 major feed mills; the top 6 food processors, 4 major importers, 20 participants in a seminar, etc.). Progress can be measured through regular communication and dialogue with targets at little extra cost. A simple process involves the use of **key accounts**. Here, the targets are part of a regular account relationship program and progress in communicating the message can be carefully monitored by in-house staff.⁵ A third party review may be necessary occasionally to check the assessments being made; these can be incorporated into the more comprehensive Program Evaluations (see Section 6).
- C *Limited size target groups:* Here the targets are broader trade groups, that cannot all be reached through regular or direct communication, but are less in number than an entire trade segment. Examples are large food processors with turnover higher than \$X; farmers larger than Z acres; all fresh produce importers in a country or region, etc.. Again, progress can be measured through a key accounts management system, qualitative trade research, or small surveys at either little or no additional cost. In most cases evaluation can be handled in-house, although where larger numbers are involved, a third party evaluator may be usefully engaged. As for smaller groups, an occasional independent evaluation will be useful. Once more, this can be incorporated within a broader Program Evaluation (see Section 6).
- C *Broad target group:* These are large groups of potential targets (e.g. a whole consumer segment, large trade groups targeted by newsletters, trade advertizing, etc.). Activities which address these targets are the most difficult to evaluate because of the numbers involved.

There are several approaches here with different cost implications. Much advertizing or PR is difficult to evaluate no matter how narrowly the target audience is defined. In these cases, there are a number of alternatives. First, when commissioning PR or advertizing, insist that evaluation is included as part of the service. Professional advertizing companies should be able to identify the number of hits on the target audience and be prepared to assess effectiveness with some post promotion research. If they are not willing to do this, take proposals from those that are. Look for agencies which are results-driven. Work with the agency to objectively assess if the targets are getting the message and if this is impacting behavior.

⁵ The value of a key account approach is elaborated in the Agralytica R-OM guide, *A guide to Results-Oriented Management*, Section 5.6.3.

Inevitably, in some cases, consumer or trade surveys may be required to measure progress and then it is likely that a third party needs to be involved. As with the other categories, some of the heavier evaluation work can be incorporated into the more comprehensive Program Evaluations covered in Section 6.

The cost of the evaluation and whether a third party evaluator is appropriate will depend to a large extent on the size of the target group and the amount of interviewing required for reasonably reliable results.

4.2 Controlling activity evaluation costs

There are a number of ways to minimize evaluation costs. In some countries it may be possible to use telephone interviews, and, where mailing lists exist, mail surveys can be used. However, in both cases the cost of maintaining a good quality database of contact coordinates is high and the quality of the list deteriorates quickly with little maintenance. The Internet opens up a range of possibilities and some survey tools are available for use. However, these are somewhat dangerous tools in the hands of the inexperienced.

Another approach to controlling costs is to use a more qualitative methodology. For example, an alternative to a fully representative survey might involve a relatively small number of in-depth interviews, or a number of group discussions. In both cases, you must be aware that your results will be subject to a high level of potential statistical error. Qualitative surveys and focus groups elicit understanding, not measurement. Also, there are potential pitfalls. In particular, you must ensure your sample is broadly representative of your target audience. Also, qualitative interviewing is a highly-developed skill and although it involves fewer interviews, the costs may not always be lower overall. Similarly, leading focus groups is a skilled activity that requires an experienced moderator.

Costs can be controlled by using a range of innovative methods to collect evaluative data. Examples already used within the FAS partner community range from mobilizing university student projects for store checks, using business school departments for small surveys, and training some in-store demonstrators as interviewers.

In all cases, care must be taken not to compromise on quality by taking short-cuts. As in all walks of life, good quality evaluation services tend to come at a price.

Program Evaluation Guidelines

Activity level impact evaluation

Finally, there is considerable scope for FAS industry partners to reduce the costs of survey work by working together. In some cases, they are interviewing the same survey population and covering similar topics. The opportunities for cost reduction need to be evaluated in some detail, and FAS is involved in some initiatives in this area.

4.3 The need for training in evaluation techniques

The staff of export groups should undertake some activity evaluation themselves. However, care must be taken in adopting this route. The development of evaluation instruments, such as tests and questionnaires, demands considerable skill and experience if pitfalls are to be avoided. All those involved in evaluation need to be comfortable with key evaluation skills such as developing evaluation instruments, avoiding bias in questions, and unbiased sample selection.

We suggest that all responsible for activity implementation receive some basic training in the design of instruments and methods of collecting information accurately with limited bias. Poor questionnaire design and inappropriate choice of respondents can give misleading responses. Market research companies have numerous tactics to minimize the problems of non-response and to reduce the problems of bias creeping into the interview process. The safest way to avoid these biases is to use standard procedures which have been developed by an experienced evaluator. Examples include a template for pre- and post-testing learning situations and a standard approach to collecting information when making key account visits. The specification of a list of best practice when undertaking surveys is beyond the scope of these guidelines.

4.4 Some suggested activity evaluation approaches

The tables below describe the evaluation process for various activities in each of the three categories we have identified in Section 3.1. Although the list is not comprehensive, it includes many of the commonly used activities.

Program Evaluation Guidelines
Activity level impact evaluation

4.4.1 Target category: Small target groups - easy direct contact with all targets

Activity type & Performance Measures	Evaluation method	Practicalities
<p><i>Training/Seminars/Workshops</i></p> <ul style="list-style-type: none"> - Number & quality of attendees - Impact on understanding and attitudes - Long term changes in understanding, attitude, and behavior 	<ul style="list-style-type: none"> - Check whether targets attended. - Apply a test/instrument before (to check for initial understanding) & after the seminar (to check if message is understood). - Follow-up after a period of time to check whether some of the learning has been implemented. - Evaluation can be done in-house. - A third party review every few years. 	<ul style="list-style-type: none"> - Checking attendance and participation is an administrative necessity and comes at no extra cost. - Pre-testing is good training practice and involves little or no extra cost. Testing and follow-up should be included in activity cost. (activity=action+follow-up).
<p><i>Trade missions (incoming and outgoing)</i></p> <ul style="list-style-type: none"> - Number & quality of buyers - Immediate impact on attitudes/knowledge and behavior - Long term impact on attitudes/knowledge and behavior 	<ul style="list-style-type: none"> - Simply check the number of participants and assess their suitability for the mission and its objectives. - Apply a test instrument before and at the end of the mission to check impact. Follow-up interviews with targets should determine the longer-term impact. - Evaluation can be done in-house. - A third party review every few years. 	<ul style="list-style-type: none"> - The third party review will incur some additional cost, but this is not required every year and can be incorporated in the occasional Program Evaluation.
<p><i>Technical assistance (e.g. working with target companies or with leading farmers)</i></p> <ul style="list-style-type: none"> - Number & quality of targets - Impact on understanding and attitude - Long term changes in understanding, attitude, behavior as a result of assistance 	<ul style="list-style-type: none"> - The knowledge to be communicated needs to be carefully identified in advance. - Use a key account system. - Pre- and post-testing/assessment of understanding required. - Assess the extent to which the objectives are achieved by regular discussions with key accounts. - Most of this can be done in-house. - A third party review will be required every few years. 	<ul style="list-style-type: none"> - There should be no additional costs for any key accounts systems as it is an integral and important part of the program. - The third party review will incur some additional cost, but this is not required every year and can be incorporated in the occasional Program Evaluation.
<p><i>HRI promotions</i></p> <ul style="list-style-type: none"> - Number of participants - Number of items with promoted products on the menu during promotion - Change in sales during promotion - Number of items retained on the menu after promotion - Long-term change in sales to targets 	<ul style="list-style-type: none"> - Activity record should provide information on participants in promotions, items on menu and sales during promotion. Part of the promotion agreement with participants should compel them to provide this information. - Key accounts visits should establish changes in sales of targeted products, willingness of HRI targets to include products on the menus on a sample and/or continuous basis. - A third party review every few years. 	<ul style="list-style-type: none"> - As above. - Where consumer interviews are required see below.

Program Evaluation Guidelines

Activity level impact evaluation

Activity type & Performance Measures	Evaluation method	Practicalities
<p><i>In-store promotions (working with store managers)</i></p> <ul style="list-style-type: none"> - Change in attitudes/behavior of targets - Change in sales during promotion - Sustained change in sales over a period after promotion 	<ul style="list-style-type: none"> - Careful definition of objectives is critical - the main objective is to persuade the store that the product creates profit. - Participating stores should provide some sales information as a part of their agreement for the promotion. - Key account visits should establish attitudes/behavior among target store managers, as well as any longer term effect of promotion on sales and shelf space. - Limited representative interviews with consumers during promotion may be necessary to determine if they are responsive to promotions. - A third party review every few years. 	<ul style="list-style-type: none"> - No additional costs for the key accounts system. - Some outside help may be necessary to assist with consumer interviews. However, this should be provided for in the activity plan and should come at little or no extra cost. - The third party review will incur some additional cost, but this is not required every year and can be incorporated in the occasional Program Evaluation.
<p><i>Trade servicing (one-on-one communication)</i></p> <ul style="list-style-type: none"> - Number & quality of targeted contacts - Impact on understanding and attitude - Long term changes in understanding, attitude, behavior as a result of assistance 	<ul style="list-style-type: none"> - Trade servicing is a means of communication and should have specific communication objectives. - Similar comments apply to those covering any of the other learning activities above. - In most cases trade servicing can be incorporated into a key account system. You are visiting these contacts because you have a specific message to communicate to them. 	<ul style="list-style-type: none"> - An occasional objective third party evaluation can be useful to get an objective view of the effectiveness of trade servicing in either gaining information or communicating messages. Again this can be incorporated into a Program Evaluation.
<p><i>Market research:</i></p> <ul style="list-style-type: none"> - Completion to specification - Sound methodology and analysis supporting conclusions - Clear recommendations 	<ul style="list-style-type: none"> - No formal way of evaluating except by assessing value to the FAS industry partner or by using peer review. Evaluation should focus on: <ul style="list-style-type: none"> - value in understanding the market - value in identifying future plans for the market. 	<ul style="list-style-type: none"> - Think carefully about the specification of the market research task when writing your request for proposals. Clearly define the task, so that you will readily identify performance measures. Pay particular attention to the nature of the outputs and how they feed into your program development.

Program Evaluation Guidelines
Activity level impact evaluation

4.4.2 Target category: Limited size target groups - less direct contact with all targets

Activity type & PMs	Evaluation method	Practicalities
<p><i>Trade shows/product showcases</i></p> <ul style="list-style-type: none"> - Number of participants - Number of “live” contacts at the show - On-floor sales and projected sales - Exhibitors evaluation of show’s value - Sales within the following year as a result of the show 	<ul style="list-style-type: none"> - End of show, participants survey to identify the show’s value to them. - Follow-up survey of participants to understand how the show affected later buying/purchasing decisions. - Small survey among buyers at the show to understand their perception of US exhibitors and products. - Most can be done in-house. - A third party review is necessary every few years. 	<ul style="list-style-type: none"> - During, end of show and follow-up surveys should be incorporated into the design of the activity. - Little extra cost will be incurred unless additional help required with interviews. - The third party review will incur some additional cost, but this would be moderate as it can be incorporated in the occasional Program Evaluation.
<p><i>Conferences and similar events</i></p> <ul style="list-style-type: none"> - Number and quality of attendees - Impact on understanding and attitudes of attendees - Long-term changes in understanding, attitude, and behavior 	<ul style="list-style-type: none"> - List of attendees should be part of the activity records. - Survey attendees to determine their perception of the value of the event and the event impact on their attitudes and understanding. - Follow-up survey of a sample (a sample of key targets) to understand longer-term impact. - Depending on the size of the event a third party may be needed to assist with the surveys. 	<ul style="list-style-type: none"> - Depending on the level of involvement of a third party, an evaluation of a conference or other similar event can involve low to moderate extra costs.
<p><i>Publications: handbooks, manuals, guides</i></p> <ul style="list-style-type: none"> - Number distributed - Number of targets receiving materials - Impact of publications on targets’ understanding and behavior 	<ul style="list-style-type: none"> - Numbers printed and distributed should be available from the activity records. - Key accounts visit should determine the publications impact on key targets. - Surveying all recipients will determine impact on the broader target group. This survey need not take place immediately after circulation, but after some period to give the targets time to apply the message of the publication and assess the value to them. - Third party may need to be involved for the survey. 	<ul style="list-style-type: none"> - There should be no additional costs for the key accounts system as it is an integral and important part of the program. - Mail surveys are cheaper, but low levels of response, telephone follow-up may be possible in some countries. - Involving a third party will add moderate extra cost. This could be included in an occasional Program Evaluation.
<p><i>Trade public relations</i></p> <ul style="list-style-type: none"> - Number of issues appropriately addressed by PR - Incremental desired/targeted changes made as a result of PR 	<ul style="list-style-type: none"> - Method depends on the objective and the number of targets. - A survey of targets to confirm communication success. - Monitoring changes in targeted issue areas are important in determining the effectiveness of the activity. - All suppliers of PR should be requested to provide evaluation protocol. 	<ul style="list-style-type: none"> - If key targets are identified, the challenge of assessing whether the PR is effective is less challenging. - A key account system will facilitate regular monitoring of changes taking place.

Program Evaluation Guidelines

Activity level impact evaluation

4.4.3 Target category: Broad target groups - impossible direct contact with all targets

Activity type & PMs	Evaluation method	Practicalities
<p><i>Trade advertizing</i></p> <ul style="list-style-type: none"> - Number of advert spaces - Frequency of adverts - Changes in attitude, purchasing behavior 	<ul style="list-style-type: none"> - Research is critical in this area to ensure that the advertising is properly placed, reaching the target audience, and effecting the desired change or awareness. - All suppliers of promotion should be requested to provide an evaluation protocol. 	<ul style="list-style-type: none"> - A decision must be made how much resource to apply to this evaluation. - Where targets are numerous, a research study will be expensive as it requires a third-party involvement. - Where the target audience contains key individuals or organizations focus attention on these.
<p><i>Consumer promotion</i></p> <ul style="list-style-type: none"> - Changes in attitude among targeted group - Purchasing decisions by targeted group 	<ul style="list-style-type: none"> - Various techniques can be used to assess the effect of the promotions. - Either a qualitative or quantitative approach may be required. - These require specialist third party assistance. 	<ul style="list-style-type: none"> - Consumer research is typically the most expensive activity to evaluate. - A choice will need to be made whether to seek a qualitative (fewer representative interviews or group discussions) or quantitative (large random sample) solution.
<p><i>Publications: newsletters & magazines</i></p> <ul style="list-style-type: none"> - Number distributed - Number of targets receiving materials - Number of inquiries resulting from material - Change in product sales following promotion period 	<ul style="list-style-type: none"> - All suppliers of promotion should be requested to provide an evaluation protocol. 	<ul style="list-style-type: none"> - For the evaluation of newsletters etc., mail surveys are cheaper, but usually have low levels of response, telephone follow-up may be possible in some countries.
<p><i>Promotional materials</i></p> <ul style="list-style-type: none"> - Number distributed - Number of targets receiving materials - Number of inquiries resulting from material - Change in product sales following promotion period 		<ul style="list-style-type: none"> - Third-party research & analysis is often required for a complete job.

5 THE ANNUAL COUNTRY PROGRESS REPORT

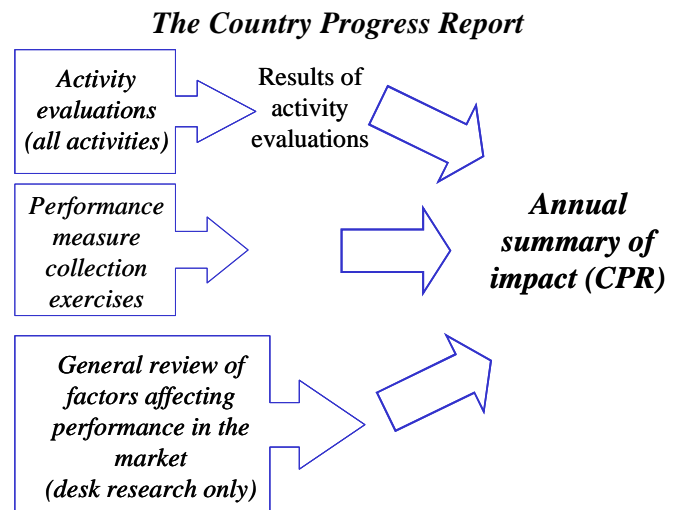
5.1 The Annual Country Progress Report

The aim is to get a broad indication of the impact of the various activities on the constraints and market goals. It is built around the activity evaluations (see previous section) and any data gathering exercises to collect performance measures which indicate progress overcoming constraints or capturing opportunities. Occasionally you will also have the benefit of a Program Evaluation (see Section 6)

- *The Annual Country Progress Report is not meant to be a major resource consuming exercise.*
- *It is based on activity evaluations and any data gathering to assess progress overcoming constraints or capturing opportunities.*
- *In some years you will also have the findings of a Program Evaluation.*

The questions to be answered are exactly the same as those identified for the Program Evaluation; the only difference is that you will have much less evaluative material to help you answer these questions. The key questions are as follows:

Is the program working? What resources have been used? Are the goals being achieved? Why, or why not? Are constraints being overcome? Are the performance measures being met? Why, or why not? Which activities are working? Why, or why not? What do you learn that can help improve your program in this market?



It is inevitable that subjective judgement will be used to draw conclusions. The level of subjectivity will depend to a large extent on the quality of the activity evaluations and the general understanding of the market.

Program Evaluation Guidelines

The Annual Country Progress Report

5.2 Structure of the Annual Country Progress Report

The Annual Country Progress Report should not be a long document. It is an opportunity to bring together the results of the activity evaluations and to ensure that the program is reviewed against its overall objectives.

The outline of the Annual Country Progress Report

1. Overview
 - 1.1 Brief context of the market
 - 1.2 Brief history of the program
2. Financial allocations and resources applied
3. Constraints and opportunities addressed
4. Evaluation findings
 - 4.1 Market level
 - 4.1.1 Is the program working?
 - 4.1.2 Are the constraints the right ones?
 - 4.1.3 Are they being overcome?
 - 4.2 Constraint level
 - 4.2.1 Performance measures & progress overcoming constraints
 - 4.2.2 Results of the activity evaluations
 - 4.2.3 Conclusions
 - 4.2.4 Recommendations
5. Overall recommendations

5.3 An example of an Annual Country Progress Report

The following is an example of the Annual Country Progress Report for a hypothetical program. It is part of a regional program run by the Washington DC Agricultural Trade Association (DCATA).

ANNUAL COUNTRY PROGRESS REPORT
Country: Republic of Godzukstan
Product: Seafood
Agency: Washington DC Agricultural Trade Association

1. Overview

Godzukstan is our largest market in Central Asia for US seafood products. For Central Asia it has a very high annual fish consumption, relying historically on domestic fish resources. Although sales (in value terms) for several species fell victim to lower world prices, the volume of US seafood sold in Godzukstan increased robustly. A key focus of DCATA's program this year was to work intensively with select targets (three retailers and two restaurant chains) that have the most impact on influencing awareness and preference for DCATA seafood species.

The 2000 program study in Godzukstan revealed that US seafood in general enjoys wide acceptance among consumers. Specifically, US-origin salmon is consistently rated high in consumer awareness and preference as it is similar to traditional staple fish products. The new-to-market species rated high, especially after taste testing, and confirmed our optimism in this market.

Distribution is a major challenge. Our evaluations suggest that the targeted restaurants are less willing to sample new products than those seafood retailers targeted by DCATA activities. Apparently, restaurants are hesitant to confuse customers with new, potentially unsatisfactory seafood products, which could result in a disapproving opinion of the restaurant.

Also our small consumer survey revealed that Godzuk consumers are more likely to sample new products sold or displayed at retail stores than in a restaurant. However, if these products get well established in the retail sector, restaurants are likely to follow.

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2. Financial allocations and resources applied

The allocations to this market have been relatively small (average \$20k per annum) until 2000, when they reached \$60k. Apart from the \$20k for a small consumer study, the remainder was divided equally between the food service and retail programs. These costs include the fees of a representative to service the program.

3. Constraints and opportunities addressed

The main constraints we can influence revolve around the general lack of knowledge on the part of the retail and food service sectors of the new-to-market products (see below).

4. Evaluation findings

4.1 Market level

The assessment suggests that the program has yet to have an impact at the market level although progress is being made. The retail constraint has been identified adequately, but the food service constraint is not one we can influence at this stage (see constraint review below).

4.2 Constraint #1

Red Snapper, Maui, and Trout (fresh, frozen, and processed) are new products for Godzukunft and their availability and characteristics (taste, flavor/texture, and cooking methods) are unknown to the three major retailers. They are also unaware of the potential consumer interest in these species, and how they can increase their profits by introducing them.

4.2.1 Performance measures

	Original forecasts						
	Baseline 1999	2000	2000	2001	2002	2003	2004
# of retailers carrying targeted US products on a regular basis	1/3	2/3	2/3	2/3	2/3	3/3	3/3
# of new products sampled by targeted retailers*	1/9	4/9	3/9	5/9	7/9	9/9	9/9
# of products carried on a regular basis by targeted retailers	1/9	2/9	2/9	3/9	5/9	7/9	9/9
Sales to targets (\$k)	400	500	600	900	930	1,200	1,300

* Overall 9 targeted products: three fish species, each in three formats (fresh, frozen, and processed)

4.2.2 Results of activity evaluations

A series of in-store promotions were planned to promote the featured US fish species in the targeted retail chains. Three promotions were organized in total. One was with the retailer that is familiar with our products and already carries frozen US trout on a regular basis, and the other two were conducted with retailers that did not sell any of our species. Each of the promotions lasted for a week. During the promotions, consumers could taste dishes prepared with the featured species. Nine hundred recipe booklets were also distributed.

Volume sales targets were achieved. The retailer we have been working with previously, ordered sample shipments of frozen Maui for a six month in-store test, and is continuing to sell trout on a regular basis. Plus, a second retail chain has recently begun carrying fresh red snapper on a regular basis (following the promotional period) and has ordered sample shipments of processed trout and fresh Maui for a six month test. Both of these retailers are enthusiastic about selling US products in the future, and we expect the third targeted retailer to follow the competitions' lead and begin ordering samples in the next 12 months.

4.2.3 Conclusion

We believe the constraint is being successfully attacked and good progress is being made. Although the value of these sales was slightly under the targeted amount, this was primarily a result of lower world prices. If prices had not fallen, we would have achieved even higher than targeted sales.

Thus far, frozen trout and fresh red snapper are sold on a regular basis, and available in two chains. Also, samples of both frozen and fresh Maui, and processed trout have been requested and we believe there are good chances to see some of these regularly on the shelves of at least one retailer in the near future.

4.2.4 Recommendation

The chosen strategy to address the constraint has been successful and its continued implementation is recommended. In addition, we see some need to include POS materials that contain information on the health benefits to complement the in-store promotion message. Our targeted consumer group is increasingly focusing on healthier diets and better nutrition, and the suggested POS material should help to boost the interest in the promoted species.

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4.3 Constraint #2

Red Snapper, Maui, and Trout (fresh and frozen) are new products for Godzukstan and their availability, characteristics (taste, flavor/texture, and cooking methods), and the high level of consumer interest in them are unknown to the three biggest family restaurant chains in Godzukstan.

4.3.1 Performance measures

	Baseline 1999	2000	Original forecast				
			2000	2001	2002	2003	2004
# of restaurant chains having targeted products regularly on their menus	0/3	0/3	2/3	2/3	2/3	3/3	3/3
# of new products sampled by targets*	1/6	1/6	2/6	3/6	4/6	5/6	6/6
# of products featured regularly on the targeted restaurants' menus	0/6	0/6	2/6	2/6	3/6	4/6	5/6
Sales to targets (\$k)	5	25	200	500	700	950	1,000

* Overall 6 targeted products: three fish species, each in two formats, fresh and frozen.

4.3.2 Results of the activity evaluations

An integrated program of chef seminars and restaurant promotions was designed to address this constraint. Our assumption was that if we first show chefs how to prepare US fish species (both new recipes and using the new species for traditional dishes), then they will support restaurant promotions and will apply the new recipes.

In trying to promote new-to-market US seafood products in Godzukstan, our evaluations strongly suggest that the targeted restaurants are less willing to sample new products than the seafood retailers targeted by other DCATA activities. Apparently, these restaurants are hesitant to confuse customers with new seafood products they may not like, and as a result, develop a negative opinion of the restaurant. Moreover, our small survey indicates that Godzuk consumers are more inclined to sample new seafood products sold at retail stores, as opposed to trying them in a restaurant.

While we did achieve the target numbers of attendees at our seminars, they did not lead to the expected interest to introduce new menu items in the targeted restaurants. Only one (out of the three targeted restaurant chains) agreed to hold a US fish week promotion. This activity was of modest success and led to the introduction of one new item on the menu for a very short period (fresh US trout - now discontinued). Initially, the restaurant agreed to sample fresh Maui as well as the trout, but that has not yet happened, and we doubt if it will.

4.3.3 Conclusion

Clearly, the HRI sector is reluctant to introduce new items and prefers the already established and well accepted dishes. We therefore believe that by first establishing and developing familiarity at the retail store level, restaurant managers will in time be convinced of the potential for profit in adding more innovative items to their menus. We will review this in two years time.

4.3.4 Recommendation

US seafood is not sufficiently established in Godzuketstan to successfully penetrate the country's HRI sector. Consequently, the retail sector should be the primary focus of DCATA's promotional efforts in the short to medium term. We recommend disengaging from the HRI activities.

5. Overall recommendations

DCATA believes that the program strategy should focus more intensely on the retail level. This sector has comparatively less resistance to newer products, and consumers are able to become better acquainted with a greater number of unique US seafood products through various in-store promotions. Promotional activities at the HRI level have shown to be far less productive. We will disengage from this part of the program.

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6 THE PROGRAM EVALUATION STUDY

The Program Evaluation is undertaken occasionally to assess how effective the program has been in meeting the goals for a market and in overcoming the constraints or capturing opportunities. This is a more comprehensive exercise than the Annual Country Progress Report.

Essentially, Program Evaluation is focused on individual markets, although material from these evaluations may be useful in contributing to a wider review of the effectiveness of an entire program covering different markets (Global Evaluation).⁶

Program Evaluation is built upon information from a collection of different sources:

- the administrative records used to monitor the program implementation;
- the activity evaluations (see Section 4); and,
- specific studies which assess the market and progress in overcoming given constraints or capturing specific opportunities.

In effect, it is best referred to as an evaluation study.

It is impossible to separate Program Evaluations, which by definition assess progress toward meeting the market goal from those conducted on an annual basis at the constraint or opportunity level. If you are examining the impact at the market level, it is inevitable that you will have to assess the impact of activities on overcoming the constraints or capturing opportunities. Thus, Program Evaluation studies encompass reviews which provide understanding of impact at both the constraints and market goal levels.

- *Program Evaluation studies assess the impact of activities on constraints and on the overall market goals.*
- *This market level evaluation will review the program comprehensively including addressing whether the right constraints are being confronted.*
- *Evaluating success in overcoming individual constraints is the first step to assessing success at the market level.*

⁶ We do not elaborate on Global Evaluations in these guidelines. These will vary depending on the size of the program and how many markets are worked. Clearly, for smaller programs, Program Evaluations can be indicative of overall global program effectiveness. In general, Global Evaluations are of particular value in identifying which are the most promising markets. Readers are referred to Section 1.5 of our 'Results-Oriented Management: a guide for industry partners'. This provides an outline of the key questions to ask when identifying the markets which offer the most leverage of your market development dollars.

The following text box provides an indication of the scope and coverage of a Program Evaluation. It illustrates the overall concept in a summarized format. More detailed case study methodologies are provided later in this section.

Pink Plum exports to Indopan: an example of a Program Evaluation (summarized)

2002 UES: The goal was to raise the export volume of the Pink Plum, this new-to-market product, to 300,000 tonnes in 5 years. Preparatory research anticipated the product would quickly displace traditional green plums, grown locally and imported from New Zealand (NZ). A special subsidy for local green plum was in place, although it adversely affected the quality of the local product on the market, and consequently provided an opportunity for the NZ fruit. NZ green plums are beautifully packaged, and presented, but expensive. Consumers love them, but the higher cost puts them out of reach of many.

The main constraint identified was the consumers unfamiliarity with pink plums due to their novelty. As a result, the trade (retailers and importers/wholesalers) did not believe they could sell them. In other words, the 8 key importers and 15 main retailers were not confident that they can sell the product more profitably than the products they already stocked.

The strategy was to convince the retailers of the appeal of the product by showing them consumer research and the results of in-store tastings. Promotional support for the product among consumers would also play an important role in gaining the confidence of the retail buyers. If the retailers could be persuaded, it was anticipated that the importers would also buy the product.

2007 Program Evaluation:

Market level: To evaluate the impact of the program it was necessary to first review progress at the market level. A desk review was undertaken to understand the general market context, including imports, production, trade and production policy, economic indicators such as relative exchange rates, income levels, and the change in structure of the trade. This review revealed that with the help of a fall in the value of the NZ dollar, sales of NZ fruit had increased rapidly at the expense of domestic fruit. US pink plums have reached import levels of only 50,000 metric tons below target despite the increase in the relative value of the US\$. Another critical factor is the variability in supply of the product. Pink plum cankerbud, a damaging fruit disease, occasionally strikes crops and depresses yields. At the market level, it was difficult to comment on the success of the promotion. Targets had not been met, but a lot has been happening in the external environment. The real issue was whether the constraints had been overcome.

Constraint level: The evaluation at this level shows very positive results. All the retailers now stock pink plums. They see that pink plums appeal to consumers and they are anxious to get more shipments. These retailers regard the consumer research as being particularly valuable, as it has given them the confidence to stock the product. Moreover, they feel that the in-store promotions and tastings have been critical to the success. However, the consumer ads are regarded as a waste of time. The product has such eye-appeal that nothing more is needed to sell it off the shelves. The NZ green fruit and the US pink fruit are seen as complementary in terms of seasonality and this helps to increase the overall value of category.

Conclusion: Despite falling behind on the target, the campaign has been a great success. External factors (particularly exchange rates) have been the main obstacles to achieving the goals. It was concluded that the market would continue to grow if pink plum growing conditions remain favorable. Incentives to buy the product have been created. The US Pink Plum Association was advised to recommended to withdraw from the Indopan market and focus on higher priority constraints identified elsewhere.

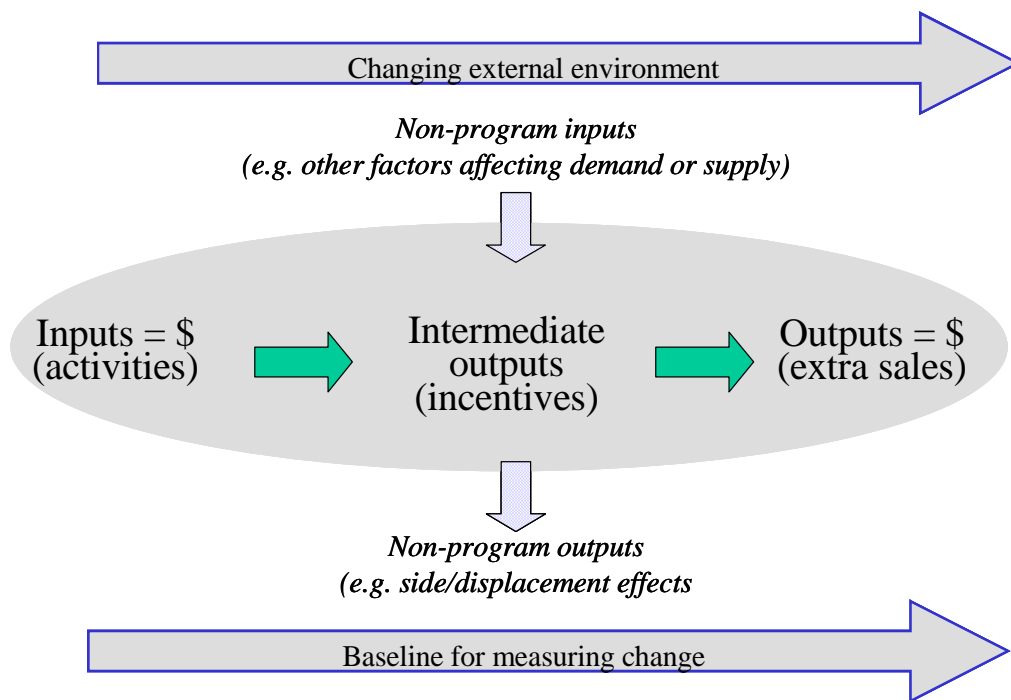
Program Evaluation Guidelines

The Program Evaluation study

6.1 Program Evaluation: a framework for thinking

The following figure provides a framework for thinking about the Program Evaluation study. It shows the **inputs** and the **intermediate outputs** (incentives) and **final outputs** (sales). It also shows the importance of assessing the change in the **external environment** and the effect that this has on **non-program inputs**. It is critical to define the baseline so that change can be measured. In some cases it may be important to account for **non-program outputs** (e.g. the improved capabilities of exporters to meet the needs of the US domestic market).

A framework for thinking about an evaluation study



6.2 Preparation for a Program Evaluation

6.2.1 Define the purpose and scope of the study

It is important to clearly define the scope of your Program Evaluations and their purpose.

Be clear as to why you are undertaking the evaluation. Is it because:

- C You want assurance that the program is working?
- C You are concerned about the cost of the program?
- C You are concerned that another constraint is really the most important?
- C You are unsure of the underlying assumptions of your program?
- C Or, is it merely the time to examine this market closely?

In some way, each of these questions may influence the nature of the evaluation you will undertake.

If the R-OM process has been followed, the constraints or opportunities should be very well defined in the plan. If they are not, you may need to redefine them. Similarly, all of the basic underlying assumptions of the program will be evident if you have followed the R-OM process, and your constraints and opportunities will have well defined base lines.

When defining the scope of evaluation, try not to be too restrictive. For example, if you are looking at an animal feed ingredient program, incorporate reviews of constraints covering farmers, advisers and feed mills. Try to take into account all aspects of the integrated

Clarify the budget available for the evaluation study. This is linked to the depth of the study and the nature of the challenge in completing it.

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6.2.2 Devise a Program Evaluation study plan

Usually, the Program Evaluation will be commissioned to a third party. In any case, whoever does the evaluation will need a clear briefing and terms of reference.

Specify the purpose of the evaluation, the constraints under examination and the questions to be answered. Outline the overall strategy and the goals in the market being studied. Give the specific constraints to be evaluated, elaborate each of the underlying assumptions and the activities which will contribute to overcoming the constraints. Identify the performance measures included in the plan. Provide the evaluator with the last two annual market plans and the results of all activity evaluations. Give a clear indication of the expected outputs and the nature of reporting. Ask the third party to elaborate their understanding of the issues, their approach, and the stages of the project.

As evaluation is all about learning and feeding back that learning into the following plan, due attention should be given to timing. It is essential that all Program Evaluations feed into the planning process. Hence emphasize to the evaluator the importance of deadlines.

6.2.3 What are the sources of data?

In very broad terms, four groups of data can be distinguished:

- C internal administrative data: these are data available from the normal administration of the activities and the overall program (e.g., application forms, etc);
- C monitoring data collected regularly as part of monitoring progress;
- C internal evaluation data collected as part of activity evaluation exercises such as pre and post activity surveys of targets and participants;
- C external data from a wide range of sources, both internal and external to the program, collected specifically for the Program Evaluation study.

The data will be collected using desk research and a range of other methods. The possible data available includes the following:

- C key account records;
- C administrative records, such as application forms, project records, etc.;
- C previous evaluation reports;
- C statistical sources and analyses;
- C other research reports on the market or industry;
- C accounting information on the distribution and application of funds;
- C the market plans and associated papers;
- C internet searches, press, and other media commentaries;
- C various interviews (e.g. with targets, activity participants and non-participants, other key players, independent observers of the market such as journalists, academics, officials, and competitors);
- C interviews with US exporters.

6.3 Is there a standard methodology for a Program Evaluation study?

The methodology adopted will depend on the circumstances of the program and the purpose of the evaluation. These circumstances vary considerably by market and product, and it is impossible to determine a standard methodology. In many cases, the focus of the evaluation will fall on the decision-making process of buyers or traders. The evaluation study should get to the heart of decision-making. It should understand all the important factors which influence a target and the extent to which these factors can be influenced by the export market development agency.

Evaluators should be aware of the communication continuum, another key feature of R-OM. This identifies stages in the communication process and helps measure progress in overcoming identified

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constraints.⁷ Evaluators should constantly be asking the question, how far have targets been moved along the communication continuum? How much closer are targets to being prepared to try the product?

This implies that a survey of targets and those who influence them is critical. It is important to collect information on decision-making from several sources to check and double-check the validity of responses. Independent observers of a sector are invaluable. For example, advisers, journalists, academics may be able to help put behavior into context. Above all, we recommend talking to the US exporters and to the distribution traders they use. Exporters and the trade will provide insights as they will have accumulated broad experience from their endeavors.

Above all, assume an inquisitive approach is essential. Never be satisfied until you have found the answer to the question ‘why?’.

Why do the targets not use the product? Is it really price or is there another factor determining purchasing behavior? Why does x use it and not y? Why are x and y different? If circumstances change, would they both use it? What would be the most critical factor you can change to improve the chances of US exports? Why? Why?...

To help the design of the evaluation and the identification of appropriate methodologies, we have outlined some standard questions. These are listed in the sections below. Also, in Section 6.5 we elaborate on case study Program Evaluations of several typical programs.

6.3.1 Understanding the program context

Initially, it is necessary to undertake a general review of the market context and the overall position of the product. The detail of the review will depend on the circumstances of the program and the scope of the evaluation. It may be necessary to cover trends in trade and production, economic factors and policies. The reviews should address competition and the relative overall position of the US. It will require a review of the marketing and distribution system and the position of key players in the product value chain. Some understanding of the forces for change will be required to assess the future prospects to be faced by the US product.

⁷ See *A guide to Results Oriented Management* prepared by Agralytica in February 2000, Section 5.3 and 5.5.

6.3.2 Checking the rationale of the program

All programs should be well defined if they have been subject to drill-down as part of the R-OM process. However, it is important to assess if the constraints are well identified and if the activities form a logical and coherent structure.

Two key questions:

- *Is the program design relevant to the market goal?*
- *Is the program design coherent?*

It is useful to review the rationale under the following two criteria: relevance and coherence.

- **Relevance** assesses the extent to which the constraints address the overall market goals;
- **Coherence** is the extent to which the entire program is logical and orderly, with a rational and consistent relationship between the different parts.

This latter attribute is assessed by examining the structure of the program. Simply plotting the linkages between activities and intermediate and final outputs (pathways) provides an indication of the rationale and the soundness of the structure of the program

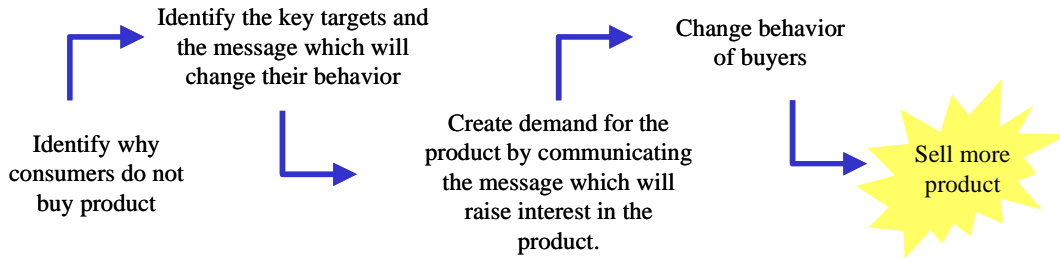
Three examples are outlined on the following page. They each reflect different challenges in the market place. Developing theoretical causal pathways for the program is an excellent discipline. It is a powerful tool to identify activities which do not contribute to overcoming identified constraints. A pathway analysis forces you to see the big picture and to avoid irrelevant detail.

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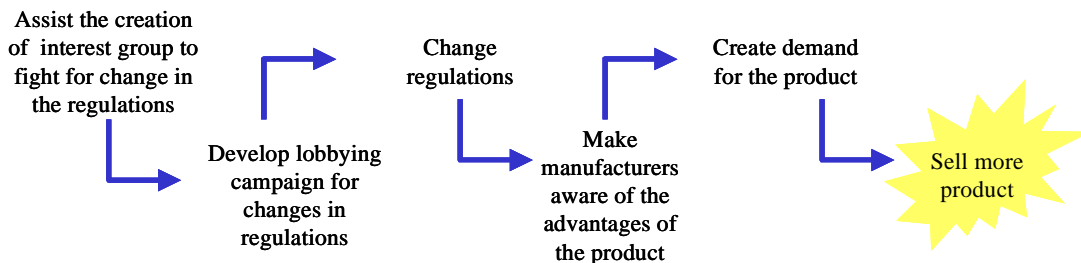
The Program Evaluation study

Three examples of pathways illustrating the rationale of a market program

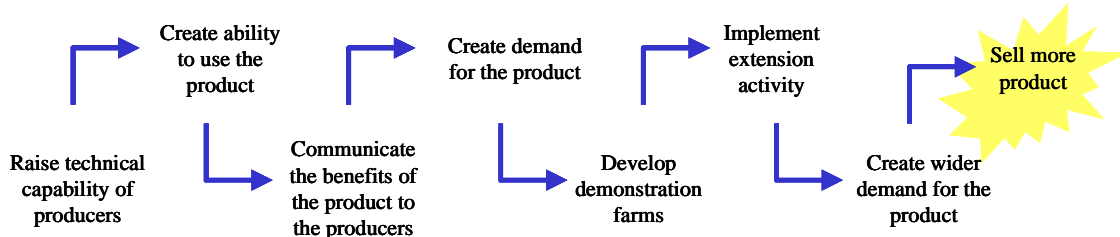
Challenge: The product is not selling well. Initiate market research to identify the reasons for this. Then identify targets for a communication exercise. Communicate a specific message to the targets to change behavior and sell more products.



Challenge: The product is not certified for use in the market. It is decided that the best way to fight for change in the regulations is to establish a local interest group to lead the pressure for change. In addition (often in parallel) it is necessary to increase interest in the product among potential users so that when use is permitted, demand will be strong and sales will grow.



Challenge: The product is not used in this market, largely because farmers lack the sophistication to incorporate it in their feed. Farmers must become technically more competent before they can begin to appreciate the advantages. Once a level of proficiency is attained, the specific benefits of the product can be promoted to a small target group. These can then be used as demonstration farms to help extend the message to other farms, with the benefit of an extension program. Higher demand will be created and more sales will result.



The following questions may help in reviewing the overall rationale of the market program. The answers will form an important part of the overall conclusions of the evaluation study.

- C What is the market program intended to achieve?
- C Have the correct constraints been identified to reach the goal?
- C Have they been adequately defined?
- C Have the targets been adequately identified?
- C Have the messages been adequately identified?
- C Have the incentives to bring about changed behavior been adequately defined?
- C Will overcoming the constraints logically result in achievement of the goal?
- C Have the activities been adequately identified?
- C Do they contribute to overcoming the defined constraints?
- C To what extent is the achievement of the goals dependant on other factors?
- C What are these other factors and how can they be predicted?

6.3.3 Assessing effectiveness and efficiency

Assessing effectiveness and efficiency are key challenges in all evaluation work (see Section 1.1.2).

Effectiveness (Achievement of target outputs)

- C Have the objectives (performance measures) been achieved?
- C Were the specific targets identified in the constraints reached? If not, why not?
- C Was there a clear message to communicate to targets? If not, why not?

Although efficiency is the ultimate target, most evaluation studies will do well to firmly identify effectiveness. Were the objectives achieved, and can these be related to the activities?

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- C Did the targets understand the message? If not, why not?
- C Did it change behavior? If not, why not?
- C What was the major contributor to success?
- C What was the major factor holding back progress?
- C To what extent were the changes observed caused by the program of activities?
- C Was the measurement of change taken against a valid baseline?
- C What would have happened in the absence of the program?
- C Did the external environment change during implementation?
- C What was the effect of external factors?
- C Was there a clear link between the activities and changes at the constraint level?
- C What was the main cause of the change identified at the constraint level?
- C Were there any side effects? Were they positive or negative?
- C Are the measures of performance adequate?
- C If it is difficult to get good performance measures, are there any proxies you can use (e.g. the premium paid for a US product over a competing product can be a very good proxy for changed attitudes)?

Inputs

Clearly, some indication of inputs can be critical to understanding impact and the efficiency of a program. There are various important issues:

Although efficiency is difficult to assess, some indication of resources used (including program staff time) is critical in any evaluation.

- ***Creating incentives:*** Many programs seek to generate incentives for targets to buy, sell or recommend a product. If incentives are created, more private inputs should be leveraged as private interests see the benefits of participation. The ability to leverage private effort can indicate success.

- *Uptake of market development funds:* Lack of utilization of available funds is a good indication of poor performance of the program: either the methods are not working, or there is a serious, more unyielding problem.
- *Wastage:* Wastage and costs can be compared between programs.
- *Staff time:* It is critical to assess staff time in all cost considerations since these may represent a major part of the total cost. If possible, an activity-based accounting approach should be used to reveal the true cost of individual activities and to allocate as much administrative time as possible to activities.

Here are some key questions to answer.

- C Were the anticipated resources used?
- C To what extent were these resources used?
- C Were private resources leveraged by the program?
- C Were the private resources additional, or would they have been applied in any case?
- C How much of the input was wasted (applied to irrelevant participants, unsuccessful programs, etc)?
- C What was the cost of the program (direct costs and administrative costs)?
- C What was the cost compared with similar programs elsewhere?

Efficiency issues

Efficiency is very difficult to measure. There are two main efficiency issues: the **administrative efficiency** of the program and the broader, more general issue of whether this was the best way to achieve the measured outputs (which we refer to as the **economic efficiency**).

Two aspects of efficiency:

- *administrative efficiency;*
- *economic efficiency: could the objectives have been achieved by alternative methods?*

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Examples of the latter are illustrated by the following questions. *Was it best to work with the wholesale trade at quite a large expense rather than working with the single largest retailer? Or, should we have spent the effort promoting better technologies, when we know the largest US producers are also investing there?* Here, a strong element of subjective assessment is inevitable. The quality of that assessment will reflect the overall quality of the analysis and understanding of the market. Here are some useful questions to pose.

- C Was the program administered efficiently?
- C How was it promoted? How were activities selected? How were activities implemented? How were financial disbursements handled? What was the feedback from targets, contractors, and other parties?
- C Have other alternative methods of overcoming the identified constraints been considered?
- C If not, why not?
- C What would be the relative likelihood of the success of these alternative methods in these circumstances?

Overall evaluation

The following questions will help distill the conclusions and recommendations. The focus will need to be carefully balanced between broad strategic and more narrow tactical issues. The strategic issues must take priority. For example, it is of little value to recommend a video as a method of communication of a message, if the constraint or opportunity is poorly identified. It is also worth underlining the need to simplify and distill. The best evaluation reports separate the major, higher-order issues from those which are of lesser importance. The following is a list of some of the key questions. The answer to these questions will form the basis of any conclusions and recommendations for the Program Evaluation study.

Strategic issues must take priority. Simplify and distill out the higher order issues from those of lesser importance.

- C Are the program needs adequately diagnosed?
- C Are the underlying assumptions linking the program inputs (activities) and outputs (overcoming constraints and achieving market goals) relevant?
- C Are the defined constraints and opportunities still relevant to achieving the goals?
- C Is the program still relevant to overcoming the constraints and opportunities?
- C What is the net additional impact of the program?
- C How can the program be improved?
- C Are the activities working?
- C Which are the most effective?
- C What did we learn from the evaluation?
- C What would have happened if we had done nothing?
- C Should the program be scaled down to free resources for other uses, or vice versa?
- C What is the life span of the program - when should the agency disengage from this market or these constraints?
- C To what extent can the program outputs be delivered by the private sector, and what would the net benefits from this be?
- C What needs to be changed immediately, and what needs to be changed in your upcoming plans?

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6.4 The Program Evaluation report structure

The identified scope of an evaluation study will determine the precise nature of the report. In very broad terms, the report should confront the following issues.

The Program Evaluation report structure

- 1. The context**
 - Background to the program
 - The identified constraints and opportunities
 - The underlying assumptions
 - The activities
 - The performance measures
 - Key issues to examine in the evaluation
- 2. The market and how decisions are made**
 - The decision-making process of the targets
 - How can buying (selling/advising) behavior be changed?
 - The leverage of the export market development agency
- 3. The constraints and opportunities being addressed**
 - Have the correct constraints and opportunities been identified?
 - If not, what are the correct ones?
 - Have the constraints been overcome?
 - If not, why not?
- 4. The implementation of the program**
 - The impact of different activities
 - Which are the most effective activities in overcoming the constraints
 - Organization and coordination issues
- 5. The conclusions on program rationale, impact and efficiency**
 - Results of the rationale check (relevance and coherence of the program)
 - The priorities of the program
 - Impact of the program on specific constraints and opportunities
 - The major lessons in terms of strategy
 - Major lessons for management
- 6. The recommendations**
 - Possible changes in the structure of the program and its activities

6.5 Program Evaluations: Case study methodologies

This section considers the issue of the choice of methodology. How do we select a methodology for different situations? In practice, identifying the most appropriate methodology is one of the key skills of the evaluator. The evaluator must match research process to the evaluation need and also work within a budget limit. This is more an art than a science and draws heavily on the experience of the evaluator. Inevitably, some compromises have to be made in the study design to work within available budgets.

It is difficult to generalize about the approach, as the key issues requiring investigation depend on the program circumstances. However, in almost every case, buyer decision-making is the key focus, and leading targets must be interviewed, as well as individuals who can give an independent view on the market situation. Where necessary, the exporters can provide an interesting perspective as can their representatives or agents. FAS industry partners need to keep in close contact with their exporter constituency and ensure that the issues which they consider important are pursued in evaluations.

We have selected a number of **hypothetical** case studies to illustrate the possibilities.

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6.5.1 Case Study 1: Getting a horticultural product into large scale retailers

The challenge

This program focuses on persuading six large retail chains to give more shelf space to a horticultural product and to present the product more attractively (displaying white and red fruit together) to create interest. The constraint is identified as a lack of incentive for the buyers in the large retail chains to stock the product. This is due to the fact that the retailers are unaware of the substantial interest in the product and the fact that better presentation of the product would increase sales.

The activities

This program comprises of three elements. First, conduct market research among consumers to reveal the benefits of better category management and the positive image of the product; second, run in-store promotions with tastings, based around two color fruit displays; and third, consider consumer promotions. In fact, the funds available for consumer promotion are relatively modest and its object is to show the retailer the US commitment to supporting demand for the product.

The activity evaluation results

Each of the activities was evaluated. Sales were disappointing, despite a good crop year and reasonable quality. An excellent market research report was prepared, to deadline, which also evaluated the in-store promotions. It revealed that there was clearly higher consumer interest when the product was attractively presented and the consumers liked the product very much. The tastings were highly successful and the feedback, in terms of consumer preferences and sales was excellent, despite the poor overall sales performance. The consumer promotions were hard to evaluate and had registered little real recognition. However, it should be remembered that these promotions were largely undertaken to show retailers the US commitment to supporting demand. The real disappointment was the lack of participation of three of the six major chains. They did not allow in-store promotions or taste testing, and carried only one (white) product.

The Program Evaluation

The evaluation clearly has to focus on the big question of whether the strategy of targeting the large retailers is right, as well as the narrower question of whether we have been successful in our work with the major retail buyers. The activity evaluations undertaken in the course of the year provide a very good base from which to assess the overall success of the effort in this market.

Choice of evaluator

This Program Evaluation requires a third party evaluator. The staff associated with implementing the program have most likely been in frequent contact with the retailers, and they may not be in the best position to get an objective view of the challenge that successful communication poses.

Methodology

For this evaluation to be effective, detailed discussions with the buyers must take place to identify how they really feel about these issues. This is the main point of focus. How many retailers participated? What distinguishes those who did participate from those who did not? What was the impact of the different activities? Did the buyers consider the consumer promotions useful? How did they feel about the in-store promotions? Did those who participated do so because of the evidence of the research, the promise of advertising support, or the possibility of in-store promotions? Why were some buyers unresponsive?

Evaluation results: The right strategy?

Let's deal with the larger question first. Is the strategy of focusing on the larger retailers correct? A very cursory examination of the market shows that the product is increasingly purchased in the larger retail stores. They account for an estimated 70% of all sales, and that percentage is growing! The product is not used extensively in food service. It is clear, that the best opportunity for expanding sales is to work with the large supermarket buyers. The resources are too limited to have any major impact on consumers and the costs of getting to the other independent retailers and market stalls are even larger. The chosen strategy is right.

Evaluation results: Is the market program working?

The evaluation concludes that the strategy has been reasonably effective. A check of the activity evaluations reveals that they provide a consistent message and have reasonable reliability. Interviews revealed more about the nature of decision-making among the retail buyers. Yes, the product was important to most of them, and yes, they needed support in developing interest in the product.

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Generally, they considered that the product had an important role in the fresh produce department and that it was, as yet, not fully exploited.

Interviews with the buyers in the three retail chains which did not participate showed that they did not really absorb the findings of the market research, although they had understood that it gave broadly positive impressions of the product. It appeared that they had not appreciated how the results of the research could be converted to more profit. Also, one of the three retailers was highly unlikely to be converted using the present material available. He really believed that the entire category was a makeweight and he was not prepared to invest a lot of energy in it. All retailers appreciated the consumer promotions and, for those who participated, this was a major factor in deciding their support of the product.

Conclusion

There was a partial failure in communications. The market research needed to be presented to retailers in a much more effective way, with the focus on profit opportunities. Also, it was essential that a better venue was found to communicate the benefits of better product presentation so that the issues could be discussed at greater length. The crowded smoking room attached to the buying offices was not a place to effectively explain the key to profitable category management of the product.

Recommendations

A new promotion strategy was suggested. In the future, approaches to the retailers would be much more formal, and an appropriate off-site venue for a presentation would be arranged. This would ensure adequate communication of the message and would provide opportunity to discuss in detail all major issues. It was also recommended that a renewed attack on strengthening the category as a whole should be made. Furthermore, it was recommended that a joint pitch be negotiated with other groups promoting products in the same category. This would add life to the product and gain more recognition of the need for a professional approach. If the performance measures identified are to be met in the following years, a major effort has to go into converting those retailers which currently are not involved in the program.

6.5.2 Case study 2: Improving the technical efficiency of animal farms in China

The challenge

This is a major program. It aims to improve the technical capability of animal farms and thereby raise awareness of the contribution of a high performance feed ingredient (HPFI) in feed. Initially, the intention is to work with a number of more progressive farms and then use them as demonstration farms to extend the knowledge gained to another layer of commercial farms in the region.

The program is built on a clear assumption that improved technical awareness will increase the use of HPFI. The constraint is the lack of technical capability of farmers and their lack of understanding of the role of HPFI in producing higher profitability. This assumption is a central issue to explore in the evaluation. There are a number of other agencies and private companies working with the same group of farms. Therefore, another issue is to assess the precise contribution of the FAS industry partner involved in the program. If the export association was not there, would productivity (and HPFI awareness) continue to grow? This is a long term project, and it is anticipated that it will result in several multiplier effects as the demonstration farms become the source of considerable transfer of technical knowledge within the province.

The activities

The activities involve the provision of technical assistance on a wide range of animal farm management methods and techniques.

The activity evaluation results

The results of the demonstration farms are monitored continuously so that improvements in productivity and profitability can be measured. A clear indication of progress is when the performance of a farm permits it to graduate to demonstration farm status and it can be used in a wider extension effort. So far, no farms are at this level and the project is still in its initial stages. It has been possible to monitor the use of HPFI. This continues to be very small.

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The evaluation challenge in this case is two fold. The central issue is to focus on the underlying assumption that improved technical sophistication will lead to more HPFI consumption. This needs a broad review which will take into account both, local and international supply and demand prospects. In many ways, it may not matter whether the HPFI consumed comes from the US, as growing Chinese demand will have a major positive impact on the international market.

The second evaluation issue to be confronted is to assess the extent to which any changes identified are due to the agency involved. With other agencies and private companies involved, the question arises, what is the contribution of the FAS industry partner?

Choice of evaluator

For this project, it is essential that the evaluator brings a fairly wide range of skills. To confront the first issue, the rationale of the program, they will need to understand the workings of commodity markets, as well as basic farm economics. Also, to assess the second issue, the evaluator will need to survey the farms about the major factors influencing their decision to change husbandry methods and talk to others involved in the project to get their view on the contribution of the different parties.

Methodology

To confront the first issue, a review of the general supply and demand situation in China is required, as well as a review of local farm economics. The former, a macro-economic issue, confirms the promising status of HPFI in general, while the latter provides local assurance of the project validity. If another feed ingredient is much more likely to be used, the rationale of the project is challenged.

Evaluation results: The right strategy?

In terms of the macro issue, HPFI is indeed a promising feed ingredient and has potential. Moreover, US HPFI is well placed to supply the feed sector in this province, because of infrastructure deficiencies which prevent domestic HPFI from reaching the coastal areas. Also, it is clear that there is very limited understanding among farmers of how to use HPFI and there is a good *a priori* case for believing that HPFI use is linked with improved management of the farms. Therefore, the strategy looks good.

Evaluation results: Is the market program working?

There are major productivity improvements among the demonstration farms, although HPFI use has yet to rise in response. However, the results suggest that there is danger of duplication of effort and different agencies are stepping on each others toes. Coordination is a priority. Also, the growing involvement of the US private sector suggests that project take-off is close and there is little need for the agency to stay involved once the demonstration farms are established and other agencies are taking it forward. Markets eventually generate a momentum of their own. That is the time for the agency to confront other constraints in China or other parts of the world.

The only remaining doubt is the low level of uptake of HPFI (the overall purpose of the project), largely because local mills are not familiar with it. Closer attention to the linkages here is critical. It is highly recommended that the project becomes much more pro-active for the cause of HPFI. Currently, much more attention has fallen on improving management on the farms than on promoting HPFI. This should be changed and more focus should fall on the mills and developing incentives for them to use HPFI.

Recommendations

More attention needs to be paid to coordination at the project level. A detailed review of how to bring HPFI into feed at a faster rate is required with particular attention on the local mills. A disengagement strategy also needs to be identified. When does the project have enough momentum of its own? At what stage does the issue become more a single minded promotion of the product and not a farm extension project? Trigger disengagement criteria need to be established and possible scenarios for developing a more focused HPFI promotion strategy also need to be considered. If consumption of HPFI does not represent at least 20% incorporation in feed among the demonstration farms in two years, a major review of the future viability of the program is required.

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6.5.3 Case study 3: Getting US pork to processors in Europe

The challenge

The program is focused on convincing the larger EU meat processors that despite its higher price, US pork is of superior quality and can increase companies' profit margins. The constraint is identified as lack of perceived incentive of procurement personnel in large meat processing companies to buy US pork. This is because they do not understand how higher yield and lower processing cost can increase profits despite the higher price.

The activities

The activities comprise workshops at targeted companies, demonstrations, and circulation of information materials. The broad target group comprises 80 companies with annual turnover higher than \$100 million. Ten of these companies are considered key accounts, and a key accounts management system has been established. This system includes regular calls and visits to these companies. Ensuring that key accounts participate in all activities is a priority.

The activity evaluation results

The program is relatively new. It was initiated three years ago and this is its first Program Evaluation. Each of the activities has been evaluated on an annual basis, although these evaluations have identified only cursory information on progress. Constraint performance measures have been collected for the key accounts every year the program has been in effect. Based on this information, progress is more or less on target. However, there is no information on progress in the broader target group.

The Program Evaluation

Clearly, the evaluation needs to focus on:

- C whether the basic assumptions on which the program is built still hold (processors do not understand how they can increase profits from US pork); and,
- C whether the broader target group has been effectively reached and what progress has been achieved.

Also, it has to determine whether the strategy to focus on the larger processors in all 11 countries is more appropriate than a narrower approach.

Choice of evaluator

It will be best to employ a third party to evaluate the program. An open mind is essential to a more objective view on the program. Those involved in planning and implementing the program are already too involved in looking after their personal project and may lack the required objectivity. Also, this evaluation requires interviewing and research skills which may not be available among the field or corporate office staff.

Methodology

To answer these questions, detailed discussions have to take place with the key buyers at the target companies to identify how they make their purchasing decisions. What are the key influencing factors? What do they know of the program? What is the impact of the activities? The interviews and additional desk research should determine whether the chosen strategy is equally appropriate for all EU countries.

A trade interview program needs to cover at least 30 of the 80 targets and all of the key accounts. These interviews need to be representative of all customers serviced. As funds are very limited, it is decided to undertake 20 personal interviews with the remainder of the targets by telephone. At least 5 of the personal interviews will be with key accounts. The personal interviews will be focused in the UK, Belgium, and the Netherlands, in order to make efficient use of modest survey funds.

Evaluation results: Is the market program working?

The evaluation concludes that while sales to key accounts are on target, and they are reached by the activities, the broader target group falls behind expectations. The key reason for this is that most of these targets are not reached by the activities. Only 8% of them (6 companies) have participated in some seminars and just two companies (3%) have seen the demonstrations. All receive the information leaflets, but they do not give them much thought or consideration. So much information and promotional information arrive in the mail every day that none of the key decision makers has necessary time or interest to go through all of it. All consider trials and demonstrations to be the most effective tools to communicate a message: “I must first see for my own how this thing works before making any further decisions.”

Most key accounts are pleased with the program, some are already ‘converted’, and others are testing the product. They find the ‘customer relationship’ approach helpful, and believe that this really is a product that has something to offer. Two of the key accounts, however, are not interested in US pork, despite the demonstrations and other information. These companies produce lower value sausages and

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meat products, selling standard products to the mass market at low prices and margins. High volume is their approach.

Conclusion

Good progress is being made, although some adjustment in the focus of the program on different targets is required. Also, US pork appears to offer more profit opportunities in the high value products sector and this could narrow the field of focus to companies that position their product at the higher end of the market.

Recommendations

Overall, the strategy proves to be the right one. However, a more concentrated effort to reach targets beyond the key accounts is necessary. Producing and circulating information materials clearly does not bear fruit. Money will be better spent on extending the reach of the seminars and, most importantly, the demonstrations. A system of “key account graduation” should be developed. It would identify criteria which when achieved will graduate a key account from the program as ‘converted to US’, and include new key accounts in the system. The broader target group should be narrowed from the current 80 companies to about 60.

6.5.4 Case study 4: A SRTG working with small and medium size US exporters

The challenge

A priority objective for SRTGs is to increase the number of small and medium size companies which enter the international marketplace. The program of this SRTG is focused on supporting new exporters and new products in the global market place. Potential exporters seek markets anywhere, but key potential markets are located in three regions: NAFTA countries (Mexico and Canada), the EU, and Japan. The program is developed on the basis of overcoming the following constraints:

- C Small and medium-size companies in the SRTG member states have no experience in exporting and lack knowledge of how export.
- C Small and medium size exporters lack resources to access potential target markets, develop and maintain trade relationships, and promote their products in target markets without support.

The broad geographic coverage, the numerous different products, and the broad target group make this program most challenging to evaluate.

The activities

Current and potential exporters can receive support through activities funded by Market Access Generic program funds, and Market Access Branded Program funds.

a) Generic funds

The first constraint is addressed by the so-called ‘outreach activities’. These are mostly seminars and one-to-one consultations with potential exporters to prepare them for exporting. The target is very broad, as virtually all food companies with less than 500 employees qualify for support. The challenge is to identify those which have exportable products and convince them that they have potential. They need to believe in the opportunity to grow their businesses and profits through exports and developing the right strategy. The seminars and consultations train these potential exporters to know what information to look for, how to develop an export strategy, and what the technicalities involved in exporting are. A special leaflet has been developed and circulated among potential candidates to raise

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their interest in the services and support offered by the SRTG. The SRTG is developing a database of potential exporters to use as a tool to reach and recruit potential exporters for its program.

The second constraint is addressed by participating in trade shows and in-store promotions for grocery products. Some of the challenges are:

- C To select the most appropriate trade shows. Should these be the traditional large international shows like SIAL and ANUGA, or some smaller, regional and product specific shows that may be more beneficial for the targeted exporters?
- C To identify retailers that would not only be willing to engage in a promotion for US products, but are the best match for the products offered. As the exporters are usually smaller companies which can rarely offer the quantities and regularity of supply required by large retail chains, smaller gourmet, health, or other specialized retailers may offer better opportunities. In some cases, it may be better to work with others in the distribution chain (wholesalers or importers) who supply retailers.

Trade directories for Mexico, Canada, Japan, Germany, and the UK have been prepared. Similar directories for other countries are to be developed as well. The directories can be received in a hard copy form or can be accessed through the Internet.

And finally, the SRTG has developed a web-site. It has multiple purposes:

- to offer information about its programs and services to current and potential exporters;
- to offer basic market information for key target markets;
- to offer access to the trade directories;
- to offer information to potential buyers about US products and exporters.

b) Branded Funds

Exporters can also receive support through the Branded funds program. This is a 'matching funds' program offering support to companies with a branded product to promote and sell internationally. To qualify for the program, the candidate needs to present a simple market plan and export strategy. This evaluation does not look in detail into the Branded program, although it is an integral part of the whole program. The branded program is best addressed by an evaluation covering the overall national program.

Past evaluations

The program has been in effect for 6 years. One major evaluation exercise was undertaken at the end of the second year. The results of the evaluation were related to the individual activities only, and did not look at the program and its strategy as a whole. Since R-OM and the UES were introduced in 1998, constraint performance measures have been collected on an annual basis, and activities have been evaluated. However, the information on constraints and performance measures is somewhat inconsistent as it has taken time to master the R-OM approach to planning. As a result, some of the constraints and performance measure were not well defined and had to be adjusted later. No Program Evaluation has been undertaken as of yet.

The Program Evaluation

The evaluation must focus on the following issues:

- C Does the basic assumption (small and medium-size companies need support) still hold?
 - Is it just lack of resources and knowledge that prevents targets from exporting, or are there other important factors as well?
- C Are the right constraints identified? Is this the most appropriate strategy?
- C Do the activities impact the constraints?
- C Are the targets reached by the activities? With what results?
- C Have the right key target markets been identified? Do all of them offer potential? Should the focus be narrower or broader?
- C What is the potential for small US exporters in these markets?
- C Who among the trade should US exporters target in these markets?

Choice of evaluator

This is a large evaluative endeavor that can best be undertaken by an independent third party evaluator. The required methodology is fairly complex and the program spans the world. The evaluator must have global research capabilities. Most likely, the SRTG will lack the human resources to do it itself. An evaluation of this scale will involve extra cost for the SRTG and it needs to plan for it well in advance.

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Methodology

The most appropriate methodology for this evaluation is a combination of desk research and surveys. Desk research will provide basic information on the target markets and the potential they offer for small and mid-sized US companies. This information will be supplemented by a survey of the trade in target countries to identify how the potential buyers make purchasing decisions, the key factors influencing the distribution, and the potential for US products. Key groups to interview include retailers, major importers/wholesalers and independent observers of the food distribution sector. Some of these interviews will be undertaken by telephone, although the larger retail buyers will be interviewed in person, as this is the only way to collect meaningful responses from this group. The evaluation budget constraints mean that some major compromises have to be made. It is decided to focus on three EU countries (the three with the largest US exports from the region, currently - the UK, Germany and Netherlands).

US exporters need to be surveyed as well. Interviews will include both exporters, which are program participants, exporters which did not participate, and companies who currently do not export. 60 exporters will be interviewed by telephone. Twenty of these will be participants in the scheme who are exporting, 20 will be exporters who did not participate, and 20 will be companies who did not export. Choice of non-exporting companies will be critical, if comparisons are to be made. A key evaluation challenge will be to clearly identify the different characteristics of those who participate in the program in comparison with those who did not.

Evaluation results: Is the market program working?

The evaluation brings together the results of the activity evaluations and the specific research undertaken as part of the Program Evaluation. It concludes that the program generally focuses on the right objectives and that its underlying assumptions hold. Participants in the program are broadly pleased with the activities and have found them helpful to their businesses. The following key points surface from the research:

- C The database of small and medium size companies developed by the SRTG contains about 900 companies. The evaluation finds that approximately 20% of it is incorrect. Either the address, or the contact names are wrong, or the business no longer exists. Database maintenance needs to be strengthened.
- C So far, 100 companies have participated in the program. However, 50 of them have never exported products as the domestic market is more attractive and easier to service. These numbers clearly

suggest the need for stricter criteria and better judgement of who is to be recruited to participate in the program.

- C The other half of the companies do export. These companies find most activities and the program as a whole, helpful. However, some comment that the trade directories need to be updated more frequently.
- C Approximately 40% of the targeted US companies do not know about the program and the support they can receive. This is a very high percentage. To some extent it results from the poor quality of the database, but the web-site and information leaflets are also less than effective.
- C The key markets that offer potential for smaller companies are Mexico, Canada, and Japan; the EU is much less attractive. Narrowing the geographical focus of the program will help to improve its efficiency.
- C The products with biggest potential are fresh produce for Canada, jams, convenience foods, and condiments for Mexico, and organic foods and foods with health benefits for Japan.
- C None of the target US exporters can supply a larger retail chain on a regular basis. Their niche is in smaller specialized shops or retail chains. None of these import directly as they use wholesalers or agents. While the retailers should be aware of the US products, the targets need to direct attention to developing and maintaining relationships with wholesalers or the supermarket's procurement agents.
- C In-store promotions are rarely effective for this kind of program. As indicated, large supermarkets are not an appropriate target for small producers and exporters. Such promotions can be organized under the umbrella of a special theme (e.g. "US foods week/month" or "Healthy foods from the US") and they can raise public awareness. However, only very rarely do products find a permanent place on the shelves of a large supermarket. Therefore, the focus needs to be on finding roads to those retailers who can and will carry our products.
- C Exporters find trade shows to be very beneficial for their business. Several expressed a need for good regional shows in Mexico as well as the larger ones.
- C The Branded funds program is frequently mentioned, and some companies have used it and found it helpful. This program should be considered an integral part of the whole effort to support smaller US companies in the global market-place. So far, it is treated separately (and even

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excluded from this evaluation). This is a mistake, and it limits the perspective of the value to the whole strategy and approach.

Recommendations

Overall, the right strategy has been chosen. However, more effort is required to reach potential participants in the program and to select those who have a product to export or the potential to develop exports. The global focus of the program should be narrowed to those countries which offer potential for smaller exporters, and the product focus should be adjusted to products which are in demand.

The database and the directories must be up-to date if they are to be of use. More effort is required in this area.

The Branded program should be included in the evaluations. It is an important part of the whole (approximately 70% of all funds are Branded funds) and it cannot be omitted.

6.5.5 Case study 5: Defending soy markets in Japan

The challenge

This is a mature program and the thrust of the market development effort is to maintain the market share of US product. The strategy is based on promoting the benefits of high protein feed, which is more reliable when purchased from the US. The challenge is that the millers do not believe in the superior quality of US feed and they feel that farmers will not see any value in the resulting feed, as it will be more expensive.

There are two elements to the program. The first is to work with major producers through technical assistance to get them to appreciate the advantages of the product. The second is to ensure that the millers can see the advantages. The underlying assumption is that the millers would use the product, if they could see its benefits through the use of a sophisticated least cost feed ration program. Similarly, it is assumed that farmers would use the product, if they could see the benefits in the form of experimental results.

The activities

The activities are:

- first, development of extension materials, which show the experimental results of feeding the product, and
- second, using the materials in in-company workshops with millers to show how the new feed formulation model works, as well as to demonstrate its benefits.

The activity evaluation results

The activity evaluations show that none of the 5 major millers have taken up the new feed formulation software, despite it being made available virtually free. The evaluations suggest that three of the five millers are interested, but not interested enough to change their old procedures, and two millers show no interest whatsoever.

The producers are equally unmoved. The evaluations show that while all agreed that there were benefits to using US product, none were prepared to change.

The Program Evaluation

The Program Evaluation focused on trying to understand what exactly was happening. Why, despite the obvious advantages in the product, was uptake so limited? Why were farmers and millers not buying the product, in light of the obvious advantages? The evaluation should understand the context in which the millers and producers were making their decisions.

Methodology

There are two stages to this study. The first involves reviewing the overall constraints by looking at the market environment and the way buying decisions are made. The second involves talking to the millers and to farmers. The interviews will include all major millers and the 10 largest producers. All interviews will involve personal visits.

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Before talking to the people directly involved, it would be necessary to interview a number of industry analysts and industry observers to try to understand the market circumstances and how decisions are made.

Evaluation results: Is the market program working?

This review of the market situation and context is revealing. Policies are in place which protect the feed and animal production sectors from competition. The mills are large and work together and there is a lack of competition in the entire sector. Discussions with the millers reveal that they currently capture quite healthy margins. Demand is maintained through tariff protection of the meat market, although that is threatened by a number of WTO obligations which will gradually open up the market to more competition.

Interviews with the two target audiences confirmed the conclusions from the overall market review. The millers are complacent. They feel vaguely worried about the future, but they believe that the Japanese government will not fail them. They maintain that new ways of reinforcing or replacing the tariff protection will be introduced. It has not yet hit them that the entire trading environment has changed. Currently they feel that there is very low incentive for them to change, although it is clear that unless they adjust, they will suffer very rapid fall in market share as WTO obligations are implemented.

The producers, who work very closely with the millers, do not believe the benefits which are put in front of them. They do not believe that the product will work effectively under Japanese conditions. They feel that US circumstances are radically different and that animal performance will vary in Japan. These producers have a very low trust of US data, in sharp contrast to their belief in Japanese results.

Evaluation results: The right strategy?

The strategy needs to be readjusted. Simply focusing on the benefits of the product is not enough, because the targets will not change unless they see a threat on the horizon. Liberalization and increasing competition threatens both the millers and the producers livelihood and their grasp on this market. If they do not change they will suffer rapid erosion of their market share.

It is clear that much greater emphasis must fall on the future threat to the sector unless the industry changes. The industry must be made aware of the potential changes which lie ahead and the need to improve their own efficiency.

Recommendations

The recommendations are clear. The message and the messenger must be changed. The millers must be made aware of the changes which lie ahead and of the threat to their livelihood. The extension service needs to be mobilized to emphasize this message, and local experiments need to be devised to show the benefits of the product. Special attention needs to be given to public relations. Briefings for journalists are necessary, in order to raise awareness of the potential threat to the Japanese meat and feed mill production sectors. These sectors must be made aware of their need to prepare for the more intensive competitive times ahead.

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7 GLOSSARY

<i>Activity level of the hierarchy of objectives</i>	The lowest level of a program's hierarchy of objectives
<i>Additionality</i>	The amount of output from a program compared with that which would have been achieved with no agency investment in market development.
<i>Activity evaluations</i>	The assessment of whether each activity has achieved its objectives. Much of the activity evaluation can be built into the administration of the program.
<i>Annual Country Progress Report (CPR)</i>	An annual review of the impact of a set of activities on the constraints and market goals. In some years this assessment may be based on a full evaluation study (Program Evaluation - see below). In other years it may be more subjective and based on the results of the activity evaluations and a less detailed examination of the market. The Annual Country Progress Report is undertaken by program staff.
<i>Constraint/opportunity level of the hierarchy of objectives</i>	The level of the hierarchy of objectives which elaborates the constraints or opportunities which are identified to be most vulnerable to change as a result of your market development work.
<i>Baseline</i>	The situation against which you measure progress. The baseline is usually determined before any program activity.
<i>Before and after evaluation test</i>	A test of change between the baseline situation and the situation after any program activity.
<i>Bottom-up approach to evaluation</i>	This approach to evaluation examines the program from the activities 'up' to the goals. That is, assessing the activities and thereby drawing conclusions about the impact on constraints, and then assessing the impact of the constraints on the goals. The 'bottom-up' refers to starting at the bottom of the hierarchy of objectives.
<i>Causality</i>	The relationship between cause (e.g. activity) and effect (e.g. output).

<i>Communication continuum</i>	The stages in the communication continuum are mapped out in the <i>Agralytica R-OM Guide</i> . It includes the following stages in a consumers decision-making process: awareness; knowledge; understanding; liking; preference; trial; and finally, purchase. Decision-making for commercial firms or other organizations may be different.
<i>Decision-making process</i>	The process whereby a person makes a decision. They usually go through the various stages defined in the communication continuum (see above). The decision- making process varies considerably depending on the business and the business environment.
<i>Displacement effects</i>	When the generation of a desirable output gain in one program leads to a loss of output in another program (e.g. promoting oranges leads to reduction of sales in pears).
<i>Evaluation</i>	The act or result of judging the worth or value of something.
<i>Evaluation plan (EP)</i>	An evaluation plan providing an outline of the markets to be assessed, key issues to be addressed , and the resources and timing required.
<i>Efficiency</i>	The ratio of the output to the input. Given the resources available, the minimizing of inputs in relation to the output.
<i>Effectiveness</i>	The extent to which the objectives of a market development program are achieved. Effectiveness is defined without reference to cost and the most effective program is the one that achieves all of its objectives.
<i>Experimental evaluation test</i>	A test of differences between those exposed to a program activity and those who are not.
<i>Global Evaluation</i>	A review of an entire international market development program. A Global Evaluation will explore the choice of markets as well performance within markets. In contrast, Program Evaluations focus on performance within specified markets. A Global Evaluation will include several Program Evaluations.
<i>Goal level of the hierarchy of objectives</i>	The highest level of the hierarchy of objectives in any given market. These are the targets in terms of sales, volumes, or market share.

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<i>Hierarchy of objectives</i>	The development of the objectives of a program into a hierarchical structure. At the top of the hierarchy are the goals, at the second level are the constraints and opportunities which, if overcome or captured, lead to attainment of goals, and at the bottom of the hierarchy are the activities which overcome constraints or capture opportunities.
<i>Impact forecasting</i>	As part of the development of a market plan it is necessary to forecast the plan's impact. These forecasts are captured in the form of performance measures.
<i>Inputs</i>	The resources required to develop and implement a program. These can normally be measured in money terms.
<i>Key account marketing</i>	A process for developing close relationships with those key players in a market who have the greatest leverage over creating sales opportunities (either directly or indirectly). It involves developing relationships so that you really understand your clients and their needs, and they understand you. Key account relationships facilitate the assessment of your progress in communicating a specific message to your targets.
<i>Outputs and intermediate outputs</i>	Outputs are the results of programs. Intermediate outputs are when the output of one activity contributes to the ultimate output. For example, much of the work of the market development agencies results in the development of incentives. These incentives are an intermediate output as they lead to the achievement of sales, which is the ultimate output and objective.
<i>Monitoring</i>	The process of tracking inputs and outputs as part of the management of a program.
<i>Multiplier effects</i>	Second round effects following an initial investment in an activity (e.g. when people who attend a seminar pass the message of the seminar onto others who did not attend).
<i>Non-program inputs</i>	Factors external to the program, which affect the situation in the market (e.g. weather, crop yield, exchange rates etc.).

<i>Non-program outputs</i>	Effects of the program which are not reflected in the ultimate goal (e.g. improvement in the ability of an export sector to meet domestic market requirements)
<i>Program Evaluation (PE)</i>	An evaluation study which is undertaken occasionally in different markets to assess the impact of activities on constraints and market goals. It is normally undertaken by third party evaluators.
<i>Program rationale</i>	A check on the relevance and coherence of the program. Relevance assesses the extent to which the constraints address the overall market goals, coherence is the extent to which the entire program is logical and orderly with a rational and consistent relationship between the different parts.
<i>Results-Oriented Management (R-OM)</i>	An evaluative process which identifies objectives and sets measurable targets.
<i>Top-down approach to evaluation</i>	Adopting a macro-economic method which looks at the total expenditure on market development and tries to identify related changes in the outputs.
<i>Underlying assumptions</i>	All programs have underlying assumptions about the causal links between the inputs (activities) and the outputs (overcoming constraints or achieving goals). These assumptions are revealed by the hierarchy of objectives and are often tested in Program Evaluation studies.
<i>Unified Export Strategy (UES)</i>	The format for applying for FAS assistance for a range of export market development programs.