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ECONOMIC

EFFECTS

of Generic
Promotion

Programs for

Agricultural
Exports



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Economic Effects of Generic Promotion Programs for Agricultural Exports

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Preface

Globalization of agricultural markets is certainly not a new topic. However, the level of competitive rivalry has increased substantially in recent years and the marketing strategies employed have become more diverse. In this mix of marketing strategies, the use of generic non-price promotion programs by commodity organizations and -- directly or indirectly -- by government agencies is receiving greater attention. With this has come a greater concern for understanding the implications of these programs and for evaluating their effects.

This book is drawn from papers presented in Arlington, Va., at a February 1990 symposium sponsored by The Regional Committee on Commodity Promotion Programs (NEC-63) and the Foreign Agricultural Service of the U.S. Department of Agriculture. Comprised of individuals from academia, government, and industry, NEC-63 is an organization formed for the purpose of fostering research and information exchange regarding the evaluation and improvement of generic promotion programs in domestic and export markets. The objectives of this symposium, which focused on export promotion, were to (1) provide a forum for exploring the management and information needs of the diverse set of interested parties, (2) examine research approaches for economic and market evaluation of generic promotion, and (3) foster increased quantity and quality of evaluation activities.

The genesis of the symposium reflects several fundamental ideas. First, numerous political, economic, and technological forces are creating greater pressures and opportunities for generic promotion in agricultural export markets. Secondly, managers have a basic responsibility to evaluate the effects of specific programs under their control. Bringing together the needs and opportunities represented by these ideas and the already established body of analysis and expertise became the main focus of the symposium. This book is intended to capture this same spirit and convey it to a larger audience. Government policies and marketing strategies examined here continue to grow in importance, not only in the United States but also in every major agricultural exporting country of the world. As pressures mount to limit direct price subsidies as a tool to expand exports, non-price promotion strategies will receive even greater attention.

The purpose of this book is to lay a foundation for generic promotion evaluation, identify and discuss information and data needs, examine approaches and methods of analysis, and present results from a cross-section of recent research studies. The first section consists of three chapters providing a background of market development concepts, trade, and market promotion expenditures; the role and programs of the Foreign Agricultural Service; and a summary of the export promotion activities of commodity checkoff programs.

The second section focuses on the diverse needs, objectives, and approaches of different interested parties in the evaluation process. Chapters in this section include perspectives of commodity organizations, program managers, and the public sector as manifested in federal legislation. While the emphasis is on economic and market effects, program managers also place emphasis on internal project reviews and management oversight.

The three chapters of the third section provide a review of theoretical concepts, data, and methods that are often employed in promotion effectiveness research. These chapters draw in part on experiences with domestic market promotion but attempt to bring into sharper focus the issues that must be resolved to conduct useful studies in export markets.

Six studies that report on specific research results are brought together in the fourth section. These are selected to represent a diversity of approaches and a cross-section of commodity and product interests. The concluding chapter provides a synthesis of the ideas developed separately in each section. This synthesis and the chapters that precede it are intended to encourage greater interest in studies of generic promotion effectiveness for export markets and to identify ways in which such studies can be improved.

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Many individuals and organizations contributed to developing and presenting this symposium. The Regional Committee on Commodity Promotion Programs (NEC-63) provided the primary organizational creativity and support. We particularly appreciate the leadership of Olan Forker and the Executive and Planning Committees.

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**Part I:
Generic
Promotion Overview**

