Measuring the Impact of Agricultural Marketing Programs

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“Impact” implies some added value to:
– Economic activity
– Quality of life

“Value” can be measured explicitly in dollars or implicitly in use (marginal cost of accessing information must at least equal its value)
Efficient Market Hypothesis and Market Outlook

• Suggests that difficult if not impossible to produce information that will result in above normal returns
  – What value can be added as far as market outlook
• Research suggests that USDA reports are “new” information
• Does this indicate that market analysis and interpretation related to these reports are the only possible points that can add value in terms on explicit dollars received as a result of extension marketing programs?
• It suggests that documentation that an outlook program is appropriate must include:
  – Analysis would need to be timely
  – At least as “good” as other analysts whose information is relatively costless
  – Analysis based on local market conditions?

Beyond Outlook: Potential Problems with EMH that Suggest Need for Marketing Specialists

• EMH assumes that most relevant information is incorporated into current prices
• Assumes that market participants know how to interpret and adjust to the information generated by market prices
  – Understand emerging marketing arrangements and how benefit from these new arrangements
    • Scale
    • Relationships
    • Quality
    • Product differentiation
  – Understand institutions
  – Understand relationship of local market to the broader market including international markets
Is a Measure of Use (Contacts) a Measure of Value Added (Impact)?

• In the case of market analysis, the answer must be “yes.”
• Assuming costs of accessing information are not zero, then the minimum value (impact) is the number of users times that cost (average access time * wage rate * number of users)
• Problem is the inability to measure the true VMP to users
  – Economic theory suggests that if VMP > Cost, then one should demand more of the input.
  – Is demand for additional information and analysis growing?

Analysts vs. Educators

• Interpreting market structure, processes, procedures, and institutions for market participants has typically been where greatest demand for marketing specialists has existed
  – Recognizing and interpreting market innovations and trends
  – Viewed as an unbiased market observer
  – Significant influence in lending credence to market innovations or discounting them
    – Contracting with futures
    – Electronic marketing
    – Value added marketing
    – Animal identification
Communicating Research Results

• The traditional link between the “researcher” and the extension specialist is weaker than in the past or even broken
• Marketing specialists have increasingly stepped into the role of applied researcher

Evaluating Performance

• Anecdotal evidence and testimonials of dollar impact useful, especially if unsolicited
• Number of persons accessing information is, to a degree, a viable measure of impact, in my opinion
• Is demand for information provided by the marketing specialist growing?
  – Invitations in-state, out-of-state, international
  – Demand for more in-depth information
Evaluation Cont’

• Quality of discovery through applied research
  – Publications
  – Applications in extension programming

Logic Models

• The primary issue appears to be getting from “Inputs” and “Outcomes” to “Impact”
• Measuring the dollar impact of extension marketing programs on broad markets will be difficult because
  – Impact is not on market prices (EMH)
  – Impact on individual decisions is confounded by other sources of information available to participants
Logic Models Cont’

• Surveys may be the only method to measure $ impact
  – What is the right type of survey?
• Individual decisions and choices may provide a method to estimate impact
  – Statistical validity
• Rates of adoption or non-adoption as a result of access to information

Conclusion

• We may underestimate value if we consider only dollar impacts (credence provided to innovations)
• We need better ways to estimate value based on usage (VMP of information)
• Adoption or non-adoption based on educational information
• Unsolicited testimonials, contacts, survey results remain valuable tools