

Measuring the Impact of Agricultural Marketing Programs

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Measuring the Impact of Ag Marketing Programs

- “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