OUTCOME-BASED PERFORMANCE MEASURES –
THE KEYS TO A SUCCESSFUL STRATEGY...

Kris Marceca – November 20, 2014
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Kris Marceca

• Was a cooperator for 17 years
  – American Forest & Paper Association
  – American Peanut Council
  – US Apple Export Council
  – California Kiwifruit Commission
  – Additional consulting clients...
• Branded activity experience
• Trade policy experience

• No longer a cooperator
• Union College (National Champs)
• Political background & anthropology
• Mother of three, softball and diving mom
Agenda

• Introduction
• A brief overview ...sets the stage for the rest
• Identifying Targets – the critical step.
  – Market Identification Who exactly?
• A series of examples and practice....
  – Drilling down and asking the right questions
• Writing the Constraint ...Keeping measurements in mind
• A series of examples and practice....
  – The right market the right target ...state the problem or opportunity
• Performance Measures
• A series of examples and practice...
  – Some tools to develop a show progress – key questions and pitfalls
What are we trying to do today?

• A quick refresher…

• Ultimately we want to answer the need to continue to write stronger performance measures that are outcome based and measureable…and meaningful.

• To get to that point, you have to ensure that you have the right market and the correct target within that market.

• To be successful you have to have an end goal – a final behavior in mind.
The Three Elements

• Evaluating Market Development Programs (Promar 1998)
• Results Oriented Management Training (Promar 1999)
• Comprehensive Industry Strategic Planning (The Hale Group – 2004)
UES

MAP App.

Export Credit Recomm.

MAP Activity Plan

Amend.- (MPAR & APAR)

Evals.

Trade Policy Priorities

FMD App.

EMD App.

Cochran App.

Market Reports
CISP – Comprehensive Industry Strategic Plan

- Annual Plan/Budgets & Resource Decisions
- Export/Int’l (UES)
- Domestic Market
- Long-Term Programs (Research, Policy, etc.)
Intersection of Domestic & Global

Focus of CISP

Domestic Issues

International Issues
Key Question...

• As a potential investor, does this industry make the case that it is:
  – Ready to export
  – Committed to export
  – Has an integrated strategy where export issues are not viewed in a vacuum
  – In a position in terms of production to have enough product on a consistent basis for a long-term strategy
  – Facing serious barriers to developing export markets
Why does this matter?

To be effective the UES strategies have to have a bit of staying power...these are not usually short term projects. There is often a considerable lead time from the UES concept to the implementation.

- Will the product be there? Is this goal today going to be there tomorrow?
- What is the level of commitment to get these bigger issues resolved?
A major commodity industry had a huge export program all based upon the **FACT** that the US-produced commodity was **THE BEST quality** in the world market. Their programs were about reaching trade and teaching them how great our product was...

*Problem was, it wasn’t the best product....in just about any way you measured....*
How it is supposed to work...

Important to remember that the UES is supposed to be part of an integrated strategic plan.

• *Is the UES and Evaluation part of annual planning and budget process?*

• *Is there a system for the review? Discipline?*

• *Are decisions made based upon evaluations & data?*

• *HOW CAN YOU TELL?*
Ideal Cooperator/Industry

SWOT or other analytical review

Takes many aspects into account....

Look at this process as an investor...along with FAS
The Global Approach Illuminated…

**What a cooperator sees in the Domestic Market**
- Surplus Product produced
- Supply US market first
- Limited competition in the domestic market
- Production research focused on volume yields

**The view of the World Market**
- Increased competition
- Long-term market development
- Successful may have developed the market!
- Other producers may have a more centralized approach – and short term focus…
A balanced portfolio?

Using the investor analogy, look at the whole picture...is it a balanced portfolio?

How will the overall plan be impacted if one country or one project doesn’t work?

Is there a balance in new market existing markets, research?

Are the programs being utilized appropriately?
Key Strategic Questions (Hale Group)

1. What are the industry’s biggest threats and most significant opportunities?
2. What do our customers want?
3. How do our customers think we compare to our competitors?
4. What are our industry’s strengths and weaknesses?
5. What are our investors’ needs?
Top down…

After you ask those big picture questions, you then have to figure out a way to focus in efforts….

You know what you have to sell, now…
Picking Our Markets

Which sandboxes will we play in and why?
Make sure you put choices in context

No industry can do it all....

The hard decisions must be made at the higher levels – this defines the roadmap and helps to set the priorities...
Trade-off

Promotion of Almonds in U.S.  Versus  Promotion of Almonds in Japan
Trade-off

Corn for U.S. Ethanol

Contrast

Export Promotion of Corn
Trade-off

In times of a crop shortfall

Scale Back Grapefruit Promotions in the U.S. Versus Scale Back Grapefruit Export Promotions
Principals of UES Planning

- Macro to Micro (i.e. Global to Activity level)
- Aims at changing the behavior of foreign target decision makers
- Requires a clear message
- Provides feedback for continuous learning (and adjustment)
Strategic Thinking at Three Levels

Comprehensive Industry Strategic Plan

Domestic Industry Strategy

Strategic Summary of UES

Strategy & Implementation

Country A

Strategy Only

Country B

Strategy Only

Country C

Strategy Only
UES planning process

- Forecast Impact
- Monitor Progress during implementation
- Review program impact and effectiveness
- Assess strategic direction and test commitment
- Adjust investment plans based upon the input
- Evaluate effectiveness of activities
- Adjust investment plans based upon the input
- Monitor Progress during implementation
- Review program impact and effectiveness
- Assess strategic direction and test commitment
- Adjust investment plans based upon the input
Key Questions for the UES

- Which countries?
- Which products?

Why?
How? Use the ROM process

Results Oriented Management is a management process for:

- Assessing markets;
- Identifying priority constraints and opportunities that can be influenced and need to be addressed;
- Identifying key target segments to be addressed; and
- Measuring progress in achieving objectives.
Let's work through an example…

What do we need to focus on?
How can we set priorities?
What works best?

In the end…
Which Mountain to Climb?

Why are you climbing THAT mountain?
Which Mountain to Climb?

Why not THIS mountain?
Example: January Resolution

• Try to Improve Eating Habits
• Want to lose a few pounds
• Don’t want to waste money (lots of bills)
• Want to feel better
• Don’t have lots of time for elaborate meals
Limitations & Targets

• Budget limitations
  – Can’t afford to eat out/drive through/order food every night

• Timing limitations
  – Can’t shop and cook everyday
  – Some nights have to work late – or have other things going on

• Want to eat healthy meals
• Need to provide healthy snack alternatives
• Meals need to be able to be eaten at different times
• Meals must be cost-effective
Solutions? Strategies?

- Identify new meal options
- Shop 1-2 times a week including farmers market
- Provide healthy grab and go options
- Cook meals that can be reheated
- Set aside some order-in/eat out options
- Stop eating
- Subscribe to a meal delivery company

- WHICH ONE WORKS?
- Do all work?
- Why?
- Why?
Goal...the top-line

• Improve eating habits and reduce costs for food while increasing relaxation time; eating more local product and concentrate on seasonality

• Too many?
• What is TOP line.....which are secondary?
• Specific goals don’t need to be wordy...
How will I do this?

• Improve eating habits (Baseline)
• Reduce number of eat out/drive thru/order in meals. (Baseline 7 of 21) [track 3 meals a day]
• Improve healthy snacking (Baseline 7 of 14) [track 2 snacks/day]
• Cook one large meal on weekend that can be reheated easily (Baseline 0 of 4)
• Identify 1 new meal per month that provides a frozen/quick fix option (Baseline 0 of 12)
• Increase amount of vegetable/fruit consumption each week. (Baseline ?)
• Shop at farmers market once a week (Baseline ?)
Are any items off-topic?
Or non specific?

- Improve eating habits (Baseline)
- Reduce number of eat out/drive thru/order in meals. (Baseline 7 of 21) [track 3 meals a day]
- Improve healthy snacking (Baseline 7 of 14)
- Cook one large meal on weekend that can be reheated easily (Baseline 0 of 4)
- Identify 1 new meal per month that provides a frozen/quick fix option (Baseline 0 of 12)
- Increase amount of vegetable/fruit consumption each week. (Baseline ?)
- *Shop at farmers market once a week (Baseline ?)*
June: How do I know I am successful?

- Reduce the eat out/drive thru order in...should see a financial impact...Can that be a success statement? “Saved $100/month by reducing the # of eat out meals”
- Cook one big re-heatable meal on weekend...did we eat it? Did this work? Did this help me to meet my goal of being healthy? (reheating or the type of meal?)
  - Will I keep doing this now that its June and Summer?

DOES ANY OF THIS INFORMATION CHANGE MY STRATEGY???

- Did I shop more? Throw away more or less?
- Am I healthier? Did I lose weight?
- Is this change in behavior sustainable? Am I done for good?
Strategic Planning Discipline

• Recognize limits (monetary, staff, product)
• Best strategic plans say what they mean and are specific
• Best plans are under review – always...
• Research is often a first step – but not always precursor to marketing or sales
• Saying no or admitting something doesn’t work or needs to change is a good indicator of rigorous effort
A real-life example

Peanut Industry...

- Handful of ‘players’
- Markets and customers highly proprietary – (shellers make the sales)
- Farmers want to expand their markets
  - Greece!
  - Export peanut butter!
  - Store brands!
Research Program - SWOT

✓ Created a ‘report card’
✓ Subjective and Objective data
✓ Comparable across different markets to allow for a comparison of different markets
✓ Was the basis for the market assessment in UES –
✓ Created some discipline…
When to pull the plug?

In theory, there are new markets and opportunities…

- Shellers/Shippers won’t sell
- Importers are beholden to another origin
- Trade barriers take a long time to overcome
- Teaching a new product to consumers may take a long time and lots of funds
Its okay to change – but caution...

• When a project isn’t working, do you have the ability and the process to review it?
• Recognizing that its very hard to convince an investor to believe in you when you say lets do this – and then change your mind – and a year later maybe want to go back!
Sometimes you try to do the right thing but you can get stuck...

Sometimes there are programs and markets that have become comfortable....
Backing into the target...

- Want to go to a trade show...
- The show is important
- It's in a market that you are not active in
- See a whole strategic statement for a new market...
- REALITY? The trade show may target your key targets from country B but held in country A....
Common Errors ... RED FLAGS

• *All our children are the smartest, prettiest*

• Assumption: US Product is the BEST
• Assumption: US of HIGHEST quality

• Evaluation of the attitude without questioning the assumptions
• Mistaking who the competition is...
  – Share of stomach, Seasonal advantages, domestic product, other origins
Some Common Red Flags

• Target: Consumers in Mexico
• Target: Trade in Central America
• Market: Western Europe (Region vs. real targets)
• Target: Consumers in general...
• Constraint: Lack of Information
• Where the real decision makers are....in target country?
• Little or no change from year to year...question program comfort.
A smell test for some red flags..

• Is this a Cadillac constraint? Or a super-sub compact?
• When writing a constraint and market assessment, it is possible to write a great one – but carefully consider whether it is possible to actually evaluate the program and strategy described...
• How will you be able to evaluate this?
• Is it a junker? Can it, should it be upgraded? Targeting too low in constraint or PMs is not the goal here...
Questions?
Definition

Sometimes we use “constraints” as shorthand language for both “constraints and opportunities.”
Linkage in the Hierarchy

- Goals
- Constraints
- Activities

Will removing the constraints accomplish the export goals?

Are the activities/results likely to eventually remove the constraints?
Identify the Target Audience

1. Define/Delimit the **IDENTITY** of the target audience:
   - Consumer (gender, age, income, location, family status, concerns/values, etc.)
   - Trade (type of trade, size ($ value or % of national sales, size of operation, etc.) location, new to program, etc.)
   - Government (local, national, specific responsibility)

2. Define/Delimit the **SIZE** of targeted audience: How many of the audience do we really have to (have the funding to) influence over time in order to have a measurable impact on consumption/trade (and from whom we can also collect meaningful data to track their response)?
Identify the end-goal behavior

For Example:

- Utilize the product properly or cost efficiently
- Serve the product in new formats
- Promote the US origin of the product
- Purchase the product at least weekly
- Recommend the product to their clients
- Allow the product (standards) for new uses
FOCUS ON THE UES ...

OK, LETS USE SOME DRILLS IN REAL LIFE EXAMPLES
Real Life Example

Central America a good market for eastern apples.

- Close proximity
- Familiarity with product
- Shipping (tropical containers/bananas)
- Limited target group
- CAFTA increased access

WHO IS THE TARGET?
When questioned...

**Real Complaints:**
- Same 3 people come every year
- They come at the busiest time of year
- They take low color, low quality product – who cares?
- Only import until Dec.

**Real Issues:**
- 3 top companies are the drivers – in the region
- If they take product that otherwise would go to processing with no cold treatment, can make money on marginal product
- They increasingly look for new product as their cost of living increases
- With CAFTA import into June
Trade Constraint

Central American importers unfamiliar with eastern US product and shippers.

- Who?
- When?
- Which markets? All cities?
- Direct to retailers or importers?
- 5 companies represent 75% of imports...
What do you want from them?

Of course, we want them to buy…

✓ What can we control?
✓ What can we measure?
✓ Who are the decision-makers?
✓ What would be a success?
  ✓ Long-term?
  ✓ Short-term?
✓ Are there areas for increased expansion or development?
Define a Constraint

1. Identify a target audience
2. Define the target audience’s end-goal behavior
3. Identify the motivators for the target audience
Top five Central American fruit importers rely upon eastern US apple exports of smaller sized product (98 count and higher) in seasonal fruit sales accounting for up to 75% of total apple sales.

- Importers represent 75% of all fresh apple sales.
- Companies have affiliates in multiple countries.
- Companies also export product to eastern US
- Traditionally import only until 1st week in December
- 90% of exports are Red Delicious - small sizes not sold fresh elsewhere
- No storage costs make this attractive and important market for eastern apples – maybe MOST important
Another Example

Hardwood Industry faced with a problem that demand highest for grain product – but limited supply and non-clear grain deemed DEFECT.
Where to step in...

• Japan was a top market…but crash had reduced overall buying power –
• Wood still preferred
• Lots of work done to gain approval for US species
• Who to target --- decision makers and the right ones...
• Interior designers?
• Furniture makers?
• Where? Tokyo? Osaka?
Research…identified key targets

Learned that smaller companies targeting the same type of IKEA customer –

Embrace the character marks…highlight that it is a unique, more natural element

Drive the thinking and create the market…
Gold Star Constraints/Opportunities…

- Has specific target that’s reachable over time with available resources
- Has very specific “message(s)” that address behavior motivators
- The message, if accepted, will change targets’ attitudes and behavior increasing use/consumption
- Will eventually result in their purchase/consumption of more U.S. product as reflected in export goals
- Progress is measurable
Example

* Do you have any markets or targets that maybe have some of those red flags? Can we review those and see if we can come up with a more appropriate target?

Answer: Why this mountain not the other?
Answer: Is that target really where you want the behavior to change?
Questions?
I LOVE THE SMELL OF EVALUATIONS IN THE MORNING.....
UES planning process

Forecast Impact

Monitor Progress during implementation

Evaluate effectiveness of activities

Assess strategic direction and test commitment

Review program impact and effectiveness

Adjust investment plans based upon the input
Continual Planning & Evaluation Process

The Process

1. Research
2. Planning
3. Implementation
4. Evaluation
What is an Evaluation?

• The effort to isolate the **measurable impact** of promotional investments on a target audience.
Evaluations: Multiple, Integrated Layers

- A critical, integral part of planning – you can’t have one without the other.
- As the cooperator and FAS implement these programs, evaluation is happening at every level.
Evaluations: Layers

- **Global export** value evaluated annually in allocation process;
- **Market goals** – these trade goals are reported on annually too (volume, value, market share);
- Constraint Level – **Performance Measures** – reported on in CPR/UES;
- **Activity Level** – Results – also reported on annually

- There are sometimes huge issues that have impact across all of these areas – our own crop failures, competitive crop failures, recessions, exchange rate fluctuations.
Independent, 3rd Party Evaluation

Why?

- To isolate the effect of major external factors;
- To get truly objective feedback from your target audiences;
- Ascertain which aspects of the program have the most/least impact on the target audiences;
- Guide investment choices;
- Gives the manager of the program some objective distance;
- Provide an opportunity to illuminate basic assumptions and
- Document the value of the program to skeptical audiences
In the end, EVALUATIONS are

• **Critical to the process**

• A mechanism to stop and review the efficacy of an approach
  – Are you targeting the right people?
  – Are you using the right information?
  – Why have or haven’t they changed their opinions or behavior

• What can I do differently?
Important to remember

• After activities/actions happen, data or results should be collected
• Be critical about how the results/data show impact on the overall target...
• Writing a good performance measure has more to it than showing that SOMETHING is being done – this is where the rubber hits the road....
Questions?
Where did we leave off?

We have reviewed the overall structure. It's clear why this sandbox has been chosen.

There has been some significant discipline to define the targets.

You have your priorities...

You have set your sights on a target....

How do we capture incremental progress??
Define a Constraint/Opportunity – DRILL DOWN (Reflects answers to key questions)

1. Identify a target audience – be specific and realistic
2. Define the target audience’s end-goal behavior
3. Identify the motivators for the target audience
4. STAY DISCIPLINED...don’t mix targets, messages...a well-defined constraint is the foundation to a solid strategy, showing progress and ultimately success.
Showing progress…

To show progress against a constraint or opportunity, a myriad of items can be set up to serve to illustrate changes …

Complete resolution of each element should have impact to resolve the constraint or take full advantage of the opportunity

By definition, these things should be measureable in some way….
An Example

Opportunity: To buy a beach house – uncle wants to sell his within 2 years. Prefers to sell to someone in the family.

Constraint: Need to come up with enough funding that I can pay enough that mortgage will be reasonable. Only have $10,000 need at least $35,000 within 2 years.
Some strategies over 18 mo…

<table>
<thead>
<tr>
<th>Strategy</th>
<th>TODAY</th>
<th>6 months</th>
<th>12 months</th>
<th>18 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build up cash on hand to invest in 6 month CDs</td>
<td>$1,000</td>
<td>$4,000</td>
<td>$2,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Invest accumulated cash at higher interest rate</td>
<td>$0</td>
<td>$1000 + Interest</td>
<td>$5,000 + Interest</td>
<td>$7,000 + Interest</td>
</tr>
<tr>
<td>Finish fixing up old car to sell (% complete)</td>
<td>25%</td>
<td>50%</td>
<td>100%</td>
<td>N/A</td>
</tr>
<tr>
<td>Sell old car for cash</td>
<td>N/A</td>
<td>N/A</td>
<td>-$1,000 (advertising)</td>
<td>$15,000 sale (Net $14,000)</td>
</tr>
</tbody>
</table>
Consider: Not every PM is ‘in play’…

In this array format, you can see the strategy that is being undertaken…

- Some kind of effort to accumulate cash –
- Every 6 months, take accumulated cash and invest in higher interest CDs
- Fix up old car – have all parts and will do labor myself – will have to advertise – but goal is to receive significant funds.

When car fix up is complete, no additional work there – Sale cannot start prior to fixing up the car
A question you may ask..

What does a car have to do with this? How are you collecting the cash?

Is it clear?
Is it measureable?
Are the ....

Are those questions appropriate?
Would selling the car help to reach the fulfillment of the opportunity?
What do you need to know about the cash collection?
Red Flag Alert

Common mistake to have constraints stated but PMs that show no relationship to the overall resolution.

- Often PMs are set up to be activity level results

Yes/No Performance Measures often don’t allow for strategy or incremental progress

Ensure that the activity description describes how some elements may fit together…(fixing up a car relates to buying a house)
Measuring...

Many of the programs lend themselves to subjective measurements

Anecdotal measurements

Tendency to focus on activity level outcomes and measure the activities and these do not help address incremental change over time

Remember that industry often has a hard time understanding program requirements
The program requires annual reporting of progress.

- Annual plans often need to relate to a marketing year or growing season to have relevance to an industry.

Plans are developed sometimes, 18 months in advance of initial implementation.

Long-term strategy is often different for different industries and for different disciplines within an industry.

- i.e. production research and marketing have different timelines.
- Long term in fresh fruit industry very different than wood industry.
How and What do you measure?

Think about this....

How do you measure anything?

You need a starting point....

You need to use the same mechanism to measure over time (or when the item may change)
What is the starting point?

We call the starting point the benchmark or baseline....
We use this to be able to SEE the progress and track it – we have to measure from here or else we can get stuck looking too closely at the ups and downs in front of us...

In the programs, progress should be shown against the benchmark year on year...

Using a benchmark can show long term progress

*Question the benchmark*

*Question the validity of the proposed progress*
Objective: Measuring annually your kid’s height shows your kid is growing normally

Is there a **baseline**?

Measuring every year – Is that **clear**?

Is it **measurable/quantifiable**?

Is it **aligned** with the overall growth charts?

Is there a **methodology**?

A real example of this very kind of measurement used in a real-life FAS-funded program: Plumpy nut program used this kind of thing to prove outcome – prove that nutrition was improved in areas that used the product
GAO PM Review Characteristics

*These are reasonable and all common-sense:*

Is it **clear**, (and consistent with the numerical goal used to calculate it)?

Is it an **outcome**, or an output (implementation)?

Is it **aligned** with the constraint/opportunity?

Is it **quantifiable**?

Is there a **baseline**?

Is there a **methodology** identified that can provide the results cited? Will it provide a context to understand the measure and why it is a good indicator?
The Methodology
...biggest finding from GAO

Sometimes in the interest of making the UES more manageable, some of this information was shortened or eliminated...can usually be easily included...

Some of this can be found in the CPR, final report or evaluation...

Ideally this would all be in the UES – often a footnote to PM table is all that it takes.

Methodology is what makes it credible.

Asking questions about this very point may be the best way to improve the overall UES.
What do you measure? How do you show progress?

Define what the general goal is...behavior change for ultimate resolution/achievement etc.

Define the target audience

Define the behavior change

What **CAN** be done – often even the insurmountable ultimate goals have a myriad of incremental actions that can move toward the ultimate resolution
Identify the Target Audience Motivators

These things can be influenced with activities:

• What do we have to convince the target audience of in order to change its attitudes, beliefs and eventually behavior?
Examples of Motivators

Constraints occur when buyers aren’t *aware of*:

- The product, its varieties, prices
- Its new uses
- Its handling
- How/where to purchase it
- Availability of promotional support via MAP
Examples of Motivators

Opportunities occur when buyers aren’t *aware of:*

- The product, its varieties, prices
- Its new uses
- Its handling
- How/where to purchase it
- Availability of promotional support via MAP
Examples of Motivators

Constraints occur when buyers don’t believe:

- Their customers will pay a premium for the quality
- The product will be a profitable addition to their inventory
- That promotion can boost sales
- The brand has inherent value with their customers
- The product will meet their structural or processing requirements
Examples of Motivators

Opportunities occur when a market may have many factors in its favor...and you can work with buyers to show them that:

- Their customers will pay a premium for the quality
- The product will be a profitable addition to their inventory
- That promotion can boost sales
- The brand has inherent value with their customers
- The product will meet their structural or processing requirements
Communication/Marketing Continuum

These are visual representations of incremental change – these are models.

Promar and Hale Group presented these items and you can see in many UESs where these are often used as the basis for the various PM levels…

Useful tool to define target audience and potential behavior changes
“Communication Continuum” (Promar)

The decision-making process for consumers:

Input

Awareness of product
Knowledge
Liking
Preference over other product
Conviction to try
Purchase

Source: PROMAR International
Communication Continuum (Hale)

- Oblivious to Product
- Awareness of Product
- Knowledge of Attributes
- Favorable Disposition
- Willingness to Try Product
- Preference over Other Products
- Consistent Purchase

Source: The Hale Group
The progress toward moving up each step is showing progress – and each step can be a performance measure!

Moving along the continuum (forward or back) shows incremental progress toward goal resolution and ultimate success.

How do you know that you have advanced or fallen backwards? The results from performance measures show where you are at any given time…
A few questions...

Are there even more incremental steps in any particular case?

Can there be forward and backward progress?

Is it always systematic – or are there sometimes impacts on various ‘steps’?

Can we use the continuum tool to capture other situations?
Policy Maker Decision-Making Steps

1. Oblivious to U.S. concerns
2. Awareness of U.S. concerns
3. Understands U.S. rationale
4. Favorable to U.S. view; needs political support
5. Actively seeks change in regulations
6. Identifies potential political partners
7. Removal of trade barrier

A constraint describes why policy makers don’t move to the next step.
Questions?
Examples

Real-life examples let’s do the review together based upon the GAO PM characteristics....
Promotions

In Mexico – targeting retailers – targeting Mexico City and top 3 retailers. Expand sales of product by working with leading retailers.

Promotion of product in retail chain A accounting for 50% of total sales in the country

- In-store promotion of product results in 350% uptick in sales. (based upon sales data over similar period prior to promotion)
Questions to ask...

Retail chain? How many stores? How many were you in? (Clear?)
Where were the stores? Does this meet your overall target in the country? (Aligned? Clear?)
How long were you promoting? (Clear?)
Increase over when and for how long? (Baseline?)
How was the percentage measured? (Clear, quantifiable?)
How was the data collected? (methodology?)
What is the impact long-term? (this is the gut check – is this the right strategy – is it aligned with the long-term goal?)
Questions?
Consumers: Lack of consumer awareness – Russian consumers are accustomed to traditional uses of wild gooseberries, but are largely unaware of the full range of gooseberry products available. Russian consumers also lack awareness of important health benefits of gooseberry consumption as well as the gooseberry’s unique flavor and versatility in food and drink recipes.
Is this enough?

Awareness?
- If consumers know about it – they will use?
- What if US gooseberries aren’t price competitive in all markets?

All of Russia? Really?
All Russians? Really?

Is the US industry really interested in supplying ALL of Russia.

Their traditional uses of wild gooseberries match our products? Or do we have to teach consumers how to use and benefit from gooseberries?

If we teach them, will they certainly buy? Will the supply be there?
<table>
<thead>
<tr>
<th>Measure</th>
<th>2012 Baseline</th>
<th>2013 Est</th>
<th>2014 Goal</th>
<th>2015 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of consumers that have seen/heard of gooseberry products:</td>
<td>New Measures</td>
<td>60%</td>
<td>63%</td>
<td>66%</td>
</tr>
<tr>
<td>- Juice/blends</td>
<td>50%</td>
<td>53%</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>- Dried gooseberries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% who have tasted gooseberry</td>
<td>New Measure</td>
<td>40%</td>
<td>43%</td>
<td>46%</td>
</tr>
<tr>
<td>- Juice/Blends</td>
<td>30%</td>
<td>33%</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>- Dried gooseberries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of consumers (among those who have tasted gooseberry products) that</td>
<td>New Measure</td>
<td>35%</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td>purchased gooseberry products four or more times in the past 12 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of consumers aware of urinary tract health benefits</td>
<td>New Measure</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>% of consumers who have used gooseberries in food or drink recipes at</td>
<td>New Measure</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>home</td>
<td></td>
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</tr>
</tbody>
</table>
Activities

1. Consumer Public Relations $150,000
   - PR agency to generate media exposure about gooseberry health benefits
   - Develop POS materials
   - Russian language website
   - Russian nutritionists and celebrities

2. Retail Cooperative Promotions $30,000
   - Targeting Moscow and St. Petersburg – select supermarket chains. Sampling and positioning.

3. Consumer Survey $8,000
   - Online interviews representative sample of at least 1,000
Gooseberry Review

Is the target clear?
Is the constraint/opportunity clear?
Does it focus on one key target and identify some strategic themes?
Do the PMs support the constraint/opportunity?
Do the activities link to the PMs and thus the overall strategy structure?
What can be improved?
Review Comments

Constraint/Opportunity isn’t focused.
Targeting both consumers and retailers
Some PMs look like they have merit –
Others have limitations ... good on surface but don’t know what it means
Activities provide some information but not clear that goals for all of Russia can be met by limited program budget.

Make a staircase
Make 2 constraints and show what a consumer and retail staircase could look like
Revised Constraint/Opportunity

Targeting upper class Russian consumers in Moscow and St. Petersburg to educate them about the availability of and health benefits to commercial gooseberry products.

Top retailers in St. Petersburg (top 5 premium retailers) and Moscow (top 5 premium retailers) do not stock a full range of U.S.-produced commercial gooseberry products.
Gooseberries – Consumer

Consumers only familiar with wild gooseberries and uses

Introduction of gooseberries as a purchased product

Education of health benefits of gooseberries

Gooseberry products tested in market

Gooseberry products purchased on regular basis
Gooseberries – Retailers

- Target unfamiliar with gooseberry products and don’t stock
- Gain knowledge of products & profit margins
- Willingness to introduce products with in-store promotions
- Willingness to stock seasonally and support promotions
- Carry juice and dry gooseberries year round and conduct their own promotions

Gain knowledge of products & profit margins
<table>
<thead>
<tr>
<th></th>
<th>2012 Bsln</th>
<th>2013 Est</th>
<th>2014 Goal</th>
<th>2015 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of premium/upper class consumers in St. Petersburg and Moscow that have seen/heard of gooseberry products: -Juice/blends -Dried gooseberries**</td>
<td>New Meas.</td>
<td>St P: +10%; M: + 5%</td>
<td>St. P: 2013 + 10% M: 2013 + 5%</td>
<td>St. P: 2014 + 10%; M: 2014 + 5%</td>
</tr>
<tr>
<td>% of premium/upper class consumers in St. Petersburg and Moscow aware of urinary tract health benefits **</td>
<td>0%</td>
<td>St. P: 10% M: 0%</td>
<td>St. P: 15% M: 5%</td>
<td>St. P: 20% M: 10%</td>
</tr>
<tr>
<td>Of those consumers that have indicated awareness of commercial gooseberry products, have indicated interest in purchasing product **</td>
<td>Juice: StP: 0; M: 0 Dried: StP:0; M: 0</td>
<td>Juice: StP: 0; M 0 Dried: StP: 0 M: 0</td>
<td>Juice: StP: 10%; M 5% Dried: StP: 10% M: 5%</td>
<td>Juice: StP: 15%; M 10% Dried: StP: 15% M: 10%</td>
</tr>
</tbody>
</table>

**Consumers surveyed as part of omnibus commercial survey**
Discussion

Gooseberries in Russia
Hazelnuts - Israel

Trade – The historic and continuing supplier of hazelnuts is Iran although the product is labeled “Turkish” and enters the country under that designation. Importers assert that US hazelnuts are tasteless. This is due to Israel’s roasting techniques which dry out the nuts. US industry will work with local roasters and importers to try and solve this problem. A limited amount of US hazelnuts are imported but the amount should be much more.
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish traders interest in US hazelnuts</td>
<td>Establish 1</td>
<td>+1=2</td>
<td>+1=3</td>
<td></td>
</tr>
<tr>
<td>Work with trade to develop the correct taste</td>
<td>Establish 1</td>
<td>+1=2</td>
<td>+1=3</td>
<td></td>
</tr>
</tbody>
</table>
Proposed Activities

1. Trade Servicing/Public Relations – Trade Education
   • Hire Israeli representative with knowledge of nut industry

2. Cooperative Promotions/Promotional Materials/Website Development
   • Organize cooperative promotion – various materials will be developed – can be retail trade or wholesalers – where applicable, sampling will occur

3. Evaluation
   • In-house evaluations of activities based upon monthly reports; comments from members and discussions with trade both importers and retailers
Hazelnuts - Review

Is the constraint/target clear?
Is there more than one ultimate objective?
Do the PMs meet the criteria?
Are activities sure to have an impact on the stated constraint?
Is this the right mountain?

How can this be improved?
Review comments

• Constraint has multiple strategic goals
• Maybe PR not the right first step
• Technical assistance might be first most appropriate step
• Maybe develop more information about benefits of US product or modern roasting techniques?
• Would a technical effort be viable?
• Are there good relationships with the trade?
• Could a RTM (Reverse Trade Mission) help trade to know that US product and production methods are producing better product? Hard to teach them to change their taste
• Cooperative promotions, etc. don’t make sense until you can use US product that consumers want
• Don’t like or think that they don’t like attributes?
• Would samples in the market help?

Let’s choose one path to start…..
Let's try and view it differently...

What about looking at this as an opportunity?

- Israel has a knowledge about hazelnuts and a relatively high consumption rate
- US hazelnuts don’t have any market share
- Recognize that roasting differences seem to favor other origins currently
- Maybe we have to figure out if this is do-able? How difficult is it to get consumers to favor our roasting techniques and flavor of product? (Research project?)

  - This kind of project often favors a trade association in terms of their being able to do this kind of work while an individual company is more limited - the results and effort are more broad...this is market development not just promotion
Strategic Steps…

Current Israeli roasting techniques dry US product and remove subtle flavor – favors other origins

Identify key industry partner who wants to provide different and modern products

Recognition that modern roasting techniques may offer some benefit – testing occurs

Modern roasting techniques adopted

US Product Viewed favorably
Trade: Nut importers and roasting and packaging companies in Israel not aware of benefits to modern roasting techniques to provide different, subtle and unique flavors with less product loss. Target 5 medium sized importers who are known to seek out new products and packaging variations.

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Identify key industry targets willing to work on new roasting techniques focus on medium sized who both import and package their products and are willing to seek new products.

With target group, conduct small scale tests on new roasting with both US and other origins, develop proper roasting that is viable in market

Using small scale tests sample product with consumers illustrating favorable response

Aid in the development of a new US-origin product item and brand development

0 0 0 1
Discussion

Hazelnuts in Israel
Different Programs…

TASC, EMP, TIRF – Often output oriented and project based programs – but should have outcomes.

STILL, this discipline can help to put the project into a meaningful framework. Often these projects are a jump-start or one element necessary to developing a larger potential market…so setting the context and showing results/outcomes is crucial.
Example – HRI in NE & South China

HRI (Hotel and Restaurant Industry in NE/S China) South focus on ECM cities including Fuzhou and Donggan and Shenzen. In NE: Dandong and Anshan, Jilin and Daqing

Distribution of imported food product in the 2nd & 3rd tier cities is improvised. Bulk of imports are sold from one distributor to another with very few importers having contact with original importer. Lack of general awareness of US food products among many HRI operators in these emerging markets.
Project Objectives – Budget $17K

A. Help HRI operators and distributors in those target cities make contact with importers/distributors and US product assns.

B. Increase knowledge and awareness of US products in HRI outlets and support and re-educate distributors

C. Encourage direct sourcing formats with US exporters to lower distribution costs and support sales
Performance Measures

- Number of HRI outlets and related distributors identified in each market
- Number of direct importers US manufacturers distributors and cooperators as well as HRI operators involved in match-making events
- Number of importers reporting establishment of direct linkages with HRI outlets
- Number of US products including new-to-market items introduced to new HRI operators and number of products sourced as a result
- Dollar value of sales through linkages established
Is scope well-defined?
Are measurements appropriate to the overall project?
Do the PMs meet the criteria?
Is this possible with this budget?
How can they be improved?
PMs in the EMP cycle

Can be outputs...but need a **context** for why they are important.

The results for this project are the collection of the information – not just the numbers – but the **quality of the contacts** – and **WHO THEY ARE** and **PROVIDE TO US ENTITIES**

**Why?**

- The issue is that US companies don’t export here. **Why?**
  - the opportunity is there (these cities are growing and they want product)– but what is the limit (**Why** isn’t it happening now)? **Why** is it distribution? **Why**? Is there a cold chain? **Why**? Is there desire to import directly? **Why**? For what products? **Why**?

Can we set up a continuum for this project?
Can this effort further activities...
2nd and 3rd tier cities in South and NE China have no direct imports from US

HRI won’t import directly – no knowledge of US exporters or products – US industry has no knowledge of the HRI

Understanding distribution issues, HRI begins to ask for specific US produced items from consolidators

US industry can support utilization of product in HRI in key markets – further enhancing demand and return

Multiple US produced products are widely supplied some through consolidators some directly to HRI in 2nd and 3rd Tier cities
Discussion

HRI in South and Northeast China
Questions?
Trade Policy…tough nut to crack

Many issues seem to be seen as one step – you have it or you don’t...Mikhail Gorbrachev said, “Its difficult to leap a chasm in two jumps”

- Is it always a chasm? REALLY?

The key point is what can be done? This often requires drilling down….asking lots of questions.

Often the whole strategy/array/staircase can be articulated but only progress can be seen going back and forth...that’s okay...

The key is to identify what is going on and what can be done...coalition building, education, steady meetings, keeping the issues up-front, gathering examples, looking for opportunities...

REMEMBER – its not always about achieving the ultimate goal in this exercise but about SHOWING PROGRESS – SOME MOVEMENT some RESULTS
A constraint describes why policy makers don’t move to the next step.
USGC – Morocco

Morocco had tariff on corn … FTA coming – seeking zero tariff on corn

Setting a tariff is a government action and ultimately a government to government activity

Partnership with Moroccan Poultry Producers Association (FISA) successfully lobbied government of Morocco to accept zero tariff.
USGC – Morocco

Morocco had tariff on corn … FTA coming – seeking zero tariff on corn

Setting a tariff is a government action and ultimately a government to government activity

Partnership with Moroccan Poultry Producers Association (FISA) successfully lobbied government of Morocco to accept zero tariff.
Review

What was overall goal?
Who was target?
What were incremental steps?
What were actions that USGC could take?
Could those steps be measured?
US faced with stiff tariff - making product non-price competitive though of higher quality than domestically produced feed – cannot lobby Moroccan gov’t directly

Develop relationship with burgeoning domestic poultry industry that faces high feed costs or inferior product

Domestic poultry industry successfully lobbies its gov’t to reduce corn tariff to ensure future competitiveness

FTA is implemented including zero tariff on US corn

US Corn Imported on equal price basis – US product competitive
US industry assesses current poultry production practices & identifies key industry members

Domestic industry learns about modern production management practices, feeding regime

Domestic industry forms a producer association which becomes a conduit for U.S. capacity building

US industry works with domestic industry to modernize production and address related issues

Domestic industry association successfully lobbies gov’t to reduce corn tariff
Questions?
Your turn!

Let's pick a constraint, review it and see if we can develop a staircase and see if that helps us to write a PM array....
Thank you!