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# A Useful Study of Commodity Promotion

***Commodity Advertising. The Economics and Measurement of Generic Programs*** *By Olan D Forker and Ronald W Ward New York Lexington Books (Macmillan), 1993, 294 pages, $21 95*

***Reviewed by Karen Ackerman***

This book is the first comprehensive study of generic advertising and promotion by agricultural commodity organizations The authors, Professors Olan Forker and Ron Ward, present both the economic and institutional aspects of commodity promotion, drawing on several disciplines for their analysis Overall, the authors present a very complex subject in a straightforward manner

As early as the 1880's, U S agricultural producers joined together to fund and conduct activities to stabilize prices and improve their returns In the century that followed, a complex web of state and federal regulations established a plethora of producer organizations with authority to conduct many types of promotion, research, and marketing activities In the mid-1950's, many commodity organizations expanded their traditional activities by cultivating partnerships with the federal government to develop export markets for U S products

Higher funding and greater scrutiny have increased both the importance of commodity promotion as a marketing tool and the need to evaluate its performance Commodity organizations currently manage extensive research and promotion programs which include activities that emphasize product as well as market development Funding from producers has increased due to the expansion of check-off programs Federal funding for export market promotion grew substantially since the mid-1980's, peaking in 1992, before falling due to budgetary pressures

The book is divided into 8 chapters In the first chapter, the authors introduce their subject, position it in the spectrum of food marketing issues, and develop a justification for producers' support for generic advertising The authors propose a theory of commodity advertising in the second chapter which provides the theoretical underpinning for their discussion of evaluation The third chapter examines promotion objectives and strategies Legislative, producer, and administrative support for commodity advertising is discussed in the fourth chapter Chapter 5 describes the current promotion organizations and activities After presenting different types of program evaluations in Chapter 6 and case studies of evaluations in Chapter 7, the authors conclude the book with evolving policy challenges

The authors propose a solid, workable framework for econometric analysis of commodity advertising They define commodity advertising as a means of informing consumers about product characteristics Generic advertising adds value to the original product by informing consumers about product attributes that they might not have known previously Thus, generic advertising expenditures become an argument of consumer demand and can be considered in a demand equation with other variables such as price and income

Defining commodity advertising as a means of conveying information to consumers is one approach to the analysis of commodity promotion However, some generic advertising appeals more to consumers' emotions than it conveys information Analyzing advertising as a means of altering consumer behavior has proven to be less operational in econometric frameworks Meanwhile, consumer research has become more sophisticated and more centered in psychological models of consumer behavior

The authors are most successful when they draw on their considerable experience to develop guidelines for promotion program operation and evaluation In Chapter 2, the authors list the factors which affect the success of commodity advertising For example, the authors indicate that it is easier to communicate information about characteristics of products that do not lose their identity in the marketing channels In Chapter 3, the authors present several objectives of commodity promotion and use basic economic theory to illustrate how objectives are met

In Chapter 6, the authors present several evaluation approaches and methodologies and discuss their appropriateness The authors emphasize that the approaches and methods chosen for program evaluation must reflect the chosen program criteria If program managers are asked to address returns to producers, an econometric approach may be required If the criterion to be addressed is improved consumer awareness, program managers should conduct a comparison of consumer aware-

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ness surveys before and after the marketing campaign This chapter also will be useful for advertising agency managers handling commodity promotion accounts

The authors also draw distinctions between program objectives and performance criteria, preprogram and post-program evaluation efforts, controlled samples or market tests, and studies of consumer behavior They develop theories defining anticipated promotion effects For example, the authors propose that the rate of response to promotional efforts depends on the product and level of market maturity The introduction of a product with highly "publishable attributes" may produce a fast (and possibly large) response Products that already are familiar to consumers may require more promotion investment to achieve small responses Promotion efforts are not useful at all when consumption is high and consumers are highly familiar with the product's characteristics

The book is aimed at a wide range of prospective readers, including commodity promotion board members, university students, economic and consumer researchers, government policymakers, and commodity organization promotion managers The second, third, sixth, and seventh chapters could be extracted for a course on econometric analysis of commodity promotion Potential commodity organization board members will benefit from the discussion of promotion objectives in the third chapter, the development of the institutions, and the strategies adopted by a range of agricultural commodity organizations

The book generally was easy to read However, I had to hack through the forest of definitions in Chapter 1 I would suggest that less academically-inclined readers skip much of Chapter 1

While this book is an exhaustive study of commodity promotion in the United States, it does leave a few areas for further research Some open issues include the effectiveness of export versus domestic promotion, the relationships between commodity promotion and domestic price support programs, the cross-commodity effects of commodity promotion, the ever-popular concerns about data, and potential improvements in evaluation approaches

In the 1990's, funding from national check-offs increased by about $80-90 million annually, but Federal funding for export promotion dropped to about $130 million annually in 1994 from $230 million annually from 1989 through 1992 [1] As Federal funding for export promotion is reduced, export promotional efforts will compete with domestic advertising for producer funds Producers will seek comparisons between returns on domestic and export promotions as guidance for funding allocations The authors did not advertise their book as a guide to the analysis of export promotion, although the conceptual framework presented in this book may provide a basis for analysis of the effects of non-price promotion on export demand However, the application of the framework presented in this book to the evaluation of export promotion requires further attention from researchers

Generic advertising and promotion covers a wide range of agricultural commodities, but funding levels represent a small share of U S Department of Agriculture support for primary commodities such as grains, oilseeds, and cotton An increasingly market-oriented approach to farm legislation should motivate researchers to analyze the costs and benefits of commodity advertising versus price support programs

The bulk of the demand (and the funding) for evaluation of commodity promotion has come from the commodity organizations themselves Many of the questions answered by the analyses address the needs of commodity program managers However, researchers might want to apply their skills to larger policy questions such as the cross-commodity effects of generic promotions and the costs and benefits of generic promotion versus government and marketing order price supports

Finally, the authors thoroughly discuss the importance of continuing to develop appropriate data for analyses and new analytical approaches and methodologies Professors Forker and Ward have given us an admirable examination of generic commodity evaluation Their book is a good foundation for others to build upon

[1] About 60 percent of Federal agricultural non-price promotion programs fund generic export promotions The rest of the Federal non-price export promotion program funds are used to reimburse up to one-half of the eligible advertising costs of participating private companies in selected export markets