BUY KIWI MADE CAMPAIGN EVALUATION REPORT

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Ministry of Economic Development
Manatū Ōhanga

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1. Preface

This evaluation report has been prepared by MartinJenkins and Associates, in conjunction with the Ministry of Economic Development.

MartinJenkins have undertaken evaluation activities to provide the main content of this report. Their work is presented in Chapters 1, 3 and onwards.

The Ministry's evaluation team has prepared the Executive Summary to this report, the Literature Review at Chapter 2, and the evaluative comments on procurement activities in Chapter 5. The Ministry's evaluation team has also led consultation on the final report among stakeholders.

We received assistance on the Literature Review from Victoria University graduate students Emma Jenkins and Tim Roots. We are grateful for their work on this project.

We are also grateful to Buy New Zealand Made Ltd and others on our reference panel of stakeholders, including the Retailers' Association, New Zealand Trade & Enterprise, the Employers and Manufacturers Association Inc, and Dr Andrea Insch of the Otago University Department of Marketing for their assistance with this evaluation.

2. Contents

3. Executive Summary

Background

Evaluation aims to assess the strengths and weaknesses of programmes and policies to improve their effectiveness. Many government evaluations take the form of impact evaluation as they provide evidence to help decide whether to continue a policy, or how a policy should be amended to provide better value for money. Impact evaluations look at whether a programme has achieved what it set out to do, whether it has had any lasting effect, and whether a programme is value for money.

This evaluation aimed to assess the overall effectiveness of the Buy Kiwi Made (BKM) programme, whether the programme achieved its objectives, and what impacts there were on consumer, retailer and manufacturer behaviour. Although the programme was funded as a short-term campaign aimed at raising awareness and consideration of buying New Zealand made goods, an impact evaluation needs to consider whether the programme led to any sustainable changes in behaviour as a result. We have also aimed to identify any useful lessons for other similar programmes.

BKM was a government programme administered by the Ministry of Economic Development (MED). The BKM campaign worked with the Buy New Zealand Made Campaign Ltd (BNZM), which is a private sector initiative wholly owned by Business New Zealand Inc. This report is an evaluation of the government funded BKM campaign, and our evaluative conclusions are not directed at the privately owned and run BNZM initiative.

After the initial design and development of the BKM programme, substantive programme activities ran from July 2007 – February 2009. Programme activities comprised:

- A **media and marketing campaign** targeted at manufacturers, retailers, and consumers running from July 2007 to February 2009 at a cost of $8.4 million.
- The **Sector and Regional Initiatives Fund** to support initiatives with economic merit and promoted the objectives of BKM. Grant reimbursements totalled $364,856.
- Two **regional showcase events** in Christchurch and Dunedin in April 2007, and subsequently support for attendance at established events and exhibitions.
- Funding for the **Syndicated Procurement Unit** to move to MED and promote opportunities for New Zealand businesses in government procurement, costing $500,000.

Findings and conclusions

Overall conclusion

New Zealand has a history of running buy-national campaigns, and many other countries have, and continue to, run them too. Evidence from both New Zealand and abroad suggests that buy-national programmes, while raising awareness and generating a 'feel-good factor', in fact do not significantly affect consumer behaviour.

The BKM campaign was successful at raising awareness and consideration of New Zealand made goods, and these were the main focuses of the BKM programme. The programme resulted in high awareness of the campaign among consumers, and marginal increases in unprompted awareness among retailers and manufacturers. The campaign also increased self-reported consideration by consumers towards buying New Zealand made goods, although less so among retailers.

Our evaluation found that there was mixed progress on effecting behavioural change. The BKM campaign aimed to increase the membership of the private sector's Buy New Zealand Made Campaign Ltd (BNZM) and encourage manufacturers to label their goods.

The BKM campaign successfully helped to more than double the membership of the BNZM campaign. There remains the potential to increase these numbers further and to leverage from other initiatives such as the GetNZMade website.

The BKM campaign was less successful at encouraging manufacturers in general to label their goods New Zealand made, and little change was achieved on this measure. The campaign has created wider opportunities for retailers and manufacturers to leverage from the awareness raised by the campaign, and there are some examples of New Zealand businesses doing so.

As a result of the programme, about 12% of consumers surveyed report that they are more influenced to buy New Zealand made goods, and more consumers than before find it easy to identify New Zealand made goods. Our analysis of national and international literature shows that consumers' self-reported intentions to buy goods, frequently do not translate into purchase decisions so we must be cautious in interpreting self-reported findings.

There is opportunity for further research to identify whether the BKM campaign has achieved actual changes in consumer purchase behaviour, but this would be a large scale, and costly, research exercise.

Overall, while the BKM campaign has achieved many of its objectives, we have not found convincing evidence of significant behavioural impact commensurate with the cost of the campaign. The economic impact of the campaign therefore appears limited.

A summary of the main findings of the report follows.

There was high awareness of the Buy Kiwi Made campaign

The majority of the BKM funding was spent on the media campaign ($8.4 million). The overall aim of the media campaign was to 'create awareness and pride in Kiwi manufacturing excellence and ingenuity'. Specifically, the media campaign sought to:

- increase awareness of the BKM campaign among consumers (27% to 54%)
- increase prompted awareness of the BKM campaign among retailers (26% to 52%).

The media campaign achieved high levels of exposure to the advertising, measured through Target Audience Rating Points (TARPS), with actuals consistently exceeding targets. This was achieved through good design, campaign execution, investment and scheduling factors, and assisted by co-financing from industry, resulting in a low cost of the advertising. The campaign achieved good value for the money spent on advertising.

As a result, spontaneous awareness of the BKM campaign and unprompted awareness of the logo increased, although this was from a relatively high starting point (see Table 1).

Table 1: High awareness of the BKM campaign

	Consumers Before After		Manufacturers Before After		Retailers Before After	
Spontaneous awareness of BKM campaign	60%	76%	74%	81%	76%	83%
Unprompted awareness of New Zealand made logo	72%	83%	94%	94%	82%	87%
Prompted awareness – 'recall' seeing or hearing about the campaign	80%	87%	N/A		26%	71%

Source: BKM commissioned research.

Older consumers and women were generally more positive about the campaign[1]. This correlates with literature on buy-national campaigns in other countries.

Our survey of BNZM Campaign members found that nine in ten companies (86%) believe the BKM Campaign was successful in raising awareness of New Zealand made goods among consumers.

Increased consideration of New Zealand made goods among consumers

The media campaign sought to:

- increase consideration of New Zealand made goods when purchasing among consumers (35% to 50%)[2]
- increase consideration of New Zealand made goods when stocking among retailers (44% to 51%)[3]

The actual changes in the consideration of New Zealand made goods are shown in Table 2.

Table 2: Consideration of New Zealand made goods

	Consumers Before After		Manufacturers Before After	Retailers Before After	
Consideration – always or often	35%	46%	N/A	44%	43%

1 Samples in later surveys were weighted more heavily towards these groups, which may have positively biased the results of the 'After' sample somewhat.
2 The consumer consideration target was reduced to 41% in 2008/09.
3 This target was reduced to 49% in 2008/09.

Source: BKM commissioned research.

There was an increase in the level of consideration by consumers. Some anecdotal evidence also suggests that consumers increased the demand to stock or label New Zealand made goods in some retail stores.

Retailers' levels of consideration appear to be largely unmoved. While there are some pockets of positive anecdotal evidence, our interviews with retailers and manufacturers generally support the finding from the BKM commissioned research that retailers were, overall, largely unmoved by the campaign. They considered that in general price, quality and consumer demand are of more relevance to their businesses than buying New Zealand made.

Those retailers that benefited most from the campaign tended to be those who were active partners in the campaign, and who leveraged from the advertising with their own marketing activities.

Buy New Zealand Made Campaign membership increased

The BKM programme specifically sought to increase the number of Buy New Zealand Made Campaign (BNZM) members. Membership increased 122% over the period of the campaign, well above the set target for the BKM campaign. The BNZM campaign continues to attract new members.

The media campaign contributed significantly to this increase. Other factors contributing to the increase in membership were some changes made by the BNZM Campaign. These included an improved membership offer and hiring 1.5 FTEs.

It is too early to assess whether these numbers will be sustained, and the BNZM brand attracts a niche market of manufacturers which makes estimating the potential for future membership difficult. But the increased membership and membership activities, along with the GetNZMade website, raises the prospect of sustained activities resulting from Buy Kiwi Made.

There was mixed progress on the branding and identification of New Zealand made goods

The BKM programme sought to increase use and recognition of New Zealand origin branding and labelling. About three-fifths of manufacturers surveyed label at least some of their products New Zealand made. Survey results indicate that this remained unchanged over the period of the media campaign. The number of manufacturers considering it not important to label their goods New Zealand made increased from 23% to 32%.

However, those manufacturers who do label New Zealand made report an increase in the use of such labelling (56% of Buy New Zealand Made Campaign members and 6% of non-members). This group is not representative of manufacturers across New Zealand and is likely to be more positive towards labelling goods New Zealand made[4].

Manufacturers that are not part of the BNZM Campaign gave specific reasons for not labelling their goods New Zealand made, including the costs of different production runs to

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[4] See Annex 2 for further detail.

label for the domestic market, and having alternative priorities for the information presented on packaging.

For consumers, the ease of identifying products New Zealand made is perceived to have improved. Those rating identification ‘easy’ or ‘very easy’ increased from 34% to 40%. This increases significantly with the age of consumer.

The private sector invested less in partnership initiatives than anticipated

The programme sought to promote investment by the private sector in related initiatives through the Sector and Regional Initiatives Grant Fund. However, the private sector invested less than anticipated. The fund was initially allocated $3 million over two years, with all grant funding matched 50:50 by the recipient. Six grants were awarded funding with the disbursements amounting to $364,856.

While the level of private sector investment was limited, it is not clear what kinds of investment were envisaged and how much real opportunity existed for businesses. If grant applicants had been required to contact MED before making a formal application, the number of applications with little prospect of approval may have been fewer, with a commensurate reduction in administration costs. The application process did encourage contact to be made, and for the subsequent application rounds greater dialogue took place place between administrators and applicants.

New Zealand businesses were further supported by BKM funding ($500,000) allocated to the Government Procurement Development Group. The Group used the funding to move the Syndicated Procurement Unit from the State Services Commission to MED, and improve access by New Zealand businesses to government procurement opportunities. For example, the group secured a decision to implement procurement policy across government ensuring full and fair opportunities for domestic suppliers.

There was limited conventional policy analysis to enable an assessment of programme costs and benefits

The initial policy development work for BKM focused on a number of broad parameters. These included: the scope of the Labour-Green agreement; what counts as ‘New Zealand made’ and whether services should be included; what is permissible under World Trade Organization rules; whether there should be strengthened requirements for country of origin labelling; and what should be the relationship with the established Buy New Zealand Made Campaign Ltd (owned by Business New Zealand).

The definition of ‘New Zealand made’ was clarified in favour of a definition based on the Fair Trading Act case law. This approach was subject to some criticism as it excluded goods designed in New Zealand and manufactured offshore from New Zealand raw materials. While there may be valid arguments for a broader definition on these and other grounds, any definition that is not tightly defined runs the risk of losing the trust of consumers that ‘New Zealand made’ is really what it says it is, and not complying with the legal definition applied to manufacturers. As such, the definition adopted was pragmatic and its use legally enforceable by the Commerce Commission.

Taking the required time in the policy development process can enable robust analysis at the initial stage, and contribute to a better end result for the policy or programme[5]. Without conventional policy analysis, programmes pose additional risks as there can be no confidence that the programme will address the underlying policy problems or deliver the results sought. Detailed problem diagnosis and developing an intervention logic can inform programme design and help to identify opportunities for greater value for money or economic impact.

A number of pieces of research and analysis on BKM that would normally be undertaken at the early stage in the development of a Government intervention programme were not. These include detailed problem analyses, considering alternative interventions, considering the rationale for government intervention, developing an intervention logic to allow an assessment of whether programme elements would contribute to the overall economic development outcomes sought, or considering the likely costs and benefits. We could not identify the problem that the BKM programme sought to address.

Most government programmes are targeted at particular groups, and sub-groups, to avoid deadweight costs, and programmes are most effective when they are targeted well. Buy-national campaigns in other countries have occasionally targeted particular sectors, for example the American buy-national campaign outlined in Chapter 2 targeted the clothing sector. For BKM, it was decided that targeting would not be possible without contravening New Zealand's international trade obligations, and without being unfair to those excluded. This is a valid concern, yet without targeting there is a risk that the campaign was too generic to be as effective as it could have been.

Some evidence pointing to changed purchasing behaviour…

The media campaign sought to 'encourage consumers to value the contribution to the economy of making products in New Zealand, allowing any firm that makes or sells qualifying goods to leverage from the campaign'.

There is some research that suggests the campaign may have led to changed purchasing behaviour. More than half (56%) of BNZM Campaign members that we surveyed believe that the BKM campaign has changed purchasing behaviour among consumers. Some BNZM Campaign members (30%) also reported that they believed the BKM and BNZM Campaign had helped to increase their sales or turnover, although the majority of members were less positive[6].

BKM commissioned research found that 27% of consumers surveyed in 2009 say they are buying more New Zealand made goods since the start of the campaign. The survey found that 12% of these consumers attribute this to the campaign.

…but no convincing evidence of overall impact on consumer spending

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[5] For further guidance and good practice on developing policy, see MED's website http://www.med.govt.nz/templates/ContentTopicSummary____26461.aspx, or SSC guidance at http://www.ssc.govt.nz/display/document.asp?NavID=176

[6] Similar numbers (23%) reported that there was no impact, and nearly half (47%) stated that they did not know or it was too early to tell.

An increase in buying New Zealand made goods by 12% of consumers would be a significant result, but is not by itself convincing evidence of impact on actual behaviour. Our literature review in Chapter 2 outlines the difficulties with relying on self-reported behaviour, and outlines evidence that consumers' purchase intentions frequently do not translate into actual purchase decisions. Current marketing literature advises that consumer purchase behaviour should be measured by actual, or observed, data.

Our interviews with retailers do not support consumers' self-reported statements that they are buying more New Zealand made goods. The three largest retailers we spoke to (representing 20% of the retail market) indicated the campaign had little impact. Some retailers were more supportive of the Buy New Zealand Made message and using New Zealand made labelling, but tended to attribute any results to their own marketing efforts or a range of other circumstances. These examples suggest that the campaign has created some opportunities for retailers and manufacturers to leverage from the consumer awareness raised by the campaign.

Overall, while the campaign has been successful at raising the public's awareness of New Zealand made goods, there does not appear to be convincing evidence that awareness and consideration of New Zealand made goods has resulted in a change in consumer purchasing decisions. Further research could change this picture, yet in the absence of such evidence the economic impact of the BKM programme is limited.

Moreover, good evidence that an increase in purchases of New Zealand made goods, over imports, brings benefits to the economy is limited. The argument for government intervention to promote a buy-national campaign is therefore not strong. Literature on national and international programmes supports this view.

Literature suggests however that in a crowded marketplace, labelling the country of origin of a product can bring a marketing advantage to firms. The incentives for firms to do this themselves appears clear.

There may be reasons beyond the economic ones that may motivate governments to promote the buying and labelling of New Zealand made goods. For example, consumers may wish to know exactly where their food originates from for safety reasons; or there may be a social and cultural good in encouraging patriotism; or firms may not realise the marketing advantage that labelling their goods New Zealand made can bring. There also might be alternative ways beyond a media campaign for government to support small businesses and encourage New Zealand firms to grow. It may be appropriate for government departments to consider these other factors as possible rationales for any similar programme that promotes buying New Zealand made goods. In these cases, any rationale should be supported by evidence, and explicitly stated.

The media campaign was not long enough to achieve impact…

Literature suggests that a multi-year sustained campaign is necessary to achieve impact for buy-national or social marketing campaigns. Changes in the planned length of the BKM campaign impacted on the ability of the campaign to make progress on targets and other indicators. The campaign was originally planned as a three-year campaign, but by the time it commenced only one year of allocated funding remained. This was then increased to 18 months when unused funding from the Sector and Regional Initiatives Fund was reallocated. An 18 month campaign was always unlikely to achieve significant impact.

…but the case for a longer campaign has not yet been made

While a longer campaign may be necessary to achieve impact on consumer spending behaviour we cannot say at this point whether it would do so, and if it did, whether it would be value for money.

Critical unresolved questions are:

- whether this type of campaign can be effective without targeting product categories and consumer sub-groups (noting that some targeting may not be allowed under New Zealand's international trade obligations); and
- the extent to which changed purchasing behaviour leads to overall economic value.

Depending on the circumstances of any programme in the future, it may be appropriate to consider what approaches would best develop sustainable impact for New Zealand businesses. Support from government may be better directed in more specific and targeted ways than allowed by media campaigns. For example, experience of the BKM trade shows and other aspects of the campaign suggest that New Zealand businesses would benefit from further developing their marketing capabilities. Government could assist with growing these small firms' marketing capabilities, as it does with other areas of potential for growth, through practical strategies.

Recommendations

Our evaluation has given rise to a number of lessons, outlined in Chapter 7, relevant to government programmes and policy development. We recommend that:

- lessons from this evaluation are disseminated within MED, and more widely, to develop guidelines for government social marketing campaigns;
- policy teams give fuller consideration to problem diagnoses and potential for impact to enable better targeting of programmes and deliver better value for money;
- programme evaluation criteria should be developed and agreed in the initial stages of policy development and prior to implementation; and
- government further consider the constraints to New Zealand manufacturers' performance that arise from any weaknesses in domestic marketing expertise.

4. Chapter 1: Introduction and Scope of the Evaluation

BKM was a government programme administered by the Ministry of Economic Development, with the broad aim of boosting the New Zealand economy by raising awareness and consideration of New Zealand made goods. Through various initiatives, targeted at manufacturers, retailers and consumers, BKM sought to raise the profile of New Zealand made goods and encourage manufacturers to label their goods as New Zealand made.

4.1 Programme Background and Context

The BKM programme was developed and implemented by MED in response to commitments in the Labour-led Government Co-operation Agreement with the Green Party after the 2005 General Election. Ministerial oversight was by the Minister for Industry and Regional Development in consultation with the Government spokesperson for Buy Kiwi Made.

The programme was developed within New Zealand's commitments under World Trade Organisation and other trade agreements, which prevent initiatives that directly discriminate against international trade. Buy Kiwi Made therefore sought to raise awareness and consideration of New Zealand made goods and services.

The total budget for the programme was $11.5 million (though actual costs are currently estimated to be $10.2 million), allocated across four main elements:

- A **media and marketing campaign** targeted at manufacturers, retailers and consumers that ran from July 2007 to February 2009, although the national media campaign was temporarily suspended during a six-month period preceding and immediately following the 2008 General Election. The media and marketing campaign formed a significant part of the BKM programme, using $8.4 million of the available budget.

  The media and marketing campaign was informed by market research carried out both prior to the campaign launch and during the campaign to help the wider programme achieve its objectives. The media campaign consisted of a range of promotional strategies using television, radio, online, print and outdoor advertising, as well as direct marketing, trade displays and a website (www.buykiwimade.govt.nz).

- The **Sector and Regional Initiatives Fund** to support initiatives which showed economic merit and promoted the objectives of Buy Kiwi Made. An original budget of $3 million was allocated to the fund, to be spent across three rounds. Six projects drew-down funding amounting to $364,856.

- **Regional showcase events** planned as an initial publicity drive before the launch of the media campaign. While six regional showcase events were planned, only two were undertaken. In June 2007, a decision was taken to incorporate these regional showcases within existing events and other media activities (such as the Auckland Homeshow, Home and Garden exhibitions, etc). Presence at these regional events ended in October 2008.

- Funding for the **Syndicated Procurement Unit** to move from the State Services Commission to the Ministry of Economic Development to establish a centre of excellence in the Government Procurement Development Group. The funding, of $500,000, aimed to promote opportunities for New Zealand businesses in government procurement.

As discussed later in more detail, only $10.2 million is expected to be spent on the BKM programme[7]. A number of changes were made to the design of the programme following review of the first funding round and as implementation progressed. The uptake of the Initiatives Fund was lower than expected and funding was transferred to the media campaign, adding to its dominant position in the programme budget.

When reference is made to the Buy Kiwi Made 'media campaign' this refers to the television commercial, press, outdoor and other assorted communications that were generated by MED as part of the broader Buy Kiwi Made 'programme'.

Buy Kiwi Made and Buy New Zealand Made

Buy New Zealand Made, initially created by the Manufacturers Federation and the Council of Trade Unions in 1988, is now administered by Buy New Zealand Made Campaign Limited (a limited liability company wholly owned by Business New Zealand Inc). The campaign licences use of the 'kiwi in the triangle' logo to its members.

Cabinet agreed that Buy Kiwi Made would work in close co-operation with Buy New Zealand Made Campaign. As a result, one aim of BKM was to strengthen the profile and membership of Buy New Zealand Made Campaign. Buy Kiwi Made secured use of Buy New Zealand Made branding and logo to use as appropriate during the campaign. The logo was not used necessarily to signify the BKM campaign, but as a visual device to help consumers recognise New Zealand made goods.

This approach made sense in terms of building on existing initiatives, although it was recognised at the outset that there was potential for confusion between the two campaigns. It also ensured that the government's assistance was not just directed at Buy New Zealand Made Campaign members. At the same time, it offered a route to sustainability through the efforts of Buy New Zealand Made Campaign.

4.2 Aims and Objectives of this Evaluation

The objective of the evaluation is to determine the overall effectiveness and efficiency of Buy Kiwi Made. This includes determining whether or not the programme has delivered value for money, has achieved sustainable behavioural objectives as outlined in the intervention logic (see Annex 1), and the impact these behaviours have had on the sale of New Zealand made products.

The Ministry identified the following key questions to be addressed:

Effectiveness

- Did the programme achieve its objectives?
  - What were the policy objectives sought and how did they evolve?

[7] This figure is subject to the final amounts drawn down on the Sector and Regional Initiatives Fund grants

- How effective was each part of the programme in contributing to objectives?
  - How effective was the programme in meeting policy objectives?
  - Are the observed outcomes in line with the programme objectives?
- Is there evidence of a change in attitude and/or behaviour?

Efficiency

- Was the programme value for money?

Broad lessons for New Zealand branding

- What are the lessons from the programme for effective 'public good' branding of New Zealand products in domestic and overseas markets
- What would be required to sustain a Buy Kiwi Made or similar message?
- What lessons can be learned for future projects?

4.3 Methodology

To evaluate the questions identified above, we undertook the following activities:

- review of BKM documents, including commissioned research on consumers, retailers and manufacturers;
- survey of Buy New Zealand Made Ltd members; and
- interviews with retailers, manufacturers and key stakeholders.

Our approach is outlined in further detail in Annex 2.

4.4 Structure of the Report

The rest of the report is structured as follows:

Chapter 2: Literature Review	Reviews the international literature relevant to social marketing and buy-national campaigns
Chapter 3: Programme Background	Sets out the history of the programme design and analyses its rationale
Chapter 4: Implementation and Delivery	Provides an overview of programme implementation, management and delivery arrangements, and a summary of expenditure
Chapter 5: Findings	Assesses the impact of the programme against the evaluation questions set out above
Chapter 6: Conclusions	Gives our overall conclusions

Chapter 7: Lessons Learned	Gives lessons that may inform future social marketing campaigns

5. Chapter 2: Literature Review

The purpose of this chapter is to present the findings of a literature review that we conducted to supplement further evaluation activities, as part of the evaluation of the BKM programme.

The aim of the review was to gather findings from available, published, evidence and research that provide insights relevant to evaluating the BKM programme. The review considered five main questions:

1. How effective are comparable social marketing campaigns? What lessons can be learnt for the BKM programme?

2. What is the history of 'buy national' campaigns in New Zealand?

3. How effective have historical 'buy national' campaigns in New Zealand been?

4. How effective have other countries' 'buy-national' campaigns been, and how does this compare to the BKM programme?

5. What is the rationale for a New Zealand 'buy national' campaign?

This chapter was conducted by the Ministry of Economic Development, with assistance provided by Victoria University graduate students Emma Jenkins and Tim Roots. We are grateful for their work on this project.

5.1 Social marketing campaigns aim to influence behaviour

Social marketing is defined as a marketing campaign or programme that aims to influence a targeted audience, through marketing socially beneficial behaviours that achieve a social good, rather than a commercial benefit (Andreasen, 1995). Precise definitions can vary, although these main elements remain the same (World Social Marketing Conference, 2008)[8]. Governments often undertake social marketing campaigns to achieve a particular social goal, such as safer driving or healthier eating (Varcoe 2004). Campaigns can be structured around encouraging people to adopt an idea, a behaviour, a product, or a combination of these (Andreasen, 1995).

Social marketing usually combines different traditional marketing techniques and approaches with modern communication technologies, within an integrated framework (Kotler & Zaltman, 1971). Some programmes make use of regulatory levers to help achieve their social good, such as laws to limit drink-driving, but others do not, appealing instead to the individual, such as programmes to encourage exercise.

There is some uncertainty around whether the BKM programme falls within a definition of a social marketing programme. The programme combined elements to encourage commercial gain, but due to international trade commitments was not able to solely focus on promoting New Zealand made goods. As a solution, the programme incorporated some social elements, including raising awareness and understanding among consumers

[8] For discussion, see 'Effectively Engaging People – Views from the World Social Marketing Conference, 2008'.

of the social benefits of buying New Zealand made and encouraging consumers to feel proud of New Zealand made. Some have suggested that BKM is akin to a social advertising campaign, and some authors draw comparisons between buy-national campaigns and cause-related marketing (Fenwick and Wright 2000). We consider comparisons with social marketing programmes in this evaluation, to gain insights for how publicly funded marketing campaigns, including the BKM programme, should be evaluated and what lessons can be drawn in general for them. There is a large body of literature on social marketing programmes, and government continues to invest large amounts of money in them.

The BKM programme combined a number of different communication methods and strategies to raise consumers', retailers' and manufacturers' awareness of the importance of buying New Zealand made products. While the programme aimed to raise awareness and consideration of New Zealand made goods, one of the behavioural messages of the programme was to encourage people to consider buying New Zealand made goods. The programme aimed to effect behavioural change through increasing the number of Buy New Zealand Made members, increasing labelling of New Zealand made goods, and increasing stocking of New Zealand made goods among retailers. Due to World Trade Organisation restrictions, the programme could not explicitly encourage audiences to buy New Zealand products over foreign imports, nor directly fund a scheme to encourage better labelling of New Zealand goods.

5.2 Measuring the effectiveness of social marketing programmes is often difficult

Many authors have noted that measuring the effectiveness of social marketing campaigns is difficult (see for example, Donovan 2003, Homik 2002, or Roger and Kincaid 1981). The effectiveness of a campaign depends upon the outcome that the campaign sought to achieve, and the extent to which the campaign achieved this. There are various levels of outcome, sometimes called "involvement" with an audience (Homik 2002), that different social marketing campaigns can seek to achieve. Table 3 shows that levels of involvement can range from simply raising an audience's awareness, through to changing behaviour and enhancing the wellbeing of the audience (from Varcoe 2004). Varcoe suggests that each level of involvement with a targeted audience, shown in Table 3, should be evaluated, to determine the success or failure of a particular social marketing campaign.

Table 3: Social marketing campaigns have different levels of potential involvement with their audience

Levels	Key changes sought	Result level
Awareness	Increase in awareness of issue	Individual changes in awareness
Engagement	A change of attitude and contemplation of behaviour change. Behavioural responses to individual programmes	Individual changes in attitude and responses to programmes
Behaviour	Individual behavioural change	Individual changes in behaviour
Social Norm	The desired behaviour	Normative changes in

	change has permeated widely and sustainably and is therefore maintained	attitude and behaviour
Wellbeing	The behaviour change has resulted in an improvement in quality of life for individuals and society	Changes in social and environmental outcomes

Source: Varcoe 2004

Literature suggests that social marketing programmes are likely to be more effective when they combine a number of key features:

- When the audience can be convinced that the collective goal is worthy of pursuit (Wiener and Doescher 1991);
- When there is a supporting role played by different community bodies (Bauman et al 2003);
- When the campaign is perceived as of immediate or personal relevance to the targeted audience (Homik 2001);
- When the campaign can be described within a distinct message that communicates the benefits of, and rationale, behind the campaign (Rothschild 1979);
- When the campaign is sustained over a number of years (Cavil & Bauman 2003, WHO 1997, Flora et al 1989)[9];
- When the 'cause' for the campaign is clear to the audience (Fenwick & Wright, 2000);
- When there is a higher degree of risk associated with not following the 'cause' of the campaign (Dinan & Sargeant, 2000); and
- When there is good planning and implementation of marketing theory (Cornelissen, Dewitte & Warlop 2007, and Frame & Newton 2007).

Literature suggests that programmes are more likely to be ineffective when they do not follow these key features, when they are seen as 'feel-good' campaigns[10], or when projects undergo evaluations without identifying a control group to show causal relationships between the programme and the outcome (Bloom 1980 and 1981).

Many programmes assess the cost-effectiveness of the social marketing programme through calculating the costs of the campaign against the number of people reached by the campaign. This is referred to as a 'calculation of reach cost' (Hughes 1999). However, recent authors (for example, Donovan 2003) suggest that social marketing campaigns should be evaluated against the extent to which they achieve change in

[9] The International Trade Forum, 2005, suggests that National Branding programmes in particular should be a long-term initiative. They suggest a realistic time-frame would be twenty years.
[10] See for example Sanne 2000 and 2002, Peattie & Crane 2005, Rex & Baumann 2007.

immediate measures such as attitude, self-reported behaviour, or data on actual activity changes.

5.3 What does this tell us for Buy Kiwi Made?

The literature suggests that to be an effective social marketing campaign, BKM should aim to progress through the levels of involvement outlined in Table 3, and be sustained over a number of years to achieve change. BKM aimed to increase awareness and consideration towards buying New Zealand made goods, fulfilling level 1 and 2 outlined in the table above. BKM also aimed to increase the number of members of the Buy New Zealand Made campaign, increase stocking of New Zealand made goods among retailers, and increase labelling among manufacturers, as behavioural responses to the programme.

To fully evaluate the programme, we should find evidence of individual behaviour change, that is, where consumers have increased their level of buying New Zealand made goods[11], and where retailers and manufacturers have made the desired behavioural responses to the programme. While the programme has not sought to measure consumer behavioural change, Chapter 5 of this evaluation examines the evidence available to give us an indicative picture of this.

In contrast with evidence that suggests a programme should be sustained over a number of years (WHO 1997), BKM was sustained over a relatively short time-span (12 months for manufacturers and retailers, and 11 months for consumers) which is likely to minimise the potential for any impact arising from the programme.

In contrast with other features of effective programmes, BKM did not have obvious supporting roles played by community bodies, although there was some support from local economic development agencies and local authorities for the street flag campaign, suggesting that a longer campaign may have further engaged these partnerships. The campaign also did not have a high degree of risk associated with not following the key message of the campaign. Chapter 3 onwards of this report discusses the evaluation findings, which covers other aspects of effective programmes noted above.

5.4 Buy Kiwi Made is a ‘buy-national’ campaign

Buy-national campaigns differ to social marketing campaigns in that they are often undertaken for commercial gain. However, governments often incorporate social goals such as patriotism and self-reliance into campaigns designed to promote the buying of domestic goods. Many of the principles and insights that apply to social marketing campaigns also apply to buy-national campaigns.

Buy-national campaigns aim to encourage citizens to favour their own country’s domestic products over foreign imports. They are often based on a key premise that the Country of Origin (COO) of a product is influential in the consumer’s purchase decision, and that citizens will actually purchase products from their own country, if these are identifiable, over those of other countries.

Buy-national campaigns have existed in New Zealand over the last 100 years. Some of these campaigns have been funded and promoted by government, and others have been

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[11] Note that due to international trade commitments, the programme could not explicitly encourage New Zealanders to buy domestic products over foreign imports.

funded solely by the private sector. Different campaigns over the years have had different objectives behind the message to 'buy-national', including to increase employment, educate consumers on the variety and quality of New Zealand manufacturing, secure self-reliance for New Zealand particularly during difficult times, appeal to a sense of patriotism, and to increase sales of New Zealand firms (MED 2008)[12].

The objectives of the recent BKM campaign have differed to historical buy-national campaigns in New Zealand, due to the need to honour current international trade commitments and remain consistent with New Zealand's position on promoting exports internationally. Therefore the BKM campaign has focused on softer targets rather than increasing sales, including raising awareness of locally made products, encouraging domestic producers to label their goods 'New Zealand' made, and urging retailers to stock and promote New Zealand made goods. These softer targets make assessing the impact of the campaign on the New Zealand economy, more difficult.

There has been exhaustive literature published on COO effects, or product-country image, over the last four decades (see Usunier 2006 for example), described by Tan and Farley[13] as 'the most-researched issue in international buyer behaviour'.

Papadopulous and Heslop (2002) and Fenwick and Wright (2000), summarise the findings from the considerable body of research on COO and buy-national campaigns. Overall, the research suggests that the effects of COO are variable. Insights that emerge from these publications for BKM include:

- The effectiveness of 'buy domestic' campaigns is unclear;
- COO can have an effect, but other purchasing factors are also involved in consumer's purchasing decisions, including brand, quality and price;
- National and other place images are powerful stereotypes that can influence behaviours in many markets;
- Consumers are not necessarily biased in favour of domestically produced products – consumers may be more positive towards domestic goods, but may also be negative;
- Different demographic groups may have different responses to COO cues;
- Country image changes according to the particular product in question;
- Social pressures in specific markets may sometimes result in COO becoming an important influence on consumer decision-making; and
- COO cues have different effects under different circumstances, including familiarity or unfamiliarity with products, particular countries of origin and associated stereotypes.

Papadopulous and Heslop, 2002, report a research consensus that patriotic appeals to consumers may generate positive feelings, but will not necessarily lead to purchases if superior foreign products are available. They report that many, if not most, government or

[12] For purposes of brevity, a summary is presented in the text here. For further detail, see MED 2008 'A Century of Buying New Zealand Made 1908-2008 – a short history', and Insch et al 2007 and 2008.
[13] Noted in Papadopulous 2002.

industry-sponsored campaigns do not appear to be very effective, and their design often suggests a lack of marketing know-how (Jaffe & Nebenzahl, 2001). Methodological difficulties have often hindered evaluations of these campaigns. Research by private-sector firms or government rarely builds on the existing base of known findings about product-country image, and instead 'reinvents the wheel' (Li, Fu & Murray 1997).

Usunier (2006) highlights the trends in historical literature on COO and notes that studies in the last decade conclude that the effect of COO on purchase behaviour is not as much as previously believed. This is due to errors in previous research methodology that left aside information cues that are meaningful to consumers, such as price, brand, quality and store. Research also relied on self-reported questionnaires that were flawed in their design. Moreover, COO research pieces that were not supported by strong empirical research continued to be published, adding to the belief that there was relevance in the COO claim. Samiee et al (2005) conclude that "past research has inflated the influence that COO information has on consumers' product judgments and behaviour and its importance in managerial and public policy decisions" (p.379).

Empirical studies find that consumers' self-reported intentions to buy-national are unreliable (Garland and Coy, 1991, AGB McNair 1991, and Crossley 1991) as consumers' intentions to buy-national do not always translate into actual purchases (Insch 2008). Recent research in the UK (Kemp et al, 2009) found that COO came low on the list of motivating factors determining supermarket shoppers' choices, with price and brand being most important[14.] Knight (2007) concludes that although consumers have sympathy for the concept of COO, it has only a minor influence on their willingness to pay a price premium.

The findings above point to the importance of circumspection over any research on self-reported intention to buy New Zealand products, and the need instead to examine actual activity data, such as sales, firm performance data[15], or observed consumer behaviour[16.]

In conclusion, the literature suggests that there is considerable uncertainty around the rationale for buy-national campaigns, and a number of recent publications suggest that the rationale for government financial support of buy-national campaigns is unclear (Insch et al 2007 and 2008).

5.5 There is uncertainty over the effectiveness of previous buy-national campaigns in New Zealand

Literature has outlined reasons to think that New Zealand's reaction to COO effects may be different to that of other counties. For example, New Zealand is comparatively remote, has a small and cohesive population, and has large trading imbalances which all may favourably affect New Zealanders' response to buying domestic products (Garland and Coy 1991).

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[14] This matches recent research in NZ. Industry NZ market research, 2005 (unpublished), concluded that country of origin is not relevant to purchase decisions or was of secondary importance after price and/or quality. There is some evidence (Insch 2008) that COO has more of an effect on consumers for food products, compared to other types of products, but this is not explicitly discussed in the body of literature on COO.

[15] Potential for examining sales or firm performance data exists with Statistics New Zealand's Longitudinal Business Database.

[16] Research is currently taking place on observed consumer behaviour, and retailers' perspectives, in the food industry at the University of Otago Marketing Department.

Garland and Coy (1991) concluded that the effect of COO in New Zealand was over-estimated. However, the authors did find some evidence that intention to purchase New Zealand groceries translated into actual purchases. Their research also suggested that New Zealand customers were not sufficiently able to identify New Zealand products.

Overall, there has been little empirical evaluation of the economic or measurable impact of New Zealand's buy national campaigns, and evidence assessing their effectiveness or otherwise is scarce (Insch 2007).

Work by Fenwick and Wright in 2000 to evaluate the impact of the Buy New Zealand Made (BNZM) campaign that begun in 1988, found that there was no significant difference in the sales of firms that were members of the BNZM campaign compared to non-members of the campaign. However, the study did find some increase in sales for firms that were members of the campaign, but could not identify whether the campaign itself was the cause of this difference. The study suggested that those types of firms that are likely to have joined the BNZM campaign are also firms that are likely to be pro-active marketers and may be more likely to have had success at promoting and growing the sales of their firms, than other firms who had not joined the campaign. The study also suffered from some methodological difficulties. Research on larger sample sizes and better data on sales and firm performance could reveal a greater effect than found by this study, particularly during and since the BKM campaign[17].

Some recent research has suggested that New Zealanders intend to buy New Zealand made where possible. Research New Zealand (2008) found that 59 per cent of a survey sample stated that they make a point of buying New Zealand made goods. Roy Morgan research in 2008 also found an increase in survey recipients' intention to buy New Zealand made products as often as possible from 55.1 per cent in August 2007, to 58.8 per cent in June 2008[18]. However, literature noted above outlined the difficulty with drawing conclusions from a self-reported intention, as empirical studies have found that consumers' stated intention to buy does not always translate into actual purchases.

Literature (Insch 2007) highlights the difficulties that New Zealand firms have had in conforming to the 'New Zealand Made' definition, which may result in an impact on the effectiveness of the BKM programme.

5.6 Other countries have run similar buy-national campaigns

Many other countries have run buy-national campaigns in the past, including Australia, South Africa, Poland, America, Ireland, Canada, Russia, Germany, Denmark, Scotland and Finland. The different campaigns have frequently had different objectives and funding levels, which makes comparisons across the campaigns difficult. The campaigns that have more literature available on them are:

- 'Australian Made' and 'Australian Grown'

[17] As noted above, potential for examining sales or firm performance data exists with Statistics New Zealand's Longitudinal Business Database. In order to gain a clear picture of the value for money of government expenditure on buy-national campaigns, we would recommend that a New Zealand government undertake an analysis of firm performance data before proceeding with another buy-national campaign.

[18] Chapter 5 of this evaluation examines BKM research (Research International's surveys) of consumers' awareness and consideration to buy New Zealand made goods.

- ‘Proudly South African’
- ‘Made in the USA’; and
- ‘Scotland the Brand’.

Table 4[19] shows how these different campaigns compare against their time-span, objectives, the range of programme activities, the achievements of the campaign, and the amounts spent on the campaign. The comparisons allow some observations relevant to the BKM programme.

[19] Table 2 has been sourced from a wide variety of literature. See Proudly South African 2009, Irwin 2004, Indicator SA 2001, Baker & Ballington 2002, Quester et al 1996, Keiser 2005, Insch 2008, Australian Made Australian Grown 2007.

Campaign	Time period	Objectives	Range of Programme Activities	Achievements	Amount of Funding
'Proudly South African (PSA)'	2001 - present	Initial focus: - Creation of jobs - Promotion of 'local' goods	Use of the Proudly South African logo on goods and services	Over 2,000 member companies using the PSA logo	Spent R60 million (approx. US $8.5 million) over three years
		Over time these have shifted to include quality as a primary focus also	Campaign is run in magazines and newspapers, and is on billboards and television	71% PSA brand awareness of consumers within two years, but no change in purchase behaviour (Mtigwe & Chickweche 2008)	
		Aims to unify four groups – businesses, government, labour and community by focusing on the same goal (i.e. the PSA brand)	Educating consumers to change their perceptions of local goods as lesser quality	Foreign companies in South Africa have also now become members as they see the benefits of belonging to the brand	
			Provincial outreach programme and networking sessions	Membership now generates four-fifths of the budget (R13 million)	
'Australian Made, Australian Grown'	1982 - present	To promote Australian goods domestically and in export markets	Use of the Australian Made, Australian Grown logo	Australian Made, Australian Grown logo has a 98% awareness level in Australia, up from 50% at the start.	By 1992 the Federal Government had spent $20 million on the campaign. In 2007, the programme received a $2.7 million export grant
			Trade shows and marketing promotions	Majority of members who export, use the logo internationally as it has been found to add value in overseas markets	
			International promotions in Thailand and the US		
'Made in USA'	1985	Promotion of American-made clothing	30 second TV ads featuring celebrities	Consumer behaviour before and after the campaign remained nearly the same	USD$40 million budget
'Scotland the Brand'	Mid 1990s – early 2000s	- To improve sales - To help Scottish products overseas	Partnered with the Scottish Tourist Board and Scottish Trade International	Early pilot in Marks & Spencer showed a 200% increase in sales in one month. No quantitative evidence published on the campaign.	No data available
Buy Kiwi Made	2006-Feb 2009	- Increase awareness and consideration of buying NZ made goods - Increase labelling of NZ made goods - Increase the number of Buy New Zealand Made Campaign members	- Media campaign - Trade shows - Grant fund to businesses	- 87% brand awareness, and increases in consideration among consumers from 35% to 46%, with marginal increases for retailers and manufacturers - 122% increase in the number of members of the Buy New Zealand Made campaign, to around 1334 - Limited evidence on purchase behaviour, but 12% of consumers say they now purchase more NZ goods	NZ$10.2 million

Raising awareness or behavioural change?

The literature on these campaigns does not provide much evidence to support effectiveness of the campaigns, but tends to focus on the extent to which campaigns have raised awareness. Literature shows that different demographic groups are more affected by buy-national campaigns than others. For example, the Australian made campaign was more successful at raising awareness among older people than younger people (Baker & Ballington 2002).

Some programmes have incorporated behavioural indicators in their analysis of the programme, including measuring the number of businesses that have joined campaigns. Research in South Africa has shown that consumers state they consciously buy PSA products to help employ South Africans and build their nation (Keiser 2005). As noted previously however, a stated intention to buy does not necessarily lead to actual purchases (Insch 2008). Ettenson, Gaeth & Wagner 1988, found that consumer behaviour before and after the 'Made in the USA' campaign remained nearly the same, and the study raised concerns over relying on consumer attitude surveys.

Objectives

Some of the campaigns have targeted specific sectors. For example, 'Made in the USA' encouraged consumers to look for and buy American-made apparel (Ettenson et al 1998). In contrast, 'Proudly South African' targeted a broad market, and found marketing difficult as a result (Indicator SA, 2001).

Some of the campaigns have explicitly sought to increase employment and to increase sales. For example, Proudly South African's focus was on the creation of jobs and promotion of local goods (Proudly South African, 2009). Scotland the Brand aimed to increase awareness, sales and impact for Scottish business, including increasing sales of Scottish exports (Executive Forum, 2002). Measures for the campaign included increases in turnover for exporting businesses, and increases in overall export sales for Scotland. Results for these measures are not available in the published literature.

Domestic or an international focus?

Some countries' buy-national campaigns are focused on international markets, instead of domestic markets, but some have grown to achieve international success once the campaign has enjoyed success domestically. For example, the 'Australian Made, Australian Grown' campaign focused initially on domestic, consumer goods in competition with imports (Baker & Ballington 2002). The focus has now widened to promote Australian goods in export markets. The majority of campaign members who export their goods internationally, use the logo as it has been found to add value in overseas markets (Australian Made, Australian Grown, Product of Australia 2007).

Much of the literature on country of origin labelling and buy-national campaigns focuses on international exports, as this is where countries gain most economic impact from their sales activity. For example, Scotland the Brand was established to help sell Scottish products overseas. Research was conducted on the possibility of extending Scotland the Brand to the domestic market, but found that success would be limited (Baker & Ballington 2002).

5.7 The economic rationale for a buy-national campaign in New Zealand is unclear

Neven, Norman and Thisse (1991) highlight that buy-national campaigns can have a negative effect, including increasing the price of the domestic product. The authors develop a theoretical view of how market shares of domestic and foreign products are affected by buy-national campaigns. Using game theory, the authors argue that buy-national campaigns may lead to price increases for consumers, based on assumptions around how rational actors will respond to increased demand for the domestic product. The article does not make use of actual data, so we must be cautious in drawing any concrete conclusions.

Some analysis shows a positive effect from substituting imports for domestic sales in New Zealand, but does not justify a buy-national campaign

BERL (Nana 2006) uses a general equilibrium model[20] to suggest that there may be positive effects from substituting spending on domestic goods instead of imports. These results should be treated with caution as there is potential for misinterpretation of this analysis when considering buy-national campaigns.

The model identifies different scenarios to show the effect of an increase in domestic manufacturing by 5% through substituting spending on imports for domestic goods. The economic effects of substituting this spending are significantly affected by the assumptions and conditions underlying the different scenarios analysed in the model.

The greatest benefits are suggested by a scenario where capital and labour are unconstrained. In a scenario that takes account of the scarcity of New Zealand's capital and labour, any positive economic effects are almost negligible. Under this constrained scenario, any economic activity created by an increase in manufacturing, from substituting spending on imports for domestic goods, would be the result of a diversion of economic activity, and not additional economic activity. The authors make clear these critical assumptions in the model.

A diversion of economic activity could lead to a situation where workers may be diverted into less competitive areas that could have more usefully been used to grow more competitive businesses that are more likely to thrive in international markets. Krugman (1996) outlines these economic arguments and highlights the need for countries to increase their productivity by directing their economic activities in more effective ways.

The scenarios modelled do not include the economic effect of a reduction in our export sales, should other countries reciprocate with a buy-national policy, as this

[20] Based on data derived from Statistics New Zealand on the economic relationships between industries in the New Zealand economy.

was not the focus of the analysis. This effect could be incorporated into the scenarios if required.

While the results of the model do not provide an economic justification for a government funded buy-national campaign, they do provide insights into addressing New Zealand's structural economic weaknesses, including our large trade imbalances.

It is important to note that general equilibrium models are only predictive devices to estimate how certain economic effects might, or might not, play out in reality. They do not provide a definitive picture of what will happen in actuality, and are always dependent on their underlying assumptions.

In order to fully assess the economic impact of any buy-national campaign or activities, evaluation needs instead to examine actual sales and firm performance data. This analysis has not yet been done and would be a large-scale and costly exercise. The Longitudinal Business Database provides some opportunity to undertake this kind of analysis.

An economic rationale should develop from a market failure

Economic thinking assumes that generally markets work to provide the goods and services required. Intervention at public cost is justified only where there are significant economic benefits which would not be realised by the private sector unaided because of some defect or failure that can be identified in the working of market forces. The rationale for a policy or programme should therefore provide evidence to show how the market is failing to deliver full economic benefits by explaining what the problem is, how it has arisen and the consequences for economic performance, and why the operation of market forces cannot be expected to resolve the problem over a reasonable time-scale. Even when market failures or institutional defects can be demonstrated, it may not be possible for governments to intervene cost effectively.

An economic rationale for a government funded buy-national campaign in New Zealand should be determined by a market failure that government seeks to correct, and should be supported by evidence to demonstrate this. It is not clear whether there is a market failure to justify government intervention in this area, but there is some evidence of possibilities that could be explored further. For example, consumers may not always be able to easily identify New Zealand made goods (Garland and Coy 1991) and businesses may not always see a need, or be able, to label goods New Zealand made (Insch 2008 and MED 2008). Our findings in Chapter 5 provide some further evidence on these potential market failures.

Literature suggests that it is in firms' own commercial interests to label their products New Zealand made, thereby diminishing the case for government intervention. Research presented above shows that country of origin labelling can have an effect on persuading consumers to buy, but other purchasing factors are also involved in consumers' purchasing decisions. Baker and Ballington (2002) suggest that it is short-sighted not to maximise a potential competitive advantage in a crowded market place, by taking advantage of consumers' tendencies for patriotism where all other things are equal (including price and quality). The incentives for firms to do this themselves appear clear.

Governments may sometimes consider that social or cultural reasons, beyond or in combination with purely economic ones, may justify intervention in this area. In these cases, any rationale should be supported by evidence, and explicitly stated. For example, consumers may wish to know exactly where their food originates from for safety reasons; or there may be a social and cultural good in encouraging patriotism; or firms may not realise the marketing advantage that labelling their goods New Zealand made can bring.

There may be alternative ways beyond large-scale media programmes for government to support small businesses and encourage New Zealand firms to grow. It may be appropriate for government departments to consider these other factors as possible rationales for any programme that promotes buying New Zealand made goods, and to develop interventions appropriate to the problems that need addressing.

5.8 But government does want kiwis to buy 'good value' New Zealand made

Government wants consumers to be able to buy products that represent the best value for money to suit their needs. This will mean a number of different things to different people, depending on their preferences at that time. For example, some people will be looking for the best quality product, others for the best price, or perhaps both in combination. For some people, this will mean buying New Zealand made products over foreign imports.

It is not desirable for consumers to buy New Zealand made, just because it is New Zealand made as this may create distortions in markets. Nor should government artificially subsidise New Zealand made products, to make up for any lack of competitiveness.

Liefield (1991) sums this up nicely: "Don't ask New Zealanders to buy domestic because it is domestic. Give them better value for their dollar and they will probably prefer the domestic product".

This approach would be more consistent with government objectives to improve the international competitiveness of New Zealand's businesses, and New Zealand's recognition of international trade rules. If government pursues protectionist strategies, we give other countries license to do so too[21], including those to whom New Zealand exports a large share of its goods. As a small country dependent on trade, New Zealand stands to lose more from such movements than many of our bigger trading partners.

[21] Campaigns encouraging consumers to 'buy-national' have been led by China and the UK in recent months. The UK campaign, featuring Jonny Rotten, encouraged consumers to buy British butter instead of Anchor butter, which is a New Zealand export.

6. Chapter 3: Programme Background

6.1 Project Design and History

The first formal consideration of the Buy Kiwi Made programme by government appears to be the setting aside of an $11.5 million contingency in Budget 2006.

This led to design work by the Industry Policy team of the Ministry of Economic Development resulting in the Cabinet paper Buy Kiwi Made in October 2006. The paper sought ‘funding… for the first stage of the Greens Buy Kiwi Made Programme’.

Much of the initial effort was focused on broad design parameters that would meet the requirements of the programme as set out in the Labour-led Government Cooperation Agreement with the Green Party. These comprised: what counts as Kiwi made and whether services should be included; what is permissible under World Trade Organization rules; whether there should be strengthened requirements for country of origin labelling; and what should be the relationship with the established Buy New Zealand Made Campaign Ltd (owned by Business New Zealand).

These were necessary issues but should ideally have been addressed only after a more detailed problem analysis and consideration of the market failure that the programme was trying to address. We elaborate on these primary policy design questions in the section on programme rationale below, but we would expect these to be an important part of the development of any economic development programme of this broad type.

The scope of the programme was agreed to be limited to manufactured products and to not include services. Whether or not an item was Kiwi made was deemed to rest with the definition arising out of Fair Trading Act case law. This relies on a consumer understanding of origin, not a cost analysis or tariff definition. Where a product gained its essential character – that is, where the product became what it is – is the determinant, rather than the origin of its components.

This approach has been criticised as it excludes goods designed in New Zealand and manufactured offshore from New Zealand raw materials. Icebreaker is the most common of the kind of firm that might be considered undesirably excluded. Indeed, Cabinet asked for further work on the definition of New Zealand made after its first consideration of programme design in June 2006. The definition adopted was pragmatic for the reasons advanced at the time. Clear, practical boundaries as to what is in and what is out are important if there is to be trust that ‘New Zealand made’ is what it says it is. Basing the definition on established case law meant it was an established working one.

From a public policy perspective, a decision to extend the ambit of the campaign to companies with the brand recognition and outreach that Icebreaker has would need to consider such questions as: How would benefits of additional sales be distributed?; What other product sales might be displaced?; Is this the most effective form of support (for example, compared with export support)? and; What is the justification for supporting an apparently successful company?

WTO and related considerations led to a decision not to promote any individual products or product categories. WTO restrictions forbid promoting the products of any one firm. It was felt that in many cases the small number of players in individual categories (for example, ‘biscuits’) meant that such a focus would risk a breach of New Zealand’s trade obligations. As a result, it was decided that the media campaign would be generic in attempting to encompass all New Zealand made goods. A further consideration was the potential need to justify supporting some sectors and not others. This is a matter that could have been considered further in the early part of the programme design.

In the event, in response to research findings, one series of radio advertisements did name product categories (for example, clothing, various types of sport equipment, DJ equipment, ride-on lawn mowers, pool equipment, and outdoor heaters). There may have been opportunities to support, if not product categories, then brand values that were consistent with other attempts to promote New Zealand products. It may also have allowed the campaign to focus on areas where it was likely to have obtained the greatest traction. However, it cannot be assumed that such opportunities necessarily existed.

A decision was made not to progress with mandatory Country of Origin Labelling (CoOL) confirming prior consideration of the issue. CoOL is potentially trade-restrictive and incompatible with WTO obligations. New Zealand has opposed mandatory CoOL internationally, and it would be inconsistent not to oppose it domestically. New Zealand does require compulsory country of origin labelling on clothing, footwear and wine while packaged items must give an address for the manufacturer or importer.

Instead, identification of goods was to be advanced through work with the established Buy New Zealand Made Campaign. The BKM programme was to license use of the ‘kiwi in a triangle’ logo developed by Buy New Zealand Made Campaign, encourage increased membership of BNZM Campaign and use of the logo by manufacturer members or use of ‘New Zealand made’ labelling. This would ensure co-operation with existing business sector interests, and help programme sustainability.

This approach has led to some confusion in the mind of some observers. Indeed when the Minister of Economic Development in the new National government announced the cancellation of the BKM media campaign it was reported in the national media that he had announced the cancellation of BNZM[22]. It should be observed that BNZM did not have an active media campaign in online and print media at the time promoting the GetNZMade.net website.

During the early stages, two other project elements emerged from discussions with the Minister for Industry and Regional Development and Government spokesperson

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[22] For example the *New Zealand Herald* website: Saturday 6 December 2008: “The Government has stopped the Buy New Zealand Made advertising campaign, while it reviews its effectiveness. Minister of Economic Development Gerry Brownlee said no more money would be committed to the campaign, unless the review showed it to be effective.”

on buy New Zealand made. These were the sector and regional initiatives fund, and the regional showcase events. These are described in more detail in Chapter 5.

The development of these programme parameters included a number of stakeholder workshops held in the main centres in April 2006.

Once these broad parameters were agreed, in March 2007 MED contracted a project manager to oversee the design and implementation of the detailed media campaign.

Timeline

A detailed timeline is included in Annex 3. A summary is set out below.

Table 5: Summary Buy Kiwi Made timeline

Date	Item
8 November 2006	Formal launch in Parliament
2 March 2007	Closing date for applications for the first round of the Sector and Regional Initiatives Grant Fund
12, 13 April 2007	Buy Kiwi Made showcases held in Dunedin and Christchurch
July 2007	Buy Kiwi Made media campaign begins July 07 - Communications with retailers begin 20 July 07 - Manufacturer campaign launched 20 August 07 - Consumer campaign launched with radio and press advertising 23 September 07 - Television commercials begin October 07 - Magazine and outdoor advertising begins
30 June 2008	Buy Kiwi Made media campaign suspended pre-election
1 December 2008	Buy Kiwi Made media campaign consumer advertising for one month
5 December 2008	New Minister for Economic Development suspends Buy Kiwi Made campaign pending further review
February 09	Media campaign ended, with final mailout to retailers (February) and manufacturers (March)

6.2 Programme Rationale

The programme rationale and design have been evaluated to identify whether there are any matters that potentially may have benefited from further consideration in order to improve the programme's ability to deliver demonstrated value for money.

As already noted, programme design focused on selected broad programme parameters. The ex ante work did not include a full policy analysis including problem definition and development of an intervention logic. An intervention logic was developed later as part of the development of the evaluation plan and this is included at Annex 1.

6.2.1.1 Detailed understanding of underlying problems may have informed programme design…

The intervention logic identifies a number of underlying problems that the programme was trying to address. Further understanding of these may have informed programme design.

- **Stated Problem 1: "New Zealand Goods are losing out to cheaper foreign imports"**

  Understanding of the extent of any loss, whether it is relative or absolute, its drivers and the nature of the goods affected, may have informed the nature of the programme, and its targeting in particular. There was concern at the time that picking sectors or product types may infringe WTO rules. However, subsequent programme activities were not entirely neutral. The grant to DesignTex made under the Sector and Regional Initiatives Fund (discussed below on page 39 and in more detail in Annex 6) supported a very specific grouping. The media campaign mentioned some specific kinds of products that are New Zealand made. It may have been possible to identify some broad characteristics, for example, products involving innovation or design that could have been picked up later.

  If the issue is that foreign imports are cheaper, a next step would be to consider whether this can be addressed.

- **Stated problem 2: "Lack of pride in manufacturing/perception of manufacturing as a dying industry"**

  Helpful analysis would have included: understanding of whether this is more about perception or reality; the drivers, and what it means in practice (for example, Are good young people avoiding manufacturing as a career choice? Is there a consistent view that New Zealand made has some negative attributes, and if so, What are they?).

- **Stated problem 3: "Lack of awareness and recognition of New Zealand made goods"**

  The BKM programme commissioned market research prior to the launch of the media campaign that clearly shows there was already a high awareness.

  This 'benchmark' research was carried out in June 2007, only shortly before the launch of the media and marketing campaign. This provided a 'benchmark' from which to measure the progress and impact of the media campaign. Earlier research may have informed broader design considerations.

Country of origin labelling is mandatory in New Zealand for clothing and footwear and wine, but not for most other product categories. Packaged food items must give an address for the manufacturer or importer. While a number of manufacturers and retailers voluntarily label the country of origin, it is possible that there are product lines where those who prefer to buy New Zealand made goods cannot readily identify what is New Zealand made and what is not. It would be useful to know where this is an issue in practice. It is not clear in which markets or product categories there is an effective choice between New Zealand made and imported goods, and/or whether there is a price differential (i.e. imported goods are cheaper). In this regard, no baseline has been established.

- **Stated problem 4: 'Was there a low value of the New Zealand Made brand?"**

  If the brand is seen as low value, is this because of lack of awareness or because of issues with brand values?

  Any attempt to build the New Zealand Made brand needs to be based on a plausible story as to the values it represents. BKM research considered retailer and consumer perceptions of the New Zealand made brand and aimed to incorporate these into the design of the media campaign.

- **Stated problem 5: "Some manufacturers are not effectively labelling their goods as New Zealand made"**

  Useful consideration could have been given to the scale of this issue and whether there are particular product categories where it is an issue in practice. If there was commercial advantage to be gained, we would expect companies to exploit this issue as required. There is some evidence of this happening with regard to agreement by the major food retailers on country of origin labelling for certain product categories.

  Some manufacturers we spoke to had good reasons for not labelling their goods in this way. These included: it would spoil our penetration of the Australian market, and be too expensive to have separate production runs for separate markets; there is only limited space on the packet for messaging and there are other priorities.

  Chapter 5 discusses in more detail the attitudes and behaviours of manufacturers in terms of product labelling and how this has changed over the course of the BKM programme.

6.2.1.2 …as would a number of other policy questions …

There are a number of other questions that may also have informed the programme design.

6.2.1.3 The benefit to the target audience of buying New Zealand made

The literature review has indicated that social marketing campaigns work best when the personal benefit to the audience is clear and where the personal cost to the individual or the sacrifice required are low - for example, most people accept that eating or drinking too much is bad for you but behaviour change is more difficult to achieve.

The most expensive part of the media campaign was targeted at consumers, yet it was not clear in the programme design what the benefit proposition was. Was it for example:

- Be willing to pay a premium for New Zealand made goods for the national good, or
- New Zealand made goods are better than you think they are, so take a second look, or
- There's some good Kiwi stuff out there you may not have seen – go and get it.

This first option was raised in the October 2006 Cabinet paper, in the context of the regional showcases: "The ultimate value for participating companies will be higher demand and price premiums for New Zealand made goods". The distinction between these options is fundamental to the messages of the campaign. Without clarity on these, it is hard to see consumers having an active response. This view is confirmed by the response of some of the retailers representing large national chains we spoke to that it was not clear what the message of the campaign was. Further, there was consistent feedback that consumers will not pay a premium for New Zealand made goods of the same quality.

6.2.1.4 What was the economic rationale for government intervention?

It is conventional in economic development policy to consider the economic rationale for government intervention[23]. Without this analysis, there is a risk that any investment made will simply substitute for private sector investment or support one group of businesses without supporting the economy as a whole. In the present case, one risk would be that the campaign substituted for commercially-paid advertising.

Sound firms should be able to make their own judgement on whether or not to use New Zealand made labelling. It is not obvious that there is systemic failure of coordination, but there may have been pockets of it. There are a number of suggestions that Buy Kiwi Made was most appreciated by small firms. It is conceivable that an argument could be made that small firms lack the leverage and

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[23] See for example section 4.2 of Design Principles for Small Business Programmes and Regulations. Australian Productivity Commission Staff Paper http://www.pc.gov.au/__data/assets/pdf_file/0020/7814/smbuspar.pdf

coordination for effective marketing and an intervention is appropriate. This then raises the question as to whether such firms are those with growth potential.

6.2.1.5 The development of an intervention logic would have helped…

These elements of analysis would have supported the development of an intervention logic ex ante showing how programme activities would have supported intermediate and end outcomes. This would have allowed an assessment of the implicit assumptions.

One particular issue is targeting. Most government programmes are targeted. In this case it was deemed that targeting would not be possible without contravening New Zealand's international trade obligations. This is a valid concern, yet without targeting there may have been a risk that a substantial portion of the programmes effort would be to limited benefit.

6.2.1.6 … as would consideration of costs and benefits

One result of this lack of conventional policy analysis was that there was no assessment of the likely impact or of the costs and benefits. Another result was that there was no clear articulation of outputs, intermediate and end outcomes against which to organise this evaluation. Targets for the media campaign were developed later after some initial investigation, but only once funding had been committed.

7. Chapter 4: Implementation and Delivery

This section provides an overview of implementation and delivery arrangements. Further details on the main element of the programme, the media campaign, are provided throughout Chapter 5: Findings. More information about the Regional Showcases and the Sector and Regional Initiatives Fund is provided in Annexes 5 and 6.

7.1 Programme expenditure

$11.5 million was set aside as a contingency for the Buy Kiwi Made programme in Budget 2006. This was drawn down during the course of its development and execution. The appropriated and estimated actual expenditure are shown in Table 6.

Table 6: Buy Kiwi Made: appropriated and estimated actual expenditure

$ million	**Appropriated** (as revised)	**Estimated Actual**
Website development, regional events, policy advice and operational support	2.1	1.4
Sector and regional intiatives fund	0.4	0.4
Media marketing campaign	9.0	8.4
Total	**11.5**	**10.2**

The estimated actual expenditure on the media marketing campaign is due to its curtailment by the new Government following the 2008 General Election. The estimated actual figure for the Sector and Regional Initiatives Fund is based on approved grants. Actual disbursements may turn out to be lower.

7.2 Programme management and oversight

Programme design and implementation was the responsibility of the Industry Policy team of the Ministry of Economic Development. This team provided advice to the Minister for Industry and Regional Development (later the Minister of Economic Development) and the Government Spokesperson for Buy Kiwi Made.

Reference Group

In support of the programme, MED established a Reference Group comprising Marcia Dunnett (Business NZ and Buy New Zealand Made), Peter Conway (Council of Trade Unions), John Albertson (New Zealand Retailers Association), Professor Caroline Saunders (Lincoln University), Wendy McGuinness (Sustainable Futures). The last two individuals were nominated by the Office of the Government Spokesperson for Buy Kiwi Made. The Reference Group was consulted on the programme as it developed.

In particular the Reference Group was consulted in a structured manner on the development of the media campaign. We spoke to one member of the reference group who told us it was well serviced, fostered good debate, and the comments made were taken on board by MED. In other words, effective use was made of the Reference Group.

Steering Group

MED established an internal steering group comprising the Director, Industry Policy; Manager, Industry Policy Team; a policy analyst from the Industry Policy Team; and the Project Manager for the Buy Kiwi Made media campaign. This maintained oversight of the programme from April to August 2007 and considered key outputs, decisions regarding the design of the media campaign, advice to Ministers, contracts, budget and consultation arrangements. In addition to meeting as required it was kept up to date through weekly email briefings.

The Steering Group's role was technically consultative, but included the relevant decision makers. This is a standard arrangement. It was disbanded once the media campaign moved into implementation phase.

Grant evaluation process

A robust grant evaluation process was established for the Sector and Regional Initiatives Fund comprising:

- policy assessment by MED
- financial assessment by accountants KPMG including sustainability of the applicant, robustness of costings, and the ability of the applicant to pay matching funds
- review by a panel chaired by an MED director, with independent members John Albertson (New Zealand Retailers Association) and Lynn Currie (member of Small Business Advisory Group and owner of Out There Clothing).

Other Stakeholder Consultation

Consultation was undertaken with a comprehensive range of stakeholder agencies, including MFAT (particularly with regard to the implications for New Zealand's international trade obligations), NZTE, and the Office of the Auditor General (with regard to compliance with their expectations for government advertising).

Conclusion

These programme management and oversight arrangements were robust and a sound model for programmes involving a mix of government and non-government stakeholders.

8. Chapter 5: Findings

This section of the report assesses the impact of the BKM programme compared with the specific questions set out in the Ministry's Evaluation Plan and as outlined previously in Chapter 1.

This chapter draws on evidence collected as part of the evaluation, including qualitative interviews with stakeholders and retailers, and the online survey and follow-up interviews with BNZM Campaign members, as well as the market research of consumers, retailers and manufacturers commissioned as part of the BKM programme.

Annex 2 outlines in more detail that there are some limitations with the market research of consumers, retailers and manufacturers due to different sample compositions across the survey waves. For example, the final consumer wave contained higher samples of older people who were more positive towards the campaign, the manufacturer research was not intended to be representative of New Zealand manufacturers in general, and sample sizes for retailers and manufacturers were small. Caution must be used when interpreting the findings, particularly when comparing findings over time. There is also some potential for social desirability bias in the results.

Investment by the private sector in related initiatives was limited

The programme sought to promote investment by the private sector in related initiatives through the Sector and Regional Initiatives Grant Fund. This was initially allocated $3 million over two years. Grants were awarded totalling $687,170 with a total for reimbursements of $364,856.

Projects are co-funded by the grant applicants on a 50:50 basis so the actual investment will be at least double disbursements.

As a result, the grants performing in the sense of there being significant disbursements are shown in Table 7.

Table 7: Performing grants

Grantee	Purpose	Reimbursed $
Buy New Zealand Made Campaign	Fund a bespoke newspaper supplement in the major newspapers promoting the Buy New Zealand Made campaign	83,247
Buy New Zealand Made Campaign	Develop www.getnzmade.net, a web portal for New Zealand made goods.	53,398
Buy New Zealand Made Campaign	Promote www.getnzmade.net, the web portal, through a marketing campaign.	94,793

DesignTex	Use association with New Zealand Olympic Committee to showcase the New Zealand textile manufacturing sector	47,605
Farmers Markets NZ	Assist Farmers Markets to move into a more professional mode, and to enforce authenticity rules	52,755
National Distribution Union	Promote the Buy New Zealand Made message to NDU membership, families and non-union colleagues.	33,058

DesignTex is a consortium of clothing manufacturers in Kapiti/Horowhenua. We are not aware of any monitoring information that enables an assessment of the effectiveness of the DesignTex grant. Actual reimbursements totalled $47,604.51.

The initial round (there were three) of funding solicited 33 applications which led to two grants. MED ran a robust assessment process. The support to Buy New Zealand Made Campaign may have been possible without the need to establish a grant mechanism. It is hard to see what other kinds of projects would have been funded, and the results are not commensurate with the effort involved. One issue is that the application form was made available on MED's website. MED have indicated that their preferred approach would have been to make it available on request. This would have allowed earlier filtering of potential requests that did not meet the grant evaluation criteria, and avoided wasted effort by applicants and evaluation by MED staff.

Increased membership of BNZM Campaign Ltd

The BKM programme specifically sought to increase the number of BNZM Campaign members.[24]

As of May 2009[25], there were 1,334 members of BNZM Campaign. This is more than double the number of members prior to the launch of the BKM campaign, and above the initial target set (900). There are now 986 new members since the start of the BKM campaign, compared with the 247 members who have resigned. Around 50 new members have joined between March and May 2009, following the final run of the national TV campaign. The campaign continues to attract new members.

There are 1,228 manufacturing (and cottage industry) members, while 106 are retailers. Of the manufacturers, almost half (46%) have one to five employees and one in ten have more than 50 employees - this closely mirrors the national spread.

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[24] The specific target was to increase financial members from 600 as of 31st March 2007 to 900 by 30th June 2008. The target was revised in 2008/09 to focus on maintaining membership at the level of 1,073 (achieved by end June 2008).

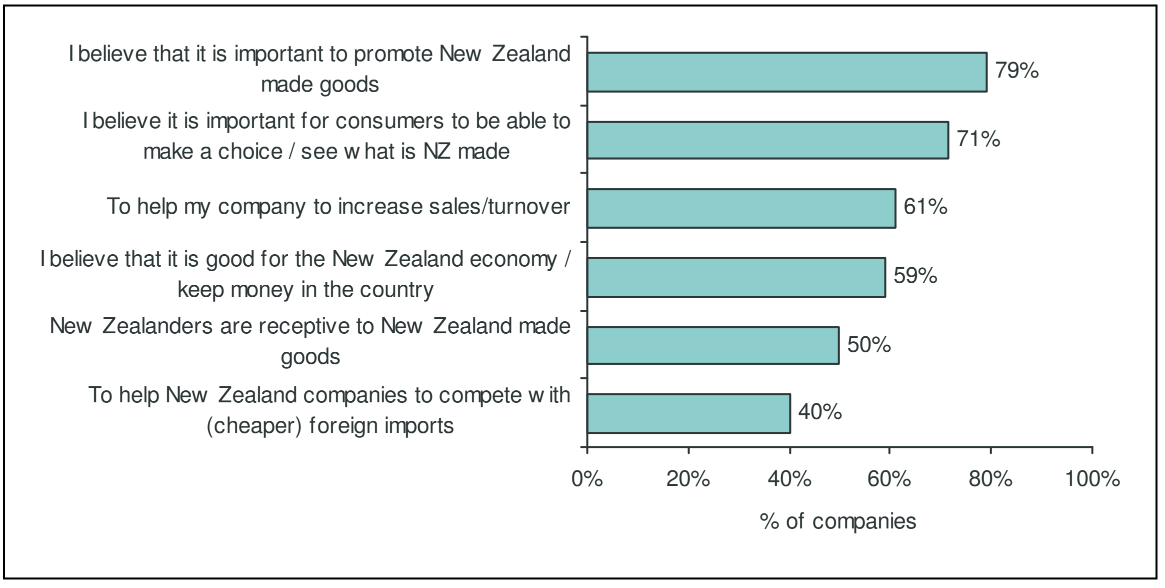
[25] BNZM Campaign Ltd Member Update, May 2009.

Three-fifths (62%) of BNZM member companies responding to the online survey carried out as part of this evaluation believe that BKM has helped to promote Buy New Zealand Made Campaign, while only 8% disagree. These findings vary considerably by size of company, as measured by annual turnover. No clear pattern is evident (and sample sizes are small).

In line with the BNZM Campaign data above, more than half (56%) of companies have been members of BNZM Campaign for two years or less. One-fifth of companies have been members for between three and five years, and 16% for ten years or more. Reasons for becoming a member are outlined in Figure 1. The promotion of New Zealand made goods and/or giving consumers the choice are considered to be important by more than 70% of members, while financial considerations for the member company or the economy as a whole are stated as reasons by around 60% of companies.

As shown later, consumers do have a high level of unprompted awareness of the Kiwi in the triangle logo. This would seem to align with the views and expectations of BNZM members and may be worth further consideration by New Zealand SME manufacturers.

Figure 1: Reasons for joining BNZM Campaign



Base – All companies (360).

The BKM commissioned research of manufacturers shows that members are unlikely to let their membership lapse. The key reasons to remain as members focus on their desire to support the campaign and/or promote New Zealand, possibly with the view to help differentiate their business from the competition.

Other factors contributing to the increase of BNZM members were some changes made by the BNZM Campaign, including improved membership conditions and hiring 1.5 FTEs to help administer the campaign.

Data on the numbers of businesses that are eligible to join BNZM Campaign is unavailable. It is too early to assess whether these numbers will be sustained, but the increased membership raises prospect of sustained activities resulting from Buy Kiwi Made, albeit at a lower level.

8.1 Mixed progress on branding goods as New Zealand made

The BKM campaign sought to increase use and recognition of New Zealand origin branding and labelling.[26]

Manufacturers' use of New Zealand-origin labelling

The BKM commissioned research suggests that the campaign has had limited impact on how manufacturers are labelling their goods. While three-fifths (62%) of manufacturers surveyed in March/April 2009 labelled at least some of their products as New Zealand made, this compares with a similar proportion (66%) at the time of the benchmark survey (i.e. pre-campaign launch). One third of manufacturers (32%) who have at least one product that can be labelled as New Zealand made do not believe it is important to label their goods as such, up from 21% in November 2008 and 23% at the time of the benchmark survey.

When interpreting these findings it is important to note that the survey of manufacturers targeted members of BNZM Campaign and those producing at least one product that was New Zealand made. These manufacturers are likely to be the most interested in or supportive of the campaign as compared with all manufacturers (see Annex 2 for a more detailed discussion of the BKM commissioned research).

Smaller companies (less than 5 FTEs) are three times more likely to say that they label more now than larger companies, 32% and 10% respectively. One small manufacturer interviewed as part of the evaluation highlighted the importance of being clear about the strengths and limitations of the BKM message:

> "Our point of difference is buying locally rather than buying New Zealand made because a lot of our competitors at the top end are New Zealand made as well."

Table 8: Importance of labelling goods as New Zealand made

	Manufacturers Before After	Retailers (perceived*) Before After	Consumers (perceived*) Before After

[26] The specific targets included an increase in voluntary branding and labelling indicating NZ origin, and with regard to consumers, to increase recognition of brands using NZ origin.

Importance of labelling as New Zealand made	60% 54%	45% 51%	52% 52%

* Perceived by manufacturers of retailers and consumers
Source: BKM-commissioned research.

Table 8 shows that there has been a slight fall in the proportion of manufacturers believing that it is important to label their goods as New Zealand made and that there has been no change in how manufacturers perceive consumers to view New Zealand origin labelling.

Of those manufacturers that do label their goods as New Zealand made, three quarters (76%) use their own labels and nearly half (47%) use the 'Kiwi in a triangle' logo, an increase from 55% and 42%, respectively, reported at the time of the benchmark survey. While specifically seeking to promote the BNZM Campaign logo and increase its usage, the BKM programme also sought an increase in the use of any form of New Zealand made labelling or branding.

In terms of how the BKM campaign has influenced their use of labelling, 23% of manufacturers state that they now label more. This group is predominantly made up of BNZM Campaign members (56% of whom label more) than non-members (6%). The latter finding is likely to be even lower for all manufacturers (as opposed to those with at least one good that is New Zealand made). Very few non-BNZM Campaign members are likely to have increased their use of New Zealand origin labelling.

Those manufacturers interviewed as part of the evaluation that were not members of Buy New Zealand Made Campaign provided quite specific reasons for not labelling their goods as New Zealand made. One did not want to include "Made in New Zealand" on their product as this would work to their disadvantage in Australia (and it would be too expensive to have different production runs with different labelling). Two well known manufacturers felt that there are only so many characteristics you can promote and they had other priorities. Their products are physically quite small, and they deliberately choose not to give package space to the 'Kiwi in a triangle' logo. These views are not universal but rather illustrative of the reasons why a manufacturer would not want to label their goods as New Zealand made.

Ease of identifying goods as New Zealand made

From the consumer perspective, the ease of identifying products as New Zealand made increased marginally from 34% to 40% (12% 'very easy' and 28% 'easy'), although this increases significantly with the age of the consumer. Nearly half of consumers aged 65 to 74 believe it is easy or very easy to identify New Zealand made products, compared with 34% for those aged between 16 and 24 years old. This may in part reflect the preference among older consumers for trusted or familiar brands/labels and/or the nature of the products that they are purchasing.

Around three in ten consumers have consistently considered it to be difficult to identify New Zealand made products (29% stated that it was difficult or very difficult to identify goods as New Zealand made in February/March 2009, compared with 31% at the time of the benchmark survey).

Retailers had mixed reactions to the logo

Retailers had mixed reactions to the logo, and some retailers chose to use their own New Zealand made branding to promote their stock. Developing a logo intended for broad application that has universal appeal with all stakeholders is extremely challenging.

This was recognised by the BKM campaign team. It was felt that the BNZM Campaign logo already had high levels of awareness among the target audiences and that it would not have been an effective use of programme resources to develop a new BKM logo or to seek to redesign/update the BNZM Campaign logo (which is owned by Business New Zealand).

There was some uncertainty among retailers over what the BKM brand message stood for. For example, some were unsure what the message behind the campaign was and why one should buy New Zealand made. This contrasts to the value of more targeted messages in other campaigns, such as the use of a tractor in an earlier Buy British campaign with connotations of a safe food source.

Some others thought the BKM New Zealand made brand stood for patriotism, but in general there was a conspicuous inability to attribute any brand values. There was also some concern that the messaging of the BKM campaign was unclear. One large retailer noted that you need to have a clear statement of the benefit to the consumer, not just patriotism.

8.2 High awareness of the BKM campaign

The overall aim of the media campaign was to 'create awareness and pride in kiwi manufacturing excellence and ingenuity'. Specifically, the media campaign sought to:

- increase awareness of BKM campaign among consumers (27% to 54%)
- increase prompted awareness of BKM campaign among retailers (26% to 52%).

High consumer awareness

The Buy Kiwi Made campaign achieved high levels of advertising exposure as measured through Target Audience Rating Points (TARPS), a standard measure of advertising reach of the designated target audience (which in this case was all adult New Zealanders) for television advertising. TARPS data is collected by estimating the number of people who watched a particular programme at the time the advertising was on. Carat New Zealand Limited provided the TARPS data analyses in this report. TARPS data is separate to the BKM commissioned research that monitors consumer awareness and understanding of the campaign.

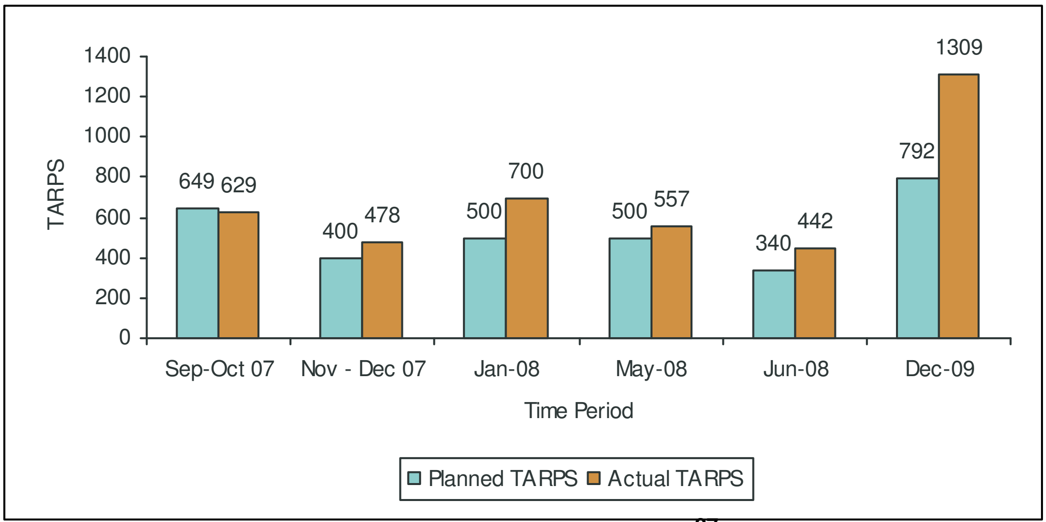


Figure 2: Planned vs actual achieved TARPS [27]

A range of execution, campaign design, investment and scheduling factors will contribute to achieving high levels of awareness. Throughout the duration of the campaign actual audience reach is shown to have generally exceeded planned audience reach (see **Figure 2:**). The campaign media was purchased based on the national target group of all people (18-54) with sub-targets of Māori, males, young people and/or those living in provincial areas. Scheduling was adapted during the campaign to increase the coverage amongst Māori, males and youth in response to feedback from the research.

The success of the campaign in terms of audience reach achieved is also reflected in the level of spontaneous awareness[28] among consumers, which has risen from 60% before the campaign to 76% in February/March 2009 (see **Table 9** below).

Awareness of the BKM campaign has remained at this level since April/June 2008, where 79% of consumers were aware of the campaign. This finding may reflect the break in the campaign between June and December 2008 (as a result of the General Election), but it is also possible that a minority group of consumers have not been reached through the campaign, such as young males.

Table 9: High awareness of the BKM campaign

	Consumers		**Manufacturers**		**Retailers**	
	Before	**After**	**Before**	**After**	**Before**	**After**
Spontaneous awareness of BKM campaign	60%	76%	74%	81%	76%	83%

[27] Source – Carat New Zealand Buy Kiwi Made Media Summaries
[28] Consumers were asked 'Have you ever heard of the Buy Kiwi Made Media Campaign?" without any introduction or explanation.

	Consumers Before After	Manufacturers Before After	Retailers Before After
Unprompted awareness of New Zealand made logo	72% 83%	94% 94%	82% 87%
Prompted awareness – 'recall' seeing or hearing about the campaign	80% 87%	N/A	26% 71%

Source: BKM-commissioned research.

Older consumers and females are generally more positive about the BKM campaign. The fact that the proportion of older people (25 to 74) is higher in the final survey (84% as compared with 78% in April/June 2008 and at benchmark) is at odds with the stable level of spontaneous awareness since mid 2008 – ie we would have expected an increase with this sample composition.

Table 9 also shows that fourth fifths (83%) of consumers are aware (unprompted) of the New Zealand made logo, up from the 72% recorded in the benchmark survey. BKM commissioned research indicates that awareness is higher among consumers aged 35 – 44, females, European and/or Māori. Prior to the February/March 2009 survey wave, unprompted awareness of the New Zealand made logo hovered around the low to mid 70s. The reason for the increase in the final survey wave is unclear.

It should be noted that pre-campaign qualitative research did show that consumers had memories of previous campaigns and spontaneously recognised the importance of buying New Zealand made to the economy in order to retain jobs in New Zealand:

> "Years ago you used to find things with the blue triangle label with the red kiwi in the middle."

> "It's jobs for the country and quality for us."

Awareness among retailers and manufacturers

The BKM campaign also sought to increase awareness among retailers and manufacturers[29]. Spontaneous awareness of the BKM campaign among retailers, while high prior to the campaign, increased marginally from 76% to 83%, while awareness of the BNZM logo has fluctuated between 82% and 87% (see Table 9). The level of awareness of the BKM campaign among manufacturers was also high, with spontaneous awareness rising to 81% in March/April 2009 (74% at benchmark).

[29] No specific target was set for manufacturers with regard to awareness of the BKM campaign or the BNZM Campaign logo.

Spontaneous awareness of the BKM campaign among manufacturers also fell from near saturation point recorded in June 2008 (92%). Again, this decline might be explained by the break in the media campaign. If this is indeed the case, this would question the sustainability of any gains made with regard to awareness of the BKM campaign and/or consideration of New Zealand made goods when purchasing.

Unprompted awareness of BNZM logo among manufacturers also remained at very high levels during the course of the campaign (94%).

8.3 Increased consideration of New Zealand made goods among consumers

Specifically, the media campaign sought to:

- increase consideration of New Zealand made goods when purchasing among consumers (35% to 50%)[30]
- increase consideration of New Zealand made goods when stocking among retailers (44% to 51%)[31].

Consideration was interpreted by the campaign team to mean that country of origin became more front-of-mind among consumers when purchasing and for retailers when stocking. It does not mean that country of origin / New Zealand made should be the main factor in their decision, just part of their decision-making framework. The campaign also did not seek to make consumers feel guilty when not buying New Zealand made.

More consumers considering country of origin

Consideration among consumers when purchasing goods increased from 35% to 46% during the course of the campaign. The latter figure is comprised of 14% of consumers who 'always' consider whether a product is made in New Zealand and 32% who 'often' consider. The proportion of non-considerers among consumers has also dropped (17% to 6%).

Table 10: Consideration of New Zealand made goods

	Consumers Before After	Manufacturers Before After	Retailers Before After
Consideration – always or often	35% 46%	N/A	44% 43%

Source: BKM-commissioned research.

Consideration ('always' and 'often') increases with the age of the consumer. Consumers aged 65 to 74 are more than twice as likely to be 'top considerers' than

30 The consumer consideration target was reduced to 41% in 2008/09.
31 This target was reduced to 49% in 2008/09.

those aged 24 or younger. When interpreting these figures, caution should be used given the increased proportion of older respondents in the final survey wave.

Consumer consideration of New Zealand made products is driven largely by perceived quality, increasing over the period of the campaign from 33% at benchmark to 52% in February/March 2009. Negative news stories about certain foreign made goods and produce during the time of the campaign is also likely to have influenced this finding.

To a lesser extent supporting New Zealand (21% at benchmark and 24% in February/March 2009), supporting New Zealand industry/companies (18% to 26%) and keeping New Zealanders working (13% to 18%) are also key factors in consideration of New Zealand made products.

In contrast, non-consideration among consumers seems to be driven by the fact that country of origin is not important/not as important as other factors and/or perceived value for money. However, these findings vary significantly between survey waves.

Retailers generally unmoved

The level of consideration (always or somewhat) among retailers when stocking goods remained below 50% throughout the campaign. However, retailer attitudes did begin to soften in relation to stocking New Zealand made goods. Up to November 2008, there was an increase in the strength with which retailers believed it was very important for them to stock New Zealand made goods (31% up from 20% at the time of the benchmark). This fell back to 22% in March/April 2009. Those believing it was unimportant or very unimportant decreased from 34% to 22%. In addition, more retailers believe the BKM campaign to be important, that consumers now place more importance on stocking New Zealand made goods, that it is easier to identify New Zealand made goods and/or fewer retailers report not being willing to pay more for a New Zealand made product.

However, the last wave of the retailer survey highlights relatively static or negative trends, after the generally positive start to the campaign, as well as some inconsistent or potentially contradictory findings. No increase was achieved in levels of consideration among 'top-considerers', 43% compared with 44% at benchmark, while medium (3-6 stores) and large (7+ stores) retailers are less likely to consider stocking New Zealand made goods; 38% and 35%, respectively, are top considerers compared with 53% for micro-retailers (0 stores).

For retailers there was a need to demonstrate the commercial benefit of stocking more New Zealand made products. In order to achieve this, retailers need to see clear value in the New Zealand made brand and how this can be translated into increased consumer spending in their stores. Whilst the BKM campaign did create a presence that potentially raised retailers conscious awareness of stocking New Zealand made, there was a need to support this in terms of how retailers could leverage or tap into consumer support for New Zealand made products. Retailers appear not to consider themselves as creating push in the system but rather see themselves as responding to pull from consumers.

One medium-sized manufacturer interviewed as part of the evaluation was quite negative about the attitudes of retailers towards buying New Zealand made goods:

> "I would go as far as to say that they don't really care at all".

This company suggested that a number of major retail chains were interested only in price, which can be attested by their "price guarantee" promotions.

Those retailers most active in supporting the campaign tended to have strong manufacturing connections, for example where a manufacturer owned a retail outlet, and those that were members of the BNZM Campaign. A retail pilot in Wellington showed strong support for participating in retailer promotions of New Zealand made goods, with the greatest impact experienced by those retailers who leveraged from the advertising with their own marketing activities. This suggests that retailers benefit most when they are more active partners in any consumer-focused campaign.

8.4 Some evidence points to changed purchasing behaviour

The media campaign sought to 'encourage consumers to value the contribution to the economy of making products in New Zealand, allowing any firm that makes or sells qualifying goods to leverage from the campaign'[32].

The original Request for Proposal issued by the Ministry for the design and management of the media campaign identified the purpose to be:

> "…a media campaign that stimulates consumer demand for products carrying the Buy New Zealand brand."

This objective was softened following recommendations from the media agency and in discussions with the Reference Group. It was recognised that a short-term media campaign would be unlikely to bring about sustained changes in consumer purchasing behaviour. The objective of the media campaign therefore focused on increasing awareness and consideration of buying New Zealand made. This is somewhat at odds with the overall programme objectives for BKM as set out in the Evaluation Plan, developed ex-post.

One in eight consumers believe they are buying more New Zealand made as a result of the campaign

BKM-commissioned research shows that when asked if they buy more New Zealand made goods since the launch of the BKM campaign, 27% of consumers believe they have (71% no change). Of these, 46% indicated that they were influenced by the campaign (see Figure 3), equating to around 12% of all consumers surveyed. In other words, around one in eight consumers have stated that they are now buying more New Zealand made goods because of the campaign.

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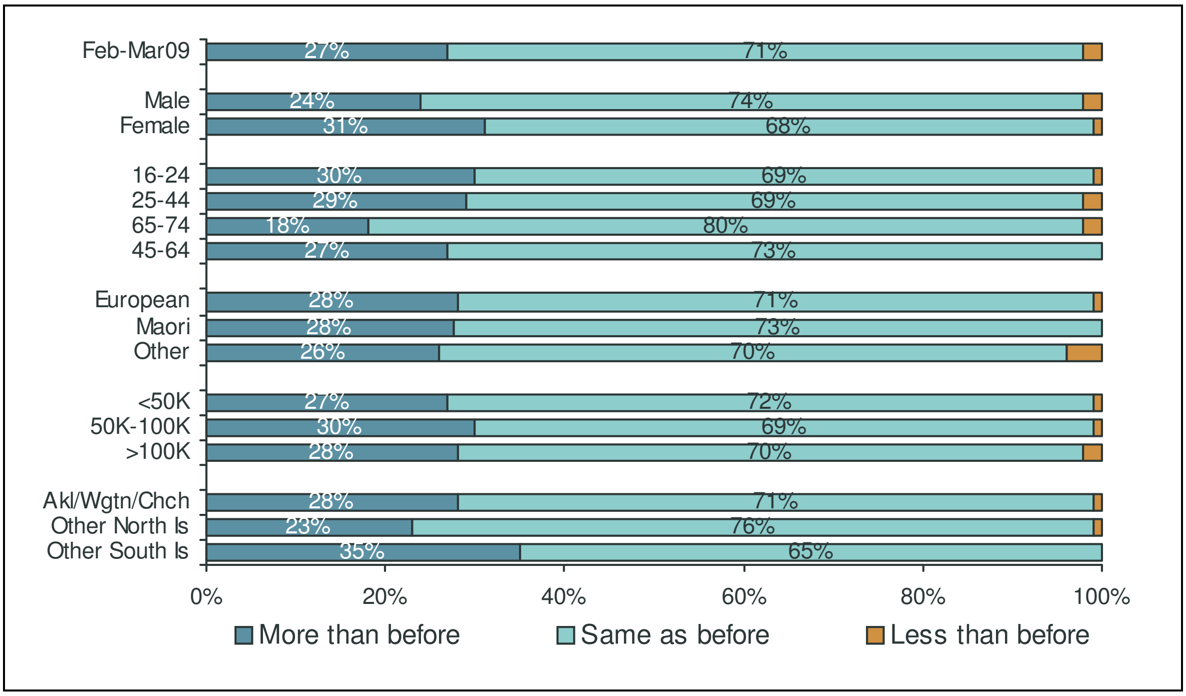
[32] Ministry BKM Evaluation Plan.

Figure 3: Change in buying New Zealand made over the last 18 months



Source: Research International, March 2009.

While there is very little variation by age (except for those aged 65-74), ethnicity and/or household income in the proportion of consumers buying more New Zealand made goods, females and consumers living in 'Other South Island' are shown to be more likely to have changed their purchasing behaviour in favour of New Zealand made products (31% and 35% respectively). A further 13% may have been influenced indirectly by the campaign through family or friends.

Unfortunately, it is not possible to quantify the likely impact on overall consumer spend (in $ terms). Consumers were not asked to put a value on the level of increased purchasing of New Zealand made goods or the type of goods/products purchased. It should also be noted that this is self-reported change, which cannot easily be corroborated by other 'hard' data on purchasing trends or will necessarily manifest itself in actual behaviour change.

An independent survey undertaken by Research New Zealand[33] in September 2008 shows that 59% of New Zealanders 'made a point of buying New Zealand-made goods' (13% it depends on the product and 28% did not). Those seeking to buy New Zealand made were slightly more likely to live outside the major urban areas (64% vs 55% living in the major cities). However, it is not possible to link this finding to the BKM campaign nor see how this finding changed during the course of the campaign.

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33 A poll of 529 people aged 15 and over, conducted by telephone between 2nd and 11th September 2008. Maximum margin of error +/- 4.6% (at 95% confidence level).

A Roy Morgan[34] survey measured propensity to buy New Zealand made products among New Zealanders aged 14 or higher. When asked if they agreed or disagreed with the statement 'I try to buy New Zealand made products as often as possible', more than half agreed. Only a slight increase was recorded however 55% in August 2007 and 59% in June 2008.

When you consider all three surveys together it is clear that a significant proportion of consumers do seek, or at least consider buying New Zealand made products. However, it is more difficult to determine why this is the case and what impact the BKM campaign had. The Roy Morgan research points to a 4% increase, while the BKM research suggests 12% (albeit over varying time periods and with a different survey design). These findings are not directly comparable and should not be interpreted as a true measure of change or impact of BKM. Rather, they are 'soft' indicators of changing consumer preferences or self-reported behaviour.

Pre-campaign qualitative and quantitative research shows that there were already high levels of agreement (ie over 80%) by consumers that:

- buying New Zealand made helps keep jobs in New Zealand
- buying New Zealand made helps support our economy
- it is good to be able to identify New Zealand products so you have the choice to choose them.

Furthermore, there was moderate to high levels of agreement by consumers with:

- buying New Zealand made makes me feel proud
- buying New Zealand made is more important now
- it isn't too confusing to identify if a product is New Zealand made or not.

Impact on BNZM members was generally positive

When we asked members of BNZM Campaign whether or not the BKM campaign or membership of BNZM Campaign had a positive impact[35,] 30% reported that they believed the campaigns had helped to increase their sales or turnover. Nearly half (47%) stated that they did not know or that it was too early to say, while one quarter (23%) said that there was no impact.

Those members with an annual turnover of $1 million or more are more likely to report no impact on their turnover (27%) than those with a lower level of annual turnover (19%).

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34 Single Source New Zealand: Sept 2006 to Aug 2007 vs July 2007 to June 2008. Unweighted samples greater than 11,000.

35 It was considered unrealistic to ask BNZM members to attempt to disaggregate the relative effects of their membership of BNZM campaign from the BKM campaign.

Nine in ten companies responding to the online survey of BNZM Campaign are aware of the BKM campaign (91%). Of these, Figure 4 sets out how successful the campaign was perceived to be. As can be seen, nine in ten (86%) believe the campaign was successful in raising awareness of New Zealand made goods among consumers. More than half (56%) of members believe that BKM has changed purchasing behaviour among consumers. One in seven (14%) disagree with this last finding.

Figure 4: Impact of the BKM Campaign

Base: All companies.

Some observations made by BNZM member companies about the BKM campaign include:

> "I have specialised in New Zealand made goods for all of the thirty years we have been trading. It is only recent that significant numbers of customers are looking for New Zealand made."

> 'People are definitely more aware of N.Z. Made products and in fact a lot of people ask is this NZ Made. It has definitely improved people's awareness and has improved sales for some manufacturers."

> "It is hard for a campaign to change the inbuilt Kiwi attitude that cheap is best. However this campaign has helped."

> "The feedback we have had from our clients has been very positive that the Buy New Zealand worked as their clients started asking "Is it New Zealand Made?". Also …our sales rose significantly that's got to be a positive result."

> "Great advertising campaign - really drove home to NZers to support Kiwi products."

> "If it wasn't for all the advertising, I would not have suggested joining, or even thought about the importance of buying New Zealand made products."

> "The ads although annoying were memorable."

> "It has given it a renewed importance to the public during difficult times."
>
> "It informs people to look for the kiwi made sticker etc. and to buy New Zealand made"
>
> "Promoted awareness within the public which hopefully led to an increase in the level of passion and hence an increase in buying New Zealand made."

Other less positive comments include:

> "The government give lip service to the campaign, but then place orders with overseas companies, especially in the clothing sector."
>
> "Confusing - looks like it set up in competition [with BNZM]."
>
> "TV ad campaign was too subtle and warm and fuzzy. Needed to be in your face a bit more so that the viewer understood the message."
>
> "Believe the government needs to do more to encourage business to stay in New Zealand by providing friendlier tax policies and other incentives."

One large employer interviewed as part of the evaluation stated that they liked the concept of BKM but that they were not supportive of the actual television commercials – "the TV advert was too super creative, needs more actual production shots." They were concerned that the adverts did not sufficiently promote the type of products made in New Zealand and needed to "keep it simple" and that "it is about Kiwi made products, not people being put into a box".

One large manufacturer suggested that it was too difficult to isolate impact of the BKM campaign, especially with current economic conditions. They could not even isolate impact of their own marketing activities, which summed to about $400,000 annually. Another stated that there was no financial impact:

> "It's nice, but I don't think it makes a difference in terms of people buying it."

Getnzmade

Through a successful bid to the Sector and Regional Initiatives Fund, BNZM Campaign has developed and launched a buy New Zealand made web portal (www.getnzmade.net) to facilitate the promotion and purchasing of New Zealand made goods. This online portal is regarded as an important part of the ongoing legacy of the BKM programme and is open to all manufacturers, not just members of BNZM Campaign.

When asked about this online portal, 29% of BNZM Campaign members confirmed that they have subscribed to it (18% had not heard about it). Of those using the getnzmade website, 46% are advertising most or all of their products on this website, while nearly one fifth (18%) are only promoting a small amount of their product range, and 9% none of their goods. Two fifths plan to increase their use of the website over the next 12 months.

Given that the getnzmade website was only launched in September 2008 it is not surprising that nearly three quarters of companies have not generated any sales through the website as yet (46%) or stated that it is too early to say (26%). Only 5%

had generated some sales through getnzmade.net and 12% a small amount. Expectations for the future are also varied, reflecting the relatively recent launch of the website.

Half of the companies using the website believe it to be important to their marketing strategy (9% very important and 41% slightly important), while one fifth consider it to be unimportant.

The website currently hosts 3203 retail product listings and 3871 manufactured product listings[36]. While most of the companies surveyed have not yet generated any sales through the website, the listing activity shows potential for some companies to take advantage of additional marketing and promotional activities, achieving leverage from the BKM campaign.

8.5 Limited evidence of sustainable behaviour change

The campaign sought to bring about self-sustaining change in behaviour of consumers, manufacturers and retailers toward branding and purchase of New Zealand made goods. Specially, BKM sought to increase support for the BKM campaign among manufacturers (51% to 56%).

Pre-existing high levels of awareness

The pre-campaign benchmark research[37] indicated that overall the majority of consumers were willing to pay more for New Zealand made products (75%), and if they had the choice of buying equivalent products they would select the New Zealand made product (88%). The key attitudinal drivers for this were a sense that buying New Zealand made kept jobs in New Zealand and supported the economy but their behaviour may have been moderated by the view that New Zealand products weren't always better quality (which we have shown has improved during the course of the campaign).

The willingness to pay more for New Zealand products is at variance with the feedback we had from the retailers we spoke to. Possible factors explaining this difference are: retailers not being fully aware of the consumers' drivers; differences between stated and actual behaviour; and an implicit association between New Zealand made and quality.

Nonetheless, consumers were (and remain) receptive to the idea of buying New Zealand made. The campaign did help to reinforce, if not enhance, some consumer and retailer attitudes toward buying New Zealand made. These changes however do not sum up to significant changes in actual behaviour.

One manufacturing company responding to the online survey of the BNZM members stated that:

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[36] Figures as at 18 September 2009 from www.getnzmade.net

[37] BKM Research Consumers June 2008

> "The Kiwi in the Triangle Logo is already very well known and recognised, as is the need to buy locally made product in order to 'support' our economy. The campaign entertained rather than informed consumers. It told them what they already know, it didn't tell them how to change behaviour. It was warm fuzzy instead of measurable and outcome focused. How many New Zealand made products increased sales over the period of the campaign? How many consumers were encouraged to change behaviour, made to feel good about the change and felt it was actually quite easy to find and buy New Zealand made? Especially important in the economic climate where consumers are more interested in cost than patriotism."
>
> (BNZM Campaign member)

While it is unlikely that any campaign will achieve universal support in its execution, the above quote does reveal some concerns with regard to the likely impact of the campaign on actual consumer behaviour.

Support for and relevance of the campaign

The generally high levels of awareness of the BKM campaign have not been effectively or consistently converted into the attitudinal changes that were sought (see **Table 11**).

Table 11: Support for the BKM campaign

	Consumers Before After	**Manufacturers** Before After	**Retailers** Before After
Level of support – very or somewhat	52% 59%	51% 56%	48% 57%
Relevance of the campaign	42% 51%	46% 49%	41% 45%

Source: BKM-commissioned research.

The overall level of support for the BKM campaign among consumers increased slightly from 52% to 59% during the course of the 18 month campaign, with similar findings evident for manufacturers and retailers. Two thirds (65%) of consumers aged between 65 and 74 are supportive of the campaign, compared with 53% of those aged 24 or younger. Females are also more likely to be supportive: 64% compared with 55% for males. At best, there has only been a marginal change in the level of support for the campaign but this may be explained more by the relative increase in the proportion of older people in the final survey wave (see Annex 2 for a more detailed discussion).

The campaign's relevance at the time of the benchmark survey among consumers was 42% (combined very, somewhat relevant), rising to 51% by February/March 2009. Campaign relevance varied by age (58% for those aged 45 to 64 versus 38% for those aged 18-24) and gender (56% of females versus 48% of males).

Support for the campaign has remained relatively static among manufacturers (51% to 56%):

- Fewer than half of non-BNZM members are shown to be supportive of the campaign (45%), compared with 77% of BNZM members. This variance in support for the campaign is surprising given that non-members had to have at least one New Zealand made product to be interviewed as part of the BKM-commissioned research[38].

- Support generally falls with the size of the business, with only 35% of member companies with more than 50 employees supportive of the BKM campaign in March/April 2009. In fact, 30% of larger businesses are unsupportive. The attitude and behaviour of larger employers is generally less positive towards the campaign[39].

The perceived relevance of the campaign among manufacturers increased initially from 45% at the time of the benchmark survey to 56% in June 2008, before falling back to 49% (ie no overall change). Around three in ten businesses (28% to 34%) have consistently believed that the BKM campaign was not relevant to their business. In March/April 2009, 41% of non-BNZM members did not believe the campaign was relevant to their business. This figure is likely to be higher again for manufacturers in general (rather than just those with at least one good that is New Zealand made).

Prior to the start of the campaign retailers also showed outwardly positive attitudes towards selling New Zealand made products but did not believe this approach translated into greater customer support for the retailer, with only 38% believing that customers support retailers that actively promote New Zealand made products. This last figure did however increase to 47% by the end of the campaign.

The most supportive manufacturers and retailers generally appear to be smaller businesses and what might often be described as 'cottage industry' businesses. These type of businesses interviewed as part of this evaluation tended to only have very positive comments to make about the BKM campaign and/or BNZM Campaign. While not an explicit target of the campaign, it was recognised early on that small businesses may have more to gain from the campaign than larger businesses; the latter being more likely to rely on their own branding and marketing activities.

No change in already high stocking levels

Nine in ten (87%) retailers stock at least some New Zealand made goods, slightly below that recorded in November 2008 (93%) and 91% at benchmark. Of which:

- 45% state that 20% or less of their goods are New Zealand made (one quarter less than 5%), compared with 46% at benchmark

[38] This may be explained by the fact that non-members tend to be business to business manufacturers and less likely to directly benefit from a strong consumer campaign.

[39] The decline in support in 2009 may reflect the uncertainty generated through negative news and media coverage around the cessation of the campaign.

- one quarter (24%) stock 61% or more New Zealand made goods, which has been fairly consistent since the benchmark (28%).

However, when asked directly if they had increased their stocking of New Zealand made goods since the start of the BKM campaign, one in seven (14%) retailers indicated that they had, while 6% stock fewer New Zealand made goods. Sample sizes are too small to allow detailed analysis by size of retailer and/or product category.

The propensity to stock New Zealand made goods is expected to be constant over the next 12 months. Hence, stocking levels have not been influenced by the BKM campaign.

There are examples of large retailers that are currently incorporating New Zealand made labelling in their commercial advertising. This appears to be a result of their particular marketing strategy rather than attributable to the Buy Kiwi Made campaign. Although it does seem that the campaign has enabled some of these circumstances where some New Zealand companies are able to leverage from the awareness raised by the campaign.

We have also interviewed a number of well known large retailers (accounting for around one fifth of all retail sales) that do not use New Zealand made labelling and which have negative views of the campaign. Some weight should be attached to this because they have a large influence on the actual purchasing choices presented to consumers.

Although the variety of retailers spoken to meant that there was a divergence of views, several clear themes emerged:

- No one felt that consumers were willing to pay a premium for New Zealand made goods. The larger retailers were clear that country of origin generally comes well down the list of considerations made by consumers in choosing items. They recognise that there can be some specific exceptions; for example: “I would not buy bacon from China”.
- The larger retailers and one of the smaller ones felt that there was little or no benefit from the Buy Kiwi Made programme:
  - “I think the buy Kiwi campaign is a waste of government spending, mainly because the argument presented by the campaign is irrelevant.”
  - “We have seen no impact. I have nothing positive to say”.
- Where there was support for the campaign, it seems to come in specific circumstances. The manufacturer with a captive retail chain sells a commodity product. Recent promotions have made extensive use of the ‘Kiwi in a Triangle’ logo linked to a competitive price message. This seems to have grown sales and market share (earlier campaigns to promote Kiwi made without price messaging failed). With respect to the wider campaign they noted: “There was some above the line penetration but not a lot”. They were also circumspect about the wide applicability of the programme: “Promoting Kiwi made is a very

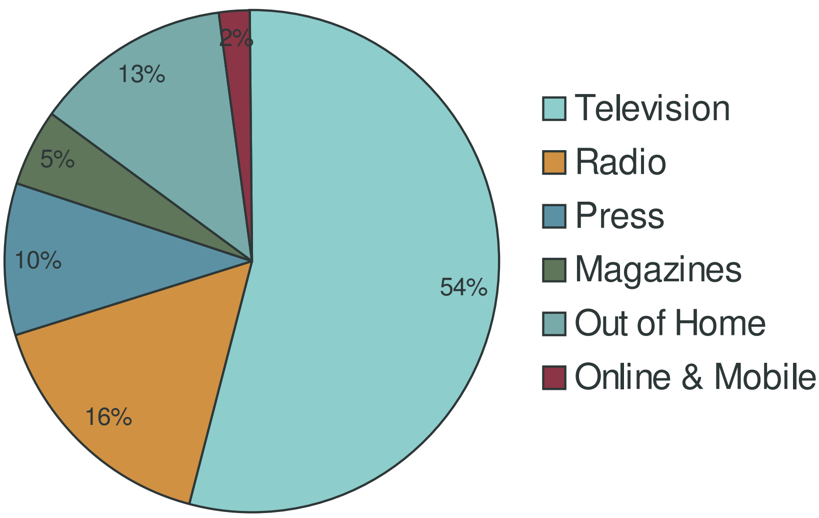
difficult thing to do. Not every good is going to get sold by Kiwi Made." However, the more manufacturers join the more momentum and traction result.

- With some products (for example, fresh food and furniture), Kiwi made may equate to quality, but this is not considered to be universal.
- Decisions by major retailers not to participate in the campaign were based on their high level assessment of its likely effectiveness. In addition, one reason a major retailer gave for not being a member was that their major competitor made a major play about their 'localness', and they needed to establish their own identity.
- There were several references to the scale of the campaign: "If you are going to have a major change in consumer behaviours you need to sustain a campaign like this over a much longer period of time."
- One observer felt that that the programme design did not fully incorporate a full understanding of the role of the retail buyer (i.e. the person who makes the stocking decisions).

Well executed media campaign

As stated above, the media and marketing campaign was the largest component of the BKM programme. Figure 5 outlines the specific elements of the media and marketing campaign, with television accounting for more than half of the spend.

Figure 5: Buy Kiwi Made consumer campaign media split



Source: Buy Kiwi Made Industry Comparison Report 15th August 2008, slide 4

One issue in planning the campaign was duration. It was originally conceived as a three-year campaign. However, by the time it was commissioned, the time available within the contingency funding was reduced to a year. This seems to be one of the factors in the decision to aim the campaign at increasing awareness and consideration. In the event, the duration of the campaign was subsequently extended when additional funding was reallocated from the Sector and Regional Initiatives Fund, and then curtailed when the programme was cancelled by the new government.

Spend on the campaign was in line with other government programmes of a similar size. Table 12 outlines total projected Ministry spend between July 2007 and June 2008, and shows the Ministry's advertising/media spend (of which $5.8mil was for Buy Kiwi Made) along with other agencies total spend. Spending on Buy Kiwi Made was at a similar level to SPARC's total spending (the majority of which is on the Push Play campaign).

Table12[40]: Total reported (rate-card) spend July 2007-June 2008 – Top 12

Government Departments, Services & Community	Spend ($000's)
Land Transport New Zealand	23,650
Health Sponsorship Council	13,770
Inland Revenue Department	12,036
Ministry Of Education	8,541
Alcohol Advisory Council	7,692
Ministry of Economic Development* (5.8M for BKM)	6,538
Health Funding Authority	5,950
SPARC Sport & Recreation NZ	5,900
Genesis Energy	4,604
Office of Retirement Commission	3,599
Families Commission	3,411
Christchurch City Council	2,901
Grand Total	98,592

Source: Carat New Zealand Limited

The Buy Kiwi Made media agency successfully negotiated good rates allowing spend to go further. Throughout the period September 2007 to June 2008, the total projected cost based on anticipated TARPS (rate card spend) of the advertising was evaluated at a maximum of $1,787,275. However, during this period of time, the cost to Buy Kiwi Made was $947,168; in essence, a 47% discount on the projected cost throughout the duration of the campaign.

40 Sourced from Buy Kiwi Made Industry Comparison Report 15 August 2008 Carat New Zealand

While some executions and scheduling were more effective than others, less effective combinations were identified and changes were made to scheduling or executions as required. Scheduling of media runs reflected the desire for the campaign to reach a broad audience, although specific attempts were also made to reach Māori, males and other difficult-to-reach target groups.

High levels of audience penetration were achieved and maintained over the period of the campaign as is evident in the Buy Kiwi Made Post Analysis Summary reports provided throughout the duration of the campaign. While it is difficult to attribute this success to any one action, it is likely that good media planning, response to research feedback and good physical execution of the advertising contributed to this result.

Sustainability requires an ongoing campaign

The feedback from the retailers we spoke to indicated that if a campaign such as this is to have a sustainable impact, it needs to be ongoing. This is because other more recent marketing messages will ultimately diminish the impact of the campaign over time.

8.6 New Zealand businesses have better access to government procurement opportunities

Along with other BKM activities, the government decided that $0.5 million should be approved for the Syndicated Procurement Unit to be moved from the State Services Commission to the Ministry of Economic Development. The funds were designed to complement the activities of the Buy Kiwi Made programme, and intended to achieve the following goals:

- Promote opportunities for New Zealand businesses in government procurement processes, while maintaining consistency with New Zealand's international obligations[41]; and
- Transferral of the activities of the State Services Commission's Syndicated Procurement Unit to the Ministry of Economic Development to create a government procurement development group as a centre of advice for public sector procurement practice[42].

The funds enabled the group to move to the Ministry of Economic Development, and implement a number of activities to encourage government departments to consider New Zealand suppliers in procurement decisions, including:

- The group used the funds to employ 2 FTEs over the period that the funds covered.

[41] CAB Min (06) 22/3

[42] CAB Min (06) 23/4

- The group delivered training workshops and seminars to government procurement professionals to highlight the importance of providing full and fair opportunity for domestic suppliers. The group held a series of workshops and seminars, which were attended by over 200 procurement professionals.

- The group provided advice to Cabinet which led to a decision in 2007 to develop policy to ensure full and fair opportunities for domestic suppliers. The policy requires departments to ensure that their internal documentation of short-listed tenders, for contracts at or above $100,000, provides assurance that they have complied with the new procurement policy to fully consider New Zealand suppliers, and that any rejection of New Zealand tenders is properly justified at a senior level.

- The group developed the guidance ‘Government Procurement in New Zealand: Policy Guide for Purchasers’, which outlines the requirements to fully consider New Zealand suppliers, and also provides guidance on obtaining value for money from procurement decisions.

While the funds aimed to support the objectives of the Buy Kiwi Made programme and promote New Zealand businesses, international commitments required the group to maintain consistency with principles of free trade. The group achieved this through focusing on the importance of gaining value for money in procurement decisions. Under value for money principles, both local and international suppliers should be fully considered for the value for money benefits they can individually bring. The guidance (referred to above) outlines the value for money benefits that local supply can provide.

The Buy Kiwi Made funding for procurement ceased in July 2007. The group continues to work strategically across government to promote higher standards in procurement practice, and to encourage full and fair consideration of New Zealand suppliers.

Overall, the group has used the BKM funding to improve access by New Zealand businesses to government procurement opportunities. As the funding was only an initial sum to move the group from the State Services Commission to MED, there is limited scope in this evaluation to fully assess whether the funds were used most efficiently. However there is currently a wide reform of procurement taking place that will consider the best configuration of the procurement group’s wider activities.

9. Chapter 6: Conclusions

There is no convincing evidence of overall impact on consumer spending

Assessing the impact of the Buy Kiwi Made programme on actual purchasing behaviour is problematic: there was no baseline data, and evaluation resources did not allow the purchasing of data on spending patterns. Even if it had, there may well have been difficulties of attribution given that the programme did not exist in a marketing vacuum and particularly given the change in the economic climate. In the circumstances, it is appropriate to base the assessment on the following:

- The availability of 'impartial' data of actual purchasing behaviour. 'Impartial' here means that it is based on actual sales data and not, for example, self-reported. The data also needs to give a sense of the scale of change.

- Triangulation of the feedback from different groups of respondents. If there were change, one would expect there to be consistent feedback from manufacturers, retailers and consumers.

- A clear narrative as to the reasons for the change in purchasing behaviour by consumers, including what impact the campaign had on their perception of value of New Zealand made goods.

Running across these is consideration as to whether the value of any change is of a scale commensurate with the cost of the programme. In the absence of quantified information, this may be a matter of judgement. While only a small change in average consumer behaviour would add up to a large impact overall, this does require evidence that changes are widespread and not just 'more'.

The available data on changes in purchasing behaviour is that 12% of consumers report increasing their purchasing of New Zealand made goods as a result of Buy Kiwi Made. While this strongly confirms awareness of the Buy Kiwi Made message, it is self-reported, not quantified and does not by itself constitute convincing evidence of a change in behaviour of significant value.

Nor does it fit well with the fact that there was no change in the portion of retailers considering New Zealand made goods when making stocking decisions. This was confirmed by the views of the largest retailers interviewed that the campaign was of little or no relevance. Similarly, the number of manufacturers considering it not important to label their goods as New Zealand made increased over the campaign. In other words, self-reported change in behaviour by consumers clearly does not triangulate with survey results and feedback from retailers and manufacturers.

Lastly, those manufacturers and retailers we spoke to who actively promote the buy New Zealand message and find it beneficial, primarily attributed any positive results to their own promotional efforts and a range of particular circumstances such as the commodity nature of the product, a clear quality advantage of the product, changes to the exchange rate favouring New Zealand made goods, or other adverse publicity regarding the quality of imported goods. No clear narrative emerged that linked the messages of the campaign to a story as to how and why consumers changed purchasing behaviour as a result.

If there had been widespread changes in consumer behaviour resulting from the campaign greater convergence of views would have been expected.

Consequently, the conclusion of this evaluation is that there is no convincing evidence of a change by value in overall consumer purchasing decisions towards New Zealand made goods resulting from Buy Kiwi Made commensurate with the cost of the Buy Kiwi Made programme.

In the circumstances, and given the limited time that has passed since the end of the programme, it is not possible to determine whether any changes in behaviour are sustainable. We take “sustainable” in this context to mean that they will continue.

A change in consumer purchasing behaviour in favour of New Zealand made goods was the direct impact sought by the programme. The end impact was a range of wider economic objectives including employment. In the absence of a clear picture of changes to purchasing behaviour or supporting economic analysis in programme design, we are unable to consider whether the campaign had any overall economic impact at this level.

There are increased levels of consideration of New Zealand made goods…

For the programme to have had an impact, it would have needed to increase consideration of New Zealand made goods by New Zealanders, and ensured that such goods were labelled so they could be identified by consumers.

The portion of consumers ‘always’ or ‘often’ considering whether a product is made in New Zealand increased from 35% to 46% over the campaign. This is very positive. However, consideration and awareness cannot be assumed to translate into changed behaviour. In the circumstances of Buy Kiwi Made, consideration is most likely to make a difference in cases where other things are equal, including cost and quality. There are exceptions. Certain consumers will place a greater emphasis on country of origin, and there are product categories, such as foodstuffs, where consumers will place a greater emphasis on New Zealand made. Even then such consideration is not entirely independent of quality.

…but there has been mixed progress on the use of New Zealand made labelling

The number of manufacturers labelling some of their goods as New Zealand made remained around three-fifths. (The reported change from 66% to 62% over the media campaign is not statistically significant.) This is offset by an increase in the use of labelling by these manufacturers. Six per cent of Buy New Zealand Made Campaign non-members and 23% of members increased the use of New Zealand made labelling. Manufacturers did not perceive consumers as attaching any more importance to the use of labelling over the campaign.

The media campaign achieved a high level of outreach given the money spent…

The media campaign accounted for 82% of programme funds. It achieved high levels of awareness as measured through Target Audience Rating Points (TARPS). It generally exceeded planned TARPS and was supported by high levels of discount achieved. The execution of the campaign was also well supported by the oversight and monitoring arrangements.

New Zealand businesses were further supported by BKM funding ($500,000) allocated to the Government Procurement Development Group. The Group used the funding to improve access by New Zealand businesses to government procurement opportunities, including by securing a decision to implement procurement policy across government ensuring full and fair opportunities for domestic suppliers.

… but other programme elements were poor value

The regional showcases in Christchurch and Dunedin were failures in that they created concern for the Buy New Zealand Made brand amongst participants. The underlying reason for this is that they were conceived with no clear rationale as to who the target audience would be. However, they were relatively inexpensive, and it is a mark of sound programme oversight that further showcases were then cancelled.

Based on the disbursements to date, the number of projects implemented as a result of the sector and regional initiatives fund may be no more than four, three of which were to Buy New Zealand Made Campaign. Considerable effort went into assessing a large number of unsuitable applications. This could have been avoided if arrangements had been made, as MED have suggested, to require a preliminary discussion with potential applications before an application was submitted.

The media campaign was not long enough to achieve impact…

The media campaign focused on awareness and consideration of New Zealand made goods, and did not seek to change actual behaviour. It was recognised by those involved that a multi-year sustained campaign would be needed to change behaviour. As a result, the scale of the intervention in terms of duration was not sufficient to achieve impact.

…but the case for a longer campaign has not been yet been made

A number of critical elements of policy analysis were not undertaken before programme implementation or since. As a result, there was no ex ante assessment as to whether this would be a cost-effective intervention. While a longer campaign may be necessary to achieve impact on consumer spending behaviour, there is little evidence to demonstrate that it would necessarily be sufficient to be effective or be value for money.

Critical unresolved questions are whether this type of campaign can be effective without clear targeting of product categories and consumer groups (noting that some targeting may not be allowed under New Zealand's international trade obligations) and the extent to which such changed behaviour leads to overall economic value.

The latter cannot be assumed. The findings of the literature review indicate that buy-national campaigns are unlikely to significantly change behaviour, or to lead to significant economic benefits. However, the argument for firms themselves to promote their New Zealand country of origin on products, in a crowded marketplace, remains sound.

10. Chapter 7: Lessons Learned

In this section we identify lessons learned that may inform future social marketing programmes. We have interpreted this broadly in the sense that they may apply to other future ‘buy national’ campaigns. Clearly the range and nature of possible social marketing programmes is broad and the lessons are most likely to be relevant to programmes supporting economic development and/or working with private sector organisations.

Programmes without conventional policy analysis and process pose additional risks

No conventional policy analysis was carried out for this programme. As a result, it was not demonstrated ex ante that programme activities would address real underlying problems or lead to the outcomes sought. In not establishing a clear intervention logic and a monitoring framework at the end outcome level the programme may have missed an opportunity for improved design and targeting. It also made it impractical for the evaluation to fully assess whether the impact of the programme was commensurate with its cost or whether the benefits could have been realised more cheaply.

Not all programmes do have a full policy analysis, and it is rare for the policy analysis process to conform to text book requirements completely. But it is important that the analysis is fit for purpose, taking into account inherent risks. In similar programmes in the future, particular issues that would merit attention include:

- problem definition and analysis
- development of an intervention logic and monitoring framework encompassing all programme elements
- consideration of market failure and the rationale for government intervention
- alternative intervention options
- the use of targeting (whether of product types, actors, or consumer categories) to improve cost effectiveness
- alignment with other relevant policies and programmes (such as for example in this case policies designed to promote investment and productivity).

Substantial support for the private sector raises specific design questions

The Buy Kiwi Made programme was designed to support the work of Buy New Zealand Made Campaign by increasing membership and promoting awareness and use of its New Zealand made logo. MED worked closely with Buy New Zealand Made during the programme development and execution. The collaboration worked well, and the increase in membership of Buy New Zealand Made Campaign is one of the successes of the programme.

However, the experience suggests that a number of issues could usefully be considered in future programmes working with organisations representing the common interest of private sector entities:

- **Assessing and developing service/product quality** Having a logo that works for all the differing members is difficult if not impossible. Buy Kiwi Made meant that there was substantially greater investment in promoting the logo than hitherto.

  Before starting a programme that significantly gears up the use of the services/products of a private sector organisation, it is appropriate to consider whether or not those services or products would benefit from development or enhancement before rolling out the programme.

- **Sustainability and exit strategy**. Feedback indicates that a sustained campaign is more likely to achieve changed behaviours, and stop-start government support can create a degree of cynicism from stakeholders. As a result, any sustainable change resulting from BKM is at a relatively low level – chiefly the continuing activities of Buy New Zealand Made including the GetNZMade website.

  Depending on the circumstances of programmes in the future, it may be appropriate to develop clear paths to sustainability beyond government funding for media campaigns, perhaps in other forms from government. For example, it is appropriate for government to consider addressing market failures through options that address the problem diagnoses. Experience of trade shows and other aspects of the campaign suggest that New Zealand businesses would benefit from developing their marketing capabilities. Government could assist with growing these small firms' marketing capabilities, as it does with other areas of potential for growth, through practical strategies.

Clarity and alignment of imagery, branding, and messages provide leverage

There were opportunities to improve the clarity and branding of the Buy Kiwi Made message. Several retailers we spoke to commented the message of the media campaign was not clear. None were able to say what New Zealand made stood for beyond patriotism. One commented that an appeal has to go beyond mere patriotism. He added that New Zealand made used to stand for quality, but many goods imported from China are now quite good. Cabinet papers suggested that consumers may be prepared to pay a premium for New Zealand made goods, yet senior retailers were clear that this does not eventuate in practice. As a result there was a missed opportunity to make a more direct appeal to the consumer.

Buy Kiwi Made, Buy New Zealand Made, and getnzmade.net each have different imagery in terms of use of typeface, colours and logos. Buy Kiwi Made has an innovative, high-tech feel that contrasts strongly with the more traditional products available on getnzmade.net. As a result opportunities for leverage may have been missed.

Similarly the imagery of Buy Kiwi Made is different to the MarketNewZealand.Com / New Thinking material used by New Zealand Trade and Enterprise. While these are targeted at different audiences – domestic and international – the evaluation of Brand New Zealand[43] noted that "the message must be communicated internally and externally" and that there is "an urgent need to better coordinate and align current and future government branding and promotional policies (for example, NZTE-led programmes, Tourism New Zealand, Buy Kiwi Made) so that the most effective use of public funds is achieved, and that parties responsible for delivery are committed to such alignment."

These are not the only programmes promoting New Zealand made goods. Given the multiplicity of agencies, stakeholders, audiences and purposes, achieving alignment is difficult and will never be complete.

The lessons for future programmes are:

- be clear about the message both in the programme concept and disseminated media
- appeal to the direct benefits to the target audience
- align brand messaging and imagery as far as possible.

Effective social marketing programmes should be designed for impact

The results of the literature review indicate that awareness or consideration do not inevitably lead to changed behaviour and indeed often do not. People can be well aware of a case to change their behaviour without actually responding.

The original concept for the media campaign suggested that it would promote demand for New Zealand made products, but the emphasis of the actual campaign changed to a focus on awareness and consideration. This was in response to a reduced timeframe – the campaign was originally expected to be three years, but by the time the TV campaign started it was expected to be seven months. Increased awareness and consideration may have been all that was realistic in this timeframe, but it is not clear that it is enough on its own.

Future campaigns should be designed for impact not awareness and consideration – though these might be a valid first stage. Depending on the context of the campaign this may involve:

- a prolonged multi year campaign, possibly at a lower level of intensity
- clarity about the direct benefits to the target audience (more on target audiences below)
- detailed consideration of the roles and influences of the various actors.

[43] A NZTE delivered initiative evaluated by MED in January

The extent to which other social marketing campaigns in New Zealand focus on impact rather than awareness, consideration and self-reported behaviour change is unclear.

Social marketing campaigns operate in complex economic, social, environmental and regulatory contexts. As a result there is general agreement in the field that they require careful scoping and regard to the impact they may achieve.

> "Scope, scope, scope – in my experience, professionals do not spend enough time fully scoping the project." (Ewen MacGregor, Social Marketing Policy Lead, Health Improvement Directorate, Department of Health (UK); after National Social Marketing Centre, 2009, p.19).

> "Frame the problem carefully and be realistic in the results that you are seeking. Conduct the intervention with clear performance measures so that cause and effect can be easily identified, and the impact can be measured in financial terms or other metrics." (Philip Kotler; after Ibid; p.4)

At the 2008 World Social Marketing Conference there was general agreement that there tended to be insufficient focus on the ultimate goal of the social marketing campaign and a general absence of a clear model to measure the effectiveness of campaigns[44].

Identify and understand your key audiences

BKM was a very ambitious social marketing campaign in that it dealt with three sets of actors: manufacturers, retailers, and consumers. It was conceived as a broad based campaign. One reason for this was to achieve consistency with New Zealand's international trade obligations. Yet there were opportunities where a fuller understanding and consideration of the target audiences may have informed programme design and allowed more efficient deployment of resources. This would have built on the push (from manufacturers) / pull (from consumers) thinking incorporated into the media campaign.

Examples regarding the three actors are:

- **Manufacturers**

  There was no comprehensive understanding of manufacturers' views regarding Buy Kiwi Made in the context of their marketing strategies. Developing such an understanding would have been an ambitious task beyond the scope of the funding that was allocated to programme design. The evidence base was based on surveys skewed towards Buy New Zealand Made Campaign members or those producing at least one good that can be described as New Zealand made. This made it difficult to assess the extent to which BKM might support sales in practice.

  We do not know how many manufacturers may be eligible to join Buy New Zealand Made Campaign or what proportion of products made in New Zealand

[44] National Social marketing Centre (2009) 'Effectively Engaging People: views from the World Social Marketing Conference 2008'.

meet the Fair Trading Act definition. This made it impossible to make any assessment of potential impact or to establish realistic monitoring targets. The BNZM brand also attracts a niche market of manufacturers, which makes estimating the potential for future membership difficult.

- **Retailers**

  In spite of initial workshops with a small number of retailers, purchasing directors were not a key target audience for the campaign. Yet the New Zealand Retailers Association told us you should not underestimate their influence. With most categories of goods (there are exceptions) consumers make a choice from what is available in the retailer, and will not go elsewhere if New Zealand made is not available. The purchasing directors of large retailers are important. The largest four retailers alone account for around 30% of the retail market.

- **Consumers**

  The campaign tried to target all consumers, and adjustments were made in the media campaign to ensure that it reached all groups. There was little analysis in the programme design as to the extent and reasons for non-support for the Buy Kiwi Made message. Consideration of receptivity and spending power might have allowed the media campaign to focus on areas where it had greater potential impact.

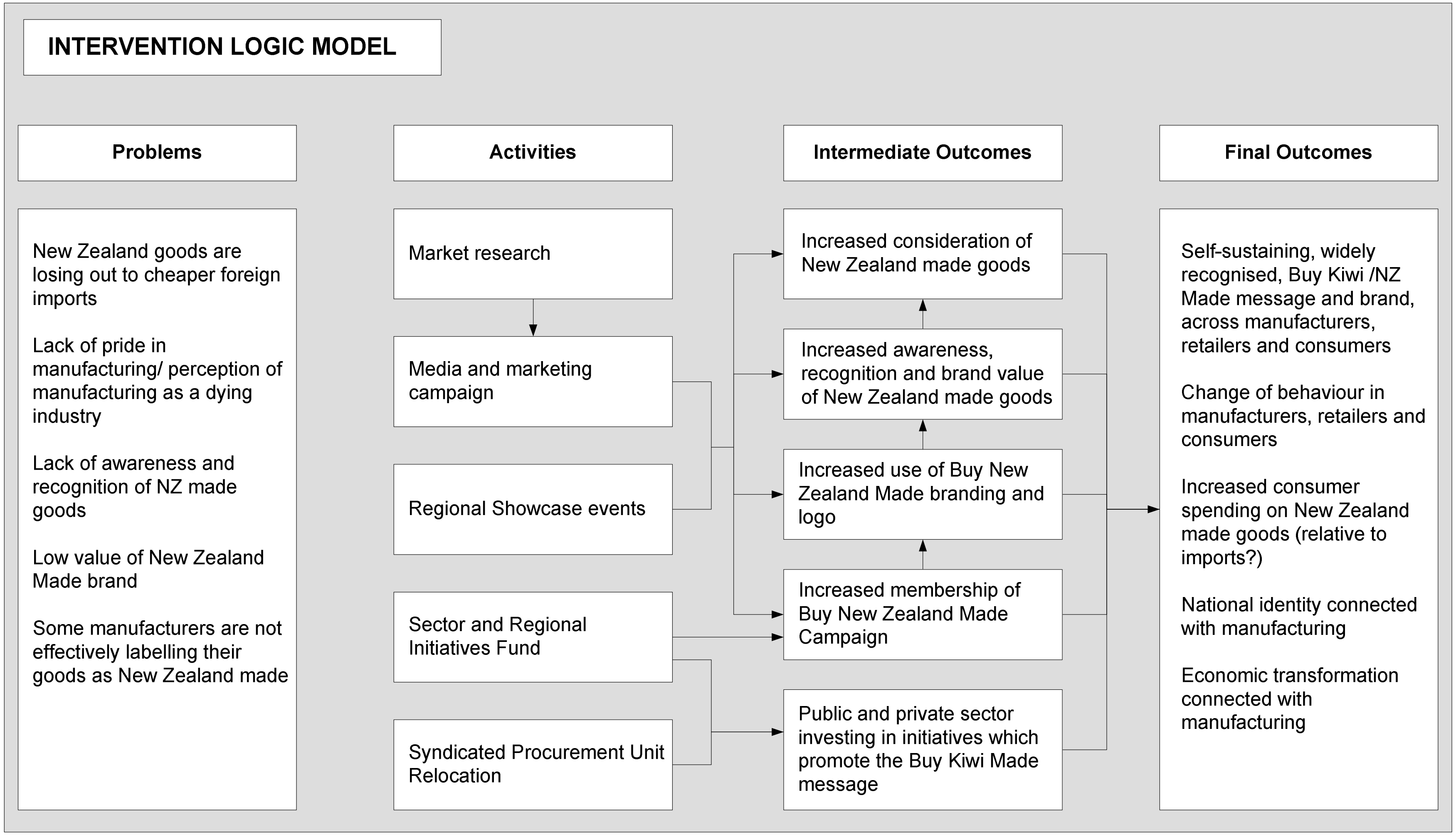
A further example of where consideration of the target audience would have helped was with the regional showcases. It was not at all clear even at the time who would want to attend this kind of event, given the very diverse range of products on display (windfarms to peanut slabs) and there was very limited opportunity for purchases.

In the event, the Buy Kiwi Made message appears to have been taken up, not uniformly, but in particular circumstances. Among manufacturers, there is a preponderance of small 'cottage' industries. The larger retailers we spoke to do not support the campaign, but there were a number of not quite so large ones making use of the logo where there was a fit with their wider marketing strategy. For example: New World Wellington and its 'local supermarket' message; and Firestone as a point of discrimination on a commodity product along with clear low price messaging. Among consumers the uptake is predominantly by those over 45. This suggests that there may have been opportunities to have focused the programme based on a more thorough understanding of the target audience, without breaking trade obligations. This may have improved programme efficiency, and possibly programme effectiveness.

The lesson is that a clear understanding of the target audiences may lead to identification of opportunities for greater efficiency and effectiveness in programme design and deployment. In cases where multiple actors are involved (in this case manufacturers, retailers and consumers) this understanding includes the dynamics between them. This understanding would also allow a clearer ex ante cost benefit analysis and establishment of a clearer monitoring framework.

11. Annex 1: Intervention Logic Model

The following intervention logic model was developed (ex post) by MED as part of the development of the evaluation plan.



12. Annex 2: Our Approach

12.1 Our Methodology

As part of an overall Evaluation Plan, MED developed an intervention logic model for BKM. The model provides a 'theory of change' which we have used as a framework for assessing the collective impact of programme initiatives. The model identified a number of 'problems' facing New Zealand manufacturers and retailers, prior to the launch of BKM; namely:

- New Zealand goods are losing out to cheaper foreign imports
- Lack of pride in manufacturing / perception of manufacturing as a dying industry
- Lack of awareness and recognition of New Zealand made goods
- Low value of New Zealand made brand
- Some manufacturers are not effectively labelling their goods as New Zealand made

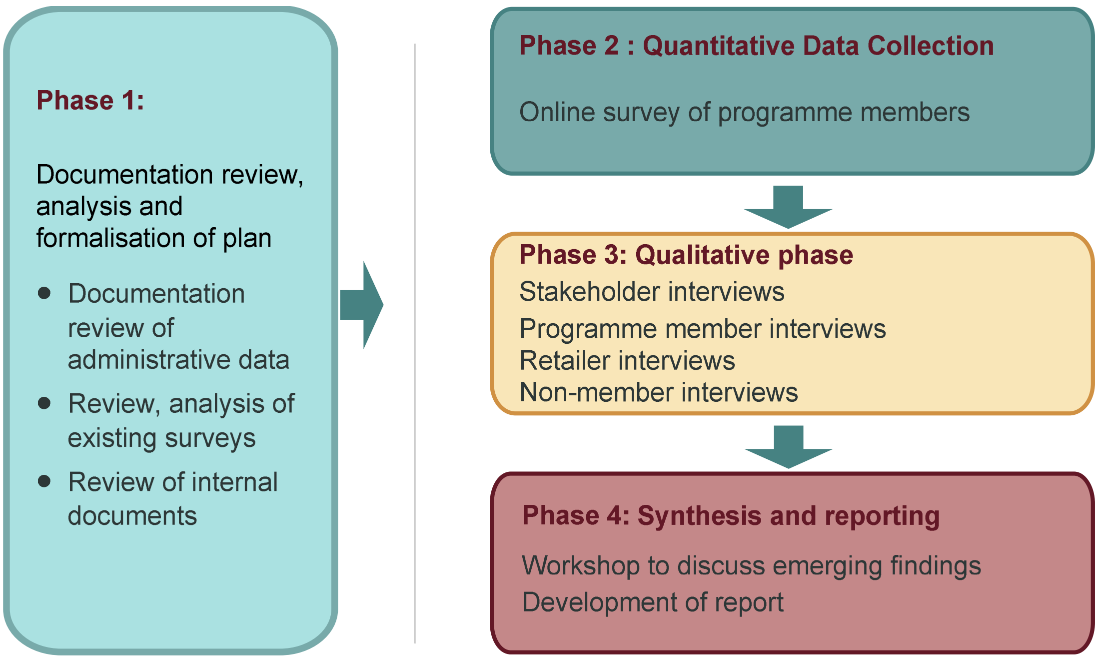
As part of this evaluation it is necessary to critique the underlying evidence base for these 'problems' for two main reasons:

1 To determine their relative influence on programme design

2 To assess to what extent these problems have been addressed.

If the evidence base for the intervention lacked the richness of insight this will have impacted on both the design of the programme and its ability to achieve the outcomes sought.

Our approach to undertaking the evaluation comprises four main phases and is summarised in the diagram below:



- **Phase 1 – Document review –** consisted of a desk review of programme documentation, including cabinet papers, reports to Ministers, grant applications, and other background information as well as analysis of market research commissioned as part of the BKM programme (see below). The latter included benchmark and point in time surveys of consumers, retailers and manufacturers to monitor changes in both attitudes and behaviours. The availability of consumer survey data through to 2009 meant that no additional research was required among consumers as part of this evaluation. The Ministry also undertook a literature review of similar international programmes.

  The overall purpose of examining existing survey data on consumers, manufacturers and retailers was to develop an understanding of the effectiveness of the media campaign with regard to the following key questions:

  – Were appropriate monitoring processes and mechanisms in place to assess progress and identify issues arising in regards to the media campaign?
  – Was the information used for monitoring purposes relevant and reliable?
  – How effective was the campaign in achieving its specific goals?
  – How effective was the campaign in contributing towards the intermediate and final outcomes identified in the intervention logic?
  – What information gaps exist in relation to understanding the contribution of the campaign to the intermediate and final outcomes identified in the intervention logic?

  This critique also helped to inform the development of the online survey of Buy New Zealand Made members.

  In undertaking the desk research it became apparent early on in the evaluation that there was no detailed examination of the problems that BKM was designed to address and, as such, no baseline was established. The exception to this is the market research referred to above, although this is mainly limited to attitudinal and behavioural indicators only.

- **Phase 2 – Quantitative data collection –** The purpose of this phase was to determine the impact to date and the extent to which there is evidence to show that BKM has become self-sustaining. We carried out an online survey of members of Buy New Zealand Made Campaign, which includes cottage industry, manufacturing, retailers and other members.

  The online survey of BNZM members complements the BKM-commissioned market research of manufacturing businesses by asking those manufacturers most likely to see a positive impact arising from the BKM programme to retrospectively comment on the effectiveness of BKM. We sought to triangulate information from the online survey with existing BKM-commissioned research and the qualitative interviews undertaken for the evaluation (see below).

Buy New Zealand Made Campaign kindly agreed to support the online survey of its members. BNZM members were sent an email informing them of the survey and giving them an opportunity to opt-out[45]. Thus the findings should be seen as a snapshot of the views of BNZM manufacturing and cottage industry members, which comprise the vast majority of BNZM members. It was never intended that the survey be seen as representative of manufacturers in general. Instead, the survey was designed to identify attitudinal and behavioural changes among BNZM members and thus, companies already signed-up to the principle and concept of promoting New Zealand made and companies most likely to be able to identify an economic impact from the BKM programme and/or membership of BNZM Campaign.

To finalise the online survey questionnaire we undertook a small pilot survey with three businesses to check question wording and routing between questions. The survey was then 'soft' launched to around 30 member businesses as a final check that all aspects of the survey were working as intended. The survey took on average 15 minutes to complete.

- **Phase 3 – Qualitative interviews –** The purpose of this phase was to build a richer understanding of the findings from phases 1 and 2, gaining deeper insight as to why desired changes have or have not occurred and the factors that are likely to enable or impede sustainability of the behavioural shifts sought. This included:
  - interviews with Ministry and other key stakeholders to help build a deeper understanding of the process, implementation and policy environment for BKM
  - seven interviews with manufacturers and businesses responding to the online survey in Phase 2, in order to gain a richer understanding of the quantitative results, and how the programme was leveraged and integrated within businesses.
  - eight interviews with retailers, both large and small, as well as those actively using New Zealand made branding and those deciding that such branding does not fit within their wider marketing activities. The purpose of these interviews was not to develop a representative view of all retailers, but rather to again identify a range of opinions about the concept of New Zealand made branding and the BKM programme more specifically. The BKM programme had already commissioned a series of surveys of retailers throughout the 18 months of the media and marketing campaign.
  - two interviews with iconic New Zealand brands not signed up to the programme to gain an understanding the reasons for non-participation.

  We had to re-focus the qualitative interviews on retailers because BNZM Campaign was unable to pass on details for its retail members as part of the online survey.

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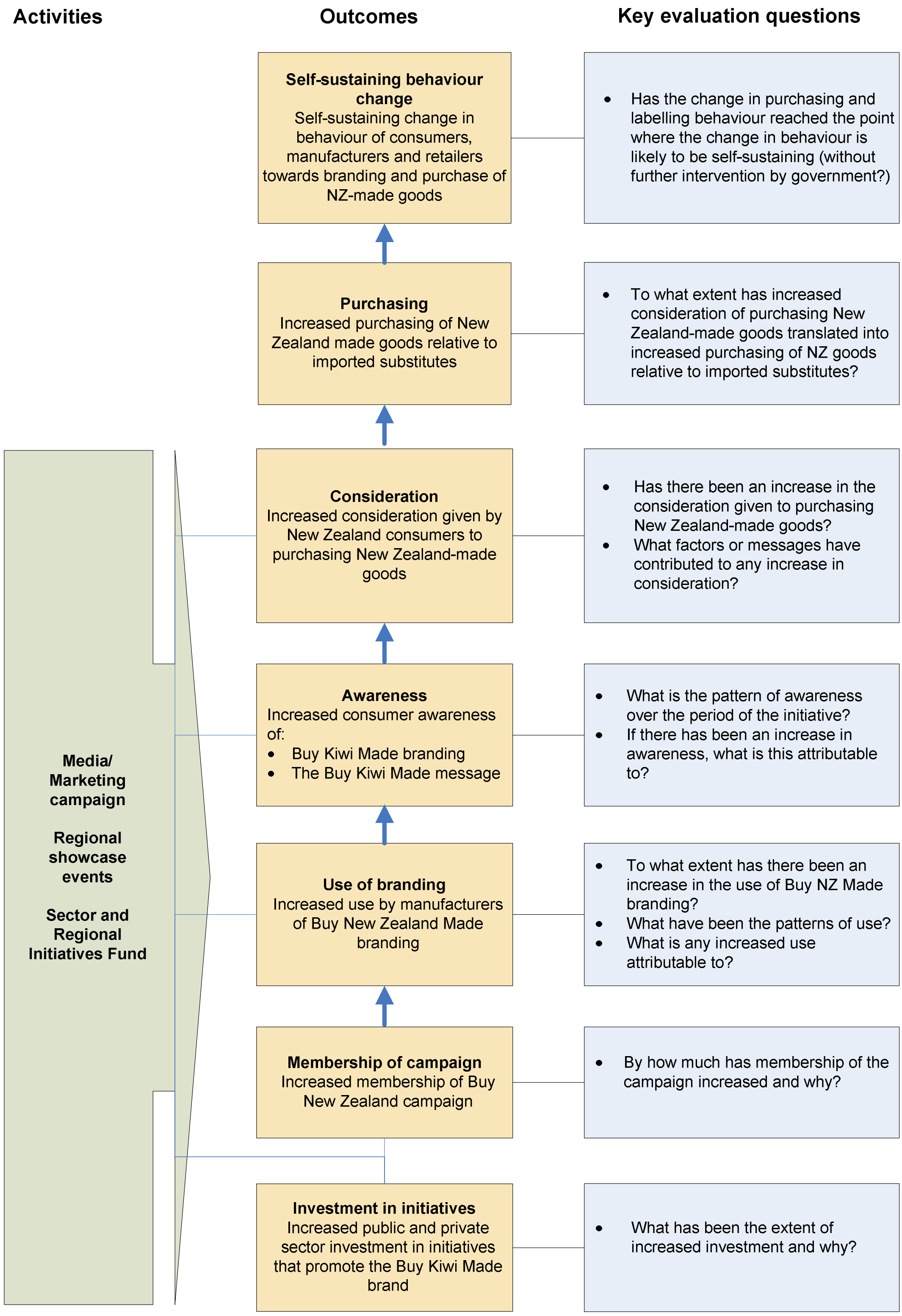
[45] The vast majority did not opt-out

- **Phase 4 – Synthesis and Reporting** – preliminary findings were discussed with the Ministry and presented to the project Reference Group.

The analysis of this evaluation has been organised around the programme outcomes and evaluation questions set out in Figure 6 (below). Although Figure 6 portrays a hierarchy of outcomes, in practice the connections are iterative. For example, use of branding might help increase awareness and consideration of New Zealand made goods, but that then might support greater use of branding.

Figure 6: Outcomes and key questions



12.2 BKM Commissioned Research

Research has been an integral part of the Buy Kiwi Made programme infrastructure since its inception. The programme of research has been extensive and regular since the launch of Buy Kiwi Made in July 2007, including continuous monitoring of the campaign amongst consumers and point in time monitoring of the campaign amongst retailers and manufacturers. These core research components have been complemented by additional research as issues have been identified. The research served three purposes:

- inform the Buy Kiwi Made (BKM) media campaign development at an execution level
- monitor the Buy Kiwi Made media campaign against objectives specified in the business case
- provide early indication of the campaign's impact on the intermediate programme outcomes.

We have examined in detail the BKM-commissioned research as part of this evaluation, as well as undertaken a separate online survey of BNZM Campaign Ltd members and a number of qualitative interviews with key stakeholders, online respondents, retailers and manufacturers.

Each of these sources is discussed in more detail for the three main target groups of the BKM campaign: manufacturers, retailers and consumers.

12.2.1 Manufacturers

The BKM-commissioned research of manufacturers was undertaken nationwide before the launch of the BKM media campaign (May/June 2007 – the benchmark survey) and was repeated two times during the course of the campaign (November 2007 and April/May 2008) and immediately following the end of the campaign (March/April 2009). The sample of manufacturers was supplemented with BNZM members, which accounted for around one third of the 300 interviews for each wave of the survey. Respondents had to produce at least one product that would qualify for made in New Zealand branding.

As such, the survey of manufacturers cannot be considered as representative of all manufacturers in New Zealand, but is rather targeted at manufacturers more likely to be interested in the BKM campaign message. It is not possible to link the findings back to manufacturers in general as it is not known what proportion of manufacturers in New Zealand make at least one New Zealand made product and/or meet the BNZM criteria. This is a key weakness in the programme set-up, where no effective baseline of all manufacturers was established from which to monitor the impact of the BKM programme as a whole.

Changes in the composition of the sample of manufacturers over the four waves of the survey also reduce the reliability of the data when seeking to identify trends. There were slightly more BNZM Campaign members in the March/April 2009 survey (35%) than previously – 31% and 32% respectively for the earlier waves of the survey. Sample sizes are also small, especially by sector (not reliable and have varied between survey waves), and for the March/April 2009 survey there were more respondents from Auckland (twice as many) and there were more smaller companies (less than 5 FTEs) which tend to be more positive about BKM.

The online survey of BNZM members, carried out as part of this evaluation, complements the existing market research of manufacturing businesses by asking those manufacturers most likely to see a positive impact arising from the BKM programme to retrospectively comment on the effectiveness of BKM.

In the event, the details for only three retail members were passed on to us by BNZM Campaign. The online survey is therefore only representative only of manufacturing and cottage industry members of BNZM[46.] Of the 962 members invited to participate in the survey, 360 responded (a response rate of 37%). This was after the initial invite was sent and two reminders to encourage members to respond to the survey.

A small number (6) of respondents to the online survey were followed-up with a more in-depth qualitative interview to try to understand more broadly the reasons for their responses. In addition, two well known Kiwi brand manufacturers who are not members of Buy New Zealand Made were also interviewed to understand why this is the case.

12.2.2 Retailers

The retailer research commissioned by MED was undertaken nationwide with a range of retailers, with the target respondent identified as the person in charge of making decisions regarding what products were stocked. Around 300 interviews were carried out in each wave, structured by type of retailer in terms of main category of products sold and number of outlets.

Unfortunately, the composition of the achieved sample by product category and number of outlets varies significantly across individual survey waves. Two sectors (clothing and health/personal products) accounted for 67% of sample in March/April 2009, compared with 34% in November 2008. The sample also varies significantly by size of retailer, with 30% of the last wave having 10 or more stores (4% in November 2008).

As with the manufacturer surveys, care needs to be taken when interpreting trend data.

To supplement the findings available from the BKM-commissioned research we carried out a number of qualitative interviews with retailers as part of this evaluation. While interviewing a number of small independent retailers, we specifically targeted well known national chains. The primary reason for this was that it potentially gave coverage of a substantial share of the retail market. Secondly, it provided some counterpoint to the possible under representation of larger businesses in the online survey of Buy New Zealand Made Campaign members.

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[46] 14 respondents to the survey identified themselves as retail members, which contrasts with the classification provided to us by BNZM Campaign Ltd.

The sample comprised:

- 2 retailers with one or two outlets, only both of whom places a significant emphasis on New Zealand sourced product
- 1 group of well known outlets of an international manufacturer having plants in New Zealand. The outlets sell a mixture of locally and internationally manufactured product. This manufacturer made good use of the 'Kiwi in a Triangle' logo.
- The New Zealand Retailers Association
- 4 well known national chains including one major food chain.

We approached a further five retailers who did not respond to our request or were unable to find time.

12.2.3 Consumers

As with both manufacturers and retailers, a series of consumer surveys was commissioned by the Ministry to track the attitudes and behaviour with regard to purchasing New Zealand made goods. A benchmark survey was undertaken in June 2007, prior to launch of the Buy Kiwi Made media campaign, with continuous monitoring of the campaign with 50 interviews undertaken each week between July 2007 and June 2008, and point-in-time survey in November 2008 and February/March 2009.

The surveys sought to interview 600 18 – 74 year olds. While the samples largely match, there is some variation by age of respondent. The number of young people, those aged 18 to 24, vary between 79 in April/June 2008 and 138 in June 2007, with 98 interviews undertaken with this age group in February/March 2009. Similar variations are evident for the 25 to 44 and 45 to 64 age group, with a higher proportion of older respondents (25+) in the final wave of the survey as compared with the benchmark survey (84% and 78% respectively). Given that attitude and behaviour towards buying New Zealand made is influenced by age, caution needs to be taken when interpreting these findings.

BKM also commissioned research amongst consumers to inform initial and ongoing campaign development:

- qualitative research into attitudes and behaviours
- qualitative: Youth Focus February 2008
- qualitative: Never thought about it – March 2008
- quantitative: Consideration November 2008.

Given the extensive nature of the market research commissioned by the BKM programme, no further follow-up research with consumers was considered necessary for this evaluation.

13. Annex 3: Buy Kiwi Made Timeline

Date	Item	Comment
1908	New Zealand Industries Week	First recorded campaign aimed at encouraging domestic shoppers to buy New Zealand made goods. Similar events were repeated over the ensuing decades
1 January 1983	Australia New Zealand Closer Economic Relations Trade Agreement	Forced end of policies of heavy state intervention and import substitution
November 1988	Buy New Zealand Made campaign launched. Campaigns ran throughout 1990s	Initially a joint venture of the New Zealand Council of Trade Unions and the MZ Manufacturers Federation, now a wholly owned subsidiary of Business New Zealand
1 January 1995	New Zealand joins World Trade Organization	
1999	Buy New Zealand Made changes emphasis from encouraging consumers to buy locally made to promoting members' products.	
2000	Government agrees in principle to support relaunch of Buy New Zealand Made campaign	Requested funding was never released.
17 October 2005	Labour-led Government Co-operation Agreement with the Green Party	Set out broad parameters for the programme
17 October 2005	Confidence and supply agreement with New Zealand First	
6 November 2005	Rod Donald, Green Party Spokesman for Buy Kiwi Made dies. Sue Bradford takes over	Sue Bradford becomes government spokesperson for Buy Kiwi Made
20 to 28 April 2006	Stakeholder workshops on BKM programme in Auckland, Wellington, Dunedin and Christchurch	Programme looked for feedback on: definition of Kiwi Made inclusion of tourism

Date	Item	Comment
		how BKM should relate to existing programmes, campaigns and initiatives better product identification attracting industry buy-in.
May 2006	Budget 2006 establishes a $11.5 million contingency for Buy Kiwi Made spread over three years	
14 June 2006	Cabinet paper 'Buy Kiwi Made Programme Design'	Paper set out parameters of the programme. Cabinet Policy Committee asked for a revised paper with further analysis of options for defining New Zealand made goods.
6 October 2006	Cabinet paper: Buy Kiwi Made	Revised paper in response to consideration at POL on 14 June 2006. Agrees funding for a series of regional events and for the further development of BKM by MED
30 October 2006	Cabinet paper 'Buy Kiwi Made: supporting sector and regional initiatives'	Agrees funding for Buy Kiwi Made Grant Programme to support sector and regional initiatives
8 November 2006	Buy Kiwi Made Showcase held in Parliament	
21 February 2007	Cabinet paper 'Buy Kiwi Made: Media Campaign'	Agrees funding for the media campaign. Agreed to evaluate the BKM programme when component initiatives had been delivered.
March 2007	Buy Kiwi Made project manager appointed by MED starts assignment	
2 March 2007	First round of applications for the Sector and Regional Initiatives grant fund closes	
12, 13 April 2007	Buy Kiwi Made showcases held in Dunedin and Christchurch	

Date	Item	Comment
18 May to 7 June 2008	Wellington $5000 mega shopping spree	'Pilot' promotion
June 2007	Decision to incorporate regional show cases within existing events and other media activities.	Starts with the Auckland Food Show in August 2007 and runs through to October 2008
July 2007	Buy Kiwi Made media campaign begins July 07: Communications with retailers begin 20 July 07 Manufacturer campaign launched 20 August 07 Consumer campaign launched with radio and press advertising 23 September television commercials begin Oct 07 Magazine and outdoor advertising begins	
31 October 2007	Pete Hodgson becomes Minister for Economic Development and takes over responsibility from Trevor Mallard for Buy Kiwi Made.	
11 February 2008	Cabinet paper 'Buy Kiwi Made: Media Campaign Extension'	Agrees to reallocate funds from the Sector and Regional Initiatives Fund to the media campaign.
2 April 2008	Applications close for third round of grant funding.	
5 December 08	New Minister of Economic Development suspends Buy Kiwi Made campaign pending further review	Announcement created confusion by erroneously referring to the suspension of the Buy New Zealand Made Campaign. Minister also reconfirms to officials the requirement for the evaluation. Estimated savings are $600K.

Note: dates of Cabinet papers generally refer to the date considered by the relevant Cabinet committee. Some dates have been inferred from press reports and may be approximate.

14. Annex 4: Online Survey of BNZM Members

Characteristics of BNZM Members

With regard to the online survey of BNZM members carried out for this evaluation, the findings show that nearly nine in ten members (87%) identified themselves as manufacturers, with a further 7% stating that they are cottage industry members. Only 4% of respondents were retailers (but higher than that indicated in the sample provided by BNZM). However, two fifths (42%) of non-retail respondents sell direct to the public, either through their own shop, outlet or stall, and/or online, while two thirds (68%) sell their goods on to other businesses, half (50%) to distributors or wholesalers, and/or 38% to the retail trade. Only 16% sell direct to Government/the public sector.

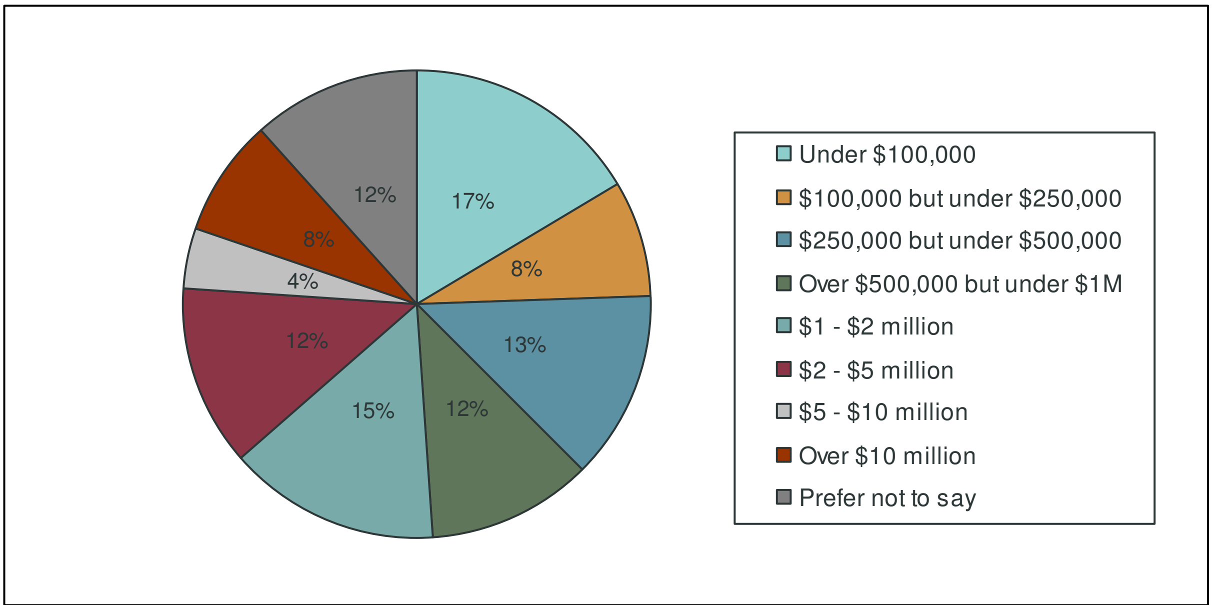

Figure 7: Company turnover

As can be seen from **Figure 7: Company turnover**, the largest proportion (17%) of member companies have an annual turnover of up to $100,000, with a further 21% reporting an annual turnover of between $100,000 and $500,000. One in eight companies (12%) has an annual turnover in excess of $5 million. While no directly comparable figures are available, a Ministry report[47] shows that around 1% of New Zealand companies reporting with at least some incomes have an annual turnover of c$12 million or more and 31% less than c$50,000.

Only 11 companies (3%) responding to the survey employ 100 or more staff, with a further 16 employing between 50 and 99 (4%). 12% have just one member of staff and nearly half (46%) employ five or fewer staff.

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[47] Hull L, and Arnold, R, (2008), '*New Zealand firm growth as change in turnover*', Ministry of Economic Development

One quarter (25%) of companies are in the miscellaneous manufacturing industry sector, possibly reflecting the small/cottage industry nature of many respondents. One in six (16%) are in apparel/clothing, while 10% make metal products, 9% furniture and fixtures, and 9% food and beverage products.

Attitudes of Members

While nearly all BNZM member companies (96%) believe it is important for consumers to buy New Zealand made goods, only 51% actually believe that consumers actively seek to do so. While it is not surprising that BNZM members believe that it is important for consumers to buy New Zealand made goods, the fact that only half believe that they do so shows that the BKM campaign has some way to go to convince consumers.

The reason why it is important to buy New Zealand made goods is set out in Table 13. To keep New Zealanders working, to support the economy and/or support local companies is cited as a reason by more than three quarters of members. Only half (53%) agree that one of the benefits is that New Zealand goods are well made.

> "We really want people out there to know, particularly in the New Zealand market that our products are New Zealand made, and feel proud about the fact that it's New Zealand made."

Table 13: Benefits of buying New Zealand made

Response	Frequency
Want to keep New Zealanders working	84.7%
Want to keep money in New Zealand	66.1%
New Zealand made products are good quality	63.3%
Support local industry / New Zealand companies Loyalty / Patriotism	75.6%
To support New Zealand To help the economy / local economy	81.1%
New Zealand Made products are well made	53.3%
Other	5.0%
Don't know	0.6%

Base: All companies, multiple responses

More than two-thirds of member companies (69%) believe that consumers place a higher $ value on New Zealand made goods, although 50% only slightly agreed with this, and one in eight (12%) disagreed.

Behaviour of Members

As might be expected, 45% of non-retail members label all of their goods as New Zealand made and a further 36% label most of their goods, with two thirds (64%) increasing their use of New Zealand Made labelling over the last two years. The BNZM 'Kiwi in a Triangle' logo is used by nine in ten non-retail members, while 43% also use their own labels which state that their products are 'New Zealand made'.

When asked whether membership of BNZM has helped the company in any way, the main benefit relates to supporting/complementing their own marketing activities (54%; see Table 14). Two-fifths (43%) believe that the BNZM Campaign has helped to increase awareness of their products and 35% to raise the profile of their brand.

Table 14: Impact of BNZM membership

Response	Frequency
To increase awareness of your goods / products	42.9%
To raise the profile of your brand	35.1%
To build a new attribute for your goods / products	30.4%
To support your own marketing activities	53.9%
Your business in another way	4.3%
None of the above	15.1%

Base: Non-retail members, multiple responses

Complying with Commerce Commission rules for labelling products as New Zealand made and/or defining goods as New Zealand made are not regarded as an issue by members, with more than nine in ten not experiencing any difficulties (93% and 92% respectively).

While two-fifths (40%) of companies selling to retailers have seen no increase in demand for use of New Zealand made labelling by retailers in the last two years, nearly half (47%) have. The latter is driven mainly by retailers themselves using New Zealand made labelling, rather than requesting this of manufacturers.

With regard to their own purchasing (supply chain) decisions, four fifths of manufacturers are influenced sometimes (49%) or all of the time (33%) by whether or not their supplies are New Zealand made. The main reason for not using New Zealand made goods is that they are not available from New Zealand companies (50%) or that New Zealand companies are too expensive (13%).

Attitudes

Attitudes held by manufacturing/cottage industry members toward the BKM campaign are set out below:

- 63% agree that the campaign highlights Government support for the manufacturing sector (net +46%)
- 62% agree that the campaign shows that the contribution by manufacturers to New Zealand is valued (net +48%)
- 79% agree that the campaign emphasises that manufacturing in New Zealand is possible (net +69%)
- 73% agree that the BKM campaign shows that manufacturing in New Zealand is innovative (net + 65%).

While these findings on the BKM campaign are generally positive, they are not as resounding as might be expected of companies that have already signed up to the concept of promoting New Zealand made. With regard to the first two, more than half of respondents do not agree with the statement.

15. Annex 5: Regional Showcase Events

Cabinet agreed to the broad parameters of the Buy Kiwi Made programme in October 2006. At the same time it agreed to a display of New Zealand made products in Parliament on 8 November (an event which effectively became the programme launch) and to a series of up to six regional events to raise the profile of Buy Kiwi Made.

These decisions were made four months ahead of the design of the details of the media and marketing campaign. This meant there was limited opportunity to consider how they might align with the major part of the BKM programme. Indeed it seems that a major imperative for the events was to have activities to announce at the launch held around the anniversary of the death of Rod Donald.

Cabinet agreed to funding of $100,000 for all of these events, subject to a three-way sign-off by the Minister of Finance, the Minister of Industry and Regional Development, and the Government spokesperson on Buy Kiwi Made against the details of the events.

MED contracted an events organiser for the launch in Parliament which took place as planned. There does not appear to be any monitoring information by which the effectiveness of this event can be assessed. However, discussions with MED suggest that it was well attended and was considered to be a successful launch of the programme.

MED then contracted, through open tender, another events organiser for the series of regional events. Difficulties in scheduling the events to allow attendance by the Government Spokesperson on Buy Kiwi Made and the Chief Executive of Business New Zealand meant that the first two events took place on 12 and 13 of April 2007, a little later than may have earlier been envisaged.

They were considered a failure with negative feedback from exhibitors. There was very low public turnout, although numbers are not recorded. There was also poor turnout from invited dignitaries and local councils. At the Christchurch event, exhibitors started packing up well before the end of the day. We understand that as a result Business New Zealand was concerned about the negative impact on Business NZ brand and Buy New Zealand Made Campaign Ltd. There were some complaints in the media about the events.

There were two main reasons for this failure: issues with the regional showcase concept, and problems with event administration and promotion. We consider the first of these to be the more important. This is consistent with the view taken by MED, which decided that it would be inappropriate to proceed with the rest of the series. This was a sound piece of project management.

The regional showcase concept

There were a number of issues with the regional showcase concept which was elaborated in a briefing to joint Ministers and the Government Spokesperson on 7 November 2006.

The October 2006 paper was the only consideration by Cabinet of the showcases. It said very little about the regional showcase concept, but did indicate that the publicity around the events will lead to increased consumer awareness of the quality and value of New Zealand made goods. In these terms, it is not clear whether they were to be substantive events or engines of publicity. These are not mutually exclusive, but if the main purpose was to generate publicity they may have been designed differently.

They were not intended to be trade fairs in the usual sense and not intended to constitute a sales opportunity. This is frankly odd, and would seem to take away one reason for attending the event. It was intended that target groups would be invited, but it is not clear who the target groups were. This left a lack of clarity as to whether the events were aimed at trade or consumers, or both.

It was considered that each event could have a focus, such as industry or sector relevant to a region. While this did not materialise, there was an effort to have them focus on locally produced goods, rather than be a travelling road show of national businesses. In the event there was a mixture of local and national exhibitors.

Ultimately, it was not clear what the showcases were for, and what they were intended to achieve. Indeed it is hard to see who would want to attend an event where the products spanned peanut slabs to wind farms.

Stakeholders sensed this in advance. The briefing to Ministers/Spokesperson posited a need to agree criteria concerning exhibitors in advance to ensure there were not too many or too few. In the event, a number of potential exhibitors responded negatively when approached. However, these signals to MED and the event organiser were tempered by the fact that the event in Parliament was oversubscribed and attracted a good turnout.

Regional showcase administration

As noted, the regional showcase administration was contracted to an event organiser. The contracted amount was $80,000 for the six regional showcases. The Ministry has observed that this was relatively modest given the nature of the events. It is possible that a slightly higher budget would have allowed greater promotion of the showcases.

The organiser was commissioned on 19 December 2006, giving a lead time of four months before the first events. However, other issues arose that put pressure on the time frame. For example, ideas for venues including shopping malls and iconic Kiwi architecture were explored and dropped.

In the event, there were concerns about the effort put into promoting the events, both with exhibitors and attendees (for example, exhibitors were only sent material they could use to invite clients to attend by email very shortly before the event), about recording exhibitors and about the signage on the day. The events were also not helped by unseasonably poor weather.

Remaining events

As a result of the experience with the Christchurch and Dunedin events, a decision was made to cancel future events. Instead, support was provided for a Buy New Zealand Made Campaign exhibition/ stand at established trade fairs. These were a focus point at which members could exhibit. We are not aware of any monitoring information that enables an assessment of the effectiveness of this presence. However, Buy New Zealand Made Campaign has indicated that participating members judge them to be successful and they have helped stimulate membership. They have continued to fund a Buy New Zealand Made presence at similar events.

Conclusion

As noted, these events were only a small part of the overall BKM programme. While there may have been some signals that they were not going to be effective ahead of execution, the response to their failure was prompt and appropriate.

The key lesson is the need to be clear about the purpose and target audience of such events. Adequate resources need to be given to promotion.

16. Annex 6: Sector and Regional Initiatives Fund

The Sector and Regional Initiatives Fund was a grant fund established alongside the existing Regional and Industry Development Fund to support individual projects associated with Buy Kiwi Made. It appears to have arisen from discussions between the Minister for Industry and Regional Development and the Government Spokesperson for Buy Kiwi Made. It was agreed to by Cabinet on 30 October 2006 and $3 million appropriated over two years: 2006/07 and 2007/08.

There were three funding rounds as shown in the following table:

Table 15: Sector and regional initiatives funding rounds

Round	Closing Date	No of applications	No of grants	Comment
1	March 2007	33	2	1 grantee subsequently withdrew
2	August 2007	7	3	
3	April 2008	3	1	1 applicant withdrew before approval.

The approved grants were as follows:

Table 16: Sector and regional initiatives grants approved

Grantee	Purpose	Grant amount $	Revised amount* $	Status
Buy New Zealand Made	Fund a bespoke newspaper supplement in the major newspapers promoting the Buy New Zealand Made campaign	149,870	83,247	Closed
Buy New Zealand Made	Develop www.getnzmade.net, a web portal for New Zealand made goods.	53,688	53,398	Closed
Buy New Zealand Made	Promote the Buy Kiwi Made website	95,064	94,793	Closed

Grantee	Purpose	Grant amount $	Revised amount* $	Status
Design Tex	Use association with New Zealand Olympic Committee as a showcase for textile manufacturing	252,000	47,605	Closed
Farmers Markets NZ	Assist Farmers Markets to move into a more professional mode, and to enforce authenticity rules	95,000	52,755	Closed
National Distribution Union	Promote the Buy New Zealand Made message to NDU membership, families and non-union colleagues.	40,658	33,058	Closed

* Revised amount indicates actual disbursements for closed grants, or revised amounts for open grants. Figures are exclusive of GST.

The total of closed grants revised amounts is $364,856. Total disbursements are in the range of 10 – 15% of the $3,000,000 initially appropriated.

In response to this situation, in February Cabinet agreed to re-appropriate $2,025,000 to the media campaign.

Grant evaluation process

A robust grant evaluation process was established by MED comprising:

- policy assessment by MED
- financial assessment by accountants KPMG including sustainability of the applicant, robustness of costings, and the ability of the applicant to pay matching funds
- review by a panel chaired by an MED director, with independent members John Albertson (New Zealand Retailers Association) and Lynn Currie (member of Small Business Advisory Group and owner of Out There Clothing).

Conclusion

The outcome of the grant fund was clearly disappointing in terms of disbursements made. The immediate reasons for this were the tightness of the criteria for grants and what the panel described as very disappointing quality of applications for Round 1. The number of unsuccessful applications in Round 1 may have led to the reduced level of interest in Rounds 2 and 3.

The criteria were, inter alia, designed to make sure that the grants were consistent with New Zealand's international trade obligations. They included the following requirements:

- the application was from a representative group across sectors or regions, not from an individual business
- 50% co-funding from the applicant
- projects were to be discrete and self-supporting at the completion of government support
- substantial economic benefit, with no potential to crowd out private sector activity.

We consider the requirements laid down to be appropriate. However, it is hard to envisage what kind of project would actually meet the criteria. MED have indicated that it may have been appropriate to require potential applicants to contact them to request an application form rather than making it available on the website. This would have allowed a preliminary discussion as to the proposed projects suitability and saved considerable effort by applicants and assessors. We concur with this view.

Even without taking into account the effectiveness of the grants made under the project, the grant mechanism was elaborate and expensive given the disbursements made. Significant effort and cost went into developing and implementing the grant programme. Of the six grants made, three were made to Buy New Zealand Made Campaign Ltd, and one was to DesignTex which was already receiving funding from NZTE although for a separate project. This level of activity does not justify the effort involved. Buy New Zealand Made Campaign Ltd was already a beneficiary of programme support, and it is not clear that a grant mechanism was needed for these further extensions.

We are not aware of any ex post monitoring that would enable an assessment of the impact of grants that have been disbursed.

17. Annex 7: Bibliography

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