

# Review of Information Services

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# Contents

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- CONTENTS..... 1**
- EXECUTIVE SUMMARY ..... 2**
  - Overview ..... 2
  - Rationale ..... 2
  - Budget3
- 1. INTRODUCTION..... 9**
  - 1.1 Evaluation purpose and scope ..... 9
  - 1.2 Policy rationale ..... 10
  - 1.3 Report organisation ..... 11
- 2. BIZ..... 13**
  - 2.1 Description and background ..... 13
  - 2.2 Programme outputs and outcomes ..... 14
  - 2.3 Evaluation methodology ..... 17
  - 2.4 Delivery of biz ..... 17
  - 2.5 Delivery of outputs ..... 24
  - 2.6 Achievement of intermediate outcomes ..... 27
  - 2.7 Other delivery issues ..... 34
  - 2.8 biz.org.nz ..... 38
  - 2.9 The relationship between biz and the 0800 hotline ..... 39
  - 2.10 Recommendations ..... 39
  - 2.11 New contract details ..... 40
- 3. GENERIC MARKET INTELLIGENCE INFORMATION ..... 41**
  - 3.1 Description and background ..... 41
  - 3.2 Programme outputs and outcomes ..... 42
  - 3.3 Evaluation methodology ..... 44
  - 3.4 Programme delivery ..... 44
  - 3.5 Value of the content ..... 50
  - 3.6 Utilisation of the content ..... 52
  - 3.7 Website alignment and rationalisation project (WARP) ..... 55
- 4. INFORMATION ON RAISING CAPITAL..... 57**
  - 4.1 VCapital ..... 57
- 5. OFFSHORE PROMOTION OF MARKETNEWZEALAND.COM..... 58**
  - 5.1 Description of promotional activity ..... 58
  - 5.2 Findings on the success of the promotional activity ..... 59
  - 5.3 Recommendations ..... 60
- 6. REFERENCES..... 61**
- APPENDIX A: BIZ METHODOLOGY ..... 62**
  - Interviews ..... 62
  - Phone survey ..... 62

# Executive Summary

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## Overview

The information services addressed in this evaluation are involved in the provision of generic information and advice and fall under NZTE's Output Class 3 – Business Information and Advice. In addition, this review addresses the international promotion of marketnewzealand.com, which provides a trade enquiry service connecting offshore buyers with New Zealand exporters. The four main items covered in this review are:

- **biz (phone, walk-in and email service)** – basic business information and referrals
- **Generic international market development assistance** – generic information aimed at potential and existing NZ exporters. This content is largely provided through marketnewzealand.com
- **Information on raising capital** – generic information on capital raising and information about the escalator programme. This information is provided on escalator.co.nz.
- **Offshore promotion of marketnewzealand.com** – promotion of marketnewzealand.com as a channel for trade enquiries from offshore buyers. This is not an information service, but is covered here because of a request from NZTE to reallocate this funding to wider promotional efforts.

This evaluation also examined to some extent a further two components of Information services:

- **NZTE hotline** – an entry point into the range of services covered by NZTE
- **biz.org.nz** website

Given the information services covered are 'light-touch' in that the size of the intervention per recipient is small, no attempt has been made to measure the ultimate impact of the services on firms. However, multiple data sources have been used to form evidence-based conclusions.

## Rationale

The rationale for government provision of information services is that entrepreneurs and businesses have imperfect information as to the private benefits they receive by accessing information services. They are therefore reluctant to purchase such services from the private sector, leading to under-provision. These services, in particular biz, also serve to increase awareness of capability building services available to entrepreneurs and businesses.

Another reason for providing these services is that information, because it is easily replicated and disseminated, has public good aspects, particularly when delivered via the internet. Leaving the provision of these kinds of information services to the private sector will lead to under-provision because the private sector is unable to capture the benefits from providing the service. Where the private sector does provide these types of information services for free, these information services are likely to be biased towards the promotion of other services, which may not be in the interests of the users of the service.

## Budget

Table 1 shows the 05/06 budget allocations for all of the items under Output Class 3 – Business information and Advice. The items that are the focus of this review are in bold. All figures are GST exclusive.

**Table 1: 2005/06 funding for Output class 3 - Business information and advice**

<b>Output class</b>	<b>Component</b>	<b>funding (\$m, GST exclusive)</b>
<b>Output 3.1 – Generic Business Assistance</b>	<b>biz phone, walk-in and email service (value of contract)</b>	<b>1.344</b>
	development / administration costs	0.600
	biz.org.nz website	0.200
	biz portal development	0.700
	Online services/ contact centre	0.800
	IT and Communications support	0.300
	<b>Total</b>	<b>3.963</b>
<b>Output 3.2</b>	<b>Information on raising capital (primarily escalator.co.nz)</b>	<b>0.305</b>
<b>Output 3.3</b>	<b>Generic International Market Development Assistance</b>	<b>3.292</b>
	<b>Total</b>	<b>7.560</b>

Output class 3.1 contains administration costs that cannot be directly attributed to any one service or project. The 'development /administration costs' relate to several services in other output classes. Only \$22,000 of this \$600,000 budget is spent on the administration of the biz. phone, walk-in and email service. The remainder is spent on the administration of the Enterprise Training programme, mentoring services, Exporter Education and biz.org.nz.

The IT and communications support budget supports all of the services within output 3.1 as well as escalator.co.nz (output 3.2). The 'online services/contact centre' allocation funds the NZTE hotline (\$200,000) and possibly some client management activities performed by NZTE's Business Services Team. It also funds NZTE's Online Services Team (\$600,000), which manages the on-going strategic direction, supporting systems, policies and procedures of Trade and Enterprise's online channels. A large proportion of these online channels do not relate to the provision of generic information and advice.

The funding for Generic International Market Development Assistance is a notional allocation based on a survey used to estimate the time offshore staff devoted to producing the content covered in the evaluation. This survey was undertaken prior to the integration of Trade NZ and Industry NZ. As part of the review, this figure was re-estimated because there was an impression that the true level of funding is much lower. The estimate for 05/06 is \$1.02m (GST exclusive). The over-estimation of the true level of funding for this activity implies that more time is spent in the offshore offices on other activities than is reflected in the funding allocations for these activities. In other words, the actual cost of various other output classes are likely to be under-estimated.

The promotion of marketnewzealand.com to offshore buyers is funded using the \$1.78m (GST exclusive) allocated annually to 'fund the on-going enhancement and marketing of the e-business programme delivered by NZTE' [CAB Min (02) 12/8(15) refers].

## *Budget Recommendations*

This evaluation recommends that the Information Services programme be continued with the same budget lines at present, except NZTE should propose a new budget to deliver generic international market development assistance that demonstrates cost-effectiveness. This proposal should be delivered as part of an internal NZTE review of market intelligence to be completed by 31 October 2006.

## **biz**

biz is intended to serve as a 'one-stop shop' for business information and referrals. Users of the service are referred to publicly funded and private services including training and mentoring services. It also provides, or refers clients to, sources of generic advice on starting and running a business. The service may be accessed via phone email, or by visiting a biz centre. In addition, there is an aligned website, biz.org.nz. This website is not a focus of this review as it was recently reviewed in 2004 and is currently under significant redevelopment to become a portal service that will provide access to a wider range of information.

The service is delivered under contract on behalf of NZTE by Biz Networks. There are four main biz centres in Auckland, Wellington, Christchurch and Dunedin and 25 other biz centres in the provincial centres or in the 'satellite' centres of Wellington and Auckland.

The current contract to deliver the service expired in June 2006 and has been renegotiated. The new contract to deliver the service, which commenced in 1 July 2006 and will be able to be rolled over annually over the next three years, incorporates early findings from the review.

## *Findings*

The evaluation found that:

- For the most part enquiries are about starting and running a business in general rather than about specific issues.
- There is a high level of satisfaction with the service, which does not differ strongly according to the type of biz centre contacted or the method of contact.
- biz staff appear to be providing an acceptable standard of customer service.

The evaluation also identified a number of delivery issues:

- The number of enquiries per office varies significantly. This variability does not appear to be strongly related to the population of SMEs in each region.
- Due to funding arrangements, the level of efficiency of the service, as measured by funding by client, varies significantly across offices. At present some of the centres are not cost-effective.
- The training and support staff receive is valued. However, to a large extent it appears that this training and support occurs on an ad-hoc basis. In particular, it appears that staff undergo little or no formal induction.
- There are shortcomings in the way information is disseminated throughout the network of biz centres.

- Awareness, and therefore, usage of service has been hampered by a lack of promotion for most of the 05/06 financial year. The profile of the service can be raised.

### *Conclusion*

The evaluation concluded that biz is an effective information service. The current mode of delivery - a network of local delivery agents operating under an overall contract with NZTE – is delivering an adequate standard of service to clients. However, the value of the service could be improved through improved staff development. In addition, cost-effectiveness is an issue and could be improved through reallocation of funds across centres and locally targeted promotion of the service.

### *Recommendations*

The recommendations for the biz service are that NZTE:

1. Improve the promotion of the service within the existing baseline funding, including setting accountable targets for marketing so that the utilisation of centres currently dealing with a low number of enquiries improves.
2. Instruct the delivery agent to introduce explicit provisions to produce a greater consistency of service quality across offices, such as an enhanced manual and more formal induction processes for new staff. There may also be value in introducing some form of competency standard against which biz staff are periodically measured.
3. Instruct the delivery agent to review and enhance the efficiency of service, in terms of funding per client by reallocating funding across offices and by introducing binding client number targets for offices as well as targets for cost per client. A key tool for achieving these targets is targeted regionalised promotion of the service. Over a period of time consideration should be given as to whether certain biz centres are cost-effective and whether the funding for these centres could be better used in other ways, in particular to improve the standard of staff training and induction processes.

### *New contract details*

The new contract, which commenced on 1 July 2006, instructs the Biz Networks to:

- Take responsibility for biz centres being located in appropriate cities and regions. The delivery agent is required to monitor quarterly the output from each agency and make recommendations for change if activity levels are too low to justify the expenditure in the city/ region.
- Set quality standards for both the 0800 and walk-in centres and provide a Quality Plan to NZTE within 1 month of the contract being signed.
- Ensure the 0800 and walk-in centres are staffed by people equipped with the skills to identify the needs of businesses or individuals
- Provide all biz staff with on-going training and capability building. All staff are to undergo a thorough induction and receive reference material covering how the service will be delivered, how to find/order the most recent publications, response time, keeping records up-to-date, and database management.

## Generic international market development assistance

### *Description*

This evaluation covers the 'generic' export-related information provided by NZTE to support businesses that are considering entering export markets, or have done so already. The information is primarily distributed through marketnewzealand.com, but is also distributed by NZTE's Business services team and the Exporter Education Programme.

This information consists of six different content types:

- **Country Briefs** - overviews of New Zealand's top export markets;
- **City Guides** – guides that include advice on accommodation, transport, banking, food and entertainment;
- **Checklists** - practical and informative guides on a range of common export topics;
- **How-to Guides** - practical information and advice covering a wide range of topics;
- **Offshore sector profiles** – these discuss the opportunities for sectors within those markets. Information is generic but can be available for very small niches or sub-sectors.
- **Market and global updates** - short news stories covering countries and sectors.

### *Findings*

- The coverage of some types of information on the website is uneven, indicating that there needs to be a much stronger strategic focus driving what content is produced for the website. There should be greater emphasis on producing content reflecting the needs of the users and less on producing content based on information-to-hand.
- The arrangement of content on the website does not enable users to find useful information about specific markets and countries quickly.
- Although an annual budget of \$3.3m is notionally allocated to providing this service, the estimated cost in terms of time preparing material and other direct costs in 05/06 was actually about \$1m.
- Putting aside issues of coverage and accessibility, the content provided is mainly valuable to current and potential exporters, but substantially under-utilised. Consequently, the cost-effectiveness of content is low, particularly the content that requires constant updating. At present there are around 3000-4000<sup>1</sup> visits a month to the content focused upon by the review and the duration of a visit is around 2 minutes. By comparison, that biz.org.nz attracts 4-5 this number of visits per month, although it

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<sup>1</sup> The content specifically covered by this review falls under a wider content group – market intelligence. In May 2006 visits to the other two 'sub-groups' under market intelligence were 2021 for success stories (good news stories about New Zealand exporters) and 3,925 for 'Industry sector', which covers overviews of New Zealand industry sectors. These content groups were not covered specifically by the review because they are primarily aimed at overseas buyers rather than New Zealand exporters.

should be noted that the potential audience size for this website is much larger. The average duration of a visit to biz.org.nz is also longer, at around seven minutes.

### *Conclusion*

While dissemination of export related information is a potentially valuable element of a government business information service, the current service is not effective in its present form.

### *Recommendations*

1. The utilisation of much of the content covered in this review needs to increase in order to make its provision worthwhile. To achieve this, a new strategic approach would be needed to decide what content to produce, the architecture of the website delivering the content would need to be improved and the content would need to be better promoted. It is recommended that NZTE be invited to present to MED, by 31 October 2006, the findings from the internal review of market intelligence, which forms part of NZTE's website alignment and rationalisation project. It is recommended that the new strategy for the provision of generic information resulting from this review should propose a budget within the current allocation that demonstrates cost-effectiveness.
2. This information service should be jointly reviewed by NZTE and MED by 31 December 2007 to assess whether the cost-effectiveness of the frequently updated content has improved or is able to be improved sufficiently to justify producing this content.

## **Offshore promotion of marketnewzealand.com**

### *Description*

Marketnewzealand.com provides a trade enquiry service allowing overseas companies to find suitable trading partners amongst the New Zealand exporters that have profiles on the website.

### *Finding*

Targeted promotion of marketnewzealand.com had little success in generating trade enquires. NZTE has found that a broader marketing approach, in which e-business channels are a component but not the sole focus, works best. This approach reflects the notion that potential overseas buyers first need to be persuaded to consider 'buying from NZ' and only then introduced to marketnewzealand.com. This broader approach has been applied to the use of the marketing funds.

### *Recommendations*

1. The separate ear-marking of funding specifically for the ongoing enhancement and marketing of the e-business programme should cease.
2. NZTE seek approval to allocate the above fund, if required, to the appropriate output class.

## **Information on raising capital**

The VCapital website (Vcapital.co.nz), which is privately owned, has previously provided information for entrepreneurs seeking information about raising capital and potential



investors. However, after the establishment of the Escalator Service and accompanying website (Escalator.co.nz), this function was transferred to Escalator. It is recommended that the small amount of funding for the VCapital website (vcapital.co.nz) cease.

### **biz.org.nz**

Recent studies suggest that biz.org.nz is achieving a high level of satisfaction amongst users and also that usage and awareness of the website is high. According the 2005 KPMG – Business NZ compliance cost survey, 43% of respondents from firms in the 0-5 FTE group had used the biz website in the past.

# 1. Introduction

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The information services addressed in this evaluation relate to the information services that were identified in the Cabinet paper on 'foundation services' at the time of the integration of Trade NZ and Industry NZ [EDC (03) 54].

According to the integration cabinet paper, foundation services aim to "build basic business capability among entrepreneurs and businesses, particularly small firms, start-ups and new exporters, through the provision of generic business information, advice and training, and limited financial assistance."

The information services addressed in this evaluation are involved in the provision of generic information and advice. The three components covered in this review are:

- **biz** – business information and referrals accessible via phone, internet, email or in person.
- **Generic international market development assistance** – generic information aimed at potential and existing NZ exporters. This content is largely provided through marketnewzealand.com. Only the aspects of this website that fall under the descriptions of information services provided in the cabinet paper are evaluated.
- **Information on raising capital** – generic information on capital raising and information about the escalator programme. This information is provided on escalator.co.nz and the associated help desk. This information has not been a focus of the review.

For various reasons the names of the above services do not match the names referred to in the integration cabinet paper. The cabinet paper refers to BIZInfo but this was re-branded as biz in 2004. Also, the integration cabinet paper states that Vcapital.co.nz provided the information on raising capital, but escalator.co.nz and the escalator helpdesk, which is linked to the Escalator equity facilitation programme, has largely taken over the role (see section 4). VCapital.co.nz continues to exist, however, and this review makes a recommendation regarding the continuation of government funding for vcapital.co.nz.

At the time the integration cabinet paper was written, the export information referred to in the cabinet paper was largely provided by marketnewzealand.com and continues to be provided on this website. The biz service also refers clients to export information, but most of this can be found at marketnewzealand.com, so provision of export information is not a focus of the evaluation of biz specifically.

In addition to the services listed above, this review addresses the international promotion of marketnewzealand.com, which provides a trade enquiry service connecting offshore buyers with New Zealand exporters. This is not an information service, but is covered here because of a request from NZTE to reallocate this funding to wider promotional efforts.

## 1.1 Evaluation purpose and scope

This evaluation has not sought to directly measure the impact of the provision of these information services on firm performance, whether defined in terms of sales, survival or otherwise. The causal relationship between information provision and firm performance is rather vague and subject to other, more influential factors. Moreover, given these services are 'light touch' in the sense that the level of intervention per client is small, it is unreasonable to expect that the level of impact on clients will be measurable. Instead, to assess the effectiveness of these services, the evaluation relies primary on the opinions of

the recipients. This evaluation approach is adopted for pragmatic reasons, but is not ideal, since it is difficult for programme recipients to assess objectively the amount of benefit they have derived from a programme.

The conclusions and recommendations arising from the evaluation are intended to inform policy development and programme delivery. The focus of the evaluation is on reviewing the approaches to design and delivery of the services including the efficiency of delivery and the effectiveness of the Information Services against immediate and intermediate policy objectives.

There are certain services that fall under the output class 3 or are closely related to the services reviewed, but shall not be addressed in any depth by this review. These are the biz.org.nz website, aspects of the marketnewzealand.com website and the NZTE hotline.

The biz.org.nz website is excluded as it was recently evaluated (2004, AC Nielson study) and a process has begun to significantly redevelop the website into a portal. Evaluation findings regarding the current website would be of limited applicability given the new portal will be substantially different from the current website. However, a summary of the findings from the AC Nielsen report, NZTE's client value research and the 2005 Business NZ – KPMG compliance cost survey are provided.

Marketnewzealand.com has not been evaluated in its entirety as the website fulfils functions that fall outside of the provision of the kinds of 'generic' information identified in the integration cabinet paper. An important part of the website is a trade enquiry service through which overseas buyers can find out about products and services offered by New Zealand exporters that have registered on the website. This is outside the scope of the evaluation as this sort of service goes beyond the provision of the kinds of 'generic' information described in the cabinet paper. However, this report does contain recommendations on the offshore promotion of the trade enquiry service. The website also contains success stories about New Zealand exporters and other 'good news' stories, aimed primarily to promote New Zealand to overseas buyers. However, these success stories do have some value for New Zealand exporters so they are discussed briefly.

Although the NZTE hotline, which is administered by NZTE's Business services team, to some extent provides an information service similar to biz, it primarily acts as the entry point into the range of services offered by NZTE. As such, it is essentially an administrative function of NZTE, rather than an information service. Therefore it has not been a focus of this review, although its relationship with biz is discussed.

Although there is a separate section about the Information on raising capital, this service, which is delivered primarily through escalator.co.nz and the Escalator help desk, has not been a strong focus of this review. This is because the Escalator website and helpdesk act primarily as the entry point into the Escalator programme and were covered some extent by the review Escalator programme. However, the review contains a recommendation on funding for vcapital.co.nz, which also provides information on raising capital, but has been superseded in this role by the Escalator website and helpdesk.

## **1.2 Policy rationale**

The April 2003 Cabinet paper relating to foundation services at the time of the integration of the Trade NZ and Industry NZ [EDC (03) 54] sets out the policy rationale for providing information services:

*The cost of searching for information, and the limited capacity of firms to digest that information, means that entrepreneurs and small business managers often do*

*not devote resources to seek out and acquire up-to-date information that might be beneficial to the business. These barriers could be overcome if access to information was made simpler and business operators were provided with better opportunities to acquire the skills and knowledge to improve their management capability.*

*Complying with business regulations imposes costs upon business. This includes areas such as taxation, employment relations, occupational safety and health, ACC, resource management, the collection of statistics and so forth. While the regulations in themselves may be sound, better information on business regulations (and collection methods) and on how to deal with them will reduce the compliance costs on business and improve the application and effectiveness of regulation.*

This rationale arguably does not explicitly identify the existence of a market failure, as it does not explain why the provision of basic business information should not be left to the private sector. From a market failure standpoint, government intervention may be justified on the basis that individuals and businesses have imperfect information as to the private benefits they receive by accessing information services. They are therefore reluctant to purchase such services from the private sector.<sup>2</sup> Intervention is also justified because these information services, in particular biz, also serve to increase awareness of capability building services available to entrepreneurs and businesses.

Another rationale for government provision of these types of information services is that information (especially when delivered over the internet) has properties of a public good. Firstly, because it is easily replicated, it is largely non-excludable - once one person has a piece of information, it is easy to share the information with 'free riders'. Secondly, it is largely non-rival - once a piece of information has been created, the cost of providing this information to the 'next' person (the marginal cost) is low. This is especially true of information distributed via the internet for which the marginal cost is practically nil. These properties potentially lead to under-provision by the private sector, first because the private sector is unable to extract private benefits from free-riders, and secondly because the private sector is likely to artificially restrict access to information (e.g. through subscriptions), even though the marginal cost of providing the information is close to zero.

In practice the private sector does to some extent provide some of types of information covered in this review for free. For example, some banks provide start-up information for free. However these information services are likely to be directed towards the promotion of other services, which may not be in the interests of the users of the service.

### **1.3 Report organisation**

Given these four services / activities are operated independently and differ according to their objectives, it is more natural to think of there being four separate evaluations rather than one overall evaluation. Accordingly, the remainder of this report is organised into four sections, each of which cover one of the services.

- Section 2 covers the biz service;
- Section 3 covers the Generic international market development assistance information aimed at exporters available primarily through marketnewzealand.com;

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<sup>2</sup> See Storey (2003) for more discussion of this kind of policy rationale.

- Section 4 covers Information on raising capital; and
- Section 5 covers the promotion of [marketnewzealand.com](http://marketnewzealand.com) to offshore buyers.

## 2. biz

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### 2.1 Description and background

According to the 2003 integration cabinet paper, the purpose of biz<sup>3</sup> is:

*to provide information on available business assistance to existing businesses and those seeking to establish a business and, if necessary, refer them to appropriate private and Government service providers that are able to build management capability and assist with other business needs.*

biz is intended to act as a 'one-stop shop' for business information and referrals. Users of the service may receive referrals to training and mentoring services and other services and sources of information provided by various government and private agencies. As shall be expanded upon in section 2.4.4, the information provided by biz differs somewhat from the policy intentions as stated above. biz not only refers enquirers to sources of "available business assistance", but also refers, or provides, generic advice on starting and running a business. This includes information on writing a business plan, marketing, taxation and other issues regularly encountered by businesses. Most clients in the start-up stage of their business, or not yet trading, should receive a start-up pack containing booklets and brochures providing generic business advice and information on available services and information services.

The service may be accessed via phone (mainly through an 0800 number), email, or by visiting a biz centre. In addition, there is an aligned website, biz.org.nz. The organisation of biz is regionalised, with the service delivered by a network of biz centres throughout the country. The centres are organised into 3 tiers, according to level of funding and standard of service required. The tier 1 centres (resource centres) are located in four of the major centres – Auckland, Wellington, Christchurch and Dunedin. The 25 tier 2 and 3 centres are in the provincial centres or in the 'satellite' centres of Wellington and Auckland.

The centres are also organised into four regions, with the four resource centres providing support to the tier 2 and 3 centres in their region. All of the centres deal with walk-in enquiries, but the resource centres are solely responsible for calls to the 0800 biz number. The Wellington resource centre has the additional responsibility of answering email enquiries to the biz email address. The General Manager of Biz Networks is based at the Auckland resource centre. In most cases calls to the 0800 number are automatically directed to one of the four resource centres according to the location of the caller.<sup>4</sup>

biz is delivered on behalf of NZTE by Biz Networks, a consortium of the Chambers of Commerce and the Economic Development Agency of New Zealand (EDANZ). The current contract to deliver the service expired in June 2006 and has been renegotiated. The new contract to deliver the service, which commenced in 1 July 2006 and will be able to be rolled over annually over the next three years, incorporates early findings from the review. See Section 2.11 for the details of new provisions in the contract.

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<sup>3</sup> Note, at the time of the integration cabinet paper, the service was called BIZinfo.

<sup>4</sup> In order to minimise lost calls, if the line is busy at the resource centre in the same region as the caller, the call is diverted to one of the other 3 resource centres.

Almost all of the tier 2 and 3 biz centres are delivered by an Economic Development Agency (EDA) or a Chamber of Commerce (Chamber). The staff at the resource centres are (with one exception) entirely dedicated to the biz service, whereas the staff at the tier 2 and 3 centres have other duties within their parent organisation. With the exception of the General Manager, Biz Networks does not directly employ any of the biz staff, who are instead employed by the relevant EDA or Chamber. Nor does it specify which staff member(s) at the Chambers or EDAs are responsible for dealing with biz enquiries.

## **2.1.1 History**

biz superseded BIZinfo, which together with BIZtraining formed the BIZ suite of programmes<sup>5</sup>. BIZ was launched in 1998 following the review and subsequent disestablishment of Business Development Boards. The BIZinfo service itself was launched in April 1999 and was initially delivered by NBIS Ltd.

At the time of the integration paper, BIZinfo was delivered through four regional contact centres, a website bizinfo.co.nz, and a network of 29 BIZinfo walk-in centres. In 2004, BIZinfo was re-branded as biz and BIZtraining became Enterprise Training. The service provided by the biz centres was not fundamentally altered at the time of the re-branding.

## **2.2 Programme outputs and outcomes**

### **2.2.1 Programme logic model**

The programme logic model diagram for the biz service (Figure 1) represents the views of MED and NZTE as to how biz is intended to achieve identified outcomes. The logic model illustrates how the outputs of the service are envisaged to produce intermediate outcomes and, in turn, how the intermediate outcomes produce the ultimate outcomes.

The shaded boxes in the logic model diagram indicate the areas where the evaluation is focussed given the methodologies employed. It is expected that the evaluation will provide the most evidence on the delivery of outputs and on some lower-level intermediate outcomes. As stated above, no attempt has been made to measure the ultimate outcomes given the light-touch nature of the service. The dashed lines in the logic models indicate that the connections between the intermediate outcomes and the ultimate outcomes are weak and conditional on many other factors.

The ultimate outcomes are believed to flow from the biz service are as follows:

- Improved firm performance of existing or potential firms;
- Improved compliance with regulations; and
- Fewer firms failing because of individuals with fundamentally unsound business ideas going into business.

For the most part the ultimate outcomes for the biz service are envisaged to flow from an improved understanding of how to run a successful business including understanding of regulation and compliance issues. According to the view of the programme reflected in the intervention logic model, biz improves understanding in two ways:

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<sup>5</sup> BIZtraining has since become Enterprise Training.

- by exposing biz clients to 'what they didn't know they needed to know'; and
- by making it easier for clients to find and access the information they are searching for.

An example of the first would be an enquirer contacting biz with a vague idea of starting a business and becoming aware of the importance of business planning. An example of the second would be someone contacting biz to ask about training opportunities, and being referred to the Enterprise Training programme.

The eventual improvement in understanding may not necessarily be derived from the information provided by biz itself. Improved understanding may also flow from the services and information sources to which biz clients are referred, or from services biz clients are motivated to seek out as a result of their contact with biz. In other words, the linkage between accessing biz and the ultimate outcomes may be indirect and conditional on other factors. The conditional linkage between increased awareness of training (and other services) and improved business capability is shown explicitly in the logic diagram. Increased uptake of training and other services is identified as a separate connecting intermediate outcome, reflecting the understanding that the potential benefit derived from these referrals can only eventuate when these services are actually taken up by the recipient.

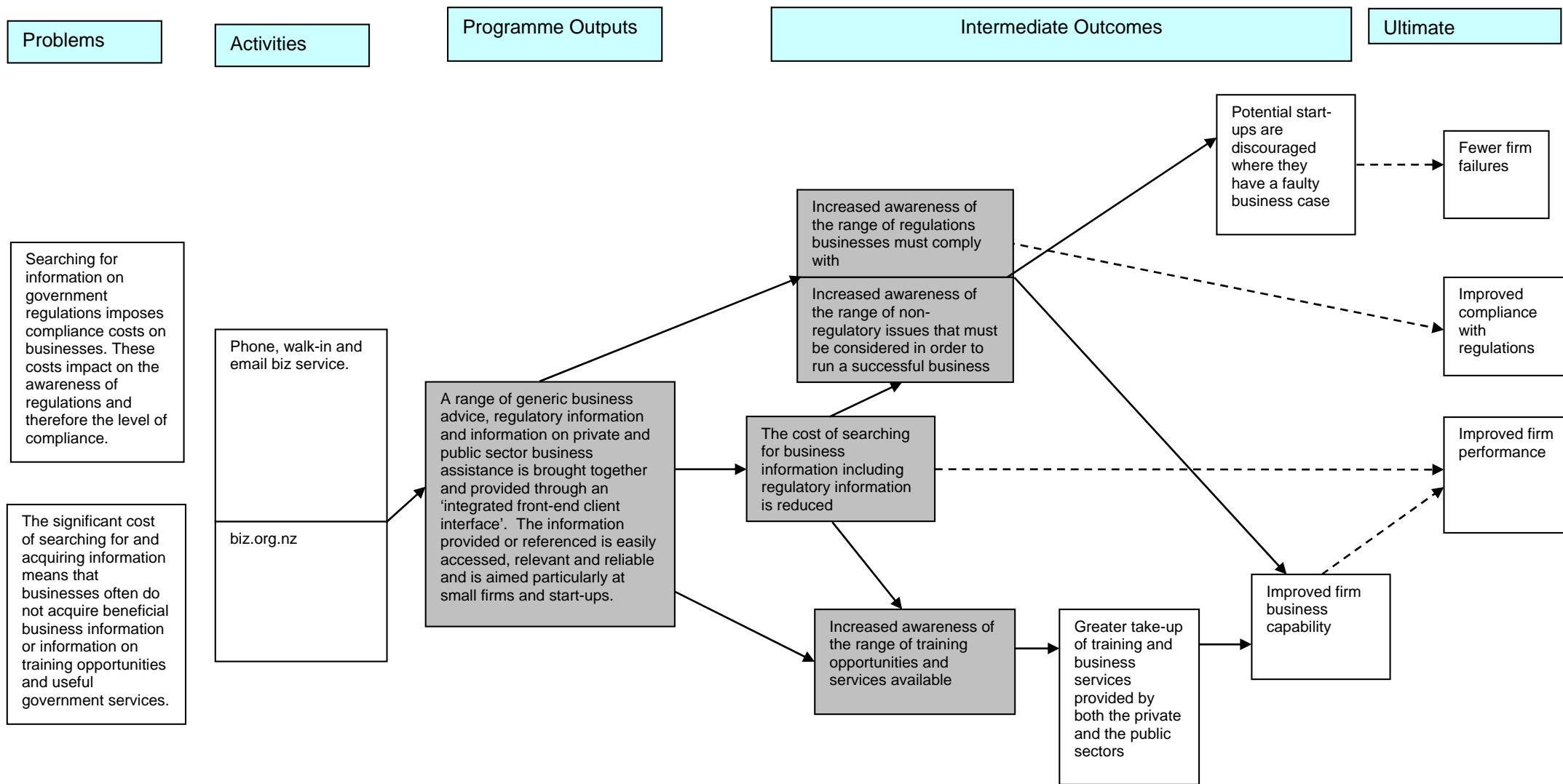
The last of the ultimate outcomes listed, that of fewer firm failures, would seem to flow naturally from an improved knowledge of what is required to run a successful business. If biz increases this understanding, then it should improve the ability of users of the service to identify whether their business idea is likely to succeed, and therefore whether it is sensible to put their idea into practice.

The logic model also reflects the understanding that the greater ease of accessing information is not only beneficial because it means that clients are more likely to access valuable information, but also because it reduces the opportunity cost associated with accessing information. In other words, even if accessing biz does not lead to a higher level of knowledge, the biz service may still benefit the client by reducing the amount of time or money spent accessing the information. This not only benefits existing or potential business but also clients who do not eventually start a business.

In order to achieve the intermediate and ultimate outcomes identified, biz should deliver certain immediate outputs. Firstly biz should provide a single source for reliable, easy to use, information and referrals. In addition, biz staff should have sufficient expertise that the information and referrals are relevant. Furthermore, biz should package together the essential information and advice for anyone starting or running a business. Finally, in order to ensure that as many people as possible use the service, the service should be accessible to a wide population.



**Figure 1: biz logic model**



## 2.3 Evaluation methodology

The methodologies employed in this review were intended to help determine how effective the service has been in achieving the intended outcomes identified in the previous section. The extent to which each methodology addresses the success of the service in achieving particular intended outcomes varies.

The methodologies employed in the review were:

- **Interviews** – 12 semi structured interviews were conducted with delivery agents from all four resource centres, and a sample of four tier 2 centres and four tier 3 centres. Further interviews were conducted with two NZTE personnel involved in the delivery of the programme and the General Manager of Biz Networks.
- **Survey of biz clients** - In total 150 biz clients answered the survey, selected from a pool of 691. In order to ensure the inclusion of enough tier 2 and 3 enquiries to make valid comparisons between the tiers, a purposive (or non-random) sampling method was employed, where 50 biz clients from each tier answered the survey. The clients contacted accessed the service in February 2006 and were contacted between 3 and 5 weeks after contacting the service. The survey achieved a good response rate of 47% (i.e. 47% of those contacted answered the survey).
- **A survey of biz front-line staff** – a survey was sent to all of the tier 1 staff and to each of the tier 2 and 3 centres. This survey was designed to gauge the extent and effectiveness of the communication and training across the network of biz centres and also to gain feedback from staff as to how the service could be improved. In part the survey was undertaken to determine whether the impressions gained from the interviews with staff were valid across the entire network of biz centres. The survey achieved a high response rate with 29 out of 33 staff surveyed responding.
- **A mystery shopper survey** – This was organised by Biz Networks. The survey assessed whether biz centres are fulfilling fundamental standards of customer service. To a lesser extent it also assessed the ability of biz staff to understand the needs of the client and provide the appropriate information.

The survey and interview questions are provided in Appendix A along with a more detailed discussion on the design and purpose of the interviews and surveys.

## 2.4 Delivery of biz

Delivery questions were considered as part of the evaluation because of their importance for the national availability and quality of the service.

### 2.4.1 Contractual obligations

The service expectations that Biz Networks sets for its biz centres are set out in procedures manuals for each tier. These expectations reflect the contractual obligations imposed on biz by NZTE. The expectations set out in the procedures manuals include expectations relating to communication within the network of biz centres. The key contractual obligations/expectations are listed below:

#### Basic obligations

- All biz centres are clearly sign-posted with the correct biz branding.

- A core set of printed materials is available at each biz centre, which differs according to the tier. In addition to the core biz material, the centres are expected to display or have at hand additional literature relating to their region such as community help directories.
- All enquires are logged in a database. The log of an enquiry includes data on the contact details of the enquirer, a brief description of the enquiry, the trading status of the enquirer, the referrals made, and the printed material given or sent to the enquirer.
- All clients in the start-up phase of their business receive a start-up pack containing a standard set of information. The core material succinctly covers the basics of starting a business with respect to tax obligations, business structures, book-keeping and so-on. Information on sources of information such as websites (mainly government) is also provided. The core material included in the start-up pack may be supplemented with other material according to the region and the nature of the enquiry.

### Communication and training

- The resource centres should arrange quarterly meetings, which tier 2 and 3 biz staff members from the region should attend. These quarterly meetings in part provide an opportunity for the concerns of the tier 2 and 3 centres to be discussed.
- The resource centre staff are responsible for helping tier 2 and 3 staff with any enquires they may have on a day-to-day basis.

Staff should also attend a national training day held once a year. The General Manager of Biz Networks attends the national training day and most of these regional meetings. Representatives from NZTE and various government departments such as the Inland Revenue Department may give presentations at both the regional and national gatherings on topics such as changes to regulations and new publications. The General Manager makes regular visits to the biz centres, in large part to monitor whether the centres are complying with their contractual obligations, and partly to hear any concerns or questions. NZTE staff have also visited regional biz centres on occasion.

There do not appear to be any significant differences in the standard of service expected of tier 2 centres versus the tier 3 centres. The key difference is that tier 2 centres are required to have available a broader range of printed material. However, this does not prevent tier 3 centres from displaying materials they are not required to display.

### 2.4.2 Use of the service

An estimated 17,350 enquiries were made to biz between March 2005-2006. This estimate is based on the number of calls logged in the Biz Networks database for the period July 2005 – March 2006. March year estimates were obtained by adding the quarterly average over this 9 month period to this 9 month total (refer Table 2).

**Table 2: Number of enquiries between March 2005-2006 (estimated)**

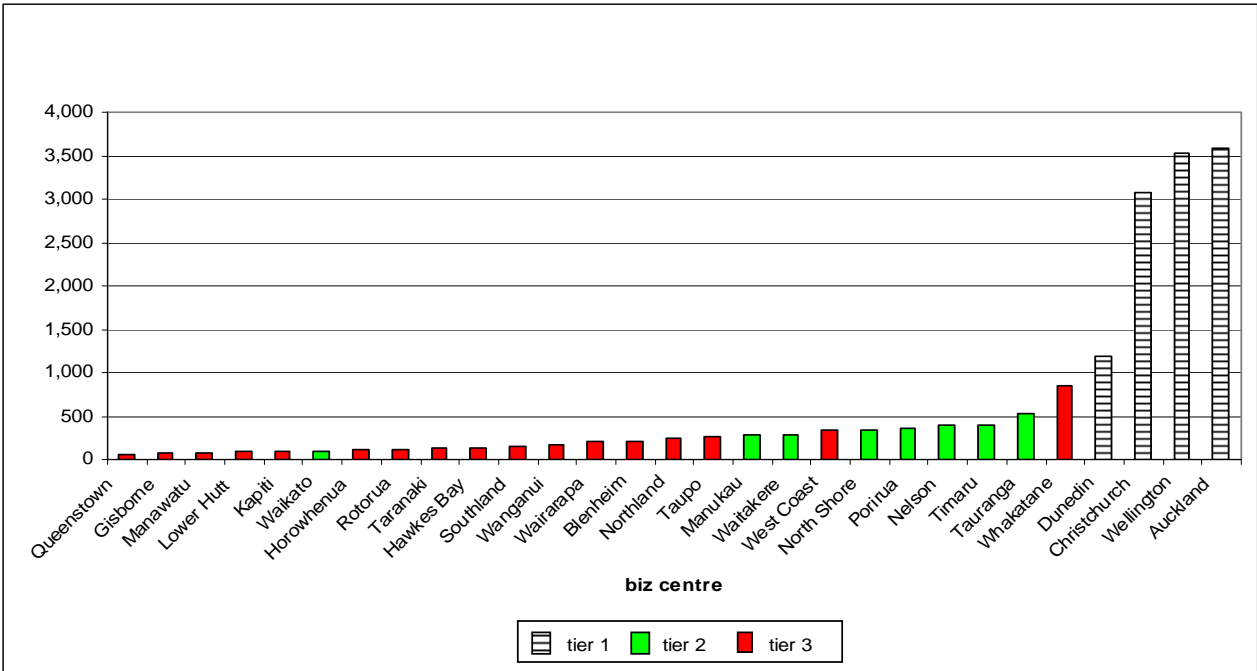
Category	Number of centres	Total	% of biz enquiries	Average enquiries per office
tier 1	4	11371	66%	2843
tier 2	9	2831	16%	315
tier 3	16	3145	18%	225
<b>Total</b>	<b>29</b>	<b>17347</b>		<b>NA</b>

The bulk of enquiries (66%) were dealt with by the four resource centres. The tier 2 and 3 centres dealt with similar numbers of enquiries (16% and 18% respectively). On average each resource centre dealt with an estimated 2843 enquiries during the year. Tier 2 and 3 centres dealt with a much lower number of enquiries on average – tier 2 centres each dealt with an estimated 315 enquiries during the year on average and tier 3 centres dealt with an estimated 225 enquiries on average.

The main mode of contacting biz was via phone. An estimated 70% of enquires were made over the phone, compared with 14% for walk-ins and 10% for email<sup>6</sup>. The proportion of walk-ins at the tier 2 and 3 centres was higher than at the resource centres - 18% versus 11%. This reflects the fact the resource centres deal with calls to the 0800 number, which increases the proportion of phone enquiries recieved. In addition biz centres in the regional centres may be more physically accessible than the four resource centres in the major centres.

The bulk of the clients are in the start-up stage of business. 79% have been in business for less than 6 months, which includes those who are not yet in business. 95% fell into the 0 – 5 employees bracket.<sup>7</sup>

Figure 2, which shows the number of enquiries for all centres estimated for March 2005-2006, illustrates that the average number of enquiries for the tier 2 and 3 centres masks a high degree of variation in the number of enquiries dealt with by individual centres. Figure 2 also shows that whether an office is a tier 2 or 3 is not as good a predictor of the number of enquiries as might be expected. A number of tier 3 centres dealt with more enquiries than most of the tier 2 centres. The Whakatane office, for example dealt with more enquiries than any of the tier 2 centres. By contrast, the Waikato office, which is located in Hamilton dealt with fewer enquiries than most of the tier 3 centres.

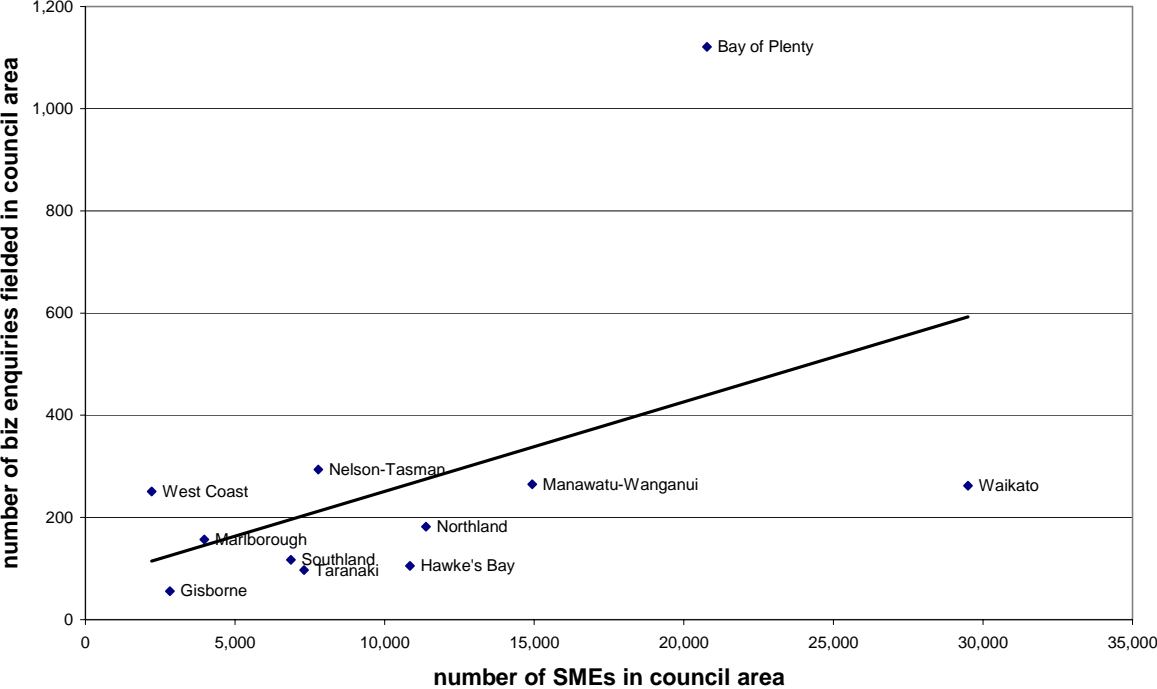


**Figure 2: Number of enquiries by biz Centre - March 2005-2006 (estimated)**

<sup>6</sup> Another 5% of clients reported 'other'. The percentages do not add up to 100% because of rounding.

<sup>7</sup> These percentages are based on those who provided information on years trading and number of employees. Respectively 16% and 13% of clients did not provide answers to these questions.

Figure 3 compares the number of enquiries fielded within a regional council area with the total number of SMEs within each area.<sup>8</sup> The four major regions containing the resource centres are not included in this graph given these centres deal with enquiries coming from outside their regions through the 0800 number. Comparing the resource centres with the tier 2 and 3 centres would therefore be misleading. Where there is more than one biz centre in a council area, enquiries to these centres are added together to find the total number of biz enquiries in that council area.



**Figure 3: Number of enquiries versus number of SMEs in selected council areas**

Figure 3 should however be treated with some care. Firstly, the number of SMEs within a council area may not be a particularly good determinant of the actual demand for the biz service. Secondly, the population density of an area is likely to have an important effect on the number of enquiries – in sparsely populated regions, it is likely that more people prefer to contact the 0800 number due to a lack of accessibility of the biz centres.

Even with these provisos, the relationship between the number of enquiries within a region and the number of SMEs is weaker than expected. The importance of other factors such as profiles of the EDAs or chambers in the area and the extent to which other services are provided by the offices (particularly Enterprise training) are likely reasons for the weak relationship between the number of SMEs in a region and the number of enquiries to biz.

To some extent the low number of enquiries in some centres might be tackled with targeted regional advertising. However, the extent to which advertising can address low numbers is limited by the factors listed above.

<sup>8</sup> Source: Statistics New Zealand - Number of Geographic Units With 0-19 EC by Regional Council Area, as at February 2005.

### **2.4.3 Funding and efficiency**

In the 05/06 year, Biz Networks was contracted to provide biz for \$1.34 million (GST exclusive). This does not include funding for advertising and materials (pamphlets, booklets and CDs). In 05/06 the cost of materials is estimated to be around \$57,000 (GST exclusive). \$300,000 is allocated towards promoting the service per annum. NZTE's biz development and administration costs are around \$22,000. Adding all of these costs together, the estimated total cost of providing the service in 05/06 is \$1.72 million. Dividing this total by the estimated number of biz clients in 05/06 gives an average cost per client of \$99.

In the 05/06 financial year, no money was spent on marketing before May. Consequently all of the allocated funding was spent in the last two months of the financial year.

It is unclear how the \$1.34 paid to Biz Networks was allocated between the tiers. However, it is understood that the funding allocated to each tier is allocated equally amongst the centres in that tier. Given this funding arrangement, the large variation in the number of enquiries dealt with by centres within a tier implies that the funding per client also varies widely. For a number of centres that dealt with few enquiries, the cost per client is likely to be several times higher than the average cost per client for the service as a whole. For other centres the cost per client is likely to be considerably less.

The high cost per client at some centres means that it is not efficient to maintain the biz service at these centres with current usage levels and the current funding mechanism. Consideration should be given to reallocating funding across centres so that it more accurately reflects the number of enquiries at each office. Contractual arrangements should include binding client number targets for centres as well as targets for cost per client. A key tool for achieving these targets is targeted regionalised promotion of the service. Over a period of time consideration should be given as to whether certain biz centres are economic and if those resources would be better used elsewhere. This review process could be a contract deliverable.

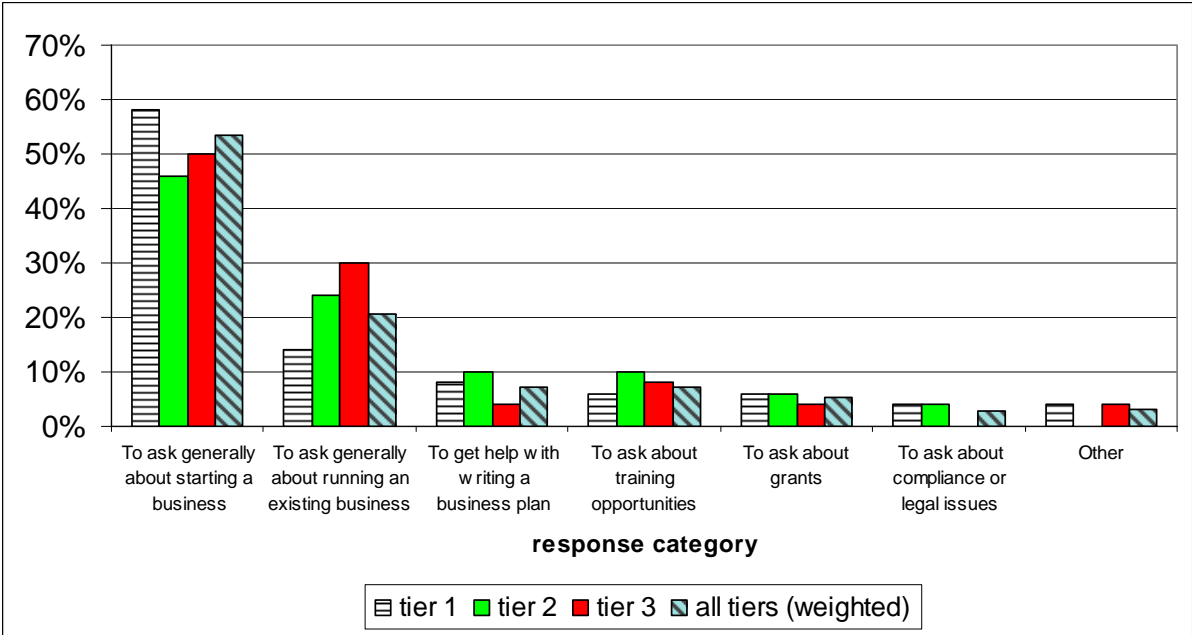
### **2.4.4 The nature of the advice and referrals**

As stated in section 2.1, the description of the biz service given in the integration cabinet paper suggests that the service was conceived as purely a referral service providing information on available business assistance. From the evidence collected in this evaluation, it appears that this description does not reflect how the service operates at present. biz not only refers enquirers to sources of "available business assistance" but also refers or provides generic information on starting and running a business.

The start-up pack, which most clients who are not yet trading or in the start-up stage of their business should receive, contains booklets and brochures providing generic business advice along with information on available services and information services. Many clients receive 'Planning for Success', a publication of around 100 pages, which discusses in some detail the process of writing a business plan (covering topics like marketing, finance and recruitment). A much slimmer publication, which is included in all starter packs, 'Business Steps' covers much of the same ground, but in a truncated form.

This focus on providing generic 'advice' probably reflects that the enquiries dealt with by biz tend mainly to be of a general nature. Figure 4 shows the phone survey respondents' reasons for contacting biz. The percentages quoted below relate to weighted average of all tiers. 81% of respondents may be characterised as having contacted biz with a general enquiry. This percentage is made up of those who chose "To ask generally about starting a business" (53%), "To ask generally about running an existing business." (21%) and "To get help with writing a business plan." (7%). This last category is included as discussions about

writing a business plan are likely to involve discussion of a wide range of issues. The general nature of most enquiries to biz justifies the provision of generic information along with referrals to other services, as these clients are likely to require information on a wide range of topics at a basic level.



**Figure 4: Reasons for contacting biz by category**

There is some variation across tiers in the percentages who chose “To ask generally about running an existing business”. 30% of tier 3 respondents indicated this as being their intention compared with 24% of tier 2 respondents and 14% of tier 1 (resource centre) respondents. These differences seem to reflect underlying differences in the numbers of trading and non-trading clients from each tier. However, the percentages of respondents who may be classified as making a general enquiry do not differ substantially according to tier.

19% of respondents may be characterised as having contacted biz with a specific enquiry. Four categories of ‘specific’ enquiries were available for respondents to choose from – “To ask about training opportunities”, “To ask about grants”, “To ask about compliance or legal issues” and “other”. The most common specific reason for contacting the biz service was to enquire about the availability of training (7%), followed by enquiries about grants (5%).

19% may be an overestimate of the percentage of ‘specific’ enquiries as many enquiries that begin as enquiries on a specific issue, lead to more general discussions once the biz staff probe the client on their situation and requirements. 46% of respondents who went to biz with a specific enquiry said that that their enquiry involved a more general discussion about starting or running a business. When we add these respondents to the number who originally contacted biz with a general enquiry, we find that around 90% of enquiries may be classified as ‘general’.

Although biz provides basic ‘advice’, it should not be considered an advisory service. This point was reiterated almost universally by the biz staff interviewed. Rather than advising clients what they should do, the usual strategy according to biz staff is to discuss the issues the client should consider so that they come up with the sensible conclusions on their own. This approach is demonstrated when, for example, biz staff are faced with a client who appears to have a fundamentally flawed idea for a business. The interviewees stressed that they would not advise the person against going into business, but would provide the

appropriate information and referrals so that the client could come to the right decision on their own. A number of interviewees reported, however, that many biz clients seemed to expect more of an advisory service than the service is able to provide.

## **2.4.5 Referrals**

The statistics on referrals are taken from the quarterly reports produced by Biz Networks for the 9 month period between July 2005 to March 2006. The most common referral is to Enterprise training, with 41% referred. This high number of referrals is to be expected given biz is contractually obliged to promote this service. Others (5%) were referred to training courses run by the Open Polytechnic.

The second most common referral was to a mentoring service – either Business in the Community or Company Rebuilders, or both. In general, only clients who are already in business are eligible for mentoring so the number of clients for whom mentoring is appropriate is smaller than the number for whom training is appropriate. Even so, 27% of clients were referred to mentoring services. The remaining referrals were to a wide range of organisations and services, chief amongst which were the Companies Office and the Inland Revenue Department.

Particularly at the tier 2 and 3 level, it appears that all or almost all of the interviewees consider the provision of referrals to local services to be a very important component of the service. Examples of local referrals are to accountants and intellectual property advisors. Most interviewees emphasised the importance of providing more than one option for a local service.

## **2.4.6 How enquirers found out about biz**

By far the greatest number of people found out about biz through a recommendation. This is followed by the internet and then through a directory listing. Before May there was no marketing of the service in the 05/06 financial year, beyond biz signage and perhaps some other advertising conducted independently by individual EDAs or chambers. Therefore, it unsurprising that very few people (less than 0.2%) heard about biz through the media. In the future, there needs to be greater assurance that the promotional budget (\$300,000 pa) is allocated more evenly throughout the year, rather than concentrated at the end of the financial year.

Along with ensuring that promotional expenditure is allocated evenly throughout the year, there appears to be further scope to improve the way the service is promoted. Feedback from several interviewees suggested that past advertising of the service has not been particularly effective. One criticism expressed by several interviewees was that the advertising was focussed entirely on the 0800 number and did not promote the tier 2 and 3 biz centres. There is clear scope to improve the use of biz.org.nz to increase the level of awareness of the network of walk-in centres. While biz.org.nz advertises the 0800 number at the top of the home page, at present the only way that visitors can find out that it is possible to contact a local biz centre is by clicking on the “contact us” link at the bottom of each page.

According to NZTE and Biz Networks, there are several reasons for focussing the promotion on the 0800 number. Firstly, the 0800 number is available nationwide, whereas local biz centres are not available in some remote regions. Secondly, resource centre staff are available on a full time basis to take calls whereas staff in the other offices fulfill other functions for their respective organizations and may not always be immediately available to answer biz enquiries. Thirdly, it is felt that using resource centre staff for simple general enquiries such as requests for a starter packs, is a more efficient use of resources. Finally, working on biz enquiries in a fulltime capacity allows resource centre staff to attain a more



extensive knowledge of the types of enquiries coming into biz and allows them to answer enquiries in a more detailed way.

However, this reasoning ignores the fact that the regionally based biz centres have certain advantages over the resource centres such as the greater ability of locally based centres to make local referrals and the preference of some to deal with a local person or to deal with someone face-to-face. Moreover, as discussed in section 2.4.3, given the current funding arrangement, the number of enquiries at the regionally based centres is directly related to cost per client. Without adequate promotion it is unlikely that the number of enquiries at centres currently dealing with few enquiries, will increase sufficiently to make the continuing operation of these centres cost-effective. Furthermore the increase in the number of enquiries at the tier 2 and 3 centres that could be achieved through improved promotion, would allow staff in those centres to improve their level of capability. Therefore, while it is understandable that promotion of the service should focus on the 0800 number, it is recommended that availability of the tier 2 and 3 centres should also be made clearer in future promotion of the service.

## **2.5 Delivery of outputs**

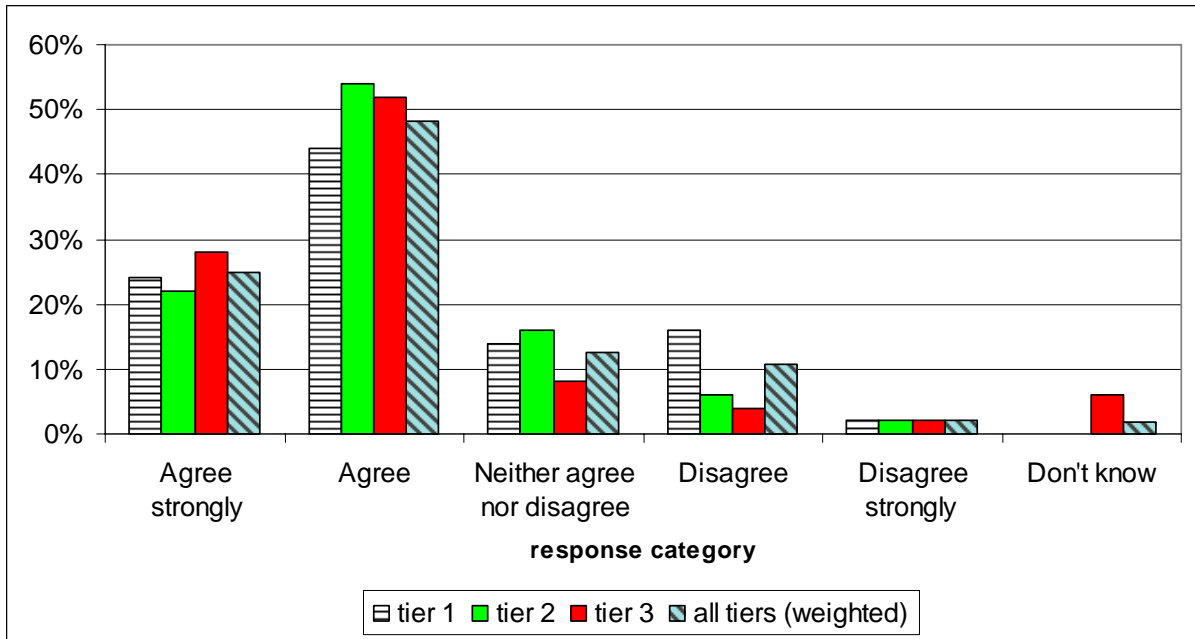
The evidence from the phone survey suggests that biz is delivering many of the outputs identified in the intervention logic diagram. Specifically it appears that:

- The information and referrals delivered by biz are relevant to the requirements of clients; and
- The materials distributed by biz are read and found to be useful.

The mystery shopper survey provides additional evidence that all biz centres are providing acceptable standards of customer service.

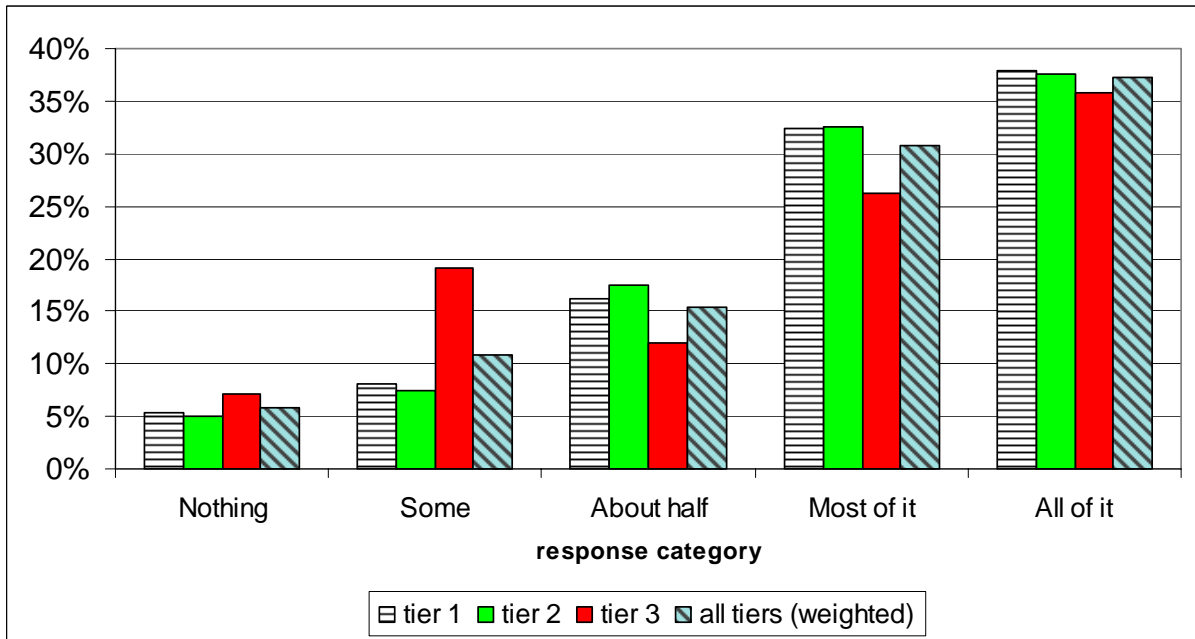
### **2.5.1 Phone survey results**

73% of respondents according to the weighted sample either 'agreed' or 'agreed strongly' with the statement "The information and referrals you received through biz are relevant to your situation" (refer Figure 5). Around twice as many 'agreed' as 'agreed strongly', which is, again, understandable given biz, almost by necessity, is to a degree only able to provide a 'one size fits all' service. There is little evidence that the level of agreement differs substantially according to the tier. The results of the survey also indicates that the print material distributed by biz is mostly read and that enquirers find it useful.



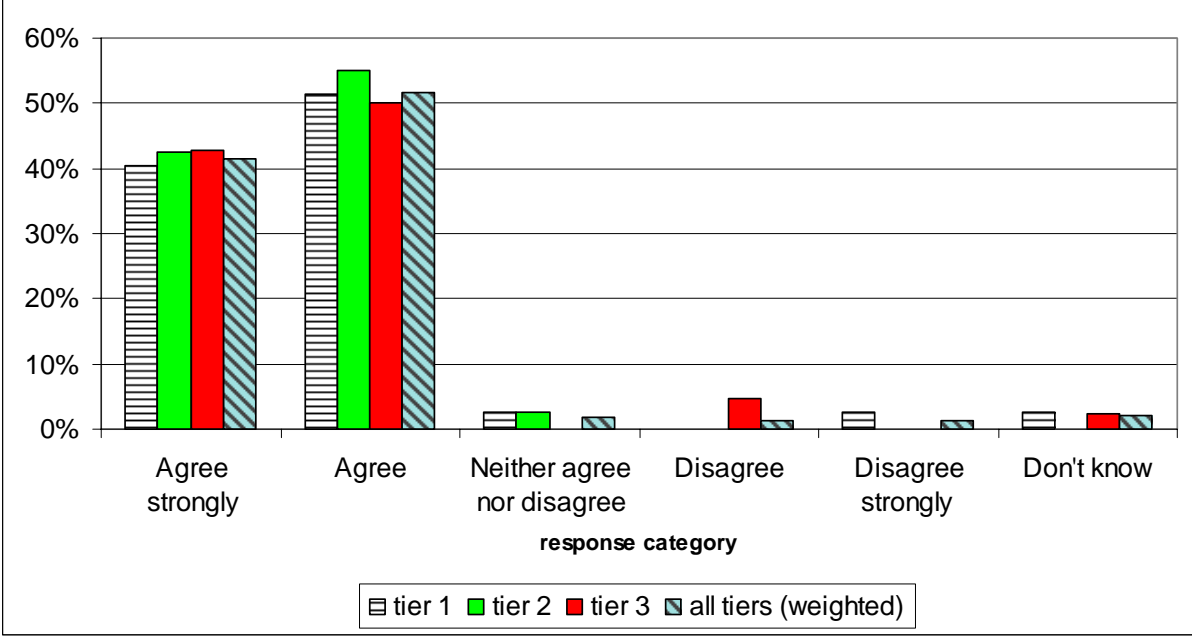
**Figure 5: Responses to ‘The information and referrals you received through biz are relevant to your situation’**

Around 83% (according to the weighted average) read half or more of the material they received (Figure 6). Of these, most replied that they had read most (31%) or all (37%) of the material. As the survey respondents were contacted between three and eight weeks after they accessed the service, many would not have had the chance to read the material in any depth. Therefore the numbers who will eventually read at least half of the material is likely to be higher than shown here. The responses do not suggest that there are large differences between the tiers in the propensity to read the material, although a larger percentage of tier 3 respondents than tier 1 or 2 respondents read nothing or some of the material.



**Figure 6: Responses to ‘How much of the printed material that biz gave you have you read?’**

The level of agreement with the statement “The printed material you received through biz is useful” indicates a high level of satisfaction with the printed material. Almost all of the respondents (93%) agreed or agreed strongly with this statement (Figure 7). Slightly fewer ‘agreed strongly’ than ‘agreed’. Given the material is by necessity to some extent ‘one size fits all’, it is understandable that not as many agreed strongly as agreed. There is no clear indication that the level of satisfaction differs significantly according to tier.



**Figure 7: Responses to ‘The printed material you received through biz is useful’**

### 2.5.2 Mystery shopper survey

The mystery shopper survey involved one visit to each of the biz centres. The mystery shoppers were given instructions to pose as someone interested in starting a business of their choice. The shoppers were directed to ask for information regarding:

- Employment law and employers obligations;
- Taxation and setting up a business and meeting obligations to the IRD; and
- Finding a suitable accountant and lawyer to help start up the business.

The criteria by which biz staff were judged related mainly to customer service as opposed to how knowledgeable the staff were and how effectively they were able to find answers to the enquiries. Criteria against which centres were evaluated included:

- Standards of presentation;
- First impressions;
- Communication skills; and
- Understanding client needs.

Only the last of these criteria directly concerns the level of knowledge of biz staff members and the ability to answer enquiries.

Other criteria used to judge the quality of service received by shoppers who rang the 0800 number. These covered the same broad areas as listed above, along with some more specific criteria applicable only to telephone communication such as the number of rings before calls were answered.

The shoppers did not judge the centres using a rating scale but by answering 'yes' or 'no' to questions on whether each standard was met. For the most part these standards appear to be relatively easy to meet, meaning it is hard to gauge whether high scores indicate a very high level of service and to meaningfully compare the level of performance of various biz centres. Given there was only one visit to each of the offices, individual results should be treated with caution, as the ratings given to individual centres reflect the subjective judgement of a single mystery shopper.

The results of the survey suggest that centres are achieving acceptable standards of customer service. All centres scored 80% or higher on overall performance, based on the number of standards centres met. On the 'top-line' criteria listed above, the overall service scored between 93% and 100%. Somewhat unexpectedly, two of the tier 1 centres (Wellington and Christchurch) scored amongst the bottom four centres.

The only area of concern is in the time taken for the shoppers who phoned the service to receive materials through the post. Overall the service only scored 54% on receiving the materials within five working days. However, there was no indication from MED's phone survey of biz clients that there were significant problems with receiving the promised material.

## **2.6 Achievement of intermediate outcomes**

In general the results from the phone survey indicate a high level of satisfaction with the biz service and suggest that for a large proportion of clients, accessing the service affects their attitudes and intentions. The evidence suggests that the service is delivering the intermediate outputs identified in logic diagram. There is a high level of agreement that accessing biz:

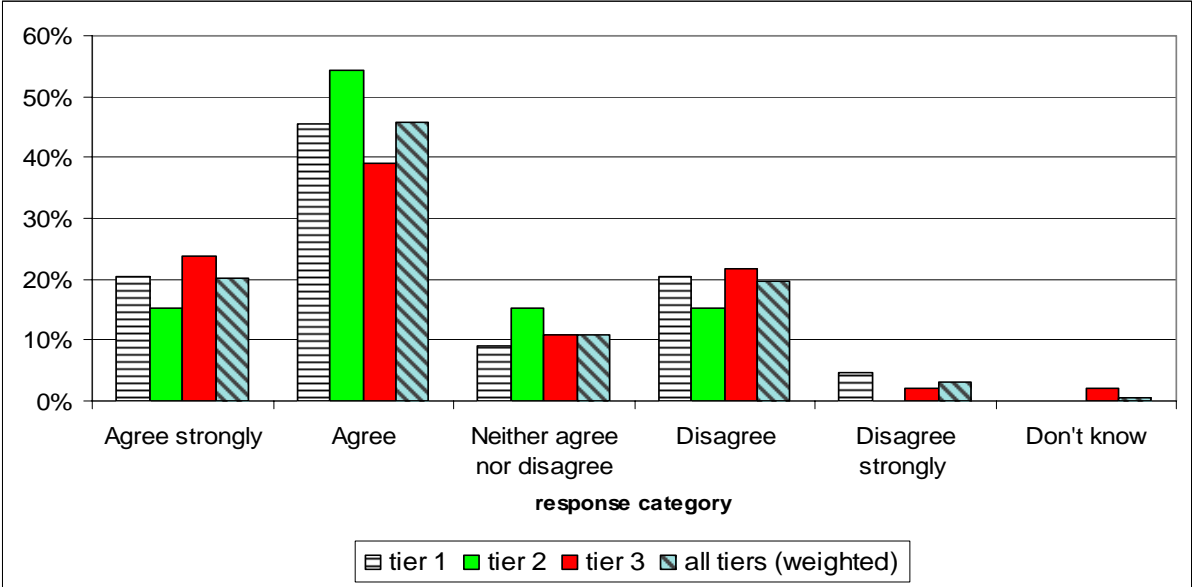
- Increases users' awareness of the range of issues that must be considered in order to run a successful business.;
- Increases users' awareness of the regulations businesses must comply with;
- Reduces the amount of time spent searching for business information and referrals;
- Increases the uptake of training and other service.

It is unclear whether the intermediate outcome that 'Potential start-ups are discouraged where they have a faulty business case' is being achieved. Overall, accessing biz does not seem to affect the intention of starting a business, although some individuals appear to be encouraged while others are discouraged. There is also no indication that the extent to which intermediate outcomes are being achieved differs strongly according to tier.

### **2.6.1 Does biz increase enquirers' level of knowledge?**

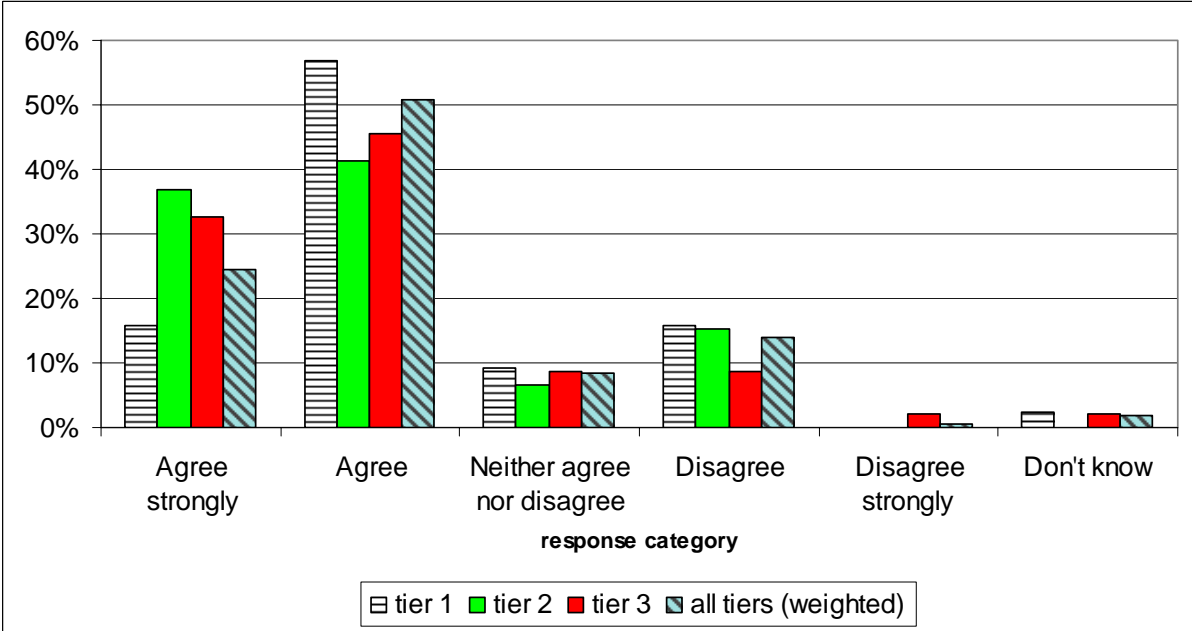
There is a strong level of agreement both that biz increases clients' knowledge of regulations (figure 8) and that it increases their understanding of running a business (Figure 9). In the weighted sample 66% either agreed or agreed strongly that biz increased their understanding of regulations. Around twice as many agreed as strongly agreed. Compared

with the other statements, a significant percentage (around 20%) disagreed. This is likely to simply reflect that many enquiries did not relate to regulatory matters. There is little evidence that the level of agreement differs significantly according to tier.



**Figure 8: Responses to 'biz has increased your awareness of regulations businesses must comply with'**

75% agreed or strongly agreed that biz increased their understanding of running a business, with around twice as many agreeing as disagreeing (Figure 9). Again, there is little evidence that the level of agreement differs according to tier, although around twice as many tier 2 and tier 3 respondents agreed strongly with the statement as tier 1 respondents.



**Figure 9: Responses to 'biz has improved your understanding of running a business'**

The level of agreement with the statement “Contacting biz has answered your most important questions” (figure 10), is similar to the level of agreement with the statement about relevance (Figure 5). This suggests that respondents interpreted the two questions similarly. According to the weighted sample, 70% agreed with this statement and around twice as

many 'agreed' as 'agreed strongly'. Again there is little evidence that the level of agreement differs substantially according to the tier.

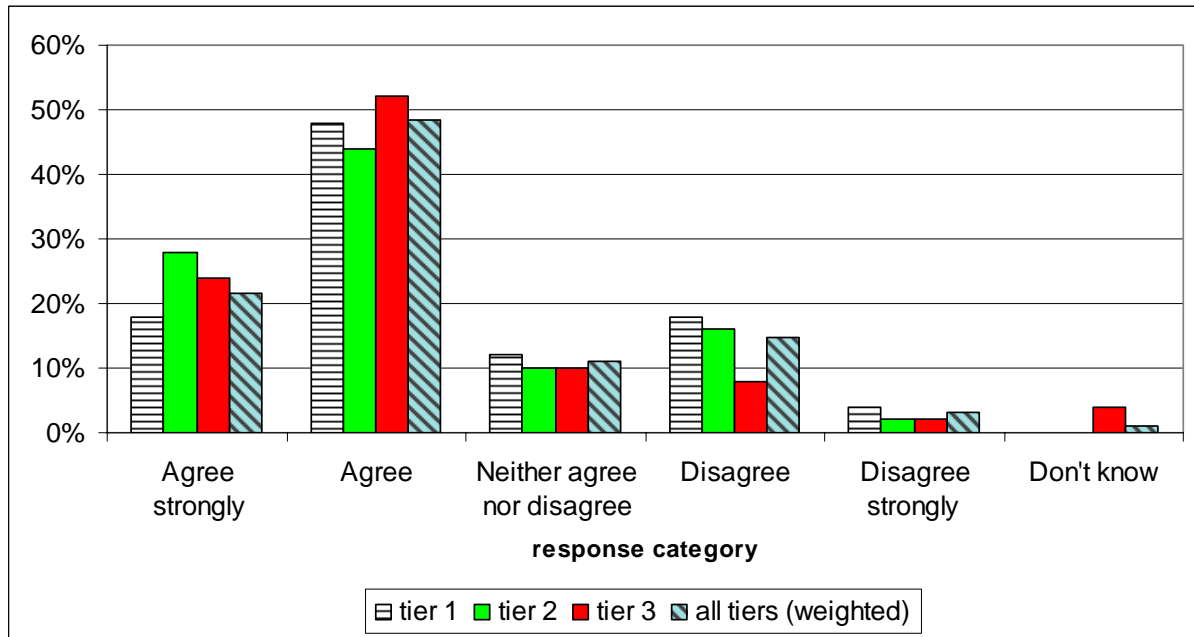


Figure 10: Responses to 'Contacting biz has answered your most important questions'

## 2.6.2 Does biz save time?

There is a strong level of agreement that accessing biz saves clients' time finding business information, with 81% in the combined sample either agreeing (51%) or agreeing strongly (30%) (Figure 11). There is little evidence that the level of agreement differs significantly according to tier.

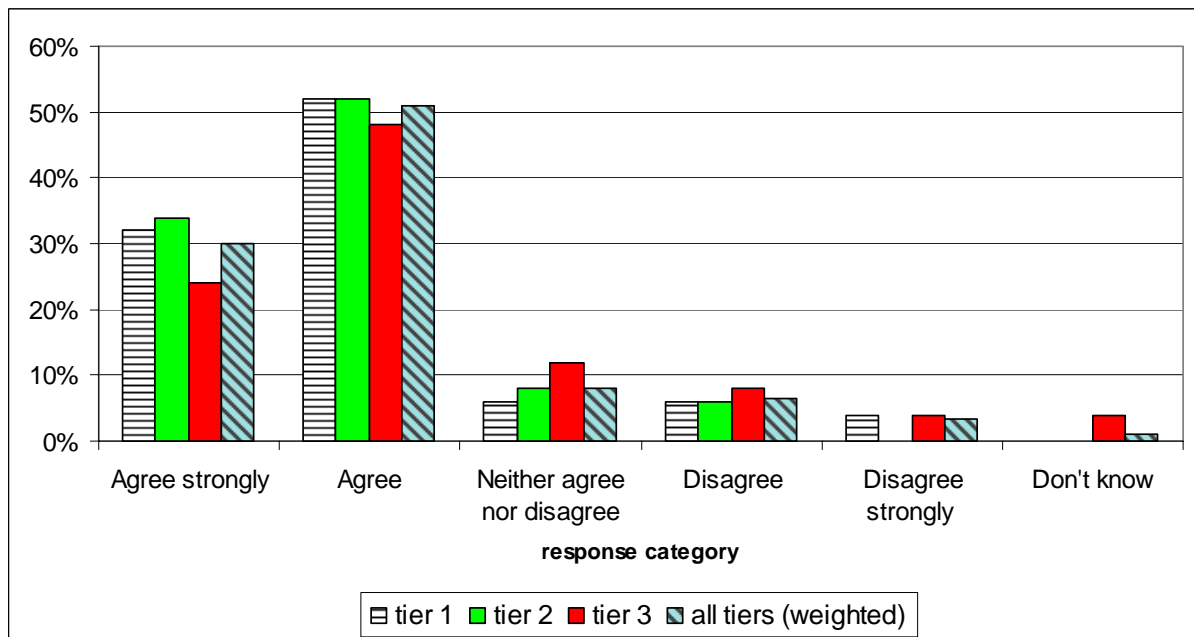


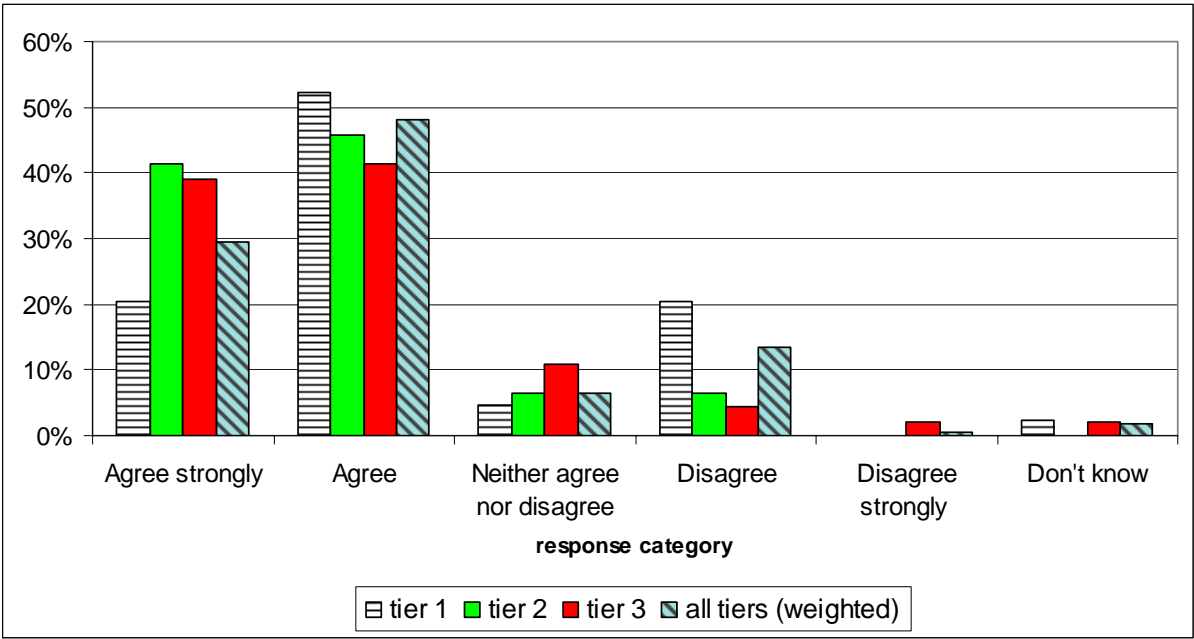
Figure 11: Responses to 'biz has saved you time finding business information'

### 2.6.3 Does biz increase awareness and uptake of training and other business assistance services?

biz appears to be fulfilling the identified outcome of ‘Increasing awareness of training and other business assistance services’. With respect at least to mentoring and training services, the evidence also suggests that the service is largely achieving the subsequent intermediate outcome of increasing the uptake of these services. A large percent of respondents referred said they had made contact with these services or intended to contact them.

According to the weighted samples, 44% of respondents recalled being referred to training services and 31% recalled being referred to mentoring services. These percentages are in line with the referral statistics provided by the enquiry log. When the small sample size is taken into account, there was no clear difference between the tiers, although somewhat more tier 2 and 3 respondents recall being referred to these services than tier 1 respondents.<sup>9</sup>

There was a strong level of agreement with the more general assertion that biz increased awareness of training opportunities and services, with the vast majority either strongly agreeing or agreeing with this (Figure 12). There is little indication of a difference between the responses of tier 2 and tier 3 respondents. However, about half as many tier 1 respondents agreed strongly with the statement as tier 2 and tier 3 respondents and many more tier 1 respondents chose ‘disagree than did tier 2 and 3 respondents.



**Figure 12: Responses to 'biz has increased your awareness of training opportunities and services available to you'**

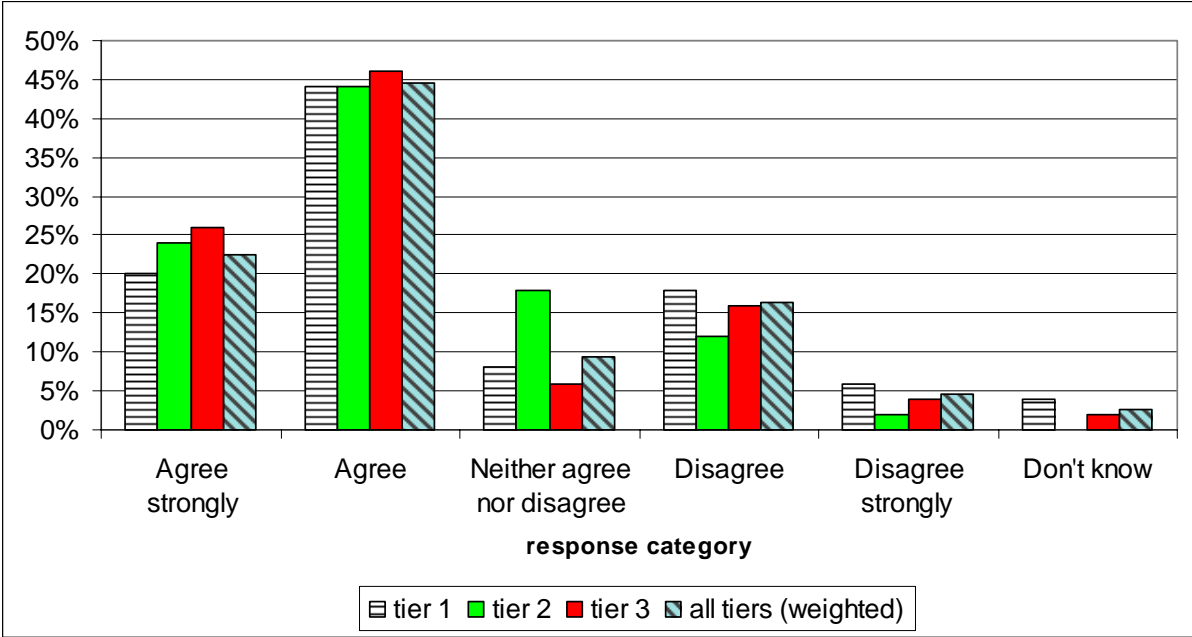
According to the weighted average of all tiers around half (48%) of respondents who were referred to training services contacted these services after their enquiry with biz. A further 23% (according to the weighted sample) said that they intended to contact the services. Responses are similar with respect to mentoring services. 55% who had been referred said that they had contacted the mentoring services and a further 27% said they intended to.

<sup>9</sup> 38% of tier 1 respondents recalled being referred to training services compared to 52% and 50% respectively for tier 2 and 3 respondents. 24% of tier 1 respondents recalled being referred to mentoring services compared with 34% and 40% respectively for tier 2 and 3 respondents.

There are no clear differences between the tiers in responses to this line of questioning and the differences that do exist are hard to interpret as the sample sizes are small.

**2.6.4 Do enquirers make practical use of the information?**

The information and referrals provided by biz are of no use if they do not subsequently affect actions. Most respondents agreed that they made practical use of the information and ideas they received through biz, suggesting that for most clients, biz does lead to changes in actions (Figure 13). In the combined sample, 67% of respondents either agreed (45%) or agreed strongly (22%) that they had made practical use of the information and ideas they gained through biz.



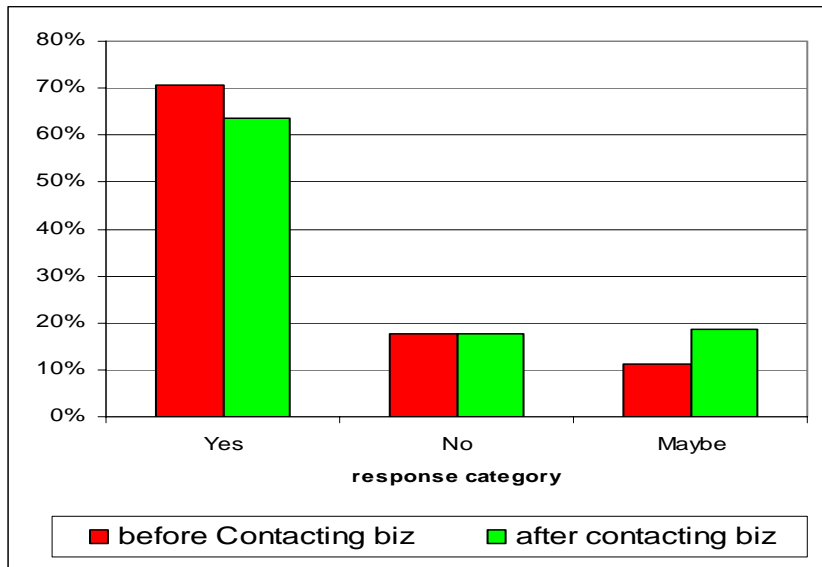
**Figure 13: Responses to 'You have made practical use of the information and ideas you have gained through biz'**

**2.6.5 How does contacting biz affect the intention of starting a business?**

Accessing biz does not appear to have a large influence on the intention to start a business. In the survey, respondents who were not already in business were asked whether they intend to start a business within the year. They were then asked whether they had intended to start a business within the next year *before* they contacted biz. Differences in the responses to these questions provide an indication of how contacting biz has affected these intentions.

71% (according to the weighted sample) said they intended to start a business before contacting biz compared with 63% at the time they took the survey (Figure 14). This is not a large difference given the size of the sample.



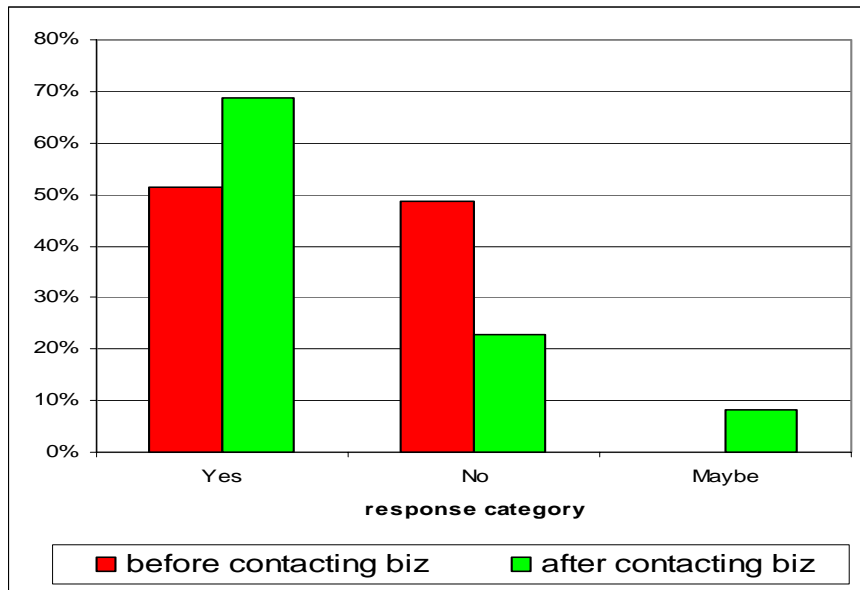


**Figure 14: Intentions of starting a business - before and after contacting biz (all tiers)**

### **2.6.6 How does contacting biz affect the intention of writing a business plan or improving an existing business plan?**

Arguably, one of the key 'lessons' biz should impart to enquirers is the importance of having a good business plan. The survey evidence suggests that the service is having some success in achieving this, with many respondents without a business plan indicating that contacting biz motivated them to write one and most of those with an existing plan indicating that contacting biz motivated them to improve their plan.

In the survey, respondents who had said that did not already have a business plan were asked whether they intended to write a business plan. They were then asked whether they intended to write a business plan before they contacted biz. Differences in the responses to these questions provides an indication of how contacting biz has affected these intentions. Figure 15 displays the responses to these questions. The results suggest that contacting biz does have a positive impact on intentions to write a business plan. The results from this line of questioning for each tier are difficult to interpret given the sample sizes were small – 25 or less. However, there does not appear to be large differences between the tiers in the responses to these questions.



**Figure 15: Intentions of writing a business plan - before and after contacting biz (all tiers)**

Those respondents who said they already had a business plan (55% of the weighted sample) were also asked whether contacting biz had encouraged them to improve their business plan. 60% said 'yes' and another 3% said 'maybe'. Again because of the small sample sizes, interpreting the results for each tier is difficult, but there does not appear to be large differences between the tiers.

## 2.6.7 Suggestions for Improvement

At the end of the survey respondents were provided an opportunity to offer suggestions for how the biz service could be improved. In keeping with the other evidence presented, the responses reflected a high level of satisfaction with the service. The largest percentage of respondents (48%) had no suggestions for improvements. In some instances, it appears that the lack of suggestions was due to lack of knowledge of the service. In other instances, the lack of suggestions appeared to reflect a high degree of satisfaction with the service – a typical response in this vein recorded by the interviewer was “Keep it up. They were brilliant”.

By far the most common specific suggestion for improvement was that the service be better promoted (11%), which does not directly concern the delivery of the service. 6% of suggestions related to the provision of specific types of information related to their enquiry. It is difficult to characterise these suggestions as they related to a range of specific issues. It is likely that many of the respondents who made this type of suggestion expected a greater specificity of information from biz than can reasonably be expected. 5% of suggestions related to providing more or better information in general, or more information of the sort biz is expected to provide e.g. the timing of training courses. Another 5% made suggestions that biz should make follow-up calls to check on the progress of clients.

It is noticeable that there were very few suggestions (less than 1%) relating to the standard of customer service. Hence, the responses to this question would seem to suggest that customer service is not a significant area of concern for the biz service, which is backed up by the mystery shopper survey.

A large percentage of other suggestions did not concern the biz service directly, but related to the services biz refers enquirers to, most commonly mentoring and training. For instance,

a number mentioned problems with attending training courses due to lack of information or lack of availability. Others suggested that there be improved follow-ups by the mentoring service.

## **2.7 Other delivery issues**

### **2.7.1 Effectiveness of the network**

One of the key features of the delivery of biz is the high level of localisation of the service. The service is delivered by a network of centres, over which Biz Networks (and in turn NZTE) exerts, for important reasons, only limited control. Firstly Biz Networks does not directly employ any of the biz staff and secondly the geographical dispersion of the service makes monitoring difficult and expensive. These factors limit the level of direct control that can be exerted over the EDAs and chambers. This means that the quality of the communication and support within the network of biz centres as well the quality of staff training are important to ensure that consistent standard of service is provided across the centres.

The interviews provided some insights into the quality and extent of the communication and training within the network. A survey of biz staff was undertaken to determine whether these insights applied across the entire network of the biz centres and also so that staff feedback could be provided in standard form. The feedback gathered suggests that although the training and support provided is valued, more could be done in this area to improve the consistency of service across the network.

Staff were asked to rate the importance of three sources of support in the following three areas:

- Getting answers to enquiries staff are unable to answer themselves;
- Building knowledge of business information and services available to biz clients; and
- Building knowledge of how to approach enquiries.

For each of these areas, the survey asked to rate the importance of three sources of support:

- The resource centre with responsibility in their region (this did not apply to staff in the resource centres);
- The Chamber, EDA or other parent organisation employing them; and
- Other external sources.

It is important to interpret the results with care given the importance that staff members place on these forms of support depends to some extent on their level of experience. Some staff members may have rated some sources of support as unimportant simply because their level of expertise is such that they do not require this support.

Tables 3 to 5 show the results of the survey with regard to the relative levels of importance of the three sources of support. The results suggest that, in general, the staff value the support they receive from their resource centre, with more than 60% rating the importance of this support in each of the three areas identified. However, they do not appear to consider this source of support as any less important than their chamber / EDA or other parent organisation, with similar percentages considering these sources of support as important.

**Table 3: The relative importance of sources of support for getting answers to enquiries staff are unable to answer themselves**

Source of support	Rating						Average
	1 (not at all important)	2	3	4	5 (very important)	N/A	
Regional hub (resource centre)	3% (1)	7% (2)	10% (3)	17% (5)	52% (15)	10% (3)	4.19
Chamber / EDA / parent organisation	7% (2)	7% (2)	7% (2)	17% (5)	52% (15)	10% (3)	4.12
Other external sources	0% (0)	7% (2)	7% (2)	31% (9)	52% (15)	3% (1)	4.32

**Table 4: The relative importance of sources of support for building knowledge of business information and services available to biz clients**

source of support	Rating						Average
	1 (not at all important)	2	3	4	5 (very important)	N/A	
Regional hub (resource centre)	0% (0)	4% (1)	18% (5)	14% (4)	54% (15)	11% (3)	4.32
Chamber / EDA / parent organisation	4% (1)	11% (3)	4% (1)	18% (5)	57% (16)	7% (2)	4.23
Other external sources	0% (0)	0% (0)	14% (4)	32% (9)	50% (14)	4% (1)	4.37

**Table 5: The relative importance of sources of support for building knowledge of how to approach enquiries**

Source of support	Rating						Average
	1 (not at all important)	2	3	4	5 (very important)	N/A	
Regional hub (resource centre)	4% (1)	11% (3)	7% (2)	26% (7)	41% (11)	11% (3)	4
Chamber / EDA / parent organisation	4% (1)	7% (2)	11% (3)	14% (4)	50% (14)	14% (4)	4.17
Other external sources	0% (0)	15% (4)	15% (4)	27% (7)	31% (8)	12% (3)	3.83

There is a high level of attendance at the national training day held each year. Of those agencies which were providing the service in October 2005 (when the last training day was held), around 70% indicated that they attended the training day. For the most part the training day is useful, with nine out of 16 respondents finding it 'very useful' and three finding it 'useful'. Attendance at regional meetings, which are meant to be held quarterly is fair, with most reporting that they had attend one or two meetings. Like the national training days, these meetings are found to be useful, with 52% or those who answered this question finding them 'very useful' and 35% finding them 'useful'.

Although from the above evidence, it appears that staff value the training and support they receive, there is still room to increase the standard of training and support to ensure a more consistent level of service. Most importantly according to survey response and also the feedback obtained during the interviews, it appears that staff undergo little or no formal induction. Rather, induction appears to occur on an ad-hoc basis, with many new staff

relying on the staff within their EDA or Chamber and their own initiative to become familiar with the role. Some interviewees reported that they felt out of their depth when they first entered the job. To ensure a consistency of service, the development of a more formal induction process should be considered.

Moreover, it appears that there are shortcomings in the way information is disseminated across the network of centres. Several interviewees reported that they had gained significant pieces of information (for instance the existence of new publications) informally and by chance, rather than through formal means. Several staff said that they often found it hard to keep up to date on changes in regulations government programmes and the introduction of new publications and sources of information. Some have reported that this task takes up a considerable amount of their time.

There also appear to be shortcomings in the information linkages between biz and other services such as Enterprise training, which go beyond the biz service. Some interviewees, for instance, reported that they had trouble finding information on the timing of Enterprise training courses.

As mentioned, the lack of direct control exerted on centres means that ensuring a consistent standard of service is difficult. The interviews suggested that there is some lack of consistency in the way the service was delivered from office to office. The various staffing arrangements at the tier 2 and 3 level suggest that the importance offices place on the biz service differs widely from office to office. At some centres the person primarily responsible for biz enquires is a general administrative staff member, often the receptionist. At other centres, the primary responsibility for biz lies with someone at management level. However, overall, it appears that most of staff delivering the service have good background experience for the role. Many currently run, or have run, a business and most others have relevant qualifications or have worked in similar positions in the past.

More fundamentally perhaps, there appears to be a fair degree of inconsistency in the materials given out to clients. Three of the interviewees (one in each of the three tiers) indicated that they had developed their own materials that they included in starter-packs. This may not be a problem in itself if these materials are of high quality. However, it does suggest that there is some danger that some centres are providing information that may not be consistent with the information biz is intended to provide.

Where the biz centre is integrated with a Chamber, it appears that there is a tendency at some centres towards favouring professional services affiliated with the Chamber over non-members. The majority of tier 2 and tier 3 centres appear to attempt to refer clients to the most appropriate professional services whether these are affiliated with the Chamber or not. However three interviewees indicated that there was a strong preference to refer clients to Chamber members.

## **2.7.2 Advantages of a regionalised service**

While the regionalisation of the service has disadvantages due to the difficulties faced in relation to communication and ensuring a consistency of service, there are also advantages. The most obvious advantage of the localised model is that biz clients can be provided with referrals that are directly relevant to the local situation. Such local referrals may be to local accountants or business advisors or local training services. The vast majority of the biz staff interviewed agreed that this aspect of the service was very important. Additionally many biz interviewees suggested that this localisation of the biz service is important to the clients, due to the natural preference of dealing with a local person who has local knowledge.

Another important aspect of the localised model of delivery is that more potential biz clients are able to make a face-to-face enquiry, which many may prefer to making an enquiry over the phone.

There are specific advantages associated with basing biz centres in the EDAs and Chambers. Most importantly, biz staff are able to draw upon the resources and knowledge that exist within these institutions. When asked how the integration of the biz service in the EDA or Chamber influences the referrals that are made to clients, most suggested that being part of the EDA or Chamber helped because of the incidental knowledge they gained by being part of their parent organisation. Along with this incidental knowledge, biz staff may also be able to draw upon more concrete resources and knowledge available in the Chambers or EDAs. For many tier 2 and 3 biz centres, there is a blurring of the boundaries between where the biz service ends and the other services of the EDA or the Chamber begins. Some of the staff indicated that when it is warranted they sometimes refer biz enquirers to advisors within the Chamber or EDA who are able to provide more in-depth assistance. Many of the EDAs or Chambers also provide Enterprise training, enabling them to 'seamlessly' refer biz enquirers to this service.

### **2.7.3 Why have a telephone and walk-in service?**

Given that in important respects it is much more efficient to disseminate basic business related information through the internet than through a phone and a walk-in service, there is some question as to the value of providing a telephone and walk-in service along with a website. The estimated number of visits to biz.org.nz in 05/06 is 200,000 and \$0.2m is allocated to biz.org.nz per year. This compares to around 20,000 enquiries to the biz walk-in and telephone services in 05/06, at a cost of \$1.34m (GST exclusive).

There are two main arguments for retaining a telephone and walk-in service. Firstly, some people simply prefer telephone or face-to-face communication over obtaining information on the internet. This may be because of limited internet access, which is becoming less of a barrier, or because of a natural preference. According to a State Services Commission survey (2004), slightly more than 50% of respondents contacted the government by phone or in person. The percentage is higher for Maori, with 77% making phone contact when seeking information from the government. The main reasons for choosing non-internet methods were that they were considered faster/easier (36%), because there is 'no other way' (24%) and because these methods were considered 'more personal' (20%). According to 2005 report undertaken by the Australian Information Management Office, preferences for various modes for contacting government are similar in Australia. This report makes the further point that where there is perceived complexity and/or ambiguity of tasks, people are more likely to choose a non-internet channel of communication. Given most enquiries to biz involve at least a fair degree of complexity and ambiguity, it follows that there should be a stronger preference for accessing biz by phone or in person than for many other government services.

The second main argument for retaining telephone and walk-in services is that people are more likely to find out what they 'didn't know they needed to know' if they contact the phone or walk-in service than if they access biz.org.nz. Through questioning, a biz staff member can alert clients to issues they were not aware of or did not think were important. While to some extent users of the website can be alerted to various issues, this very much depends on whether the user is asking themselves the right questions. For instance a user of the website may wish to find out about GST, finds the relevant information on the website, but fails to discover that there are wider taxation issues they should be considering.

## 2.8 biz.org.nz

As noted in the introduction, although biz.org.nz is an important component of the overall biz service, it was not specifically evaluated because it was relatively recently evaluated by AC Nielsen in 2004. The website does not appear to have changed significantly in the past two years so it is useful to report the conclusions from this report. In addition, the 2005 Business New Zealand – KPMG compliance cost survey also contained findings on the helpfulness and usage of biz.org.nz. The results from NZTE client value research are also reported. The evidence from this research suggest that biz.org.nz is achieving a high level of satisfaction amongst users and also that usage of the website is high.

### 2.8.1 AC Nielson findings

The key conclusions of this review are reproduced below:

*.....the biz portal website appears to be meeting its strategic intent reasonably well, given the large amount of compliance information to be covered and the wealth of business information that could be provided. Online user views of the information provided, and its ability to help reduce compliance time and costs and help develop good business practice, are favourable.*

*Those who visited to look for information about starting a new business gave the most positive ratings: Seven in ten of them rated the site as excellent or very good. Those who were looking on the website for information about business courses, etc, rated the site less favourably than others, with just under half giving it an excellent or very good rating. Their ratings tended to be less favourable on all dimensions throughout the online survey.*

The findings of the report in relation to the reasons for accessing the website mirror the findings of the current evaluation in that they suggest that most enquiries are of a general nature.

*The main reasons for visiting the biz portal among pop-up visitors are in relation to starting up a small business (over a third of responses), or finding out about sources of information for small businesses (a fifth of responses). Others said their purpose is for information to help run a business more smoothly, or for general business information. Thus, information on the site aimed at improving good business practices is of relevance to those who visit.*

*Only a very small proportion indicated that their main visit purpose was specifically for compliance related information, and indeed it is likely that people looking for, say specific topic related compliance information, may well go directly to the website of the government agency responsible for that compliance issue.*

### 2.8.2 NZTE client value research findings

According to NZTE client value research undertaken in October 2005 by Conversa Global Ltd, biz.org.nz is rated highly by clients. In particular clients rate the accuracy and usefulness of the information well. Both of these aspects are important drivers of the overall user experience. As in previous years, the website scored lowest in terms of the ease of finding information on the site, although the website still scored relatively highly in this respect.

### **2.8.3 Business NZ – KPMG compliance cost survey findings**

The compliance cost survey contained questions on whether the respondent had used the biz website in the past and also on helpfulness of the biz website. The survey indicated a high level of awareness and usage of the website, especially amongst smaller firms, the target demographic for the website. 43% of respondents in the 0-5 FTE bracket reported they had used the website in the past. In the 6-9 and 10-19 FTE groups, respectively 37% and 32% of respondents reported they had used the website in the past. Across all FTE groups, 33% reported they had used the website in the past.

63% of respondents rated the website as either helpful (9%) or very helpful (54%). The proportions of respondents in individual FTE groups finding the website either helpful or very helpful were similar.

## **2.9 The relationship between biz and the 0800 hotline**

Some discussion is required on the relationship between biz and the NZTE 0800 hotline, particularly in relation to why two separate enquiry services are required. The NZTE hotline is primarily the entry point into the range of services offered by NZTE. As the services provided by NZTE are designed mainly for businesses beyond the start-up phase and/or those with high growth potential, the hotline caters to a different group than biz. While biz provides relatively standardised referrals and information that fit a wide range of requirements, callers to the hotline (which is administered by the Business Services Team) receive a more rigorous assessment of capabilities and are referred to services accordingly. Therefore, it is appropriate that there should be two different enquiry services.

Given the number of enquiries to the 0800 hotline that fit the biz profile, the marketing of these two enquiry services needs to be improved so that people access the appropriate service.

## **2.10 Recommendations**

It is recommended that NZTE:

1. Improve the promotion of the service within the existing baseline funding, including setting accountable targets for marketing so that the utilisation of centres currently dealing with a low number of enquiries improves.
2. Instruct the delivery agent to introduce explicit provisions to produce a greater consistency of service quality across offices, such as an enhanced manual and more formal induction processes for new staff. There may also be value in introducing some form of competency standard against which biz staff are periodically measured.
3. Instruct the delivery agent to review and enhance the efficiency of service, in terms of funding per client, by reallocating funding across offices and by introducing binding client number targets for offices as well as targets for cost per client. A key tool for achieving these targets is targeted regionalised promotion of the service. Over a period of time consideration should be given as to whether certain biz centres are cost-effective and whether the funding for these centres could be better used in other ways, in particular to improve the standard of staff training and induction processes.



## 2.11 New contract details

The new contract to deliver the service, which commenced in 1 July 2006 and will be able to be rolled over annually over the next three years, incorporates early findings from the review.

The new contract instructs the Biz Networks to:

- Take responsibility for biz centres being located in appropriate cities and regions. The delivery agent is required to monitor quarterly the output from each agency and make recommendations for change if activity levels are too low to justify the expenditure in the city/ region.
- Set quality standards for both the 0800 and walk-in centres and provide a Quality Plan to NZTE within 1 month of the contract being signed.
- Ensure the 0800 and walk-in centres are staffed by people equipped with the skills to identify the needs of businesses or individuals
- Provide all biz staff with on-going training and capability building. All staff are to undergo a thorough induction and receive reference material covering how the service will be delivered, how to find/order the most recent publications, response time, keeping records up-to-date, and database management.

In addition, the new contract gives NZTE access to the biz database so in future NZTE will be able to run reports without having to rely on Biz Networks to provide enquiries data.

## 3. Generic market intelligence information

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### 3.1 Description and background

The integration cabinet paper states that NZTE would provide “generic market intelligence information to support businesses that are considering entering export markets or do so already”. At the time of the integration cabinet paper these services were provided online on marketnewzealand.com and this continues to be the case.

The types of information covered in this review are as follows:

- **Country and Economy Briefs** - overviews of New Zealand’s top export markets, including current opportunities, regulatory issues, freight and business and cultural tips. The briefs are generally between 8 and 15 pages long.
- **City Guides** – these guides include advice on accommodation, transport, banking, food and entertainment. In general, these guides are between 10 and 20 pages long.
- **Checklists and How-to Guides** - practical information and advice covering a wide range of topics, from strategic alliances/joint ventures to agent and distributor selection and export planning. Most of these guides are 10 pages or less in length. A few are substantially longer (up-to 60 pages).
- **Sector profiles** – These profiles provide an overview of a particular sector within one country and mention major trends and any restrictions to market entry. The profiles are generally between 5 and 15 pages long.
- **Global and market updates** – Short news stories produced monthly about specific sectors (global updates) and macro developments by country (market updates). The global updates cover 16 different sectors and the market updates cover 7 regions. Typically stories are 100 words or less, but may be 300 words or more. Several stories (sometimes ten or more) are produced for each sector or region each month.

Although most of the content is primarily distributed through marketnewzealand.com, the Business services team (previously the Business evaluation team), which is responsible for assessing the needs of potential NZTE clients and directing them to the relevant services, also distributes this content. Indeed, the Business services team appears to be the most important distribution source for the market sector profiles. The content is also distributed to some extent by NZTE client managers and through NZTE’s exporter education programme. There is also some internal NZTE use of the content.

The review focused on evaluating the value of the content itself and factors that affect how accessible it is on the website, given this is the primary delivery mechanism.

The primary purpose of marketnewzealand.com is to provide a trade enquiry service allowing overseas companies to learn more about and make contact with New Zealand companies profiled on the site. This function falls outside the scope of the evaluation, along with information that is aimed specifically at overseas buyers. This includes a directory of New Zealand exporters and profiles of New Zealand export industries. The website also contains success stories about New Zealand exporters and other ‘good news’ stories, aimed primarily to promote New Zealand to overseas buyers. These success stories do have some value for New Zealand exporters so they are discussed briefly.

The website was redesigned in November 2005 to better distinguish the content relevant to New Zealand exporters and that relevant to overseas buyers. The homepage of the website directs users to either a section aimed at overseas buyers or a section aimed at New Zealand exporters. Prior to the redesign, no such clear delineation was made, but there were sections on the website clearly aimed at either New Zealand exporters or overseas buyers.

Marketnewzealand.com was developed between 2000 and 2002 by Trade NZ as part of its e-Business Programme. Prior to the establishment of the website, Trade NZ provided some of the same information as appears on the website, in pamphlet or booklet form.

## **3.2 Programme outputs and outcomes**

### **3.2.1 Programme logic model**

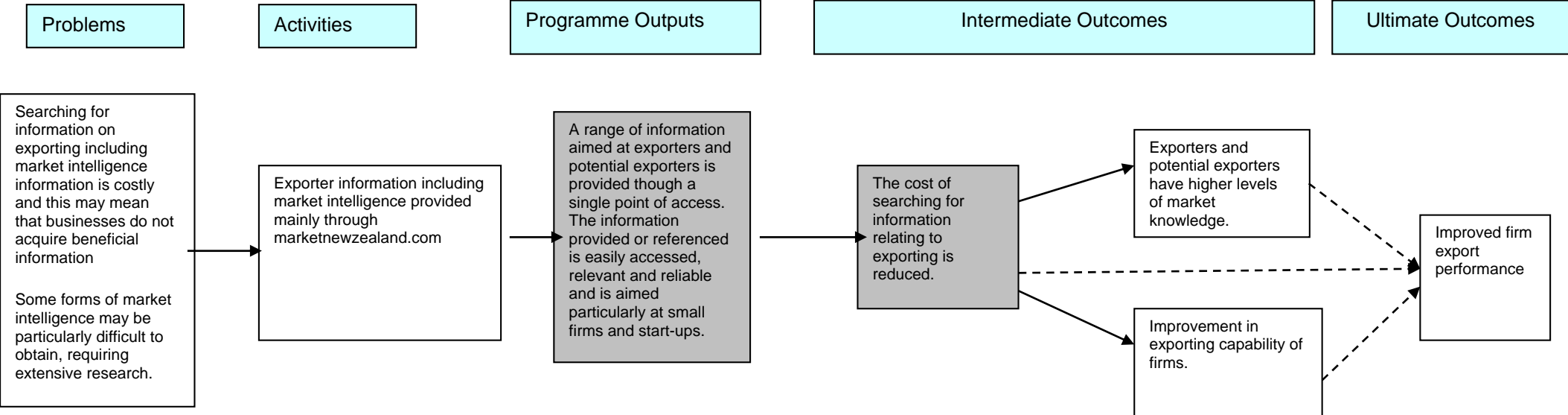
The programme logic for the biz service represents the views of MED and NZTE as to how biz is intended to achieve the identified outcomes. The logic model illustrates how the service is envisaged to produce the ultimate outcome at the right of the diagram, which is improved export performance of current and potential exporters.

Improved firm performance is envisaged to flow from improved understanding of:

- The characteristics of overseas markets including exporting opportunities; and
- The basics of exporting

As with biz, marketnewzealand.com improves understanding in these areas by exposing users to what they 'didn't know they needed to know' and by making it easier find information they are searching for, thereby increasing the likelihood that they obtain this information. As with biz, the greater ease of accessing information is not only beneficial because it means that users of the website are more likely to access valuable information, it is intrinsically beneficial given there is an opportunity cost (and potentially a monetary cost) associated with searching for and accessing information.

**Figure 16: Generic market intelligence information logic model**



### **3.3 Evaluation methodology**

This review is intended to help answer the following questions:

- Has the service been successful in achieving the expected intermediate outcomes as identified in the intervention logic diagram?
- Is the service delivering the expected outputs?

As with biz, no attempt is made to directly measure the impact of the provision of these information services on the ultimate outcome of improved firm export performance. Again, this is because the 'light touch' nature of the service makes it unreasonable to expect that the level of impact on users of the information will be measurable.

The methodologies employed in this review address various aspects of the services to provide an overall picture of its effectiveness:

- Interviews – semi structured interviews were conducted with key NZTE personnel involved in producing the website as well as the manager of the Business services team, which makes use of some of the content on the website.
- Analysis of the content of the website, focussing on the coverage as well as the accessibility of the content.
- An expert assessment – Greg Walton of the School of Marketing and International Business at Victoria University, was commissioned to provide an expert opinion on the usefulness to exporters of the content on the website.

In addition to these methodologies, in March and April of 2006, a web-survey was conducted on marketnewzealand.com. This survey was designed as part of NZTE's Client Value research, but there were questions included specifically for the purposes of the evaluation. The web survey was intended to gain insights on whether the intermediate outcomes shaded in the intervention logic model are being achieved. Although the invitation to take the website was located prominently on the website, the survey attracted less than 20 responses, which is much too low to produce meaningful findings.

NZTE now plans to include the link to the survey in the email newsletter sent to users of the website. This should hopefully lead to a higher response rate as those who have signed up for the newsletter are likely to have a high involvement in the website and should therefore be more motivated to answer the survey. On the other hand, this group of users is unlikely to be representative of users as a whole, so it is doubtful whether the results from this survey will be applicable to the entire range of website users.

### **3.4 Programme delivery**

#### **3.4.1 Content inventory**

Table 6 shows the content available according to content type as at April 2006, and the numbers of items produced and updated in the year to March 2006 for each type of content.

**Table 6: Content inventory**

Content type	Number currently on the website (as of April 2006)	Number produced in the year to 31 March 2006	Number updated in the year to 31 March 2006
How-to guides and checklists	38	3	12
Global and market updates	264	264	These are not updated as they are short news stories.
Offshore sector profiles	64	15	45
Country and City guides	80	3	39
Legal checklists	44	4	1

According to NZTE staff, there were up to a third fewer items of each type of content (except for the global and market updates) produced in the March 2006 year than in the March 2005 year. It was suggested that the uncertainty created by the NZTE products and services review is the reason why fewer items were produced in the latest year.

As a result of a review undertaken in 2005, most of the offshore sector profiles were purged. The number of offshore sector profiles declined from 200 to around 60 at present. For the most part profiles removed because they were found to be out-of-date, often by several years.

Apart from the global and market updates, new content is added on an infrequent basis. The Global and Market Updates, of which there are 23, are published every month. These cover every region and sector that NZTE deals with. The updates are retained on the site for a year.

### 3.4.2 Web-log statistics

For the purposes of website analysis, content on marketnewzealand.com are organised into content groups, each of which encompass areas of the website sharing common characteristics. Underneath the content groups are sub-groups. The overall content group for the information evaluated in this review is 'Exporter information', under which there are 8 main sub-groups.

Table 7 below shows the number of visits, page views and the average time viewed for the exporter information content group and the sub-groups in May 2006. The number of visits for a single month are reported rather than the numbers for an entire year since there has been less than twelve months since the reorganisation of the website.

Note, that the number of visits to the 'exporter information' content group in May 2006 were somewhat higher than the visitor numbers in June and July, - there were around 3000 visits in each of these months. The number of visits to the main content group (exporter information) is less than the number of visits to sum of the visits to the sub-groups as users may make visits to more than one sub-group.

**Table 7 May web-log statistics**

	Visits	Page views	Average duration of page view (seconds)	Average duration of visit (seconds)
<b>Exporter information – totals for overall content group</b>	<b>3,739</b>	<b>6,787</b>	<b>66</b>	<b>120</b>
<b>Sub-groups</b>				
Global and market updates	2,446	3,768	43	66
How-to guides / Checklists	500 - 1,100	1719	76	120 - 260
Country and economy profiles (country guides)	473	638	106	144
Non-specific ('Exploring New Zealand's export markets')	235	330	71	100
City guides	179	199	45	50
NZTE services	90 - 110	123	117	130 - 160
Setting up an overseas office (guides for specific countries)	65	87	89	119
Offshore sector profiles	1	5	24	120

According to the web-log data, the number of visits to the 'Exporter information' content has fallen significantly since the redesign of the website late in 2005. The average number of visits per month to the content was around 6,500 in 2005. A possible factor contributing to the decline in the number of visits is that the clearer separation between content aimed at New Zealand exporters and content aimed at overseas buyers as a result of the redesign has led to a decline in the number of overseas visitors accessing the content. It is also possible that the redesign has made the content less accessible.

A single figure for the number of visits to the how-to guides and checklists is not available as there is no single section on the website for this content. While the number of visits to specific types of content falling under the broad description 'How-to guides and checklists' is available, the total number of visits to this overall group cannot be determined because one visit to this group of content may involve visits to more than one sub-group. However, it is possible to provide a range within which the number of visits may fall. From this it is also possible to derive a range of figures for the average duration of a visit.

Some of the sub-groups listed in the table above have not yet been discussed: 'NZTE services' and 'Setting up an overseas office'. 'NZTE services' involves descriptions of NZTE services such as market engagement services and monitoring services. 'Setting up an overseas office' involves reasonably in-depth information on the costs of setting up an overseas office in particular countries or cities. The 'Non-specific' sub-group in the table relates to a web-page linking to several different types of content, and therefore it cannot be assigned to any particular content type. As this page does not provide actual content, it is safe to say that visits to this page do not represent utilisation of any sort of content.

The content specifically covered by this review falls under a wider content group – market intelligence. In May 2006, visits to the other two 'sub-groups' under market intelligence were 2,021 for success stories (good news stories about New Zealand exporters) and 3,925 for 'Industry sector', which covers overviews of New Zealand industry sectors. These content groups were not covered specifically by the review because they are primarily aimed at overseas buyers rather than New Zealand exporters.

NZTE is unable to measure the number of PDF downloads from the site. In practice this means that users who access content through the search facility will not be counted under the relevant content group. Therefore, the number of visits shown above is some degree underestimates the true number of visits.

These statistics show that the 'Global and market updates' are by far the most accessed material of these content groups with around 2,500 visits in May. The next most popular are 'How-to guides and checklists' with between 500 and 1,100 visits. Although the number of visits is lower, multiplying the average duration per page view by the number of page views, we find that the total amount of time spent accessing the global and market updates (54 hours in May) is not much more than the amount of time spent accessing the how-to-guides and checklists (44 hours).

The next most accessed are the 'Country and economy profiles' (473 visits). Excluding the visits to the 'Exploring New Zealand's export markets' since these visits do not correspond to visits to actual content, the next most accessed sub-group are the 'City guides' (179 visits).

Very few are accessing the Sector profiles' (only one in May and three in April). The very low number accessing the profiles is largely because the content is restricted to exporters registered on the site of which there are approximately 3,000. However, a significant number of profiles (perhaps around 100 a month) are distributed by the Business services team (see section 3.4.3). However even when taking into account the number distributed by this team, they do not have a particularly wide audience.

It is difficult to interpret the statistics on the average duration of a visit. On one hand a short visit may indicate that the visitor is able to assess quickly that the particular web-page is not useful, but on the other hand a short visit time indicates that the visitor is able to quickly access the information of interest. Either way, an average length of a visit to this content group does not suggest that visitors are making in-depth use of the content.

It is uncertain what proportion of visits to the content covered by the evaluation are visits by New Zealand firms or individuals searching for market intelligence or basic advice on exporting and who actually gained valuable information as a result of their visit. Often internet users visit websites without a clear idea of what sort of information the website contains. This is particularly true of visits resulting from search engine referrals.

A low percentage of visits to marketnewzealand.com are direct traffic (i.e. visits resulting from entering the web address into the address bar or clicking on a bookmark). In May 2006, 4,210 or 10.65% of the total number of visits were direct traffic. Arguably these direct traffic visitors are the most likely to have clear purpose for visiting the website, as prior knowledge of the web-address indicates some sort of understanding of the kinds of information available on the website. Some of this direct traffic will have been driven by the export intelligence email newsletter sent out by NZTE, which links to the global and market updates. There are currently around 1,800 subscribers to this email. Despite this, it is likely that less than half of this direct traffic leads to visits from New Zealand users to the content covered in the review. In May 2006, there were only 1,050 visits to the 'New Zealand exporters home page', which can be reached by clicking on one of the two options presented on the marketnewzealand.com homepage, the other of which leads to the side of the website aimed at offshore buyers. Not all of these visitors would have gone on to access the content under review as many would have been primarily interested in the trade enquiry service.

Another group of visitors who are likely to have a clear conception of the types of content available on marketnewzealand.com are those referred by the NZTE website or biz.org.nz, since these websites provide descriptions of the information contained on marketnewzealand.com. In May 2006 there were 935 visits (or 2.36% of total visits) referred by nzte.govt.nz. Again many of these visitors would have accessed marketnewzealand.com for purposes other than to access the content under review. In May 2006, there were 255 visitors referred to marketnewzealand.com from the main web-page within nzte.govt.nz that directs visitors to the content under review ('Market intelligence and news'). This provides a rough indication of the number of visitors referred by nzte.govt.nz whose primary purpose is to access content under review. 145 visitors (0.29%) were referred by biz.org.nz.

The vast majority of visitors (around 80%) are referred to the website by a search engine. The top 100 search phrases that led visitors to marketnewzealand.com do not suggest that many visitors



are interested specifically in market intelligence or generic advice on exporting. Of the top 100 search phrases only the 9<sup>th</sup> most frequent term, 'exporting to Australia', which led to 54 visits or (0.11% of total visits), strongly suggested an intention to access the types of content under review. The vast majority of search phrases related to specific company names (mainly New Zealand companies). It seems likely therefore that a large proportion of the visits driven by search engines are from people who are not looking for the content in question and who are therefore unlikely to gain any value from it.

Finally, it is likely that a significant number of international visitors are accessing the content under review. Overall, around 50% of visitors to marketnewzealand.com are from offshore. While these visitors are most likely to be accessing the content specifically aimed at them, there are undoubtedly some who access the content aimed at New Zealand exporters, especially those who are referred to the website by a search engine.

In summary, the level of traffic to the content not referred by search engines is limited and the visits generated by search engines suggest many different purposes that do not fit the intention of the content. Therefore it seems probable that the number of domestic visitors who are likely to gain value from the content is considerably less than the numbers shown in Table 7.

Overall the content under review does not appear to be reaching a particularly wide audience, especially given we cannot assume that all visitors find the information on the website useful. The small numbers accessing the sector profiles is particularly concerning. By comparison, biz.org.nz, had around 200,000 visits in 05/06, although admittedly biz.org.nz has a much larger potential audience given the small percentage of firms that export,. This represents around four to five times the average monthly number of visits to the 'Exporter information' content group on marketnewzealand.com.. Furthermore, the average length of a visit to biz.org.nz is around seven minutes compared to two minutes for the 'Exporter information' content group.

### 3.4.3 Business services team distribution and other use

As mentioned, the other channel through which the content is distributed is the Business services team. In early 2004, the Business services team counted over a two week period what they distributed by content group. Doubling the numbers counted to obtain an estimate of the numbers distributed in a month leads to the following estimates. Although this is old information, these figures are reasonably representative of today's situation according to NZTE staff (Table 8).

**Table 8: Content distributed by the Business services team (estimated over a month)**

Content Type	
Country and economy profiles	52
Offshore sector profiles	126
How-to guides/checklists	144
City guides	10

These numbers show that the business evaluation team is a much more important distribution channel for the sector profiles. The content is also distributed to some extent by NZTE client managers and through NZTE's Exporter education programme. There is also some internal NZTE use of the content. The use of the content for these purposes has not been quantified.

### 3.4.4 Costs and efficiency

The funding for Generic international market development assistance, which is \$3.3m according to the 05/06 NZTE output plan, was based on a survey used to estimate the time offshore staff devoted to producing the content covered in the evaluation. This survey was undertaken prior to the integration of Trade NZ and Industry NZ. As part of the review, this figure was re-estimated by

NZTE because there was an impression that the true level of funding is much lower. The estimate for 05/06 is \$1.02m (GST exclusive).

For the purposes of assessing the efficiency, it is useful to distinguish between two types of content provided by these information services, the generic content and the market intelligence content. The market intelligence information has a short shelf-life or needs to be regularly updated, which involves some cost. By contrast, the generic content may be produced once (or only needs to be updated infrequently) and is valuable indefinitely. On this basis producing generic content may be a more efficient use of resources.

Assuming that the cost of producing the content is \$1m and assuming 45,000 visitors access this content per year (obtained by multiplying May visitor numbers by 12), the cost per visitor is around \$20. This is for an average visit duration of around 2 minutes. This average cost per visit does not suggest that producing this content is an efficient use of resources.

Table 9 shows estimated annual costs of producing the different types of content as well as the cost per visit based on the annual costs, the enquiry statistics for May and the estimated number of items distributed by the Business services team. Given the short visit times, on the face of it the cost per visitor do not indicate a high level of cost-effectiveness. Of particular concern are the 'Country and economy profiles', the 'City guides' and especially the 'Offshore sector profiles'.

**Table 9: Costs per visit for different types of content**

	Estimated cost - year to March 2006	Cost per 'visit' (estimated)
Global and market updates	\$249,000	\$8.50
How-to guides / Checklists	\$91,000	\$6.10 - \$11.80
Country and Economy profiles (country guides)	\$218,000	\$34.60
City Guides	\$49,000	\$21.60
Offshore Sector Profiles	\$411,000	\$269.70

It is important to note that the cost-per visit associated with the 'How-to guides and checklists' comes from additions to or updates of content that would have largely retained its value without any additional expenditure. In other words, given the expenditure on this content has already been made, the standard could be maintained at very little or no cost per visit in the future. Therefore there is no strong rationale to cease providing this material at its current standard via the internet. Instead the question is whether the usage of this material justifies expenditure to constantly improve it. This applies to a lesser extent to the 'Country and city guides' as this content could continue to be provided at an acceptable standard with only minor updates from year to year. By contrast, in order to continue to provide the up-to-date content (in particular the 'Global and market updates') at acceptable standard requires continuous expenditure, so the continued provision of this content in any form is more in question.

Given, as the discussion in section 3.4.2 suggested, a significant proportion of visitors to the content under review are unlikely to have gained value from their visit, the cost per visit figures in Table 9 are conservative. On the other hand, Table 9 does not take into account the cost savings for the Business services team from being able to deal with repetitive, generic questions quickly by referring clients to the content. It is difficult to quantify these cost savings, but it is likely that they are of second-order importance in relation to the cost of producing the content.

### **3.4.5 How the content is produced**

The bulk of the content on the website, specifically the 'Offshore sector profiles', 'News stories about overseas markets' and 'City and country guides', are produced by the NZTE's offshore offices. There is some editorial input provided by on-shore staff, who check for relevancy, sense

and so on. A large proportion of the generic guides on the website (e.g. legal guides) has been produced by consultants. All of the content on the website is reviewed on an annual basis, which is the responsibility of NZTE's communications team.

One of the clear challenges faced by the website, given the huge amount of information available that is of interest to exporters, is in selecting what to include on the website and what to leave out. According to interviews with NZTE personnel involved in producing the website, client managers play an important role in communicating what sort of information NZTE clients are demanding and this drives to a large extent what is produced for the website. The Business services team, which is responsible for assessing the needs of potential NZTE clients and directing them to the relevant services, also helps to identify what types of information are demanded. In 2005 the Business services team produced a list of priorities for updating sector profiles and other content on the website.

### 3.5 Value of the content

According to NZTE staff feedback the value of the generic market intelligence contained on marketnewzealand.com has declined in recent years. It has also been suggested the reason for this decline is that offshore posts have become more involved identifying opportunities for sector projects and establishing strategic relationships and have spent less focussed on the provision of generic market intelligence. The clearest indication of a decline in standards is in the sharp reduction in the number and coverage of the offshore sector profiles, two thirds of which were purged from the website in 2005, mostly because they had become out of date.

#### 3.5.1 Walton's assessment of the content

An assessment of the intrinsic value of the content covered in the evaluation was primarily provided by Greg Walton of Victoria University, who was commissioned to provide an independent expert opinion.

Despite the view that the value of the content on the website has declined in recent years, Walton still rates the content available through marketnewzealand.com highly overall. According to Walton, marketnewzealand.com contains valuable information for 'never exported', 'pending exporters', 'new to export' and experienced exporters. The information is less valuable for experienced exporters as they have developed greater understanding of export processes and have established their information needs and sources of the information. According to NZTE, however, established exporters do value the legal checklist information and the global and market updates.

Walton rated the utility of the content on a scale from 1 to 5 as shown in Table 10 below:

**Table 10 Assessment of the content**

Content type	Utility (out of 5)
'How to' guides & checklists	5
Exporter Information	
- Global (country) updates	2-3
- Market (sector) updates	4
'Success stories'	4
Offshore sector profiles	4-5
Country & city guides	2-3
Legal checklists	4

According to Walton, of the two types of global market analysis news stories, the global updates are the more valuable. The global update news stories are intelligent, urgent, actionable,

opportunistic, time sensitive and provides an indication of the demand function. By comparison, the generic country updates merely explain the 'health' of the economy and current events that may or may not have any significance for NZ exporters at all. This information does not assist an exporter to determine a demand function as it is too generic.

Although he does not state so explicitly, this is probably the reason why Walton rates the country and city guides relatively poorly. Like the market updates they provide generic information that does not provide enough information to determine a demand function for their product. Another related factor that limits their value, is that these reports provide information that for the most part can easily be sourced elsewhere.

The relative popularity of the market success stories go beyond a 'feel good' factor. Exporters are motivated by good news. They want to learn what other exporters have done and how they did it; in essence, they want to emulate someone else's success. However, it is important to note that export success may be a result of good fortune or serendipity rather than sound management and 'best practice.' Therefore, emulating a successful exporter may not be the prudent thing to do unless export success can firmly be attributed to a disciplined strategy that validates export decisions rather than a stroke of luck. Exporter education including online exporter information should therefore be a mix of disciplined exporter education and export process ('how to' guides, checklists and process) embellished with success stories.

The 'First steps to export' guide is considered a simple, iterative and practical 'how-to' guide. The export process information, 'First steps to export,' export documentation, logistics, freight handling, checklists and 'How-to' guides should be a salient part of induction programmes and then the enterprise grant system. The deliverers of NZTE's Exporter education Programme (contracted to Gosling Chapman) already use the information on marketnewzealand.com extensively as a knowledge resource for their clients.

### **3.5.2 Offshore sector profile content coverage**

While the intrinsic value of the offshore sector profiles may be reasonable, the coverage of these profiles is not well matched to New Zealand's major export markets which is likely to significantly reduce their value to exporters. While the regional coverage of the sector profiles does bear a reasonable relationship with the relative sizes of New Zealand export markets, there are clearly some regions could be better covered. For example around 16% of New Zealand's merchandise exports go to the EU<sup>10</sup>, but only two out of 62 sector profiles covered European countries and both of these were on wine.

Some sectors have much greater coverage on the website than would seem to be justified based on the importance of that sector relative to New Zealand's total exports. For example 9 out of 64 offshore sector profiles are about wine, even though wine is a relatively minor export of New Zealand. Moreover, with the exception of Australia, the countries for which wine profiles have been produced are minor export markets for the New Zealand wine. Besides Australia, the countries covered are Belgium, Italy, China, Hong Kong, Korea, India, Malaysia and Thailand. Most of these are not traditional wine drinking countries. There are several other profiles available, which also appear to be of interest to only a limited audience.

Overall, the coverage of the sector profiles on the site suggests poor prioritisation and a lack of strategic focus. This lack of strategic focus and prioritisation may reflect that producing this content is a low priority for the offshore offices, a perception reported by several interviewees. It has been reported by NZTE that the offshore posts often fail to update material as requested and ignore requests to produce material on popular sectors. Because of the low priority place on this activity, the availability of staff in the offshore offices may be a bigger determinant of what is produced rather than more fundamental considerations.

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<sup>10</sup>Based on December year 2005 exports estimate (source: Statistics New Zealand).

### 3.5.3 Recommendations for improving the value of the content

One of the key advantages of disseminating content via a website is that it can reach a large audience at minimal cost. It is somewhat perplexing, therefore, why offshore sector profiles with an apparently very limited audience are being produced over profiles that have a broader appeal. According to Walton, efforts should focus on market where 'primary demand' has already been established. This is prudent for small NZ firms who would do better being '2<sup>nd</sup> into market' unless the competitive strategy is based on differentiation and other factors that lend to competitive advantage.

To reduce the risk that less useful sector reports are produced, reports should ideally be commissioned onshore by the exporter/industry/cluster/sector itself. Sector reports should be sector conceived and driven rather than NZTE and offshore office inspired (unless specified by the sector by contract or an appropriate geographical 'beachhead' determines sector specific market intelligence).

According to Walton, it might also be timely for a paradigm shift in relation to how a market is defined (Walton, 2005). Increasingly it makes sense to define a market (e.g. ICT) by sharply identified customer characteristics that transcend geographical borders. This suggests that we should first define what the market is, then precisely determine the demand function by country. This shift in how the market is defined will allow improved understanding of product benefits, market characteristics and the critically important demand function.

Walton also suggests other ways to improve the sector-specific market intelligence content. For example, more detail could be included on customer characteristics and distribution channels. Such additional information would allow the user to make better decisions about market selection, entry and development.

## 3.6 Utilisation of the content

According to Walton, marketnewzealand.com offers an incredible amount of useful information which is not accessed. According to Walton, the overriding issue explaining the low numbers accessing content is the lack of awareness by the target audience of the intrinsic value of the different content types and a certain amount of reluctance of managers to seek out external help.

According to Walton, the intrinsic value of the 'How to guides and checklists' does not appear to be matched by the perceived value of this content held by exporters. This supported by the relatively low numbers accessing the content and by the academic literature.<sup>11</sup> In fact, according to McAuley (1992), Souchon and Diamantopoulos (1999), Yeoh (2000) and Silverman *et. al.* (2002) quasi government information sources (also export assistance programmes) are indicated as being the least useful export information sources in comparison with both personal and documented sources. Rao (2006), suggests there is neither high nor low awareness of exporter information services amongst exporters. Rao also suggests that even if there is some awareness of online availability, that usage of the information is low. Unfortunately, Rao's results about the relevance (usefulness perceived by exporters) of the on-line information mechanism is not conclusive because mean results were in the middle of the survey scale suggesting indifference.

The low use of the content is also likely to reflect reluctance of managers to accept help. Until very recently, New Zealand managers were reluctant to seek and appreciate assistance, which included a reluctance to collaborate (and 'cluster' even) with fellow exporters (Walton, Ashill & Ng, 2005; Rao, 2006). They would rather informally network, incubate, cluster, or worse, do it themselves.

A more fundamental reason for the low utilisation of the content is that the potential audience for this information is limited. There are approximately 12,500 exporting businesses in New Zealand,

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<sup>11</sup> See, for example, Walton, Ashill and Ng, (2005); Yeoh (2000); and Souchon and Diamantopoulos (1999).

most of which are SMEs. This compares with approximately 320,000 SMEs in New Zealand (Statistics New Zealand, 2005). [biz.org.nz](http://biz.org.nz), which provides business information aimed at the broad business population, particularly small firms and start-ups, receives roughly 200,000 visits a year compared with roughly 45,000 visits to the relevant [marketnewzealand.com](http://marketnewzealand.com) content. Assuming that the total numbers of exporting and non-exporting SMEs provides a rough indication of the total audiences for [marketnewzealand.com](http://marketnewzealand.com) and [biz.org.nz](http://biz.org.nz) respectively, the number of visits to [marketnewzealand.com](http://marketnewzealand.com) does not seem low when compared against the number of visits to [biz.org.nz](http://biz.org.nz)

### 3.6.1 Website organisation

The organisation of the content on [marketnewzealand.com](http://marketnewzealand.com) also has a large bearing on its utilisation. In order to assess the accessibility of the content on the website, [marketnewzealand.com](http://marketnewzealand.com) is compared with overseas websites that provide basic informational support to firms considering or in the early stages of exporting. Four websites are compared:

- **[uktradeinvest.govt.uk](http://uktradeinvest.govt.uk)** - the website of UK Trade and Investment, an agency that promotes investment into the UK and provides support to UK businesses seeking to expand internationally.
- **[austrade.gov.au](http://austrade.gov.au)** - the website of Austrade, the government agency that provides assistance to Australian exporters.
- **[export.gov](http://export.gov)** - the U.S. Government's Export Portal, which provides support to companies that are new to exporting.
- **[exportsource.ca](http://exportsource.ca)** – the exporting information portal of Team Canada Inc., a network of Canadian departments and agencies that helps businesses prepare for exporting.

There are broad similarities between these websites and [marketnewzealand.com](http://marketnewzealand.com) in terms of the types of content provided. All of the websites provide generic guides to exporting. All of the websites provide country and sector overviews, although there is less of an emphasis on this type of information on the Canadian website. Like [marketnewzealand.com](http://marketnewzealand.com), the Australian and American websites provide some news stories about overseas markets, while the UK and Canadian sites do not appear to provide news stories to any significant extent. Of the four listed, the Canadian website is probably the least similar to [marketnewzealand.com](http://marketnewzealand.com), as the emphasis of this website is clearly on providing generic guides to exporters as opposed to providing market overviews and news.

One of the key differences between these websites and [marketnewzealand.com](http://marketnewzealand.com) relates to the way the content is grouped. Information on [marketnewzealand.com](http://marketnewzealand.com) tends to be arranged according to content type – hence country profiles are arranged together, as are global market updates and so on. This tends to mean that information on disparate sectors and regions are grouped together. By comparison, export information contained on the Australian and UK websites and to some extent the US site, tends to be organised according to market and industry. At [uktradeinvest.co.uk](http://uktradeinvest.co.uk), most of the content on international markets is provided under 'Sectors' and 'Countries'. Selecting a country leads to a overview information, similar to information provided in 'country guides' as well as links to content relating to that country such as events, useful external links and so forth. Similarly, the information on overseas markets contained on the Australian website can be accessed by selecting from two drop-down menus for industry and country. This produces a range of information concerning the sector and/or the country selected.

There are clear advantages with organising content according to sector and country as opposed to organising the content according to content type. A large percentage of the visitors to the website would be searching for information on particular sectors or particular countries. The current organisation of [marketnewzealand.com](http://marketnewzealand.com) does not enable this type of visitor to easily find the information they are looking for since they must sift through information that has no relevance to

them. The value of the market intelligence content is further limited by the fact that the very latest information is given much greater prominence than older, relatively recent, content. Again for a visitor looking for news on particular sectors and regions, the latest stories are not necessarily of most interest, or indeed, of any interest at all.

While there is a search facility on the website, which allows users to limit searches by sector and region, the utility of this feature is limited because it requires that a search term be entered and users may not know which search terms will lead to relevant results. Experimentation with this search facility suggests that the results produced are mixed. For example searching for 'wine' for the period January 2005 – May 2006 and specifying Europe as the region and Food and Beverages as the sector, did not lead to any results. This is despite the fact that there is a lot of content about wine on the website and Europe is a key market for wine.

The utility of the search term is further reduced by fact that some search results do not provide a direct link to the content found. In some instances searches lead to entries that describe the content found but do not include a direct link to the content. The user must instead navigate to the content through some other route, which usually is not clear. This clearly makes this content much less accessible and is annoying and confusing to the user. This issue seems to affect most (perhaps all) PDF content on the website. In addition to these problems, marketnewzealand.com is often sluggish. Often, the website took several seconds to bring up new pages and often error messages are returned.

NZTE staff have stated that they are aware of marketnewzealand.com's navigation problems and have highlighted, in addition to the issues discussed above, that the number of 'clicks' required to access key items is in some instances too high. NZTE has indicated that staff are working on solutions to the navigation problems.

In terms of visual appeal, marketnewzealand.com, is at least as good and probably superior to each of the websites listed above. The depth and breadth of the information provided on marketnewzealand.com appears to be comparable to these websites.

According to Walton, it is appropriate that the sector profiles are accessible only by exporters registered on the website since it prevents offshore competitors from exploiting opportunities from NZ market intelligence. While the requirement to register clearly limits the utilisation of the content, utilisation could perhaps be improved if unregistered users were able to see what profiles are available, which is not the case now. The requirement to register when the benefits available are unknown may be too great a barrier for many.

### **3.6.2 Marketing of the website**

Less than \$3,000 was spent on marketing marketnewzealand.com to a domestic audience in the 05/06 financial year. This is likely to be an important factor limiting the utilisation of the content.

### **3.6.3 Recommendations for increasing utilisation**

It is difficult to determine to what extent relatively low utilisation of the content is due variously to: the relatively small audience for the content; low awareness of the content; low accessibility; or low relevancy/value of the content.

Walton suggests that the intrinsic value is in general high, so for most of the content types this seems less likely to be a major reason for poor utilisation. A probable exception is the offshore sector profiles. The poor coverage, and in many cases the narrowness of the offshore sector profiles is likely to restrict their usefulness and hence their utilisation. This aside, problems with awareness, accessibility and also the small potential audience for the content are likely to be more important reasons for low utilisation.

Firstly, for information services of this sort, which are intended to reach a wide audience, promotion is important. The value of the content summed across all users and, in turn, the efficiency of the service is directly correlated with the numbers accessing the content. Therefore, there should be more spent on promoting this content. The organisation of the website should also be improved so that it is easier to find information on particular markets and sectors. To achieve this, the features of other countries' websites (as detailed above) could be emulated.

Walton suggests that there needs to be mechanisms in place to ensure that the intended audience obtains the necessary information for export success. marketnewzealand.com currently occupies a position of being a stand alone repository of export information only. Instead, marketnewzealand.com should be a pre-eminent exporter resource rather than relegating it to be a channel of information only. An on-line resource should be a component in a comprehensive and integrated strategy if it wishes to influence its target audience. For example, it should be included in the enterprise training programme and the Exporter education programme. The information should be provided by NZTE sector and regional account management staff and by the EDAs .

Walton suggests that the generic exporting advice contained on the website is the first step to exporting, but the marketnewzealand.com website mechanism is not the place to transfer this knowledge alone. On the contrary, interactive and experiential learning is appropriate to transfer this knowledge e.g. via workshops. According to NZTE, this is already happening, with the deliverers of NZTE's Exporter education programme, reportedly making extensive use of the information contained on marketnewzealand.com.

While there it is likely that utilisation of the site could be increased significantly by following these recommendations. It should be reiterated that utilisation of the content is limited by the relatively low potential audience for the content. This means that it may never be cost-effective to produce certain types of content for wide dissemination.

## **3.7 Website alignment and rationalisation project (WARP)**

NZTE is currently engaged in the Website alignment and rationalisation project (WARP). One of the key aims of this project is to consolidate the many websites NZTE currently hosts into two websites, one of which would focus on onshore clients and the other on offshore clients. Hence, the result of WARP is likely to be that the content and functions of marketnewzealand.com will be subsumed into the two larger websites created.

As part of this project, NZTE is reviewing the scope and content of market intelligence currently available on several NZTE websites. The purpose of the project is to make recommendations on a new market intelligence framework that provides relevant high-quality market intelligence to NZTE's target audience. Results from this review are scheduled to be reported to NZTE's Senior Executive Team in October 2006. It is recommended that NZTE report the findings the WARP review of market intelligence report to MED by 31 October 2006, soon after it is reported internally.

### **3.7.1 Recommendations**

1. The utilisation of much of the content covered in this review needs to increase in order to make its provision worthwhile. To achieve this, a new strategic approach would be needed to decide what content to produce, the architecture of the website delivering the content would need to be improved and the content would need to be better promoted. It is recommended that NZTE be invited to present, by 31 October 2006, the findings from the internal review of market intelligence, which forms part of NZTE's website alignment and rationalisation project. It is recommended that the new strategy for the provision of generic information resulting from this review should propose a budget within the current allocation that demonstrates cost-effectiveness.



2. This information service should be jointly reviewed by NZTE and MED by 31 December 2007 to assess whether the cost-effectiveness of the frequently updated content has improved or is able to be improved sufficiently to justify producing this content.

## **4. Information on raising capital**

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### **4.1 VCapital**

The VCapital site is owned and operated by VCapital Ltd, whose current share holders are EDANZ and ID Ltd. The site's principal aim is to link investors to private equity, venture capital and angel investment opportunities from a range of industries.

As noted in the integration cabinet paper the VCapital website (vcapital.co.nz) has previously provided information for entrepreneurs seeking information about raising capital and potential investors. However, after the establishment of the Escalator service and accompanying website (escalator.co.nz) this function was transferred to Escalator. As Escalator has recently been evaluated by MED an assessment of information components of that service does not form part of this evaluation.

#### **4.1.1 NZTE funding of VCapital**

The current provider of the Escalator Service (a consortium of EDANZ and Deloitte) is required to provide (amongst other things):

- Links from the VCapital website to the Escalator website;
- Monthly information to NZTE on the ongoing performance of vcapital.co.nz; and
- Access for Escalator clients to distribute investment opportunities via the VCapital website

NZTE provides funding of \$5,300.00 (GST exclusive) per year, from the budget for the Escalator service, to meet the cost of these activities.

As part of the Escalator evaluation, the four Escalator brokers were asked whether they had used the VCapital website and, if so, whether they had found it useful. Their responses were mixed. Only three of the brokers had actually used the website. Two were generally positive about the website noting that it compared well to similar overseas sites, but the brokers also noted that the site was underutilised and that there was a lack of awareness of the site amongst the investment community. The relatively low level of awareness of the VCapital site amongst the brokers is perhaps not surprising when one considers the small number of investment opportunities that have been posted on website. Only four opportunities were posted in 2005, and in the period January 2006 to July 2006, no opportunities were posted at all.

Web usage statistics provided by EDANZ indicate that significantly more users visit the Escalator website than the VCapital website. In the period March 25th 2006 - April 25th 2006, 902 users visited the VCapital website, compared to 2,156 visitors to the Escalator website. This is a complete reversal of earlier trends, in the year ended July 2005, an average of 1,326 users visited the VCapital website per month compared to 898 visitors per month to the Escalator website. While it is not possible to determine how many visitors to the VCapital website used the link provided on that site to access the Escalator website directly, it is clear that the ability of the VCapital site to attract visitors to the Escalator site has declined significantly.

#### **4.1.2 Recommendation**

This evaluation recommends that current NZTE funding for the VCapital website cease. Given the reduction in visitors to the VCapital website and the absence of new investment opportunities, continued funding the VCapital website from the Escalator budget is no longer necessary or justifiable.

## 5. Offshore promotion of marketnewzealand.com

As part of the 2003/04 Budget package \$1.78 million (GST exclusive) was approved for the ongoing enhancement and marketing of the e-business programme delivered by NZTE (CAB Min (02) 12/8(15) refers).

The funding has been used to promote marketnewzealand.com, which was developed as part of the e-business programme. Marketnewzealand.com provides a trade enquiry service allowing overseas companies to find suitable trading partners amongst the New Zealand exporters that have profiles on the website. NZTE has raised with MED the possibility of broadening the scope of marketing activities that this funding is able to be used for to better utilise all of the channels at NZTE's disposal, not just those that fall under the e-business umbrella.

Examples, suggested by NZTE, of the wider range of marketing promotion activities that this funding would be used for include:

- Buyer Road shows in Canada (Calgary, Toronto, Vancouver and Montreal) – NZTE staff in Canada will be visiting key food and beverage buyers in the cities noted;
- Trade events, in association with the Enterprise network programme – e.g. Fruit Logistica (Germany), Fine Foods (Melbourne, Australia), Gulf Food (Dubai, UAE);
- Trade show directories, mission handbooks, event banners – all of which would include references to marketnewzealand.com;
- Development of sector marketing collateral for use at trade events and to support direct marketing programmes – e.g. *Thinking Fresh* (food) and *Taste New Zealand* (wine) – with this collateral translated into different languages for use in different markets.

### 5.1 Description of promotional activity

The single biggest programmes paid for by the marketnewzealand.com promotional funding were the North American Food and Beverage Programme, which involved events and other activities in both Canada and USA between 03/04 and 05/06. Other promotions included media placements in *USA Today* and *The Economist* in February 2004 and other trade events, most of which were in Europe. Table 11 shows the estimated expenditure breakdown for 03/04 and 04/05. All of the figures are GST exclusive.

**Table 11 marketnewzealand.com Promotional Expenditure**

	2003/4	2004/5
Canadian food and beverage programme	\$444,000	\$89,000
US food and beverage programme	\$489,000	\$382,000
Promotions elsewhere assuming even split	\$53,000	\$53,000
Other promotion not specifically linked to website	\$791,000	\$1342,000
<b>Total</b>	<b>\$1,778,000</b>	<b>\$1,778,000</b>

It appears that as a result of NZTE determination of the most effective use of the funding, a large percentage of the promotional funding has been spent on activities that are only partly aimed at promoting marketnewzealand.com or only tangentially promote marketnewzealand.com. The Canadian Food and Beverage programme, for example, which was specifically intended to promote marketnewzealand.com, involved top tier food and beverage journalists completing a media tour to New Zealand, with the intention that the journalists mentioned marketnewzealand.com in their articles. A large proportion of the funding for the promotion of

marketnewzealand.com has been used to support activities that have not been directly related to promotion of the site. NZTE has indicated that this funding has been used to develop sector related collateral and event display material for use in offshore promotions that have indicated marketnewzealand.com as a channel for information on New Zealand products and services and the placement of trade enquiries.

## 5.2 Findings on the success of the promotional activity

NZTE staff experience of the North American programme indicated that buyers did not automatically go to the website as a result of promotions. Conversion rates could only be raised to acceptable levels with personal follow-up and manual input of the enquiry by NZTE staff as a way of tracking the enquiry. This indicated that the e-business channel could not operate in isolation from other channels. The high level of staff involvement in the trade enquiry process to some extent defeats the purpose of the website, given one of its chief advantages is that it should reduce transaction costs for NZTE staff.

The key outcome from the promotion of marketnewzealand.com is the generation of foreign exchange earnings. In this important respect the promotion of marketnewzealand.com appears to have been of limited success. Around \$5m has been spent on marketing the programme since 2003 and NZTE estimate that enquiries resulting from the promotions were worth between \$4.4 and \$8.4m in foreign exchange earnings.

Even if the actual amount of foreign exchange earned through trade enquires is greater than the amount spent on promoting the website, the additional value to New Zealand of these foreign exchange earnings are unlikely to be greater than amount spent on the promotion of marketnewzealand.com. Firstly, the resources spent on filling trade enquiries obtained through marketnewzealand.com crowd out production for the domestic market or the fulfilment of export orders obtained through other channels. Secondly, it is likely that some of the overseas firms that made enquires through marketnewzealand.com would have traded with New Zealand even in the absence of promotion.

Even ignoring the evidence indicating little success from the promotion of marketnewzealand.com, there is the lack of a clear rationale for specific funding for promotion of a service, which is in effect only a channel through which overseas interest in New Zealand products and services can be converted into actual sales. Potential buyers first need to be persuaded to consider buying from New Zealand and *then* introduced to marketnewzealand.com along with other channels for making trade enquiries. According to this view, funding should therefore go towards a total promotion strategy that is focussed on raising interest in New Zealand goods and services, with promotion of marketnewzealand.com or similar e-business channels a sub-component of this overall strategy. According to the descriptions of the promotional activities provided by NZTE and summarised above, to a large extent this is how the funding for the promotion of e-business channels has been used – to fund an overall promotional strategy in which marketnewzealand.com has been a component and not the sole focus.

In summary, this evaluation finds that targeted promotion of marketnewzealand.com has had little success in generating trade enquires. NZTE has found that a broader marketing approach, in which e-business channels are a component but not the sole focus, works best. This approach reflects the notion that potential overseas buyers first need to be persuaded to consider 'buying from NZ' and only then introduced to marketnewzealand.com. This broader approach has been applied to the use of the marketing funds.

## 5.3 Recommendations

It is recommended that:

1. The separate ear-marking of funding specifically for the ongoing enhancement and marketing of the e-business programme should cease.
2. NZTE seek approval to allocate the above fund, if required, to the appropriate output class.

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# Appendix A: biz methodology

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## Interviews

Semi structured interviews were conducted with delivery agents from all four resource centres, and a sample of four tier 2 centres and 4 tier 3 centres. In general, the interviews involved one staff member, but on a few occasions more than one staff member was involved. In addition to interviews with biz staff, interviews were conducted with two NZTE personnel involved in the delivery of the programme and the General Manager of Biz Networks.

The primary purpose of the interviews was to obtain qualitative information on how the biz service is delivered in practice. In early interviews an attempt was also made to obtain insights of a primarily anecdotal nature on to what extent the service was achieving the intermediate outcomes. However, it quickly became apparent that given the limited and almost always one-off contact the biz staff have with the biz clients, the staff had very little insight on whether these higher level outcomes were being achieved. Usually their responses to this line of questions were to point out that the achievement of these intermediate outcomes inherently flows from the nature of the service they provide.

The interview questions were designed to obtain insights on:

- The backgrounds and responsibilities of the biz staff members.
- The procedures and strategies used to answer biz inquiries.
- What kinds of training and induction do biz staff undergo? Do they find these useful?
- What forms of communication exist within the network of biz centres and and the value of this communication.
- The perceived strengths and weaknesses of biz and how the service could be improved.

## Phone survey

The phone survey was intended to gain insights on both the delivery of the programme outputs and whether the intermediate outcomes shaded in the intervention logic model are being achieved.

With respect to the delivery of outputs, the survey was designed to assess the following:

- How useful are the printed resources distributed by biz?
- To what extent is the printed material being read?
- How relevant is the information and referrals to clients' needs?

With respect to the achievement of expected outcomes, the survey was designed to gain insights on the following questions:

- How many biz clients contact or plan to contact the training and mentoring services they are referred to?
- Does biz affect the intention of starting a business?
- Does biz encourage the writing of a business plan or the improvement of an existing plan?

- Does biz increase understanding of regulations?
- Does biz increase awareness of training opportunities and other business services?

The biz clients surveyed accessed the service between three and five weeks prior to being surveyed. Arguably, this is too short a time period for many enquires to have made use of the information and referrals they received through biz. In large part, the decision to survey the clients this soon after accessing biz was driven by practical considerations. Firstly, it was discovered that there were significant gaps in the contact detail and enquiry description data collected by biz staff. In order to obtain better data, at the end of January the biz staff were asked to make a special effort over a month to obtain contact details from clients and to provide accurate descriptions of the enquiries. Secondly, surveying the clients too long after accessing the service, would have meant lower recollection and therefore a lower accuracy of response.

In total 150 biz clients were contacted for the survey, selected from a pool of 691. In order to ensure the inclusion of enough tier 2 and 3 enquiries to make valid comparisons between the tiers, a purposive (or non-random) sampling method was employed, where 50 biz clients from each tier answered the survey. Respondents were selected randomly from the pools available for each tier. To obtain meaningful results for the entire sample, the results for each tier were weighted according to the actual proportions of tier 1, 2 and 3 enquirers in the entire sample and summed together.

The survey was also designed to differentiate between the experiences of individuals whose enquiry with biz was on a specific issue (e.g. intellectual property) and those whose enquiry with biz was of a more general character (e.g. starting a business in general). This differentiation is important since it clearly affects the outcomes it is reasonable to expect the enquiry to produce. For example an enquiry purely about registering a company is unlikely to lead to greater awareness of training, while an enquiry about starting a business in general is quite likely to produce this outcome.

The first two questions elicited the reason for contacting the service, with several fixed responses available. According to the response, enquiries are characterised as 'general' or not. However, since a specific enquiry may turn into a more general enquiry, the reason for enquiring is not sufficient to determine whether an enquiry is 'specific' or 'general'. Therefore, the second question, which was only asked of respondents who were not able to be coded as 'general' by their response to the first question, concerned whether their enquiry involved a more general discussion of starting or running a business.

Some of the questions in the survey were designed to determine how many biz clients who are referred to training or mentoring, actually contact these services or intend to contact these services. Other questions address to what extent biz affects the intention to write a business plan. Others address whether biz affects the intention to start a business. There were three open-ended questions designed to discover the perceived shortcomings of the printed material, how biz affects attitudes and actions and any suggestions for improvement.