

**R013-A**  
**Comprehensive Statewide Higher-Level Blend**  
**Ethanol Marketing Campaign**  
**Submitted by North Dakota Ethanol Council**  
**Principal Investigators: Deana Wiese**  
**Request for \$199,600; Total Project Costs \$424,000**

**NORTH DAKOTA ETHANOL COUNCIL CLARIFICATIONS  
TO TECHNICAL REVIEWERS' COMMENTS**

**Reviewer Consideration:** The proposal implies but does not clearly articulate what the actual economic impact will be to the industry and farmers. For example: there is a clear goal of increasing market share by 4% but it is not clear if that directly relates to an increase in production capacity and corn consumption or simply more sales in-state as opposed to exporting.

**North Dakota Ethanol Council Clarification:** *Currently, 94% of the ethanol produced in North Dakota is exported out of state, primarily to the east or west coast. The objective of the 4% increase in market share is to increase in-state sales. This will decrease transportation costs for North Dakota's plants, keep more money in North Dakota and maintain the additional market for North Dakota corn.*

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**Reviewer Consideration:** The proposal uses baseline survey data to show that only 15% of FFV owners currently use higher-level blends; so there is a huge opportunity for growth. However; the proposal doesn't identify what the root-cause for such low use is. One can assume it is either lack of infrastructure or a price issue. Knowing the 'root-cause' is critical to developing the appropriate message and ultimately the success of the campaign.

**North Dakota Ethanol Council Clarification:** *The pre-survey indicated the most frequent reason for not buying higher-level ethanol blends was mileage/value. Based on industry research, E30 provides the best mileage for the dollar. In addition, prior to the successful ND blender pump program, higher-level ethanol blends had limited availability. Therefore, the main causes for low usage are lack of awareness of benefits and availability. This is the driving force behind this campaign. As a state, we are a leader in blender pump infrastructure, but we have to make sure consumers (FFV owners) are aware of the benefits and availability of higher-level ethanol blends.*

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**Reviewer Consideration:** Success is highly dependent on the quality and effectiveness of the "yellow hose message" and the ability of the marketing firm to package it for the intended target markets. The proposal lays out a strategic approach but ultimately the success of the campaign will be determined by two unidentified critical pieces, a) the marketing firm and b) the message. Realizing this is a classic chicken-or-egg conundrum it will be important that the committee formed from the various stakeholder groups are diligent in their selection process and oversight roles to ensure the message results in behavior change and not just increased awareness.

**North Dakota Ethanol Council Clarification:** *The partners agreed to hire a firm to develop the messaging (versus doing it internally) as they wanted the expertise of a marketing firm in creating*

*messaging that evokes a change in behavior for a target audience. A request for proposals has been issued. It will be used to select a North Dakota marketing firm for year one of the project should the proposal be funded. Included in the evaluation points is “demonstrated success with ethanol marketing campaigns”. The committee will work with the selected firm to develop the message, which will be based on the survey data.*

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**Reviewer Consideration:** Equipment related to education and promotions appear to be adequately distributed across the various goals and objectives but little detail is provided as to budget plan within the various initiatives.

**North Dakota Ethanol Council Clarification:** *A detailed budget for the project is available, but was not included in the proposal due to space restrictions. Materials and printing were included in the line item for each initiative.*

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**Reviewer Consideration:** The actual economic impact of a 4% increase of market share for ethanol is not clearly articulated. The proposal implies that the 4% increase proportionally impacts both direct and in-direct jobs and corn producer income; but proportional growth would only occur if the ethanol processors are operating below full capacity.

**North Dakota Ethanol Council Clarification:** *The economic impact of the 4% increase would come through sales of ethanol in North Dakota versus exporting it. We are not suggesting additional production will result from this marketing initiative, but keeping the sales in North Dakota will generate additional revenue for the state, decrease transportation costs for ethanol plants, save money for consumers and maintain a stable market for the state’s corn growers.*

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**Reviewer General Concerns:**

With current market share at 4% there is clearly a need and an opportunity for increasing sales. The proposal does not identify the root cause for the low market penetration. Without clearly understanding the “why” it will be difficult for the marketing firm to develop an effective campaign. Considering the success of the proposal is highly dependent on a) selecting the right marketing firm and b) developing the message, not much detail was provided on how the firm and the message would be determined, other than “by committee”

It will be important that the message is carefully design for “what the targeted audiences need to hear to cause behavioral change, and not necessarily what the committee wants to say”. They will likely not be the same.

**North Dakota Ethanol Council Clarification:** *The current market share is actually 6% (versus 4%). The anticipated result of this project is to increase that amount by 4%, increasing the percentage of ethanol in the state’s total motor vehicle fuel to 10%.*

*The pre-survey indicated the most frequent reason for not buying higher-level ethanol blends was mileage/value. Based on industry research, E30 provides the best mileage for the dollar. In addition, prior to the successful ND blender pump program, higher-level ethanol blends had limited availability. Therefore, the main causes for lack of use are lack of awareness of benefits and availability. This is the*

*driving force behind this campaign. As a state, we are a leader in blender pump infrastructure, but we have to ensure consumers (FFV owners) are aware of the benefits and availability of higher-level ethanol blends.*

*It is correct that the success of this project will rely on reaching the target audience with a focused message. The committee will rely on the research, as well as the expertise of the marketing firm, to guide the development with behavior change (purchasing higher-level ethanol blends) the goal and measurement of success.*