

**BUSINESS
FINLAND**

REPORT 1/2020

EVALUATION OF FOOD EXPORT PROGRAMS



FINAL REPORT

Valtteri Härmälä, Ulla Roiha, Vesa Salminen and
Kyösti Arovuori

The authors:

Valtteri Härmälä, Ulla Roiha and Vesa Salminen (4FRONT),
Kyösti Arovuori (Reinu Econ)

Copyright Business Finland 2020. All rights reserved.

This publication includes materials protected under copyright law,
the copyright for which is held by Business Finland or a third party.

The materials appearing in publications may not be used for commercial
purposes. The contents of publications are the opinion of the writers and
do not represent the official position of Business Finland. Business Finland
bears no responsibility for any possible damages arising from their use. The
original source must be mentioned when quoting from
the materials.

ISBN 978-952-457-653-6

ISSN 1797-7347

Cover photo: Vastavalo

Graphic design: Maria Singh

Page layout: DTPage Oy

CONTENTS

Executive summary	4	5 Evaluation findings: Sapuska and synergies between export and innovation promotion efforts	43
1 Introduction	6	6 Conclusions and recommendations	48
1.1 Background and objectives	6	6.1 Conclusions.....	48
1.2 Evaluation approach	8	6.2 Recommendations	51
1.3 Study methods and data sources.....	10	References	55
2 Context overview: International food markets and Finnish food exports	12	Appendices	
2.1 Challenge of international food markets	12	1. List of interviews.....	56
2.2 Development of Finnish agri-food sector and exports	13	2. Business Finland funded R&D projects in Food from Finland program	57
3 Food related programs – Sapuska and FFF	14	3. Revenue and export growth of FFF participants by company size.....	58
3.1 Food from Finland (Finpro 2014–2018) & (BF 2019–)	14		
3.2 Sapuska Program (Tekes 2009–2012)	20		
4 Evaluation findings: Food from Finland	22		
4.1 Needs and Relevance	22		
4.2 Efficiency	28		
4.3 Added value for companies and food industry (results).....	31		
4.4 Program impact on companies’ performance and sector development	35		

EXECUTIVE SUMMARY

Business Finland has been actively supporting the development of the Finnish food industry for more than a decade. Food from Finland growth program (2014–2018) of Finpro (FFF 1.0) was designed to foster the sector exports. The Business Finland Food from Finland program 2019– (FFF 2.0) integrates the export promotion activities with RDI funding services. FFF program activities include services such as trade fairs, buyer meetings and trainings.

Total of 189 sector companies have participated in FFF activities in 2014–19, in addition, 17 companies and 4 research organizations or universities have received RDI funding for projects related to FFF during 2018–19.

Both the stakeholder (n=7) and the company interviews (n=12) conducted in the course of the evaluation confirmed that there was a clear need for the FFF program, and indicated that the need is still there. According to the participant company survey (n=45), FFF program services are relevant for the participating companies.

The companies reported significant added value of the program especially for increased market knowledge

and understanding, better understanding of international customer requirements and development of export expertise, but called for new services that would better respond to their needs for developing the markets and client relationships further, including services such as partner search, customer identification, and marketing and branding. Especially the stakeholder called for more robust market analyses to validate or update the program target markets.

Two thirds of the companies that responded in the survey said that their export turnover has increased since they joined the FFF program. Two thirds of the respondent companies have also received new international customers since they joined the program. According to the companies, FFF's contribution to increase in exports has been notable.

Also the data on FFF program participants' revenue and exports show positive development during the period 2015–2018. FFF participants have performed better than the rest of the industry, as their revenue growth rate was higher and growth in exports bigger than for

the whole industry. The total exports for FFF participants grew by € 100 million, or by 14 per cent, during 2015–2018 and totaled € 813 million in 2018. Exports contribute significantly on the revenue growth of the companies, as over a half of the total revenue growth among the companies came from exports between 2015 and 2018.

Main program goal of € 3 billion of Finnish food exports, however, is not reached and achieving the goal by 2025 would require exceptionally fast and wide-spread growth in the industry, as the food exports in 2018 were

€ 1.5 billion in total. The ambiguous goal setting and impact model complicate the evaluation of the success overall, and without more precise goals, clear impact model and relevant monitoring indicators, assessing the impact of the program is challenging.

The evaluation data did not indicate a strong linkage between the FFF participation and the utilization of BF funding services, and there remains potential to foster these linkages and to support companies with tapping the BF funding opportunities.

1 INTRODUCTION

1.1 BACKGROUND AND OBJECTIVES

The goal of the Finnish food industry has traditionally¹ focused on domestic markets, and lacking export products and services with high added value. From the perspective of economic growth, increasing the value added of Finnish food industry is important, and something that has been addressed only relatively recently (during the past decade).

Business Finland (formerly Tekes and Finpro) has been actively supporting the development of the Finnish food industry for more than a decade. Tekes **Sapuska program** (2009–2012) aimed to increase research, development and innovation (RDI) activities of Finnish food industry SMEs as well as promote the networking for international markets, especially to Baltic countries and Russia. **Food from Finland (FFF) growth program (2014–2018) of Finpro** was, in turn, designed to support the international growth of Finnish food industry

by organizing Finland national pavilions in the leading professional trade fairs, export promotion delegation trips, meet-the-buyer events, networking, training and providing branding support for Finnish food industry SMEs. Since the merger of Tekes and Finpro, Food from Finland program has been continued as a **Business Finland program (2019–)**², combining the export promotion activities (horizon 1) of the previous Finpro program with RDI funding support and international skills development (horizon 2). The new Food from Finland program also targets at developing new international food sector ecosystems (horizon 3).

In this evaluation report, Sapuska refers to Tekes Sapuska program conducted in 2009–12. Abbreviation FFF 1.0 refers to Finpro Food from Finland program and FFF 2.0 to Business Finland Food from Finland program. When there is no need to make a clear distinction between the FFF programs and the program is discussed in general, we use the term Food from Finland program, FFF.

¹ See e.g. Arovuori, K. & Arovuori, K. & Karikallio, H. (2019) Suomen elintarvikkeiden kauppataseen rakenne ja kehitys. PTT työpapereita 197; Arovuori, K., Karikallio, H., Kiviholma, S., Jansik, C., Niemi, J. & Piipponen, J. (2019) Suomalaisen maitosektorin rakenteet ja niiden muutokset vuosina 1995–2018. PTT työpapereita 198.

² Food From Finland Program. Business Finland. <https://www.businessfinland.fi/en/for-finnish-customers/services/programs/food-from-finland/>

The purpose of this evaluation is to produce an analysis of the *results, relevance, efficiency, effectiveness* and *impacts* of the above-mentioned programs. Especially, the evaluation will focus on assessing how the programs have contributed to the business development, exports and internationalization of the participating companies.

As for the Sapuska program, the evaluation will build on the findings of the previous evaluation^H of the program, by focusing on longer term impacts of the program and the continuation of the activities as part of the Food from Finland program. Regarding Food from Finland-program, the evaluation will focus on the *anticipated* results and impacts of the currently on-going Food from Finland program (FFF 2.0) of Business Finland that was launched in 2019. This part of the evaluation will build on the evaluation of Finpro's growth programs in "Evaluation of Team Finland growth programs"^I, conducted by 4FRONT in 2016. In addition, Food from Finland program was analyzed by 4FRONT as one case-example in a (non-published) study for Finpro. These findings are used to help to focus the evaluation.

The evaluation aims to provide answers to the following questions:

- 1.** What will be the anticipated results and impacts of the program? How relevant and well-serving is the program for food industry? Has there already been results? (regarding the currently ongoing Food from Finland program)

- 2.** How should the on-going Food from Finland program be monitored to ensure achieving the planned results and impacts?
- 3.** What concrete results have the ended Food from Finland and Sapuska programs created, how well have the objectives set for the programs been achieved, what impacts they have had, and how relevant, efficient and effective have the programs been?
- 4.** What has been the contribution of each of the ended programs on business development, exports, jobs and internationalization of the participating companies?
- 5.** Regarding program implementation and services of the ended programs, what has worked well and what has not, with reasons explained?
- 6.** To what extent have the programs been able to improve capabilities and partnerships of participating companies for the purpose of exporting?
- 7.** How successful have the programs been in responding to changes in their operating environment? In what ways?
- 8.** How well have these three programs formed a continuation of export and innovation promoting efforts for food industry? Have their synergies been recognized and utilized?

³ Halme, K. ym. (2014) Challenges of Market Changes. Evaluation of well-being oriented SME innovation programs aiming at international growth. Tekes report 7/2014

⁴ Salminen, V. ym. (2016) Evaluation of the Team Finland Growth Programs. Publications of the Government's Analysis, Assessment and Research activities 40/2016.

TABLE 1. Evaluation hypotheses and means of verification.

HYPOTHESES	MEANS OF VERIFICATION
<p>Relevance</p> <p><i>H1:</i> Programs address actual needs and gaps. The objectives, target markets, and services are relevant for the food industry and participating companies.</p> <p><i>H2:</i> Programs have been successful in responding to the changes in operating environment.</p>	<p>Analysis of background documents and literature; validation with stakeholder and company interviews and survey</p>
<p>Efficiency</p> <p><i>H3:</i> Programs have managed to attract and commit appropriate stakeholders and companies.</p> <p><i>H4:</i> Program resources are efficiently allocated for appropriate activities and services.</p>	<p>Analysis of program data, metrics and company profiles; validation with stakeholder and company interviews and survey.</p>
<p>Effectiveness</p> <p><i>H5:</i> Program activities bring added value to the participating companies.</p> <p><i>H6:</i> Sapuska and the FFF 1.0 programs have achieved the objectives set for them and FFF 2.0 program is on-track to achieve its objectives.</p> <p><i>H7:</i> Programs have formed a continuum for food industry innovation and export promotion efforts with synergies between the FFF programs and Business Finland funding services</p>	<p>Analysis of program data and metrics; validation with stakeholder and company interviews and survey.</p>
<p>Impact</p> <p><i>H8:</i> Programs have had impact on participating companies' export capabilities, promotion opportunities, and networks and partnerships.</p> <p><i>H9:</i> Programs have had impact on participating companies' acquisition of new customers, export revenues, job creation and development of new value added products.</p> <p><i>H10:</i> Programs increase the food industry exports.</p>	<p>Analysis of program data, metrics and company profiles; analysis of industry statistics; validation with stakeholder and company interviews and survey.</p>

1.2 EVALUATION APPROACH

Our approach to the evaluation is based on **theory-based evaluation**⁵ and **contribution analysis**⁶ with the focus on explaining *how* the programs have contributed to the business development, exports and internationalization of the participating companies. The approach is especially suited to evaluating *how* the impacts are (or will potentially be) achieved, and what lessons can be learned to improve the impact of the program(s). The approach is based on building **an impact model** (theory of change) for the program.

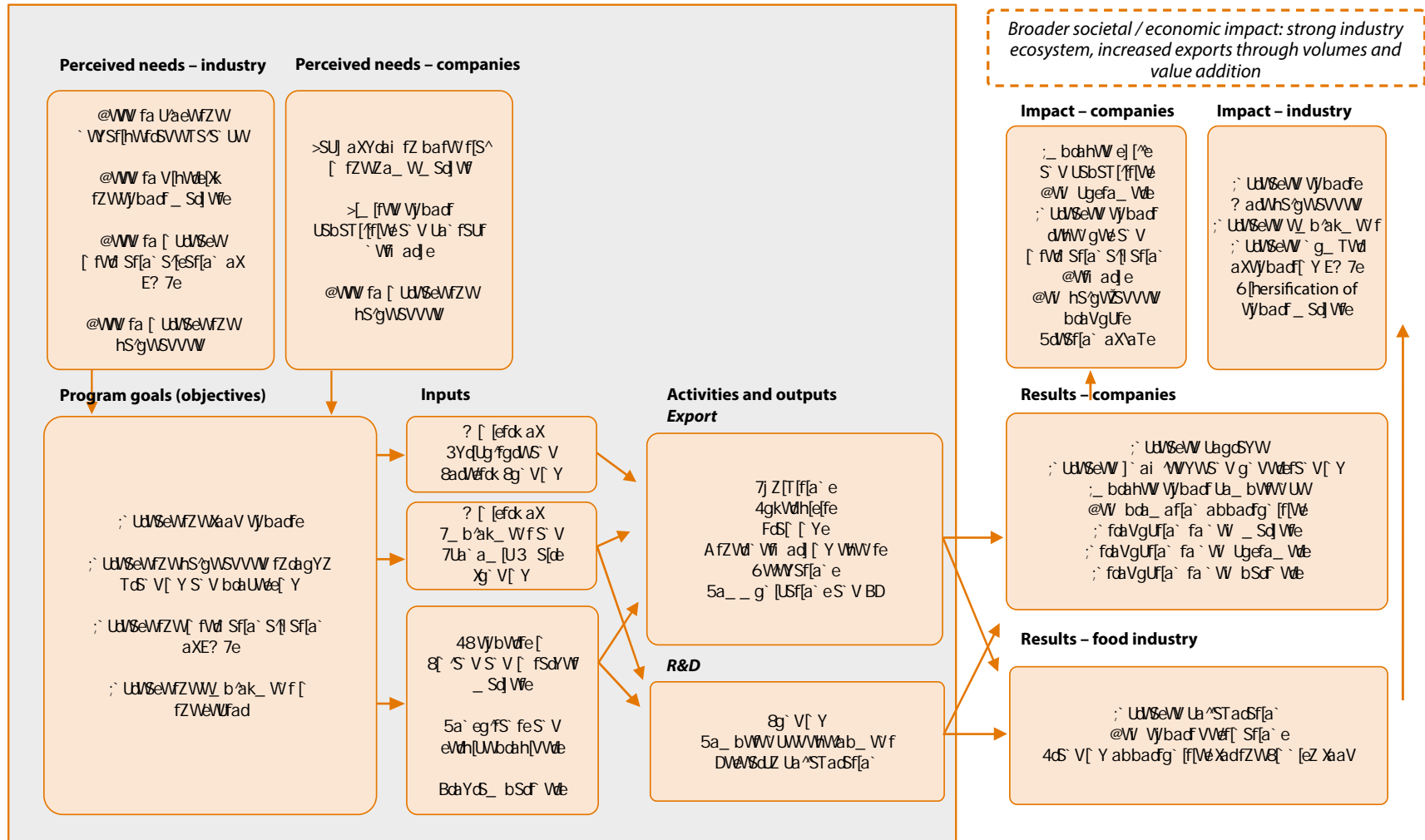
In the first phase of the evaluation, **an impact model for the FFF program** was constructed. The model is presented in Figure 1.

Building on the model and evaluation questions, eight hypotheses were formulated to guide the assessment of the programs, their relevance, efficiency, effectiveness and impacts. The hypotheses and the means of verification are presented in Figure 1. Impact model for the Food Export Programs.

⁵ Better Evaluation: Develop program theory / theory of change.
https://www.betterevaluation.org/en/rainbow_framework/define/develop_program_theory

⁶ Better Evaluation: Contribution Analysis.
https://www.betterevaluation.org/en/plan/approach/contribution_analysis

FIGURE 1. Impact model for the Food Export Programs.



1.3 STUDY METHODS AND DATA SOURCES

The evaluation was based on the following methods and data sources. Methodological triangulation was used to validate the findings:

Analysis of program documents. As part of the evaluation, the key program documents (e.g. funding applications, annual reports, monitoring data, program presentations, and minutes of the steering group meetings) were analyzed, especially to assess the objectives, rationale and activities of the program.

Company portfolio analysis. Profiles of participating companies were analyzed to assess the program efficiency e.g. through what kind of companies the program has targeted.

Stakeholder interviews. Seven stakeholder interviews were conducted as part of this evaluation. Interviewees represented important program stakeholders, one of the interviewees being a Business Finland representative. Focus of the interviews was on Food from Finland (FFF) program, and Sapuska program was discussed in more detail only in one interview. Stakeholder interviews were conducted in late October-early November 2019. In addition to these interviews, a discussion was conducted with the program management in order to better understand the program activities and the program realities.

Company interviews. Ten interviews were made with companies that had participated in FFF program. The

objective for these interviews was to gain understanding on companies' motivation to participate in the program, program's relevance for the companies, their satisfaction with the program services and activities, program results, and the program's impact on their exports and international business development. The selection of the companies for the interviews was made so that it would include companies of different sizes, different product categories and different stages of internationalization. All of the interviewed companies were categorized as active participants by the program management.

In addition, the goal was to understand the continuum from Sapuska to FFF and the synergies between them from participating companies' perspective, and five interviewed companies had had Sapuska funded projects. Three companies interviewed had also had a recent or ongoing Business Finland (FFF) funded project. Besides the ten interviews made with FFF participants, one additional interview was conducted with a company that had not participated in the FFF program. Company interviews were conducted in November 2019.

Participant survey. A survey was sent to all the 188 companies that participated in the FFF program (including both the FFF 1.0 and FFF 2.0) and to 88 companies that had had Sapuska funded projects. All in all, 261 unique and valid email addresses received the invitation letter for the survey. The survey attracted 45 responses, the response rate being 17 percent. Out of these respondents, 41 had participated in FFF activities and 6 in Sapuska program with couple of companies having experience from both the programs. The objective of the

survey was to gain information on FFF programs' relevance for companies, their satisfaction with program activities and services, and the program results. In addition, the goal was to understand the long-term impact of Sapuska program. The survey was conducted in November-December 2019.

44 per cent of the survey respondents represent micro enterprises (turnover below € 2 million), 35 per cent small enterprises (turnover € 2–10million), 12 per cent medium-sized enterprises (turnover € 10–50 million), and 9 per cent large enterprises (turnover more than € 50 million). 62 per cent of the respondent companies are manufacturers of food products, 18 per cent manufacturers of alcoholic beverages (incl. beer), 7 per cent manufacturers of non-alcoholic beverages, 4 per cent whole sale enterprises and 2 per cent manufacturers of machinery and equipment for the food processing. 7 per cent of the respondents had chosen the category "other sector". Almost one third of the respondents (31 per cent) export their products to more than five countries and 44 per cent to 1–5 countries. 24 per cent have international agents or distributors and 11 per cent a foreign subsidiary. 27 per cent have just begun exploring the international opportunities and 9 per cent has no exports or other type of international business.

Email survey for Sapuska research projects. Sapuska program funded 11 research projects that were conducted by 18 universities and research institutes. All the project contact persons were approached with individual emails to gain understanding on the research projects' long-term impact. This email survey attracted a response from only one project. The person responsible for the project was subsequently interviewed for a case description.

Quantitative and statistical analyses. Statistical analysis was performed to understand the development of the Finnish food exports during the program period. The analysis regarding the exports to FFF target markets provided additional evidence on the contribution of the programs.

Economic analyses on company performance. Statistical analysis on FFF program participants' export, revenue and employment development was performed to learn program's contribution on the company performance.

2 CONTEXT OVERVIEW: INTERNATIONAL FOOD MARKETS AND FINNISH FOOD EXPORTS

2.1 CHALLENGE OF INTERNATIONAL FOOD MARKETS

Global food markets are increasing steadily. Major factors for increasing demand are the rising incomes and population growth. Population growth leads to increasing volumes, and rising incomes to increased demand for value added products.

During the 2010s the European Union has become the largest player in the global food trade. Its exports are constantly increasing, and it operates with increasing agri-food trade surplus. According to the European Commission trade statistics (2019), from the 2016 onwards, the annual value of the EU exports has constantly been higher compared to the previous years.

Although the role of agricultural trade policies has diminished over the years, agricultural and food products are still often subject to trade restrictions and trade distorting policies. Agricultural and food products have been key categories also in recent trade wars.

Russian ban on food imports from the EU, set in

August 2014, had a significant impact on the internal market development in the EU during the mid-2010. Its impact was most visibly seen in the EU milk and meat markets, where production originally supplied to Russian export markets were redirected to the EU internal markets.

The global food markets have also been heavily impacted by the erosion of the WTO decision making. The stagnant WTO has been major driving force for bi-lateral trade agreements. In recent years the EU has ratified bi-lateral trade agreements with e.g. South-Korea and Japan, and negotiated one with Canada. These bi-lateral trade agreements impact on the direction of trade flows and change the dynamics of the global food market.

For the Finnish food sector, the major role of the EU as the supplier of the global food markets opens new possibilities in two ways. First, the demand for the Finnish food products increases among the overall export demand of the EU food products. Second, the increase in the EU export demand opens the EU internal markets for Finnish food products.

2.2 DEVELOPMENT OF FINNISH AGRI-FOOD SECTOR AND EXPORTS

The total value of Finnish food exports was € 1.52 billion in 2018. This level is still lagging behind the record of € 1.6 billion in 2012 before the Russian counter sanctions for food imports. Although, 2019 is expected to become the new record year with over € 150 million higher exports in October compared to the October year before. Before the Russian ban on food imports in 2014, Russia was the primary export market for Finnish food products with a total value of over € 300 million per year between 2010–2014, and reaching over € 400 million in 2012–13. The Russian market was even more important when the added value of products is also considered, as Finland exported many products such as cheese and other dairy products with a total value of over € 200 million and with a considerable value added, before the collapse of exports to Russia.

Nowadays the primary market for Finnish food exports is the EU, with exports over € 1 billion in 2018. Inside the EU, the most important markets in 2018 were Sweden (€ 316 million), Estonia (€ 137 million), France (€ 104 million) and Germany (€ 94 million). Russia is still the fourth biggest market with exports of € 99 million, however the fall from the top figures in 2013 is over € 300 million.ⁱ

The primary product classes for exportsⁱ in 2018 were dairy produce and eggs (€ 385 million), beverages, spirits and vinegar (€ 170 million) and fish and crustaceans (€ 170 million). Technically though, the majority of exports of fish consist of transition of Norwegian fresh salmon to other EU markets, the volume of which according to LUKE was € 137 million in 2018^j. It is important, however, to notice, that when it comes to transports of Norwegian salmon, the exports do not in practice represent Finnish food production or leave any value added to Finnish food production chain.

⁷ For a more detailed analysis see Arovuori and Karikallio (2019)

⁸ According to CN product codes 01-23, <http://uljas.tulli.fi/uljas/>

⁹ <https://www.luke.fi/uutinen/norjalaisen-lohen-vienti-suomen-kautta-lisaantyi-edelleen/>

3 FOOD RELATED PROGRAMS – SAPUSKA AND FFF

This chapter describes the Food Export Programs. The Sapuska program of Tekes (2009–12) will be covered only briefly as it has been evaluated for its short-term results and implementation already earlier in 2014. Finpro Food from Finland program 2014–18 (FFF 1.0) and the current Business Finland Food from Finland program (FFF 2.0) will be presented in more detail.

3.1 FOOD FROM FINLAND (FINPRO 2014–2018) & (BF 2019–)

3.1.1 RATIONALE

Planning of the Finpro Food from Finland -program 2014–18 (FFF 1.0) started with a preliminary study conducted in January–March 2014, in which 61 companies participated. Interviewed companies showed very strong support for program creation, and the preliminary study indicated that companies', especially SMEs', interest in

the export program was great. The SMEs expressed their hopes for more active role of the state especially in the early stages of the export activities as the high initial costs of the export diminished the courage to make the required investments. In case of large companies, the views were more divided.

One of the main rationales behind the Food from Finland program was the foreign trade deficit of € 2.7 billion. At the time of planning the program Finland's food exports were worth € 1.6 billion whereas the imports amounted to about € 4.3 billion. Thus, there was a need to close the gap between the imports and exports. The need to grow the exports stemmed also from the fact that the domestic food industry faced more intense competition from the food imports due to the trade being able to place the domestic produce in a price-competition with the imports.

Second, Finland's food exports were dependent on a few key export markets with Russia, Sweden, Estonia and Germany accounting for more than 50 percent of the total food exports. The dependency from the Russian market was extremely large. Therefore, the sanctions im-

posed on Russia and the counter-sanctions suspended the food exports to Russia put the entire value chain, especially dairy, meat and fish sectors, in a difficult situation. Thus, new markets were urgently required.

Third, exports are required for overall growth of the sector as the home market is small, extremely concentrated, and the growth stagnated.

Still, and fourth, at the time of planning the program, according to the program documentation only about 12–13 percent of the Finnish food SMEs were active on the international market. In general, food sector SMEs were not well equipped for exports. There was a need, especially for SMEs, to become more internationalized and increase the exports.

Finally, many countries have had similar programs in place for many years whereas in Finland the focus on food exports had been very low and the activities fragmented until 2014.

The rationale behind the new Business Finland Food from Finland Program (FFF 2.0) was to continue the efforts made in the first program. The Finnish home market remains small, and consequently, there is a great need to export. Still, according to the program sources, only 16 percent of the SMEs are exporting, and the companies need all possible help to access to the international markets. Furthermore, there is a need to increase the value-added of the Finnish food production. Global trends such as focus on healthiness and increasing importance of food safety are also favoring the Finnish food exports.

3.1.2 GOALS AND OBJECTIVES

The FFF 1.0 program 2014–18 focused on linking separately and fragmented export promotion measures into one package and building a systematic framework for participating companies' export efforts, which would help them to utilize the limited export promotion resources as efficiently as possible. The following six goals were set for the program:

- 1.** Double the food exports by € 3 billion by 2020 to close the gap in the foreign trade balance and to generate significant value added in Finland
- 2.** Create a stronger country image and a strong brand for Finland as an expert for food production, and to build a special role for Finnish food that is based on strong know-how. This will profit the entire value chain and all the companies in the sector.
- 3.** Create a concrete and substantial team Finland growth program for the industry with the benefits and opportunities for participation extending across the industry
- 4.** Attract 100 potential Finnish food companies, service providers and machinery and equipment suppliers to the program
- 5.** Create around 5,000 new jobs in the food sector
- 6.** Wider internationalization of SMEs.

The program documentation included also several other (sub-) goals for the program and listed the success factors vital for reaching the program goals that in-

cluded e.g. pragmatic and results-oriented approach; measures that are large and substantial enough; and involvement of large companies. It was also noted that Finland is competitive when it comes to innovative, high value-added products and listed the product categories with special potential.

The Business Finland Food from Finland program (2019–) aims at expanding the program and its vision by adding elements of innovation, branding and internationalization skills. The main FFF 2.0 program goals are

1. to get 25 per cent of Finnish food economy SME's to operate internationally (2017: 16 per cent)
2. to double the Finnish food export by 2025 to € 3 billion.

The program concentrates on the development, growth and export of the Finnish food industry with focus on branded and high value-added products and services.

3.1.3 PROGRAM STAKEHOLDERS

The preliminary study leading to establishment of the FFF 1.0 Program was funded jointly by Finnish Food and Drink Industries' Federation (ETL), Ministry of Economic Affairs and Employment and Ministry of Agriculture and Forestry (MAF).

The first two years of the program were funded solely by the Ministry of Economic Affairs and Employment (MEAE). Once the budget for the MEAE's growth programs diminished significantly, Ministry of Agriculture

and Forestry (MAF) stepped in and agreed to partly fund the program. Consequently, the FFF program has been funded jointly by Ministry of Economic Affairs and Employment and Ministry of Agriculture and Forestry since 2017. Ministry of Foreign Affairs (MFA) is an important stakeholder for the program. The collaboration with MFA takes place mainly in the target markets, embassies having a significant role e.g. in arranging the program events.

Finnish Food and Drink Industries' Federation has been involved with the program since the beginning in 2014 and the previous Director General was one of the program initiators. Other important stakeholders include Central Union of Agricultural Producers and Forest Owners (MTK), Finnish Food Authority, Prime Minister's Office and Natural Resources Institute Finland (Luke).

FFF has a steering group that consists of five company representatives and representatives from the key stakeholder organizations MEAE, MFA, MAF, ETL, Finnish Food Authority and Prime Minister's Office. The steering group also has a representative from Business Finland. The steering group has met 2–3 times a year. The group has continued being operational even though steering groups of the other growth programs were discontinued and replaced by thematic steering groups.

The program collaborates also with Visit Finland (part of Business Finland) and other Nordic public sector organizations associated with food exports (Business Sweden, Dansk Industri).

In addition to these the program has dozens of external partners and service providers that support the implementation of the program activities.

3.1.4 TARGET MARKETS

According to the program documentation the company interviews conducted during the preliminary study guided the selection of the target markets for the FFF 1.0 program. At the start of the program, the focus was on Russia, Scandinavia, Baltic States, Germany, China and other markets in East Asia (South Korea, Japan).

Baltic area was targeted mainly at SMEs and start-up exporters whereas other neighboring markets and East Asia served for more experienced exporters and large companies. Around 80 percent of the activities were targeted at these selected first priority markets and the remaining 20 percent selectively to other markets.

There were some changes in the first priority target markets in the course of the program. Baltic states were removed, focus in nearby markets remaining in Scandinavia and Germany. Hong Kong was added as a new East Asian target market. Regarding the supplementary markets, additional measures have been carried out in other European countries (such as in France). Outside Europe, Middle East, Singapore, South Africa and USA (New York) have been program's supplementary target markets.

The approach where 80 per cent of the program activities are conducted in the first priority markets and rest in other markets, has continued with the FFF 2.0

program. The first priority markets for the FFF 2.0 are Scandinavia, Germany and East-Asia (China, Hong Kong, Japan, South Korea). France, other European markets, Saudi-Arabia, United Arab Emirates, South-Africa, Singapore, USA and Russia have been identified as supplementary markets.

3.1.5 PROGRAM CONTENT AND ACTIVITIES

According to the program documentation, the FFF 1.0 program activities consisted of following:

- Trade fairs
- Networking (events)
- Buyer meetings (both in Finland and abroad)
- Trainings
- Delegations
- Market information database
- China eCommerce project
- Marketing, communications and PR

Events, such as trade fairs, buyer visits and trainings, were core elements of the FFF 1.0. Some events, like trainings, took place in Finland, but most activities were arranged in the target markets in order to meet the clients. The events, including trainings, were open for all the companies from the sectors, the program member companies, however, having a prior right to attend. Until now, the trainings have also been free of charge whereas the companies have covered around 50 per cent of the trade fair participation costs.

In addition to activities listed above, the FFF 1.0 supported establishment of three clusters (oats and oat products; berries and berry products; and alcoholic beverages) and arranged some cluster-specific activities especially in the target markets.

The program categories were rather fixed for the duration of the program. However, some changes took place within the categories and the program content evolved during the program.

The FFF 2.0 continues undertaking horizon 1 activities (growing the current business by increasing the exports) that are in line with the FFF 1.0, which was purely an export program. The activities include B-2-B trade fairs, buyer meetings, networking events, trainings, and retail promotions in selected markets. The FFF 2.0 also includes plans for horizon 2 (building emerging business through capacity building and new business opportunities) and horizon 3 (creating opportunities for future through development of ecosystems and new partnerships) activities. “Boosting export with packaging” modular coaching program kicked off in October 2019. The FFF 2.0 also provides the food sector companies with funding for internationalization, competence development and innovation, and aims at building larger collaboration model with universities and research institutions.

3.1.6 PROGRAM PARTICIPANTS

According to the program documentation, the FFF 1.0 program was open for all food companies, service providers and machinery and equipment suppliers.

The companies were able to choose whether they joined the program as members or participated in the activities without being members, as the activities were open for all the sector companies. The membership fee was determined by the size of the company, the fee being € 6,000 for large companies, € 3,000 for SMEs and € 1,500 for micro enterprises. These fees were payable only once, not annually. The program members were entitled for certain benefits such as the free use of Global Data market information database and the 10 percent reduction on trade fair fees.

The program membership was not actively marketed as such, however, the number of member companies increased steadily and the target of 100 member companies was reached already during the second year of the program. 125 companies had become members by the end of 2018. The members cover almost all the exporting companies from the sector, including almost all the large companies, SMEs and start-ups.

According to the participant analysis made by the program management in connection with this evaluation, total of 189 companies have participated in FFF activities in 2014–19. Out of these 157 have paid the membership fee and thus are member companies as well. For the purpose of this evaluation, the program personnel classified the participants according to how actively they had participated in the program activities. 108 companies were classified as “active participants”, 51 companies as “participating sometimes” and 30 companies as “members but not active” meaning that they had not been participating in the activities at least within the

past couple of years. We have used primarily all the participating companies as the sample for analysis.

In addition, 17 companies and 4 research organizations or universities have received RDI funding for projects related to FFF program during 2018–19. These projects do not however cover all the BF funded food related r&D-projects, as projects have been funded also under other programs and portfolios.

Total of 25 companies have participated in both Sapuska (Sapuska funded project) and FFF programs.

According to the data on FFF program, 12 of the participating companies were large companies, 35 medium-sized, 26 small and 68 micro companies, as of their situation in 2015 (which serves as a base line situation for the analysis reported in chapter 4.4). Information on company size was missing for 45 companies. In practice it is relatively safe to assume that the companies with missing data are young and small companies.

TABLE 2. Industry classes of participating companies.

Manufacturing	112
Retail and wholesale	51
Agriculture, forestry and fishing	8
Professional, scientific and technical activities	6
Accommodation and food service activities	5
Information and communication	1
Financial and insurance activities	1
Human health and social work activities	1
Arts, entertainment and recreation	1

When looking at the participants industries, we found that majority of the participants came from the field of manufacturing, and especially well presented are the sub-classes manufacture of food products (75 companies) and manufacture of beverages (33 companies). The other major industry besides manufacturing, has been wholesale and retail trade (51).

On a more detailed (3-digit) level we find that among the manufacturing companies the most numerous are companies in classes *manufacture of beverages* (30 companies), *Manufacture of other food products* (19 companies) and *Manufacture of bakery and farinaceous products* (12 companies).

3.1.7 PROGRAM BUDGET AND FINANCING

The budget for the first year of the FFF 1.0 was € 1.5 million and increased to approximately € 2.2 million for the years 2016–2018. The first two years of the FFF 1.0 were funded solely by the MEAE, after which the program was funded jointly by the MEAE and the MAF. The MAF funding for the program increased from the € 0.7 million in 2017 to € 1.1 million in 2018 with MEAE funding decreasing accordingly. The FFF 2.0 continues to be funded by both the Ministries budget for the 2019 being € 2.3 million.

3.1.8 MONITORING AND METRICS

According to the program documentation, the FFF 1.0 program was monitored mainly through the program

outputs. The metrics included number of participating companies, number of events according to different event categories and media hits. In addition, the development of the sector exports was followed. In addition to these, at least one participant satisfaction survey was carried out in 2017.

3.2 SAPUSKA PROGRAM (TEKES 2009–2012)

3.2.1 OVERVIEW

Tekes Sapuska – Added Value for International Food Markets – program took place 2009–12. The rationale behind the Sapuska program was the low level of internationalisation among food sector SMEs. The Sapuska program was also a part of the continuum of programs promoting food and nutrition sector.

The Sapuska program focused on exports. The program goal was to improve the business of SMEs in the Finnish food industry, increase research, development and innovation and promote networking with regard to international markets. The Sapuska program aimed to promote food exports primarily to neighboring countries such as Russia.

The program funded 97 company projects and 11 research projects. In addition to these, the program activities included business mentoring; project activation service providing help in the internationalization; and 40 events. The program budget was € 34.5 million, half of which was funded by Tekes.^{F€}

3.2.2 FINDINGS FROM THE PREVIOUS EVALUATION

The previous evaluation of the Sapuska program¹¹ indicated that the Sapuska program was very relevant to the Finland's strategic choices and in particular those pursued by Tekes. The program had been prepared, justified and selected to focus on sector in which Finnish SMEs had particular competence and opportunities for growth and internationalization.

The evaluation showed that Sapuska reached well the objectives set for it. According to the evaluation the advantage was that the objectives were relevant, pragmatic and clear. Sapuska succeeded well in promoting internationalization of SMEs by using different tools such as funding, activation, mentoring, communication, and organizing events and benchmarking tours.

Sapuska was considered very effective in networking and bridging, and the results of new collaboration networks would not have been achieved without the program. The program had a remarkable impact on network-

¹⁰ Halme, K., Haila, K., Paavola, H., Thomsen, H and Lahtonen, K. (2014) Challenges of Market Changes – Evaluation of well-being oriented SME innovation programmes aiming at international growth

¹¹ Halme, K. ym. (2014)

ing between companies and research, and the promotion of the co-operation between SMEs and big companies was a clear added value of the program. It was also able to generate (attract, concentrate, systematize, leverage) RDI funding within the sector.

The Sapuska boosted food export of SMEs especially to Russia and St. Petersburg area, and the competence

of exporting to Russia was improved by the program. The evaluation indicated that the Sapuska adjusted well to the changes in the operational environment, and the timing of promotion of export Russia was seen as right. The effects of the sanctions and counter-sanctions that led to collapse of food exports were yet to be seen at the time of the evaluation.

4 EVALUATION FINDINGS: FOOD FROM FINLAND

4.1 NEEDS AND RELEVANCE

4.1.1 INDUSTRY NEEDS AND GAPS

Both the stakeholder and the company interviews confirmed that there was a clear need for the FFF 1.0 program. The stakeholders indicated reasons that were in line with those of program rationale such as the counter-sanctions that closed the Russian market; small national home market with little opportunities for growth; and the lack of SMEs' resources to internationalize alone. The stakeholders saw that there was still need for the program: exports are e.g. required for sustaining the national food value chain. In addition, FFF has managed to attract wide business representation, it's known by the companies and thus offers a good platform for continuing the export promotion work.

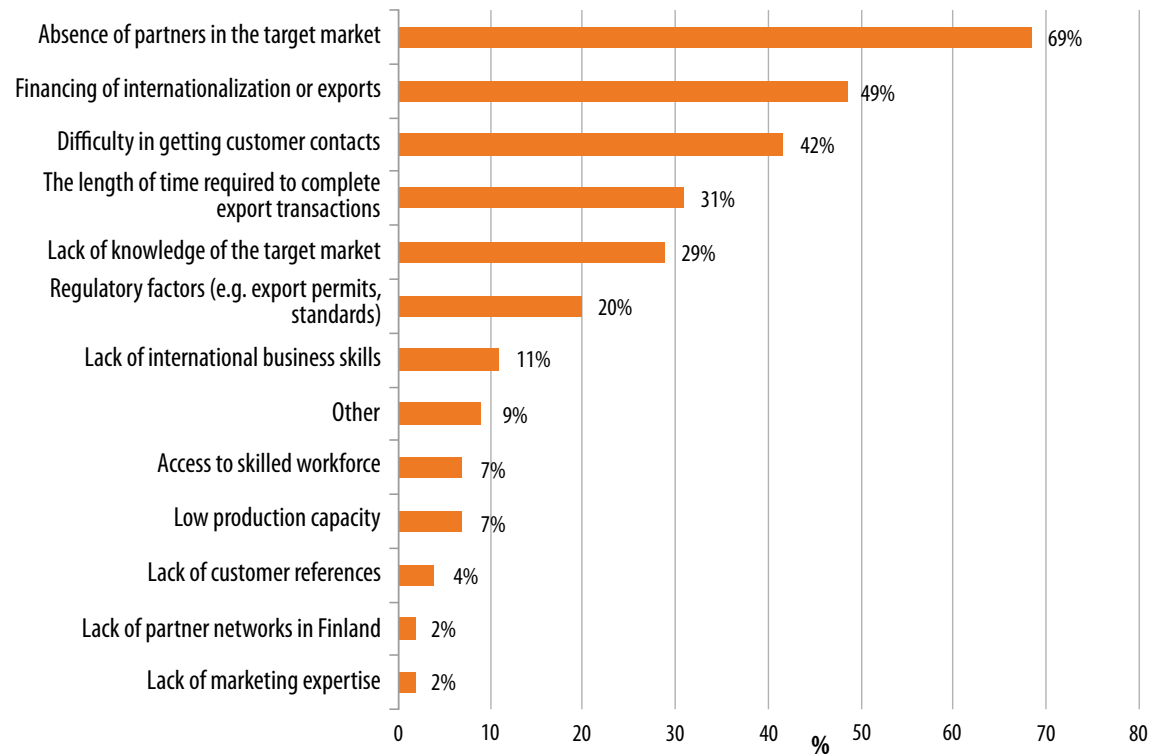
The survey made in the course of this evaluation included a question on major obstacles for exports and international growth. **According to the survey respon-**

dents by far the largest obstacle for exports and international growth was the lack of partners in the target markets (69 per cent of the respondents). This was followed by lack of funding for international growth / exports (49 per cent) and difficulty of finding the customer contacts (42 per cent).

Absence of the partners in the target market was the largest challenge for the companies in all size classes. Difficulty of getting customer contacts and financing of internationalization or exports, in turn, were considered as a major obstacle only by 22 per cent and 11 per cent of the large and medium-sized companies, who considered the length of time required to complete export transactions and regulatory factors as second largest challenges.

The company interviewees indicated that the FFF programs addressed the actual needs, especially those that are related to the first steps of international business development. 4 out of 10 company interviewees pointed out that the program is important especially for the early stages of the export operations or for opening up of new export markets, but indicated

FIGURE 2. Question: What are your company's major obstacles to export and international growth? Select up to three major obstacles. (n=45)



that the program is less relevant for the subsequent phases of the international business development and responds less well to the needs for further establishment or development of the market presence. The same was expressed by many stakeholder interviewees.

4.1.2 RELEVANCE OF PROGRAM OBJECTIVES, TARGET MARKETS AND SERVICES

Even though there were clear needs for the program as the food sector exports need the boost, the program goal itself raised certain questions especially among the interviewed stakeholders. The goal of € 3 billion of food exports, first set for the FFF 1.0 program and then for the FFF 2.0 program as well, was considered very tough by several stakeholder interviewees. The goal is more of a vision, the realization of which could not only be of FFF's responsibility.

The interviewed companies were satisfied with the program target markets. Asia-focus was seen correct with one interviewee pointing out that Singapore (already a supplementary market for the program) could be included in target markets. European countries are important markets for the interviewed companies as well, and thus the FFF activities in Europe were also considered relevant. One interviewee specifically welcomed the increasing efforts in France. **The majority of survey respondents also saw that FFF is focused on right target markets** with 29 per cent of the respondents totally agreeing and 44 per cent somewhat agreeing with the statement "program activities take place in the right target markets". Only one survey respondent questioned the target markets in an open comment regarding the program.

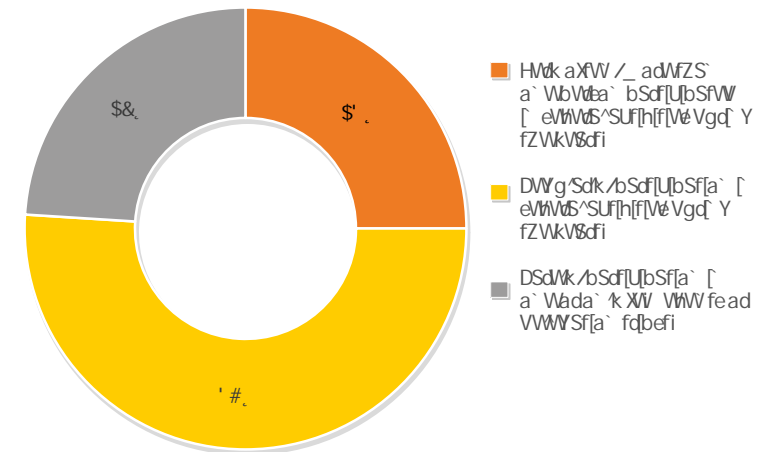
The stakeholder views regarding the relevance of the program target markets, in turn, were rather divided.

None of the interviewed stakeholders said that the target markets would be wrong as such but many of them (5 out of 7) pointed out that the selection of the target markets should be based on a more robust market analysis and thorough understanding of target market needs, and called for a market analysis in order to validate or update the target markets. Only one interviewed company mentioned that they had not come across any explanations for the selected target markets, another highlighted the need to know the market well before any efforts, and third one pointed out the usefulness of a market analysis. One company interviewee was happy that they had had an opportunity to influence to the selection of the markets.

All the interviewed companies had participated in the trade fairs and most in buyer visits, trainings and business delegations. When it comes to survey respondents, approximately half of them had participated in the FFF activities regularly, one fourth very often and one fourth rarely. None of the survey respondents said that they never participated in any activities. The activeness of the participation is shown in the figure 3.

According to the company interviews and the survey, out of the program services trade fairs and buyer meetings are the most relevant for the companies. The interviewed companies, including the large ones, saw value in trade fairs. Buyer meetings were considered relevant as well. Also, the survey results clearly indicated that the international trade fairs (71 per cent) responded the best the companies' needs for international business development. This was followed by buy-

FIGURE 3. Question: How often has your company participated in Food from Finland activities? (n=41)

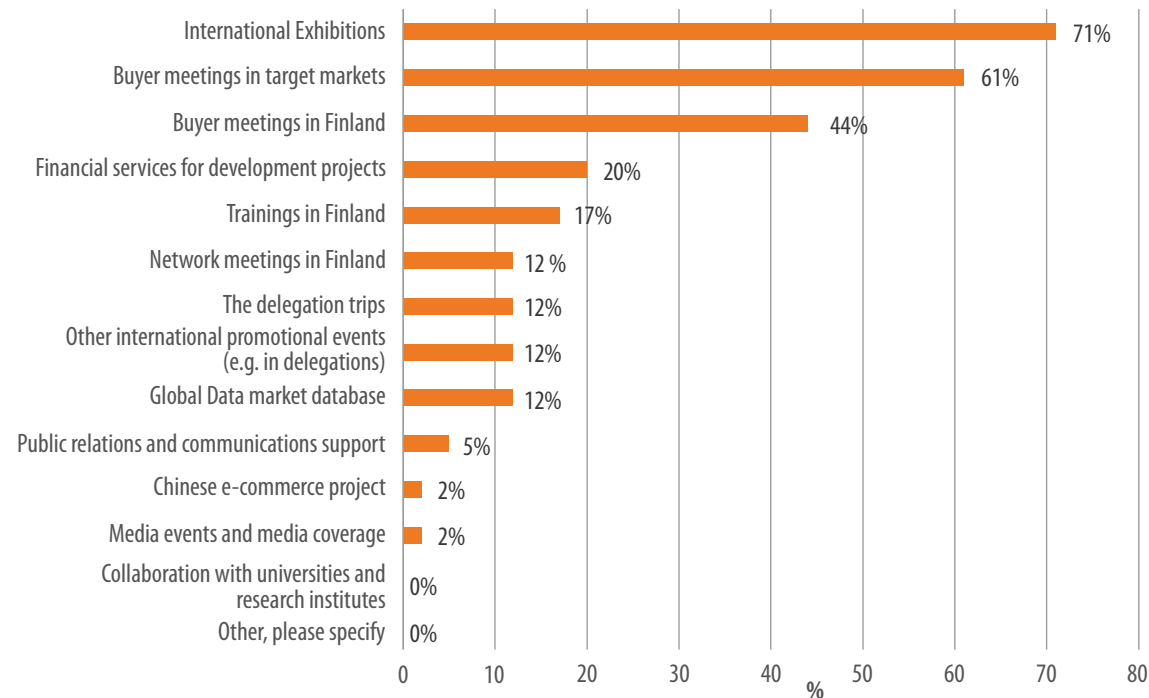


er meetings in target markets (61 per cent) and buyer meetings in Finland (44 per cent) with other services being far less important for the companies.

The survey results regarding how the program services respond to companies' export development needs are presented in the figure 4.

The top three services were the same in all size classes of the companies, but the order was different. The trade fairs were by far the most important service for the large and medium-sized enterprises who also raised the Global Data market database on the shared third position. More thorough market data and analysis were also called for in some of the company interviews, but the interviewees were not always aware of the opportunity to have

FIGURE 4. Question: Which program services best meet your company's export development needs? Choose up to three major services. (n=41)



the access to the Global Data market database through FFF. The buyer meetings in Finland were considered the most important program service by the micro enterprises, but they were far less important for the small and large and medium-sized enterprises. Buyer meetings in target markets were almost as important for all the size classes.

In the program documentation the Chinese e-commerce project was raised as an individual activity that had continued for several years. At least according to the survey results, this project is only of little importance for companies. None of the small, medium-sized or large enterprises named it as one of the most important services. It was not mentioned in the company interviews either.

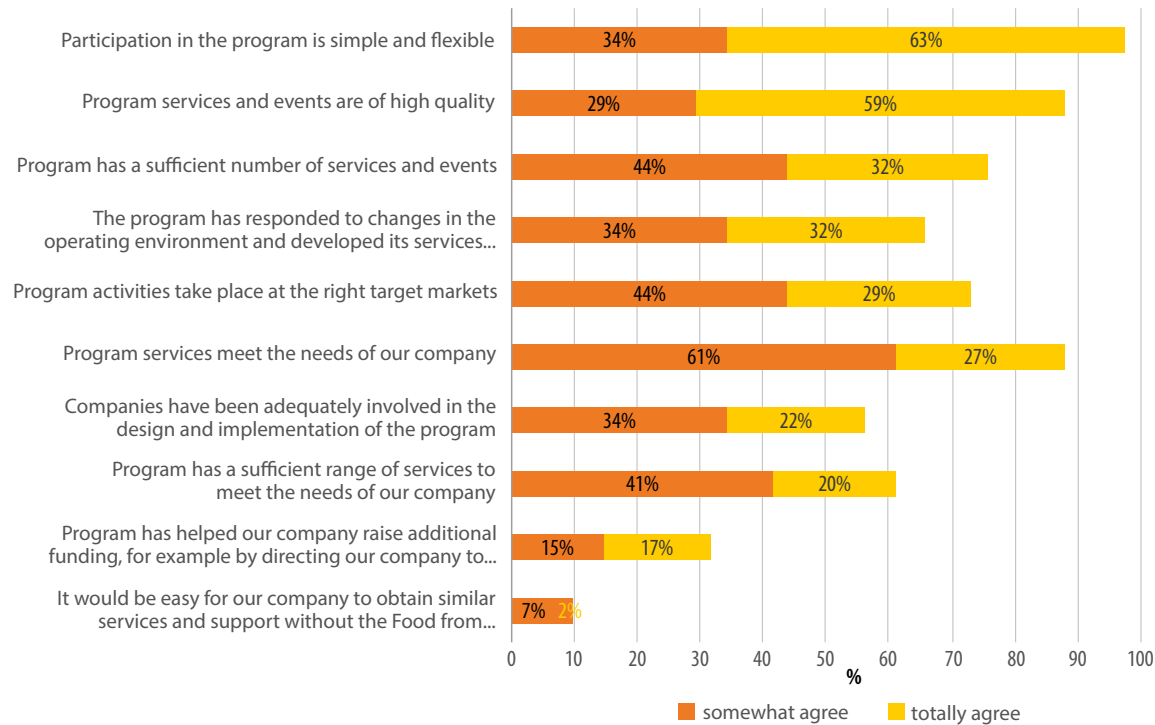
Overall, the companies that participated in the survey were rather satisfied with the FFF range of services and how they respond to companies' needs: 27 per cent of the respondents fully agreed and 61 per cent somewhat agreed with the statement "program services respond to the need of our company". Two company interviewees saw that the program services serve better small and micro enterprises than large companies with a survey respondent expressing an opposite opinion in an open comment:

The needs of large and small businesses are very different, as are those of brand builders vs. price competitors. Food from Finland is best suited to meet the needs of large price-competing companies.

Regarding the sufficiency of the services, 20 per cent of the respondents fully agreed and 41 per cent somewhat agreed with the statement "program has a sufficient range of services to meet the needs of our company".

The figure 5 below illustrates the survey respondents' stance towards the various statements about the program.

FIGURE 5. Question: Take a stand on the following statements regarding the Food from Finland program (the share of those somewhat or fully agreeing with the statement) (n=41)



The interviewed stakeholders saw buyer meetings and focused trainings valuable, but many questioned the (current) relevance of trade fairs. There was a relatively broad consensus among the interviewed stakeholders that now it's time to put less focus and resources on trade fairs as the companies have been introduced to foreign markets and they have received the first contacts. In-

stead, according to the stakeholder view the companies need more services for closing the deals and building or sustaining client relationships in target markets.

This finding from the stakeholder interviews was supported by the company interviews and the survey results in this regard: Despite considering the current FFF services relevant, both the interviewed companies and survey respondents also **called for expansion of program services**. As mentioned in the previous chapter, the lack of partners in the target markets and difficulty of finding customer contacts were among the top challenges that companies faced in their export and international business development. Thus, companies – both those that participated in the interviews and those in survey – called for new services that would better respond to their needs for developing the markets and client relationships further.

Many company interviewees acknowledged that ultimately, it's companies' own responsibility, not FFF's, to develop their exports and market presence. Still, the service range could be expanded to better serve also those companies that have taken the first steps in the international markets. Whether or not in the scope of Business Finland, the companies called support for client relationship development, partner search and marketing communications and branding in the target markets. One interviewee expressed the need for company-specific coaching whereas another saw that this kind of tailored coaching should be offered to SMEs.

The open survey question considering the services needed the attracted answers such as partner search

(and background check), customer identification, and company-specific coaching. Couple of interviewees and survey respondents mentioned that FFF could form groups of companies (with similar needs or similar products and services) and coach them to international markets.¹² The open comments regarding the required program services from the survey illustrate these needs:

Getting direct contacts is very important to us. We can somehow make our own product development and marketing solutions, but finding and meeting customers and potential partners is very difficult, if not impossible.

Detailed information about potential buyers and / or partners in the international market.

The key missing piece in the current service offering is the implementation of on-site customized searches in the target countries. Business Finland does not currently have a sensible service concept for this activity.

It is imperative to continue the program and to extend and expand the offering in the various target market! Help is also needed for branding, marketing, media and communication. Events, repeating the actions, help for consumer marketing.

The evaluation questions included a question on how successful the programs had been in responding to changes in their operating environment and it what ways. **The survey respondents were relatively happy with FFF's ability to respond to the changes.** Approximately one third (32 per cent) of the respondents fully agreed and one third (34 per cent) partly agreed with the statement “the program has responded to changes in the operating environment and developed its services as required by the changes” with only 7 per cent fully or somewhat disagreeing with it.

The important changes in operating environment were also asked in both stakeholder and company interviews. African swine fever and its implications on global pork markets and Finnish exports was mentioned by several interviewees whereas other changes such as collapse of Russian market and rise of Asian ones, climate change, and increased global interest in safe and healthy foods received just single remarks. It was noted by a few interviewees that the swine fever boosted the Finnish pork exports to China – but this would have happened regardless the FFF activities.

None of the company interviewees said that FFF would not had been good at responding the changes whereas two interviewees specifically mentioned that FFF had been good at identifying the trends and sharing information on those with the companies. Only one stakeholder had a critical opinion on FFF's ability to respond to the changes in operating environment.

¹² Many of the services that were called by the companies were part of former Finpro's consulting services

4.2 EFFICIENCY

4.2.1 PROGRAM PARTICIPATION

FFF has attracted a wide presentation of sector companies including basically all the large industry players, and it collaborates with all the key stakeholders. One large company that is not FFF member was interviewed in the course of this evaluation. Also, this interviewee saw value in FFF's work and in the collaboration that it had built, but as the company had already established export and international business development systems and operations, there was no need for FFF services.

According to the program documentation, FFF wanted to attract service providers and the machinery manufacturers and equipment suppliers in the program. This, however, has not happened and only couple of companies outside the food manufacturing and retail and wholesale sectors have participated in the FFF activities. This point, however, was not raised in stakeholder or company interviews, and was not considered as a significant area of development.

Few interviewed stakeholders saw that not all the participating companies that participate in the program activities e.g. in the trade fairs have the required capabilities and resources. One company interviewee and survey respondent also commented the same:

Yet, those participating should have some kind of export capability. Some are completely domestic, and the international business is completely mysterious.

Despite these comments, the evaluation data indicates that FFF has managed to commit appropriate stakeholders and companies. Couple of stakeholder interviewees specifically mentioned that FFF has also increased and improved the collaboration between the stakeholders.

4.2.2 ALLOCATION OF PROGRAM RESOURCES

The FFF 1.0 program arranged 30–45 events annually. These include approximately 10 international trade fairs, 15–20 buyer meetings, appx. five business delegations, couple of networking events and 5–15 trainings per year. The intention was to serve companies with different backgrounds and needs: it was not planned that a single company would attend all the events, instead the companies could choose from the list those events that best served their purposes.

Considering especially the program goals, but also the activities, the FFF human resources have been low. There has been some growth in FFF personnel, and there are currently four full time employees and two shared resources in Finland and additional nine employees, not full-time though, in the target markets. Two company interviewees specifically noted that the lack of adequate program resources is clearly visible for the participating companies, and additional three called for increase in resources

Granting funding for program execution on annual basis instead of making it cover the whole program period was seen as a key issue limiting the

program efficiency. This point was raised in several stakeholder interviews, in couple of company interviews and in the survey. Not only that the funding is granted on annual basis instead of the program period, but also the fact that there are two funders, was seen as problematic. This annual application of funding complicates the program planning, puts unnecessary load for the program personnel, and creates uncertainty that also the companies participating in FFF suffer from: one company interviewee for instance mentioned that the information on program activities such as trade fairs comes too late. Another company interviewee, in turn, said that the uncertainty on program continuation diminishes the companies' courage and interest in participation.

Almost all the survey respondents (97 per cent) said that participation in the FFF program was simple and flexible (figure 5). 59 per cent of the respondents also fully agreed and 29 per cent somewhat agreed with the statement "program services and events are of high quality" (figure 5). Also, several open comments in the survey support the hypothesis that the program resources are efficiently allocated for appropriate activities, such as the quotes below illustrate:

Very good, high quality and significant work to grow the business of food export companies! I greatly appreciate the proactive and businesslike attitude of the people involved in the program. It seems that the entrepreneur's everyday life and the challenges of internationalization are truly understood. This does not seem like a government organization!

I hope, in the interest of Finland, that the program continues and that it receives funding. Good things are done here and results are generated, and money goes to good things.

In the open comments of the survey many respondents expressed their gratitude towards the well-functioning program and the professional program management.

As mentioned in the previous chapter, the interviewed stakeholders questioned the dominant role of trade fairs in the FFF program and doubted whether the trade fairs were the best way to utilize the limited program resources. The interviewed companies and those participated in the survey, however, **considered the trade fairs appropriate and important program services.** Six out of 10 interviewees answered the trade fairs when asked about the good and well-functioning program services with an additional interviewee mentioning all the program services. According to the company interviewees **FFF provides for an easy and cost-effective participation opportunity in trade fairs.** Couple of interviewees, though, raised some points regarding the joint trade fair pavilions, including the limited visibility for a single company, slightly disadvantageous location for the country pavilions in general, and the same pavilion concept that is applied from trade fair to trade fair and year to year. One interviewee, on the other hand, pointed out that a joint pavilion provides a company a better visibility than a small individual stand. The stakeholders, in turn, saw that FFF should consider marketing all the sector companies e.g. in the

trade fairs, not just those companies participating in the trade fair in question.

Other program services considered good and well-functioning by the company interviewees include buyer meetings, trainings and delegations. A few interviewees also identified the support provided by the FFF personnel – both in Finland and in the target markets – as a valuable service. This kind of “ad-hoc” advisory service is not included in the FFF official range of services but seems to be important for the companies.

Developmental points regarding the efficient allocation of resources include more timely communication on e.g. trade fairs, more comprehensive briefs (for instance before the delegations and trade fairs), better preparation for the delegations, fact-finding visits and buyer meetings, and more in-depth trainings and more efficient sharing of experiences. The company interviewees’ views regarding the organization of events and visits were somewhat contradictory. Some saw that events and buyer visits were especially well-organized and efficient whereas one interviewee noted that too full programs and poor preparation made the visits less efficient, when there were for instance not real – or right buyers – present. The same was expressed in a few open comments given in the survey:

A small player cannot afford going to several trade fairs. It would be better if more buyers were brought to Finland and the quality of the buyers would be critically evaluated. A few times, “buyers” have tried to sell our services to us.

None of the numerous buyer meetings have resulted in sales. Buyers are very interested in meeting, but then disappear and do not respond to contact requests. I don’t know if other companies have the same experience. If so, it could be concluded that buyers are not the right ones for the products manufactured in Finland. We have also taken part in trade fair tours organized by the program, of which we have the same experience. They have not led to exports. At some of the fairs, there were not even buyers or importers, but just ordinary consumers.

The FFF program has introduced approximately 3,000 buyers for Finnish companies. It is to be noted here that also in the organizing of the buyer meetings the program needs to balance between the expectations of individual companies and serving the needs of the whole industry. Thus, a buyer meeting very valuable for one company is not necessarily valuable for another.

Overall, **the importance of local know-how and the presence in the target markets was seen important by the interviewed companies, survey respondents, and stakeholders.** One company interviewee considered especially important the FFF’s (and Finnish Food Authority’s) dialogue with the authorities in the target markets.

Several interviewees, including companies and stakeholders, saw that **there was a need to better focus the program both in terms of activities and target markets.** Concerning the limited program resources, this request seems to be valid: spreading out the modest program resources on dozens of international events in

approximately ten priority target markets (incl. several Scandinavian and East Asian markets) and additional supplementary target markets does not necessarily provide for the most efficient use of the resources.

4.3 ADDED VALUE FOR COMPANIES AND FOOD INDUSTRY (RESULTS)

4.3.1 ADDED VALUE

The survey results and company interviews clearly indicated that the FFF program has created added value for the participating companies. Majority of the ten interviewed companies saw that **the FFF activities and services had brought added value** to them. Only one company interviewee noted that the program had not really created any added value for the company, but the company's utilization of the program services was also very moderate. Overall, the company views on results gained through the FFF ranged from “no results” to “significant results”.

First, many of the company interviewees told that the added value of the program arose from **the contacts and potential clients met through the program activities**. Second, several interviewees noted that the program had provided them with **new perspectives and ideas concerning both the markets and the business development**. Third, couple of interviewees highlighted **the value of the involvement and the support of the**

state organizations. FFF is one of the state actors that help opening the doors for the companies and enabling the trade relations. Fourth, the interviewees saw added value also on the **FFF network and contacts**.

Several interviewed companies saw that **the without FFF the development of their exports would have been slower and would have been restricted to fewer markets**. Also, many of the contacts would not have been met. In conclusion, FFF has accelerated the companies' exports.

The survey results indicated similar kind of added value for the companies: according to the survey FFF has had effect especially on increased market knowledge and understanding (59 per cent: significant effect), meeting of new international customers (56 per cent: significant effect), better understanding of international customers' requirements (51 per cent: significant effect) and development of export expertise (51 per cent: significant effect). More than one third of the respondents (34 per cent) saw that FFF had a significant effect on acquisition of new international customers and close to one third (29 per cent) that it has a significant effect on increase in exports. FFF has also contributed to participating companies' partnerships, both in Finland (32 per cent: significant effect) and abroad (37 per cent: significant effect). The figure 6 below shows the results of FFF program on participating companies' operations.

As can be seen from the above figure, according to the companies FFF has created significant added value. There's, however, only little effect on other internationalization (such as establishment of a subsidiary) with

FIGURE 6. Question: What effect has the Food from Finland program had on your operations? (The share of those respondents selecting an alternative some or significant effect.) (n=41)



only 10 per cent of respondents saying that the program had had a significant effect. Almost one third (32 per cent) of the respondents said that the program had had no effect on the development of new products or services. Also, the increase in value added in exports – one

of the “additional” goals and important feature– of FFF is found almost on the bottom of the list, but with still over 50 per cent of the respondents saying that the program had had at least some effect on it.

The below quotes also illustrate the companies’ views on program results:

Without Food from Finland, we would not have much international customer contact, as we would not have been able to reach such a wide range of players in different markets. It is a wonder that Finland has only recently begun to support food exports. As a result, we are light years behind almost all other Western, Eastern and Northern European countries.

The impacts will come in the longer term. The company has been involved for 1-2 years, then contacts and partners are only acquired. Sales are expected in the coming years.

Without Food from Finland, our company would hardly have an export trade at all. Great positive impact.

Overall, FFF is part of the larger portfolio of export and internationalization activities carried out by the companies. The below quote from the survey summarises well the point presented also in the interviews:

It is difficult to evaluate the effect of FFF alone because there are many influential things and they work together.

4.3.2 REACHING OF GOALS

This chapter addresses whether the FFF 1.0 had reached its goals and whether the FFF 2.0 is on track to reach the goals set for it.

In the program documentation, six goals were set for the FFF 1.0 goal. The first one considered the growth in exports. **Despite the results, the FFF 1.0 did not reach the program goal of € 3 billion of food exports.** Instead, the Finnish food exports stood at € 1.5 billion in 2018. This, however, does not imply that the program would not have been successful. Instead of the program goal, the € 3 billion target would work better as a vision, to which the program contributes. Accordingly, the realization of the vision would require not only the program inputs but also other actors' contribution and overall favourable economic conditions.

Other goals of FFF 1.0 and the status – whether they were reached – alongside the explanations are presented in the table 3.

It was observed in the course of the evaluation that the program monitoring was focused on program outputs, such as number of events, not on results or impacts. Since 2017 FFF has had to report to both of the funders, MAF and MEAE. The annual reports provided for the MAF and MEAE included also details on for instance development of the exports, buyer contacts and feedback from the participating companies, but the data on these was not systematically provided. This issue with program monitoring

was also raised in stakeholder interviews.

When it comes to the FFF 2.0 program, especially some interviewed stakeholders expressed their doubts whether the FFF 2.0 would achieve the target of € 3 billion of food exports either – at least with the current range of services. The survey, however, showed that doubling of the exports would be possible for many companies: **More than half of survey respondents saw it very likely and more than one third somewhat likely that the company would double its exports by 2025.** Also interviewed companies saw the goal of doubling their exports by 2025 as plausible. This, however, does not necessarily indicate that the total exports would double as it would require basically all the large industry players to double their exports as well.

It's also hard to evaluate whether the other program goal, to get 25 per cent of Finnish food SMEs to operate internationally (16 per cent currently according to the program reporting) is likely to be achieved. As we have seen in chapter 3.2, there have been a total of 179 SMEs involved in FFF. In 2018 there were 1,659 SMEs in the industries of manufacture of food products and manufacture of beverages in Finland.¹³ If we considered these companies as the target group, the goal would translate into ca. 400 internationalized SMEs. Thus, FFF should expand its reach remarkably in order to reach this goal, even though the SMEs also can start export and other internationalization activities independent of FFF program involvement.

¹³ Industry codes 10 and 11.

TABLE 3. The goals of FFF 1.0 and whether they were reached.

GOAL	STATUS	NOTES
1. Double the food exports by € 3 billion by 2020 to close the gap in the foreign trade balance and to generate significant value added in Finland	not reached	<ul style="list-style-type: none"> • Finnish food exports stood at € 1.5 billion in 2018.
2. Create a better country image and a strong brand for Finland as an expert for food production, and to build a special role for Finnish food that is based on strong know-how. This will profit the entire value chain and all the companies in the sector.	partly reached; somewhat difficult to obtain data on development of the brand and country image	<ul style="list-style-type: none"> • FFF monitored the media hits, and by the end of 2018 the FFF 1.0 had gained 800 media hits, out of which 150 abroad • The interviewed stakeholders saw that the FFF 1.0 had contributed to media visibility and increased public discussion about the food exports. • The companies also saw that FFF had an important role in building the country image of Finland, and several called for more efforts in building in the country image. Also three interviewed stakeholders stated that branding should be further developed, and at minimum, use the FFF to market all the sector companies e.g. in the trade fairs.¹³
3. Create a concrete and substantial team Finland growth program for the industry with the benefits and opportunities for participation extending across the industry	reached	
4. Attract 100 potential Finnish food companies, service providers and machinery and equipment suppliers to the program	reached	<ul style="list-style-type: none"> • Reached already in 2016. • The participation of machinery suppliers and service providers was limited to very few companies • Still, the program was substantial, with remarkable participation across the industry • Also, most of the large sector companies participated in the program activities
5. Create around 5,000 new jobs in the food sector	hard to draw a robust conclusion on job creation due to different sources showing different figures, but it seems very unlikely that the goal of creating 5,000 new jobs in the sector would have been achieved	<ul style="list-style-type: none"> • Sector employment currently approximately 34,000¹⁴ • According to the data on FFF program participants' employment figures the total employment has remained rather stagnant: growth in employment occurred among the SMEs but at the same time the employment among the large enterprises decreased.
6. Wider internationalization of SMEs.	hard to draw conclusion on wider internationalization due to non-availability of the data	<ul style="list-style-type: none"> • The interviewed stakeholders agreed that the program had contributed to the wider internationalization of SMEs for instance through increased enthusiasm and courage, and also the company interviews supported this view • Other than this, no data on increased international business activity of the SMEs

¹⁴ Couple of interviewees, including respondents from stakeholders and companies, raised a point regarding the utilization of EU promotion grants in this regard. Finland has performed poorly when it comes to utilization of the promotion campaigns whereas other countries have used them widely to market their products. Utilization of the grants, however, is beyond the current FFF program as BF is not judged as competent applicant for the grants.

¹⁵ Hyrylä, L. 365 ruoan päivää. Elintarviketeollisuuden toimialaraportti. Työ- ja elinkeinoministeriön julkaisuja 2019:61.

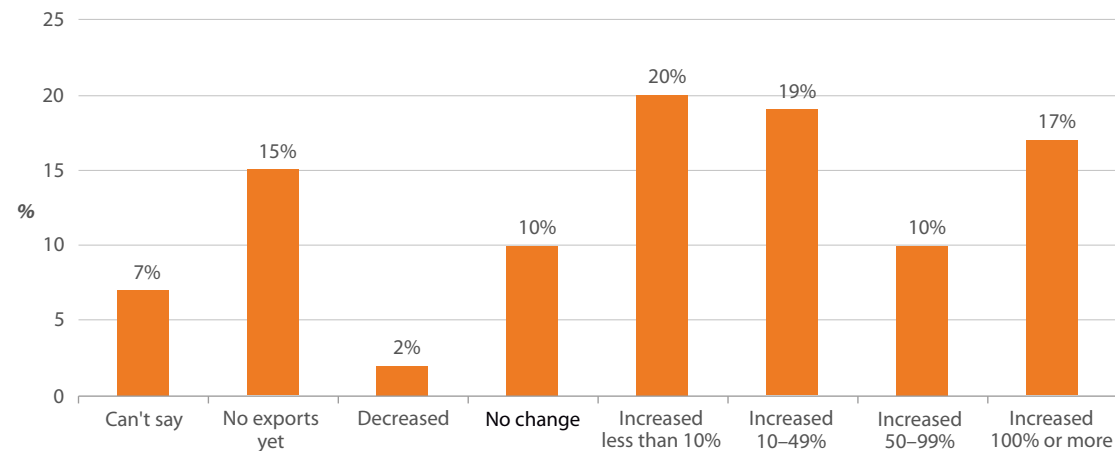
The program activities do not, however, limit to only the aforementioned industries, but also e.g. retail trade of food products and manufacturing of machinery are among the target groups for the program activities. There are over 1,100 SMEs in the industry of manufacture of other machinery and over 12,000 SMEs in the retail trades in addition to the ca. 1,700 companies in manufacture of food products and manufacture of beverages. It is, however, beyond the scope of this analysis to research how many of these companies are a) active in the food industry b) involved in exports or international trade of food products.

4.4 PROGRAM IMPACT ON COMPANIES' PERFORMANCE AND SECTOR DEVELOPMENT

4.4.1 PROGRAM CONTRIBUTION TO EXPORTS, CUSTOMER ACQUISITION AND EMPLOYMENT

The survey conducted in connection with this evaluation included a question in change of companies' export turnover after they joined the FFF program. Two thirds of the respondent companies said that their exports turnover has increased since they joined the FFF program. (Figure 7.)

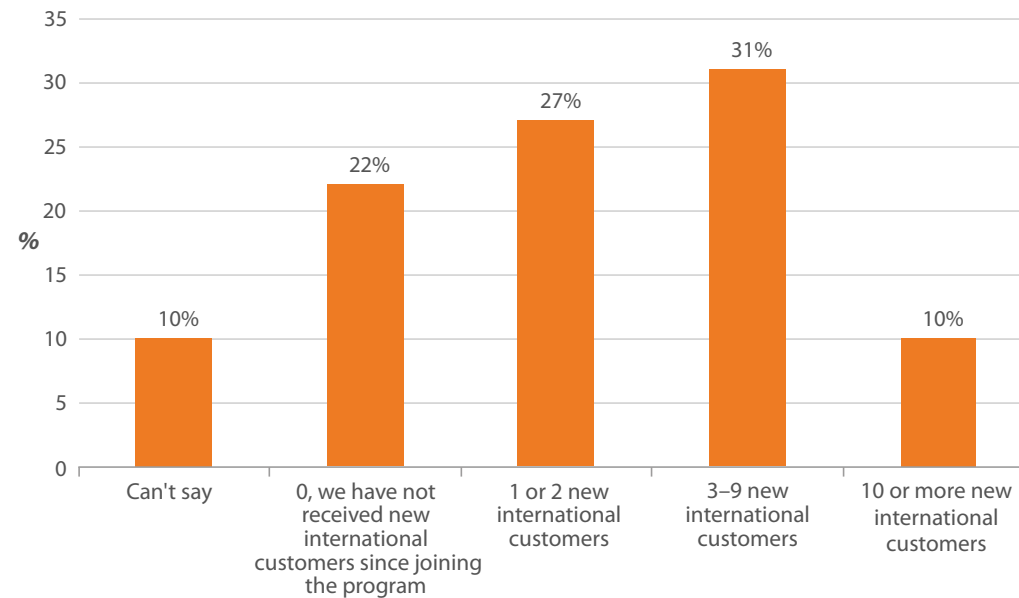
FIGURE 7. Question: How much has your company's export turnover changed after you joined the Food from Finland program? (n=41)



The increase has been over 50 per cent for 27 per cent of the respondent companies. There has been more growth in export turnover among the small, medium and large enterprises than among the micro enterprises.

Two thirds of the respondent companies have also received new international customers since they joined the FFF with close to one third (31 per cent) of the companies receiving 3–9 and 10 per cent 10 or more new international customers. (Figure 8.)

FIGURE 8. Question: How many new international customers you have received after you joined the program? (n=41)



35 per cent for the micro enterprises have not received new international customers since they joined the program whereas the respective figure for the small enterprises is 22 per cent. All medium-sized and large enterprises have received new customers, with 25 per cent of them, however, not being able to evaluate the number of new customers.

There is some change in employment among the respondent companies since they joined the FFF program. Almost half (49 per cent) of the respondents, however, said that there had been no change in the number of employees since. 44 per cent told about an increase in the number of employees. (Figure 9.)

65 per cent of the micro enterprises said that there had been no change in the number of employees, with 36 per cent of the small and 37 per cent of the medium-sized and large enterprises saying the same.

The FFF program's contribution towards the exports, acquisition of customers and the employment is shown in the figure below. The survey results indicate that FFF has had a very positive impact on respondents' acquisition of international customers with 50 per cent of the respondents attributing significant impact to FFF. The impact is also remarkable on the growth of companies' export turnover with one third of respondents assigning significant impact on FFF. As can be seen from the figure below, all the companies that had increase in exports and that had acquired new international customers saw that the FFF participation had had at least little impact. (Figure 10.)

FIGURE 9. Question: How much has your company's number of employees changed after you joined the Food from Finland program? (n=41)

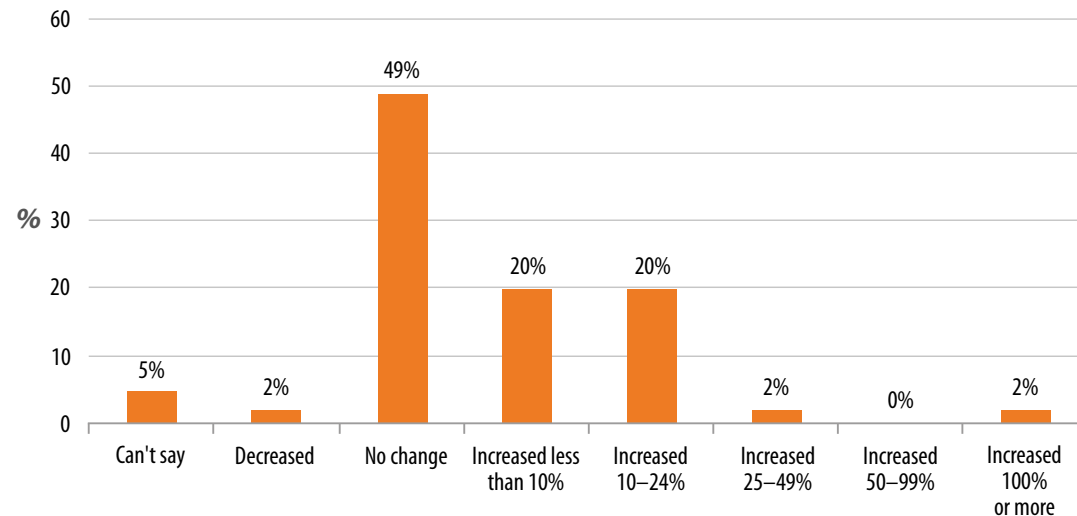
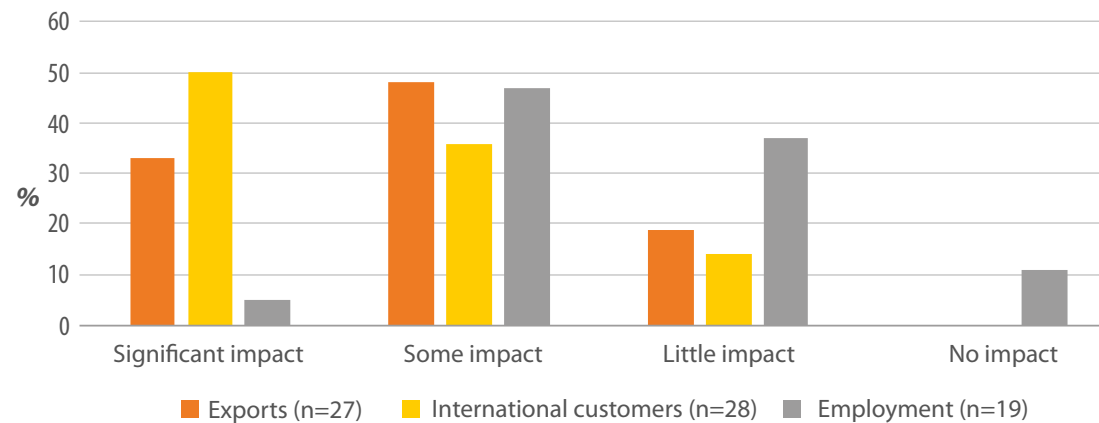


FIGURE 10. Questions: How much do you think participation in the program has contributed to the increase in export turnover, acquisition of new international customers, and number of employees in your company?



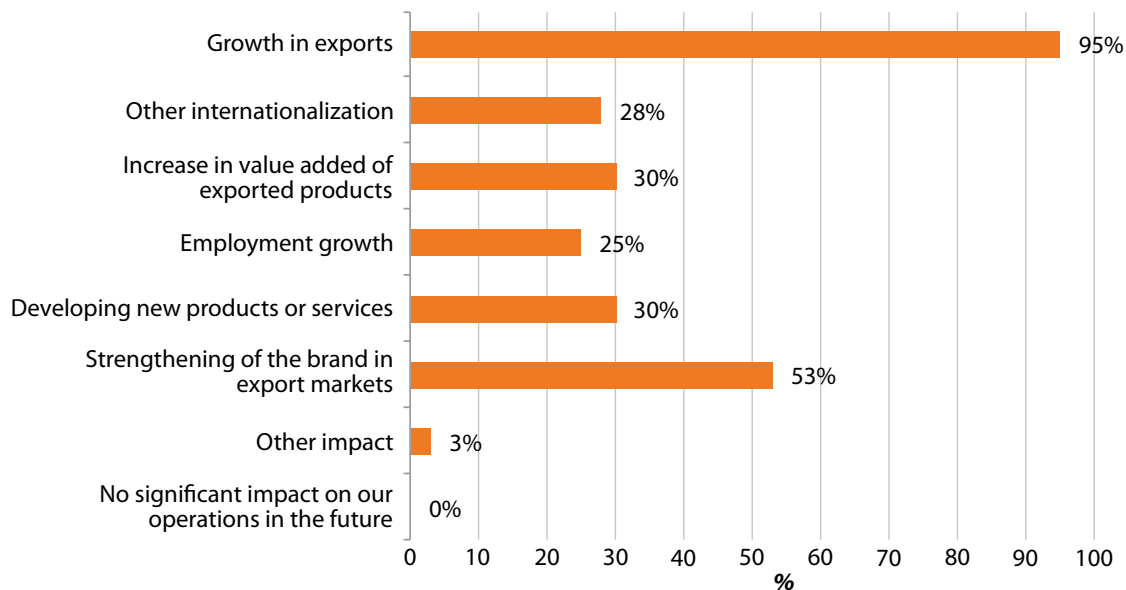
In general, active participation and results have a positive correlation, as companies that have participated in the FFF activities very often, reported better results in getting new customers and more exports, and they have international activities and contacts more often than less actively participating companies. They also have started in program earlier than other companies and do more often have received r&d-funding from BF. Generally these companies prefer the activities in the target markets (such as trade fairs and buyer meetings), feel more often than other companies that it would not be easy for them to acquire similar services without FFF and feel that the range of activities and services currently provided by FFF is inadequate.

In addition, survey results showed that those companies that participated in the FFF activities very often, assigned greater contribution for FFF for the growth in their exports than those that had participated in the activities regularly let alone rarely: 50 per cent of the companies that had participated in the activities very often said that FFF had a had a significant impact on the increase in exports whereas only 12.5 per cent of the very active participants said FFF had only little impact on their exports. Out of the regular participants 30 per cent said that FFF had significant impact and 50 per cent some impact on their export development. The same applies for the year that the companies first participated in the FFF: larger share of companies that participated in the FFF already on 2014–15 thought that FFF had significant impact on the increase in export turnover (50 per cent) than those that joined the

program later (20 per cent for 2016–27 and 33 per cent for 2018–19) .

The survey respondents expect the FFF participation to generate impacts in future. Most respondents, 95 per cent, expect FFF to contribute towards the growth in exports. This is followed by the strengthening of the brand in export markets (53 per cent of the respondents). (Figure 11.)

FIGURE 11. Question: What impact do you expect the Food from Finland program to have on your company’s operation over the next five years? Select up to three major impacts.



4.4.2 IMPACT ON EXPORTS – FFF TARGET MARKETS

When we look at the exports in FFF program target¹⁶ markets we find out that the value of exports to FFF priority markets in 2018 was in total € 626 million, and the nominal value of the exports in 2018 to priority markets was 21 per cent larger compared to the average value of exports in 2010–14, or in the years before the FFF program. There has occurred growth in Sweden, Denmark and Germany as well as Korean Republic and China. Exports to Japan have remained rather stagnant, and exports to Norway and Hong Kong have decreased. All in all, exports to FFF priority markets grew faster than the total exports, which had negative growth of -1 per cent during the same time frame (2010–14 average compared to 2018).

In FFF’s supplementary markets, France, other European markets, Saudi-Arabia, United Arab Emirates, South Africa, Singapore, USA and Russia, the developments have been mixed.

The exports to Russian markets, where the development after the ban of food imports is well known, have stabilized to a level of ca. € 100–125 million per year during 2015–2018. The exports to other FFF supplementary markets outside Europe have been rather volatile, but were in 2018 on the lowest level after 2010,

¹⁶ The first priority markets for the FFF are Scandinavia, Germany and East-Asia (China, Hong Kong, Japan, South Korea). France, other European markets, Saudi-Arabia, United Arab Emirates, South-Africa, Singapore USA and Russia have been identified as supplementary markets.

with a total value of € 48 million. Both the volatility and low value of exports in 2018 are at least to some extent explained by the large importance of grain exports to these markets. Finnish grain exports are highly dependent on the harvest and there occurs major variations between years. Largest single market in this group was USA with exports of € 32 million. The volatile nature of this group is manifested in e.g. exports to Saudi-Arabia which had a total value of € 28 million in 2015, but only € 8.5 million in the year after, and only 3.5 million in 2018. Other countries in this group show somewhat similar developments.

On the other hand, especially the exports to France have grown by nearly 500 per cent or over € 80 million between from the 2010–14 average, which made France

the third most important destination for Finnish food exports in 2018 with a total value of € 105 million. The exports and the growth consists almost solely of dairy produce and eggs (€ 63 million in 2018) and fish (€ 33 million in 2018) whereas both the role of and growth in other product groups has been modest. In practice, the growth comes from two distinct products – butter and salmon. Exports of butter to France have grown in two steps, first in 2015 (+450%, € 33 million) and then again in 2017 (+60%, € 24 million). The growth in salmon has however happened completely in 2017 and 2018, as the exports of salmon and other fish to France were virtually non-existent before 2017. The value of exports of salmon (CN product group 030214) was € 24 million in 2017 and € 32 million in 2018. In practice the exports

TABLE 4. Change in the value of total food exports between the average 2010–14 and 2018 to FFF priority and selected supplementary target markets. (According to CN2, <http://uljas.tulli.fi/uljas/>.)

MARKET	SUBSTANTIAL GROWTH (OVER 50%)	GROWTH (+ 10-50%)	NO CHANGE, UP TO +/- 10%	DECREASE (- 10-50%)	SUBSTANTIAL DECREASE (OVER - 50%)
Sweden		X			
Denmark	X				
Norway				X	
Germany		X			
Korean Republic		X			
China		X			
Japan			X		
Hong Kong				X	
France	X				
Russia					X

of salmon consist solely on transition exports of Norwegian salmon, which do not contribute to the value added of food production in Finland.

4.4.3 IMPACT ON REVENUE, EXPORTS AND EMPLOYMENT AMONG FFF PARTICIPANTS

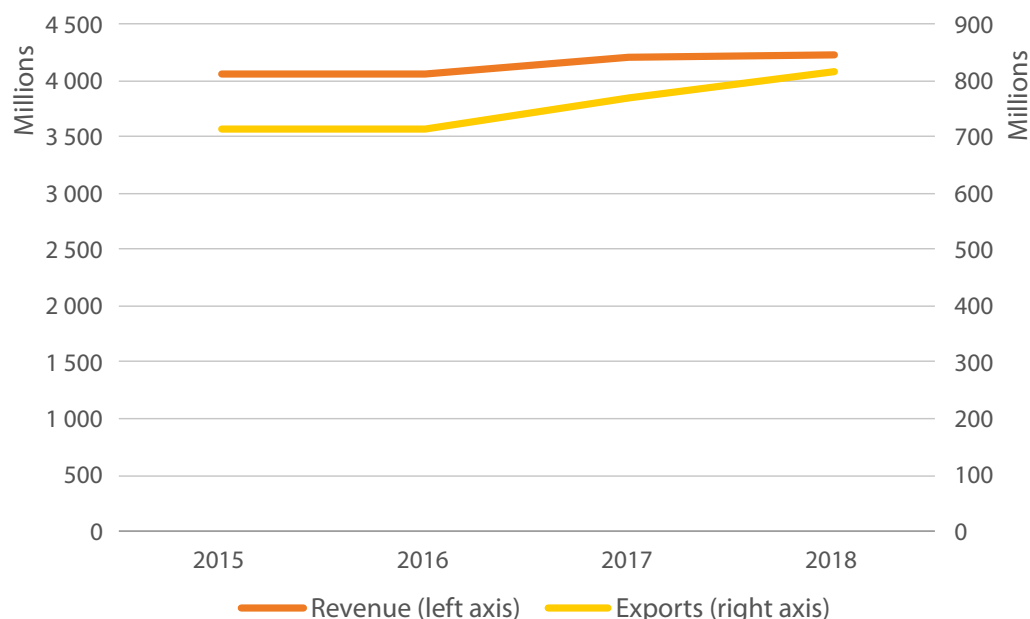
In this chapter we analyze the revenue and export growth of FFF participants during years 2015–2018¹⁷. We have not included the year 2014, which was the first year of FFF program, because of the lack of good quality data on the companies. The figures represent the total growth in the companies, and it is not possible to draw direct con-

clusions on the contribution of the program on growth of the companies.

The data on FFF program participants revenue and exports show positive development during the period 2015–2018. The total revenue for the program participants was € 4.2 billion in 2018. Revenue grew by € 185 million (4.5 per cent) from the year 2015. The relative growth in total exports, on the other hand, was much faster, as total exports grew by € 100 million, or by 14 per cent, during the same period and totaled € 813 million in 2018.¹⁸ Hence, the share of exports in total revenue for FFF participants was ca. 20% in 2018. (Figure 12.)

When comparing the growth in value of exports of the FFF participants and the total value of Finnish food exports, we find out that companies participating in FFF have performed better than we would expect by looking at the total value of exports, which grew by 5 per cent between 2015–2018. When comparing the revenue of the FFF participants to the whole food and drinks industry in Finland we find out that FFF participants have performed better than the rest of the industry, as the revenue growth rate for the whole industry in 2015–2018 was only 1 per cent, against the 4.5 per cent for the FFF participants.

FIGURE 12. Revenue and Export growth for FFF participants 2015-2018.



¹⁷ FFF participant Kesko Ltd. Is excluded from the sample because of the major technical changes in the economic reporting between 2016-2017, that would because of the large size of the company, compromise the reliability of the analyses for the whole group of FFF participants. The reported employment of the Kesko Oyj. grew 450%, and similarly the reported revenue grew by almost 1500% between 2016 and 2017.

¹⁸ If we would include Kesko Oyj. in the sample, the total revenue for the FFF participants would have been € 9.2 billion and the exports € 866 million in 2018.

When looking more closely at the development among different sized companies, we see that the relative growth in both revenue and exports has been fastest among the micro-sized enterprises. The revenue has grown from € 54 million to € 66 million (22 per cent) between 2015 and 2018. Accordingly, the exports have more than doubled from € 6.3 million to € 13.2 million. All in all, this is not surprising as fastest relative growth should logically happen among these small companies that are usually entering international markets for the first time and scaling their businesses.

Compared to micro-sized enterprises, the small-sized companies have had a somewhat unimpressive performance, as the revenue has grown only by 4 per cent (from € 125 million to € 129 million), albeit the exports in this group have also grown at a more rapid rate of 30 per cent (from € 20.6 million to € 26.9 million).

Like the micro and small-sized companies, also middle-sized enterprises have had a positive development in exports, as the exports have grown from € 65 million to € 83 million (22 per cent). The development in total revenue, however, is comparable to aforementioned groups, and shows only modest growth of 4 per cent (€ 722 million to € 749 million).

Large companies have the largest absolute growth figures, as their exports have grown by € 69 million during 2015–2018 (from € 621 million to € 690 million). Relatively the growth rate has been 11 per cent, and slower than among smaller companies. The total revenue in this

class has grown by € 122 million (from € 3.17 billion to € 3.29 billion), which translates to a growth rate of 4 per cent.

However, the role of the large companies is quite different if the impact on absolute growth of exports is considered. The FFF participants total exports were over € 800 million in 2018, but in practice the 12 participating large companies contributed to 85 per cent or nearly € 700 million of the total figure. Similarly 70 per cent of the absolute export growth among FFF participants can be credited to this group.

Other finding from revenue and export figures is that the relative growth of the exports has been more rapid than the revenue growth among all company sizes. It can also be noticed that **exports has a significant contribution on the revenue growth of the companies, as over a half of the total revenue growth among the companies came from export between 2015 and 2018**. This is very much expected, as the development of the profitability in food and drinks industry during the past years has been very modest in domestic markets,¹⁹ This remark in addition to the finding that FFF participants revenue has grown better than the rest of the industry, implies that companies participating in FFF have been able to grow better than other companies because of their involvement in internationalization activities.

According to the data on FFF program participants' employment figures the total employment has remained

¹⁹ Arovuori and Karikallio (2019)

rather stagnant between 2015 and 2018. Growth in employment has occurred among the SMEs but at the same time the employment among the large enterprises decreased. SMEs' employment has increased with ca. 250 employees (11 per cent), but this is countered by large companies employing ca. 500 people less in 2018 than 2015. The total employment of the FFF participants, ac-

ording to the companies' financial reports, was 10,778 in 2018, whereas the figure in 2015 was 10,956. Estimates on employment based on analyzing the revenue development and mean and median wages in the sector show a modest (300–400 employees in total or 2 per cent) growth for the whole population.

5 EVALUATION FINDINGS: SAPUSKA AND SYNERGIES BETWEEN EXPORT AND INNOVATION PROMOTION EFFORTS

5.1.1 ADDED VALUE AND IMPACT OF SAPUSKA

The previous evaluation of the Sapuska program was conducted in 2014, two years after completion of the program. According to interviews and survey (n=37) made in 2014 Sapuska had a positive impact at company level by enhancing business and internationalization competencies of SMEs. Majority (59 per cent) of the respondents agreed that Sapuska had a significant impact both on **business capabilities** and on **international growth** of participating companies. Almost half (49 per cent) of the respondents agreed that Sapuska had impact on growth of **internationalization know-how** of participating companies. 43 per cent of the survey respondents also agreed that the Sapuska significantly improved the competitive capabilities in the sector and

44 per cent said that it has significant impact on R&D&I investments in the sector. However, at that time it was still early to assess the long-term impacts.²⁰

The purpose of the survey made in connection with this evaluation was to understand the results and long-term impacts of Sapuska program. However, based on this survey it's unfortunately not possible to draw any conclusions on the results or impacts as only 6 companies that had participated in Sapuska program (including only four companies that had had Sapuska funded projects) replied in the survey even though it was sent to 97 companies that had had Sapuska funded projects.²¹

The company interviews did not provide much of insight into results and impacts of Sapuska either. Five of the ten interviewed companies had had Sapuska funded projects, but none of them could really point out impacts

²⁰ Halme, K., Haila, K., Paavola, H., Thomsen, H and Lahtonen, K. (2014) Challenges of Market Changes – Evaluation of well-being oriented SME innovation programmes aiming at international growth

²¹ The survey was not sent to those companies that had participated in other Sapuska activities such as events. However, as the FFF participants also include companies that participated in these Sapuska activities, the survey respondents include also couple of companies that did not have Sapuska funded projects but just participated in the events.

of the Sapuska projects as they were either not aware of the projects as other units had been responsible for them or they could not recall the projects.

The stakeholder interview revealed that the impact of Sapuska program was partly diluted with the collapse of exports to Russia due to the counter-sanctions as the program was in practise mainly focused in Russia. The same was indicated by a survey respondent:

The export destination was Russia and due to sanctions this planned export never materialized.

Despite this, the open comment given in the survey supports the earlier evaluation findings that the Sapuska had enhanced the internationalization competences of the SMEs:

Sapuska was a very good springboard for internationalization for us, and gave us a lot of insight into how our strategy, brand and, above all, our product portfolio should evolve to be successful in the global markets.

In addition to company projects, Sapuska program funded 11 research projects undertaken by 18 universities and research institutes. All the organizations were contacted via personal email to ask about the long-term impacts. However, the replies were received only from one project that had been successful and that created significant long-term impact. Thus, no conclusions on Sapuska funded research projects can be drawn. The success-case and its impacts, in turn, are presented in the box below.

CASE: RAISIO BENELLA RAINBOW TROUT

Sapuska program funded a research project "Tailoring rainbow trout to meet processing and consumer needs". The project took place in 2010–12 and was conducted jointly by Natural Resources Institute Finland (former Finnish Game and Fisheries Research Institute), University of Turku, and Finnish Institute for Health and Welfare. Tekes funded the project by ca. € 170,000. The project objective was to find out how to sustainably optimize the feeding of the fish in aquaculture while taking the consumer perspective into account as well: the quality of the fish could not be compromised.

The project results were utilized by the Raisio Group: the project resulted in the development of the Benella rainbow trout, which together with Raisioaqua's Baltic Blend®, a compound feed for rainbow trout farmers, has boosted both the Finnish fish farming and advanced sustainability.

The whole chain, including fish farmers and processors, was involved in the research project right from the beginning. This involvement of the commercial operators contributed to the project success and the rapid progress in the commercialization phase that followed the research project: During the last steering group meeting of the research project the project researchers presented the results and called for the steering group members to carry on with the commercialization. Raisio, which belonged to the steering group, got interested in, and decided to carry on the product development. This follow-up project run by Raisio resulted in the launch of Benella, healthy and ecological rainbow trout brand, which allows higher margins



for the producers while contributing to health and sustainability as well. Alongside the development of Benella, Raisio was also developing the Baltic blend, compound feed made of Baltic herring and sprat.

Benella was launched in Finland, and more recently also in Sweden and Russia. Raisio owns the brand and selects the producers and wholesalers. There are 20 farmer contracts in Finland and one in Russia. The brand is available in two main retail chains of Finland and in over 60 restaurants in Stockholm. The feeding concept for the Benella rainbow trout guarantees that the fish contains optimal level of fatty acids. In addition, Benella restrains the eutrophication in the Baltic Sea as the Benella fish is fed with the Baltic blend.

The project has resulted in several positive impacts. First, it has contributed positively to the fish farming industry through better margins. The quality of the fish on the market has improved, and the consumer awareness on health and quality issues increased. The impacts on sustainability include the improved state of the Baltic Sea. There is also international business potential especially among the quality-conscious markets.

The success of the project is based on at least following factors: the project was based on the real needs of the industry, and maintaining the industry competitiveness was in the center of the project. The quality of the fish was not constant and there was a need to improve it. In addition, all the key players were involved, which supported the quick commercialization after the research project. The project timing was just right especially when it comes to the rise of sustainability discussion. The role of Tekes was also pivotal: discussions and coaching during the preparation phase improved the application and helped to get the project through. ■

5.1.2 CONTINUUM AND SYNERGIES BETWEEN EXPORT AND INNOVATION PROMOTING EFFORTS

The evaluation questions included a question on how well the two FFF programs and Sapuska program have formed a continuation of export and innovation promoting efforts for food industry, and whether their synergies have been recognized and utilized.

There have been in total 25 companies that have attended both the Sapuska program in 2009–2012 and FFF activities after 2014. Only one company interviewee (out of the ten interviewed companies that had had Sapuska funded projects) could see continuum from the Sapuska to FFF program participation. This, however, does not imply that there would not be any synergies in other cases as personnel in the companies had changed, different people or units had been responsible for the Sapuska projects, or it was not possible for the interviewees to recall the project as ten years had lapsed. However, it was observed that the projects were a part of larger portfolio of internationalization activities where results arise from a combination of the efforts.

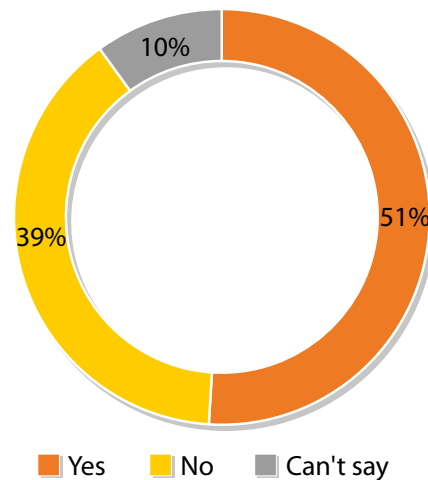
The very low response rate from those companies that had had Sapuska funded projects in the survey (only four respondents) makes it complicated to analyze the real picture of the continuum and synergies between the programs.

As stated in the previous chapter, the impacts of Sapuska were diluted at least partly due to the collapse of exports to Russia. Similarly, the continuum of the program was also partly lost. However, according to an inter-

viewed stakeholder the Sapuska program revealed that there was a new generation of food sector SMEs for which the internationalization is an opportunity, and FFF also caters for this group of companies.

When it comes to synergies between FFF and Business Finland funding services, the program data showed that in total 17 company r&d projects and 3 research projects affiliated to FFF were funded during 2018–2019. The total volume of the projects was € 13.9 million with a BF funding of € 6.1 million, of which € 9.6 million and € 4.5 million respectively have been granted for company r&d projects. All the 17 company projects have expected positive impact on company revenue and if successful, the expected impact on total revenue would be € 335

FIGURE 13. Question: Is your company a customer of Business Finland funding services? (n=41)



million annually on a peak year and impact on exports € 146 million annually on a peak year, out of which 70–75% would be created through new business areas. The expected total impact of the company projects on employment growth would be +796 persons. These impacts should be reached during the 2020's.

Out of the survey respondents, little more than half are customers of Business Finland funding services as can be seen from the figure 13.

Most survey respondents had become customers of Business Finland – or Tekes – funding services before the establishment of Business Finland. (Figure 14.)

Less than one third (29 per cent) of these projects are directly related to FFF participation, 14 per cent are partly related, and more than 50 per cent not related to FFF. (Figure 15.)

Little less than one third (32 per cent) of the survey respondents either fully or partly agreed with the statement “FFF had helped our company to acquire additional funding, for example by directing our company to Business Finland funding services” with almost one third (32 per cent) either fully or somewhat disagreeing with it.

According to the data received from the BF, three companies interviewed had also had a recent or ongoing Business Finland (FFF 2.0) funded project. However, none of the interviewed company representatives knew about these projects. Two company interviewees, however, knew about utilization of Business Finland funding, but according to these interviewees the projects were not linked to FFF participation. One of the interviewed companies was currently looking at the funding opportuni-

FIGURE 14. Question: When did your company become a customer of Business Finland funding services? (n=21)

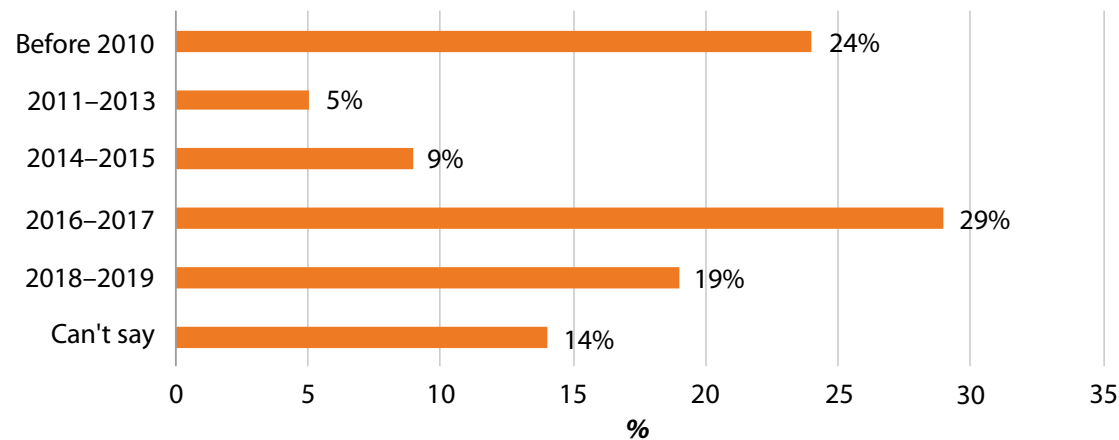
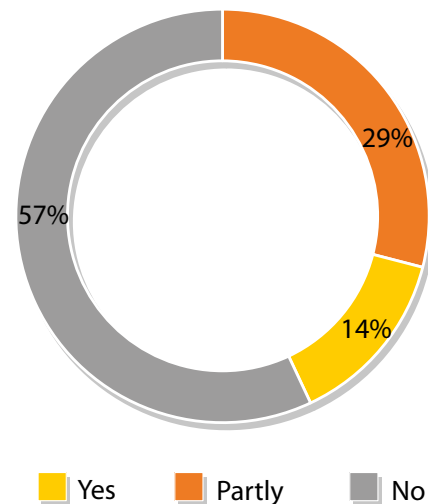


FIGURE 15. Question: Is the Business Finland funded project related to Food from Finland participation? (n=21)



ties whereas another one stated that the opportunity did not exist anymore as they had grown out from the SME category. One interviewee saw the current funding model as a bottleneck for the sector growth as large companies can apply funding only for R&D projects. Second, the interviewee pointed out that the current rules prohibited utilizing the funding for marketing and other commercialization activities, which according to the interviewee puts the Finnish companies in disadvantageous position compared to companies from competing countries. The same point of was raised in an open comment given in the survey.

To conclude, the evaluation data did not indicate a strong linkage between the FFF participation and the utilization BF funding services, and there remains potential to foster these linkages and to support companies with tapping the BF funding opportunities. The reason for the rather weak linkage – also regarding the Sapuska-FFF continuum – could also be found in the export promotion focus of the FFF 1.0 and backgrounds of the FFF participants: the company representatives participating in FFF activities and consequently in the interviews and survey conducted during this evaluation mainly came from marketing, sales or export functions, and were thus perhaps not aware of the R&D projects taking place within the companies. R&D professionals, in turn, have not been involved in the FFF activities.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSIONS

FURTHER BOOSTING OF THE INTERNATIONALIZATION OF FINNISH FOOD INDUSTRY REMAINS A RELEVANT FOCUS AREA FOR BUSINESS FINLAND

Evaluation results indicate that companies operating internationally (also) through the FFF program have grown faster than the rest of the industry. As the growth in the domestic market has been stagnant, the exports have been and remain very relevant means to grow the business for the sector companies.

Food industry is growing globally, and there is increasing demand especially for high-value products and sustainable solutions. This provides many opportunities for the Finnish companies. However, the Finnish food industry has been traditionally very domestic, and the large majority of SMEs are still operating only at domestic market. From the point of view of the growth of the Finnish food industry, it is also important to improve the added value of food exports, e.g. through finding new international markets, investing in R&D, and branding.

Although more companies have become active in international markets, it is evident that companies still need capacity building, support, and practical help regarding the entry to foreign markets. Business Finland, through the FFF program, can help companies to link these global trends and growing demand and improve the access to market trends, leads and networks.

FFF PROGRAM HAS PROVIDED ADDED VALUE FOR COMPANIES' EXPORT DEVELOPMENT

The company feedback from the FFF program and its activities is very positive. Companies appreciate the program's concrete approach and close-to-market activities, and specifically value the trade fairs and buyer meetings. Stakeholders' views especially towards the added value of trade fairs was rather critical, however.

The FFF program has been able to improve participating companies' capabilities and partnerships for the purpose of exporting. Companies reported significant added value especially for increased market knowledge and understanding, better understanding of internation-

al customer requirements and development of export expertise. The added value arises also from meeting new international customers, and the program has sped up the opening of new exports markets. This finding seems to apply on all companies regardless of company size. According to the companies, FFF's contribution to companies' acquisition of new customers and increase in exports has been significant.

Companies reported positive impact on export and revenue development generated by their participation in FFF. Also, the statistical analysis showed overall positive development in exports and revenue among the participant companies, even though it is not possible to draw a conclusion on the direct attribution or the magnitude of the program to the positive development. However, analysis revealed that internationally active sector companies' revenues have grown more rapidly than the revenues in the sector in total. As a proof of that, the analysis showed that majority of the total absolute revenue growth among FFF participants came from exports, even when the share of exports in total revenue is only around 20%. Even though on the basis of these analysis no conclusion on the magnitude of the impact of the program can be drawn, it is safe to assume, that the program has had impact on export growth among the participants.

Companies are also satisfied with the FFF program's ability to respond changes in operating environment. Serious dip in food exports to Russia due to the counter sanctions imposed in 2014 resulted in loss of some of the results of the Russia-focused Sapuska project. In

this regard, the FFF's more divided focus in terms of target markets provides for more resilience to market-specific shocks.

...BUT STILL ROOM FOR IMPROVING THE RELEVANCE AND EFFICIENCY OF THE FFF 2.0 PROGRAM

At large, FFF has attracted relevant companies, as the FFF participants contribute to majority of Finnish food exports. Furthermore, the FFF participants' exports grew in 2015–2018, whereas there has practically been no growth in the total food exports during that time.

Although company feedback was highly positive, other stakeholders were more critical in their views, and saw more room for improvement. The stakeholders called especially for more robust market analyses to validate or update the program target markets. Companies did not question the target markets but saw more specific and detailed analyses and reports on market opportunities as welcome.

The companies saw the FFF especially relevant for the early stages of export and international business development but called for more support for subsequent phases of internationalization, including services such as partner search, customer identification, and marketing and branding. The largest obstacle for companies' exports and international growth is the lack of partners in the target markets, and the presence of BF advisors or Team Finland network staff in the target markets is seen of critical importance for developing the market presence.

Especially the stakeholder interviewees called for strategic choices and focusing or tailoring of activities to improve the program relevance. It was seen that spreading the moderate program resources into multiple markets and regions did not provide for the most efficient and impactful utilization of the program resources, and therefore called for more focused approach to, perhaps fewer, target markets and priority product groups.

AMBIGUOUS GOAL SETTING AND IMPACT MODEL COMPLICATE THE EVALUATION OF THE SUCCESS

The FFF 1.0 had an ambitious program goal of doubling the food exports to € 3 billion, which was set as a goal for the FFF 2.0 as well. Despite some positive results, the FFF 1.0 did not achieve this export goal as the total sector exports stood at € 1.5 billion in 2018. Especially the stakeholders evaluated the program success against this goal, whereas the companies looked at it rather through their individual results.

It is unlikely that FFF 2.0 will achieve the export goal in the future – at least with current resources and range of services, as achieving the goal would require exceptionally fast and wide-spread growth in the industry.

The program monitoring and the program KPIs have focused mainly on direct program outputs e.g. the number of activities, and the number of companies attending, and have failed to grasp the contribution of the program to the goals. Certain level of ambition in goal setting is valuable as it can encourage and motivate the

players across the industry, but without more precise goals, clear impact model and relevant monitoring indicators, assessing the impact of the program is challenging.

PROGRAM FUNDING MODEL DOES NOT SUFFICIENTLY SUPPORT THE EFFECTIVENESS

From 2017 onward the program has received funding from both the Ministry of Employment and Economic Affairs (Business Finland) and Ministry of Agriculture and Forestry, and program has reported for both funders independently. As the funding has been granted on a yearly basis, the reporting has not only created additional work for the program management, but also generated a sense of discontinuity and uncertainty that hamper program planning and also the commitment of companies to the program.

SYNERGIES BETWEEN EXPORT AND INNOVATION PROMOTING EFFORTS RECOGNIZED, BUT NOT YET FULLY UTILIZED IN FFF 2.0

There are clear synergies between the Sapuska and FFF programs, but only anecdotal evidence of “continuum” between the programs could be found in the course of this evaluation.

Although FFF 2.0 includes both export promotion activities and innovation funding, it seems that the synergies between them have not been realized in practice: the companies participating in the FFF activities still see it

as an export program, and the R&D professionals have not been actively participating in program activities till date. This focus on exports originates from the program being established and run as a Finpro growth program with a strict focus on SME exports until 2018, when both Business Finland and the current program model were established.

Furthermore, the company interviews revealed that export and R&D are still very much separate activities in companies, as majority of the interviewees were not well aware of the BF (FFF) funded projects in their companies.

6.2 RECOMMENDATIONS

1. CLARIFY FFF 2.0 PROGRAM OBJECTIVE, FOCUS AND SCOPE

There is a clear need for the services that FFF provides, and the program has been successful in creating added value for the companies. FFF has also mobilized large part of the internationally operating companies and is a well-known actor in the sector. Further development of FFF is most likely the best option for organizing the food export promotion activities in the future as well.

In addition to ambitious visions and broader goals the FFF program (and its three target areas of increase in exports, increased internationalization and value-added) should have more concrete and strategic program

goals, and KPIs to measure the contribution of the program to the long-term goals.

The program has eight priority target markets and a number of supplementary target markets that cover the most important target countries for Finnish food exports. It would, however, be beneficial to conduct a market analysis on current and future trends and opportunities in international markets, to enable better target market opportunities for Finnish food companies, and to be able to provide more concrete information for participating companies on markets, customers and consumer behavior.

2. DEFINE A SOLID IMPACT MODEL

To clarify the program contribution, a development of robust impact model (“theory of change”) for the program is needed. Impact model should take into consideration the different objectives of the program, in order to support the selection of strategic priorities based on systematic analysis and prioritization of target markets and helping the monitoring of the program results

As in figure 1, the model should consider at least:

1. Needs for the intervention
2. Program goals and objectives derived from the needs
3. Program inputs (funding, persons, partners, services etc.)
4. Activities and outputs (such as trade fairs, buyer visits, trainings, collaboration and R&D programs)
5. Results for both the participants and the larger industry

6. Impacts (e.g. increased exports, improved skills, value added etc.)
7. Broader societal and economic impact, or a broader vision such as doubling the food exports

Points 1 and 7 are well established in the current program, point 2 should, however, be clarified, and points 3 and 4 should be revised to better align with the needs and goals. Also, the points 5 and 6 should be reconsidered in relation to the goals and objectives, inputs (resources) and activities and outputs. Crafting an ambitious and realistic impact model, that takes into consideration both the program resources and activities offered to participants would help in monitoring the program outputs, efficiency and impact.

3. REFINE PROGRAM KPIS AND MONITORING SYSTEM

Crafting an ambitious and realistic impact model, that takes into consideration both the program resources and activities offered to participants would help in monitoring the program outputs, efficiency and impact. To achieve this, it is important to define the link between each step in the impact model, and to derive each sub-goal and KPIs from the main goals and related activities, outputs and results. We suggest measuring direct impacts and results instead of broader or long-term industry level figures (e.g. export growth in food sector) and in addition to program activities and outputs (number of exhibitions).

A potential method for getting information on company level results and impacts would be through introducing a regular feedback/monitoring survey that goes beyond a customer satisfaction survey, and addresses the concrete results for the participants. A survey could also be introduced after each trade fair/ buyer meeting or other activities carried out by the program to get a more concrete view on the number of e.g. new contacts or customer leads. According to the company interviews carried out in this evaluation, the companies' attitude towards this kind of data collection is positive.

In addition, it is important to continue monitoring e.g. the number of activities in different target markets, companies/SMEs active in the program and trade statistics (including priority markets and product categories) as the program has done to this date.

4. DEVELOP THE FFF PROGRAM SERVICES TO SUPPORT IMPACT GENERATION

The concrete and close-to-market measures for the first steps in internationalization are still needed to activate new companies and to introduce also companies already active in the program to new markets. At the same time there is a need to move beyond the first introductions to foreign markets and provide also more concrete services for market and customer relationship development in the target markets for companies that have taken the first steps in export markets. Latter group would benefit from further tailored and more focused services for strategic priority areas, product groups and markets. This

would mean putting even more emphasis on activities in target countries and markets. Presence in the target markets is resource intensive, however, and considering the current program resources it may require focusing on fewer markets in order to be able to better support companies in these target markets.

It should be noted, that each of three focus areas (see recommendation 1) requires logically a different set of services.

1. If the main target is to have a maximum impact on total exports on short to medium-term, it would likely mean laying the focus on large companies with already substantial exports and an established presence in export markets and leveraging their exports to create a maximum impact on the total level of food exports. The disproportionate importance when it comes to absolute level of food exports, is concretized by the fact that when FFF participants total exports were over € 800 million in 2018, in practice the 12 participating large companies contributed to 85 per cent or almost € 700 million of the total figure, and 70 per cent of the absolute growth in exports.
2. If main target is activating SMEs to enter international markets and international business the focus should be on activating the large group of SMEs that are important for industry renewal and future export opportunities, this approach is however unlikely to have a major impact on total exports on in short to medium term.

3. If the goal is to create a maximum value added in food industry on a longer term, more emphasis should likely be on R&D-activities, branding and customizing the products to specific export markets to achieve a better product-market fit, and focusing and building on the advantages of Finnish food products.

In reality it is likely that all of these goals are among the program targets, and the impact model and subsequent services should be aligned respectively.

5. RECONSIDER PROGRAM FUNDING MODEL

More long-term funding for the program, instead of annual decisions, would help to improve the effectiveness of the program and the business commitment. This would entail commitment from both BF and funding ministries and would allow both the program management and participating companies to plan their activities better.

6. INTEGRATE EXPORT AND R&D ACTIVITIES

Export and R&D -activities, together with ecosystem building activities, are present in the current BF growth program model, and therefore in FFF program as well. However, FFF is still distinctively an export program, and the other activities have not been well established in the program activities to this point.

Combining R&D funding with internationalization support appears relevant. To this date, FFF participants and company contact persons include mainly export and sales or marketing professionals that according to the interviews were largely unaware of the R&D projects carried out in their companies. Therefore, activation of R&D professionals and departments in the participant

companies is necessary to achieve better integration of export and R&D activities in the FFF program in future. This can, at least partly, be achieved e.g. through guiding the program participants to better make use of applicable BF funding services for SMEs such as Innovation Voucher, Tempo, Kiito, Team Finland Explorer or Group Explorer.

REFERENCES

- Arovuori, K. & Arovuori, K. & Karikallio, H. (2019) Suomen elintarvikkeiden kauppataseen rakenne ja kehitys. PTT työpapereita 197; Arovuori, K., Karikallio, H., Kiviholma, S., Jansik, C., Niemi, J. & Piipponen, J. (2019) Suomalaisen maitosektorin rakenteet ja niiden muutokset vuosina 1995–2018. PTT työpapereita 198.
- Halme, K., Haila, K., Paavola, H., Thomsen, H and Lahtonen, K. (2014) Challenges of Market Changes – Evaluation of well-being oriented SME innovation programmes aiming at international growth.
- Hyrylä, L. *365 ruoan päivää. Elintarviketeollisuuden toimialaraportti*. Työ- ja elinkeinoministeriön julkaisuja 2019:61.
- Salminen, V. ym. (2016) Evaluation of the Team Finland Growth Programmes. Publications of the Government's Analysis, Assessment and Research activities 40/2016.

APPENDIX 1.

LIST OF INTERVIEWS

Stakeholder interviews

- | | |
|----------------------|---|
| 1. Jaana Husu-Kallio | Ministry of Agriculture and Forestry |
| 2. Jenni Kiilholma | Ministry of Foreign Affairs |
| 3. Tuula Lunden | Finnish Food Authority |
| 4. Thimjos Ninios | The Central Union of Agricultural Producers and Forest Owners |
| 5. Eero Suominen | Ministry of Foreign Affairs |
| 6. Marika Säynevirta | The Finnish Food and Drink Industries' Federation |
| 7. Kari Venäläinen | Business Finland |

Company interviews

1. Atria
2. Finnspring
3. HKScan
4. Hätälä
5. Kaslink
6. Kiantama
7. Linkosuon leipomo
8. Raisio
9. Valio
10. Verso food

Other interviews

1. Susanna Airaksinen, Raisio (previously Natural Resources Institute Finland, former Finnish Game and Fisheries Research Institute)
2. Large company active in export markets but not participating in FFF activities

APPENDIX 2.

BUSINESS FINLAND FUNDED R&D PROJECTS IN FOOD FROM FINLAND PROGRAM

ORGANIZATION	NAME OF THE PROJECT
FPI Operations Oy	Tietotorin palvelualustan tarvekartoitus
VEEN Waters Finland Oy	New innovative products to international markets
Helsingin Mylly Oy	Lajikepuhtaiden kauraerien betaglukaanipitoisuus, sen korrelaatio kauratuotteiden vedensidontaan sekä leivontareseptiikan optimointi korrelaation perusteella
Laitilan Wirvoitusjuomatehdas Oy	Laitila Intiaan ja Australiaan
Oy Karl Fazer Ab	OatHow rinnakkaishanke
Boreal Kasvinjalostus Oy	Ennustusvoimaa koneoppimisesta laatuviljan lajikejalostukseen
Vaalan Juustola Oy	Vi
HKScan Oyj	Digitalized agrifood ecosystem
Oy Suomen Jäätelö Ab	Innovatiivisilla design-elintarvikkeilla kansainvälisille markkinoille
Domretor Oy	Arctic foods for Chinese kids
Valio Oy	Edellytysten luominen Valion kauraportfolion laajentamiselle uusille markkinoille – Oat Abroad – Kaura Kasvuun
Entomophagy Solutions Oy	Sirkkiksen, Bugbitesin sekä muiden Entiksen tuotteiden kansainvälistäminen
Helsinki Wildfoods Oy	Helsinki Wildfoods Oy tuotekehityspilotointiprojekti
Oy Panimolaboratorio – Bryggerilaboratorium Ab	Innovative use of fermentative organisms to enhance the flavour profile of beers
Viking Malt Oy	Improving flavor and nutritional properties of ingredients
Arla Oy	Bioprocessing for dairy
Wipak Oy	New Sustainable and Digitalized Packaging Ecosystem
Luonnonvarakeskus	OatHow – Novel indicators and technologies for oat quality and applicability
Helsingin Yliopisto	OatHow – Novel indicators and technologies for oat quality and applicability
Turun yliopisto	OATHow – Novel indicators of oat quality and applicability
Teknologian tutkimuskeskus VTT Oy	OatHowNovel indicators and technologies for oat quality and applicability
Teknologian tutkimuskeskus VTT Oy	BioFlavour VTT

APPENDIX 3.

REVENUE AND EXPORT GROWTH OF FFF PARTICIPANTS BY COMPANY SIZE

FIGURE 1. Micro enterprises.

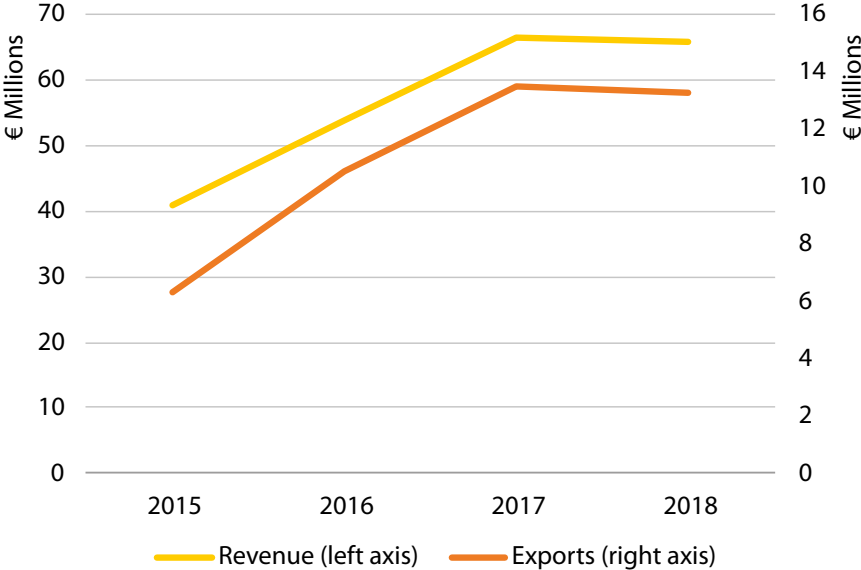


FIGURE 2. Small enterprises.

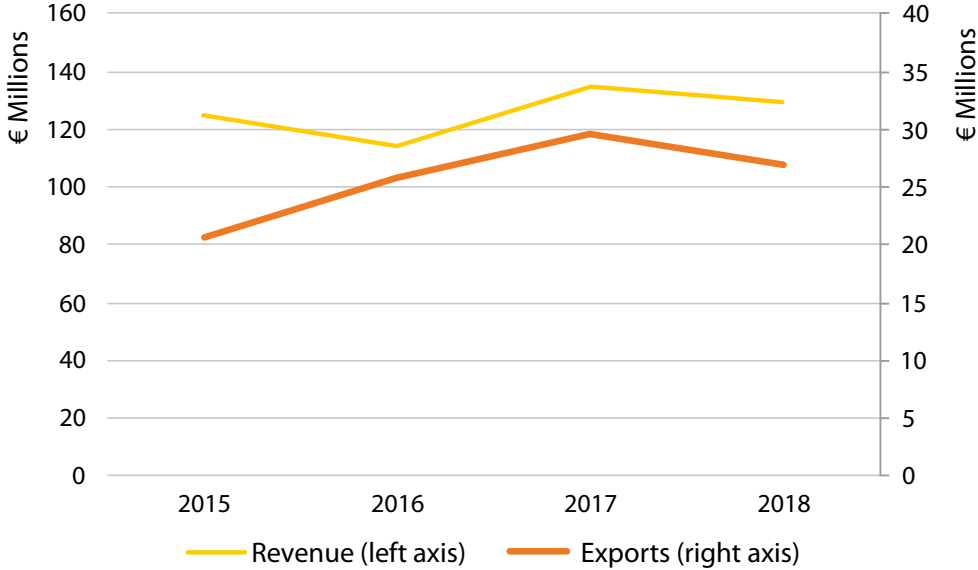


FIGURE 3. Middle-sized enterprises.

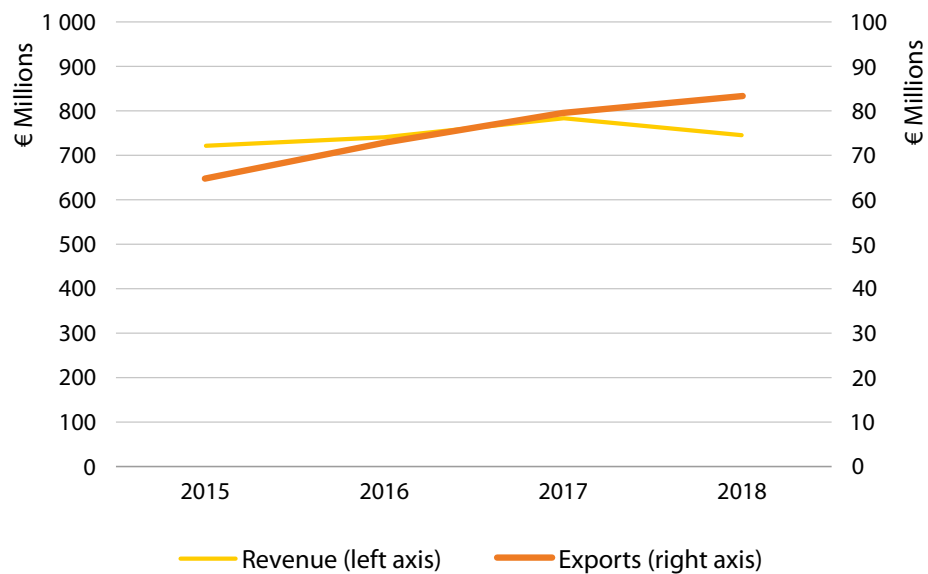


FIGURE 4. Large enterprises.

