

# Beef Checkoff Posting Return of \$5.55

The Beef Checkoff Program returned about \$5.55 in value to beef producers for every dollar they invested into it between 2003 and 2008. That's the overall conclusion of a new economic study completed by Ron Ward, professor

emeritus for the Food and Resource Economics Department of the University of Florida.

"Is the beef checkoff a demand driver? This was the most fundamental question of the entire study, and the

answer is an overwhelming 'yes.' The generic promotion of beef has shifted beef demand," Ward noted in his research conclusions. "The marginal rate of return is large enough to provide overwhelming evidence that the programs are achieving

positive impacts [on] U.S. demand for beef," he said.

"The Beef Checkoff Programs and Their Impact on U.S. Beef Demand" evaluates the effectiveness of checkoff-funded programs in reaching their overarching goal of growing beef demand. To complete this, Ward employs statistical models that measure the effects of major beef demand drivers overall, then specifically of the Beef Checkoff Program itself as a demand driver. It is a comprehensive study that is peer-reviewed by respected economists versed in commodity promotions and the beef industry, and is a follow-up to similar beef checkoff evaluations conducted regularly since 1989.

Ward presented the study results to the checkoff's Joint Industry Evaluation Advisory Committee July 16 at the 2009 Cattle Industry Summer Conference in Denver, Colo.

"We evaluate individual checkoff programs every year to make sure that we continue only with those programs that provide the biggest bang for our checkoff buck," said Joint Evaluation Advisory Committee Chairman Dave Bateman, a producer from Illinois and immediate past chairman of the Cattlemen's Beef Board (CBB). "But we have to dig a little deeper every few years to make sure that our overall checkoff strategy — combining all of our programs in promotion, research and information — are working together for the benefit of everyone who pays into the checkoff."

Ward said that determining the effectiveness of recent beef checkoff programs objectively required identifying all factors that affect the demand for beef — things like household demographics, market penetration, amount of beef consumed per household and beef promotions, to name a few.

"This study is a pretty high-level economic review, with some complex econometric modeling throughout, so we don't pretend to have the expertise as cattlemen on the Evaluation Committee to make sure it's sound science on our own," Bateman said. "That's why it goes through a peer review, and Ward's final version got the thumbs up for research accountability from those in the know — specifically Dr. Oral Capps and Dr. Chuck Lambert."

The report on Ward's research addresses beef consumption patterns, estimation of the effect of the checkoff on market penetration or the probability of consuming beef within a defined period, and the effect on the level of consumption among beef consumers. The end product is the determination of the rate of return from beef producers' and importers' national checkoff investments.

Along those lines, report findings include:

- The percentage of U.S. households that purchased beef in a given two-week shopping period — at 78.8% — would have been about three

## Seven recognized for environmental conservation

Seven beef farms and ranches were recognized during The Cattle Industry Summer Conference as regional winners of the 2009 Environmental Stewardship Award. Sponsored by Dow AgroSciences and the USDA's National Resources Conservation Service (NRCS), the award is

presented each year by the National Cattlemen's Beef Association (NCBA) and the National Cattlemen's Foundation (NCF).

This year's regional recipients are:

- Region I: Young's Cattle Co., Belmont, Ohio
- Region II: Greenview Farms, Screven, Ga.
- Region III: Eckenfels Farm, Sainte Genevieve, Mo.
- Region IV: Stoney Point AgriCorp Inc., Melissa, Texas

- Region V: Pape Ranches, Daniel, Wyo.
- Region VI: Leavitt Lake Ranches, Vina, Calif.
- Region VII: Daybreak Ranch, Highmore, S.D.

A national winner will be selected from among the regional winners and announced in January at the 2010 Cattle Industry Annual Convention & NCBA Trade Show in San Antonio, Texas. For more information visit [www.environmentalstewardship.org](http://www.environmentalstewardship.org).

percentage points lower between 2003 and 2008 if not for the beef checkoff programs in place then.

● During the period, it became increasingly difficult to attract households to the beef market, so more of the checkoff gains arose from increased servings rather than the percentage of them buying beef. Accordingly, the two-week shopping analysis found an average of 3.42 servings of beef consumed per household member and concluded that each of those households would have purchased about 0.11 fewer servings per two-week period if not for the beef checkoff programs.

- Expressing shifts in demand back to the live-weight level, Ward estimates the marginal rates of return to the checkoff program between 2003 and 2008 to be 5.55 for the average checkoff expenditure level.

"These marginal gains are substantially above one," Ward noted, "thus pointing to a program that is quantitatively effective in influencing the U.S. demand for beef."

Bateman said the positive return on investment is great news for cattlemen and importers who pay for the checkoff programs, though he fears some might be hesitant to believe the results, given current market conditions.

"For those producers paying into the checkoff, it's important to put these findings into the context of their operations, especially at a time when so many are losing money," he said. "It might be difficult for producers to quantify a gain from the checkoff when they're not seeing any gains in their own operations.

"The answer to that goes back to the very basic tenet of the checkoff," Bateman continued. "The checkoff can't single-handedly turn around a bad market, but we have to stop and imagine, if our checkoff dollars are returning \$5.55 for every dollar we invest, just where we might be without the checkoff programs we have in place. That could quickly get pretty devastating, I would think. This study is telling us that because of our checkoff programs — even when times are bad for our industry — we are significantly better off than we would be without those programs."

The full "Ward Report" is available at [www.beefboard.org/evaluation/files/Ward%20Study%202009.pdf](http://www.beefboard.org/evaluation/files/Ward%20Study%202009.pdf).

