BEEF CHECKOFF
MEETING CONSUMER DEMAND
NCBA 1998

WHY IS THERE A BEEF CHECKOFF?

Beef producers created the beef checkoff program 12 years ago as a self-help promotion, research and information program. It was approved by 79 percent of beef producers in a referendum after grassroots input reshaped the program. In January 1998, a Producer Attitude Survey conducted by Aspen Research showed that 70 percent of cattlemen now approve of the checkoff.

The beef checkoff is based on five producer directives:
1) It’s fair – Everybody pays. No one gets a free ride. Producers wanted the assessment to be simple – $1 per head each time a bovine animal is sold.

2) It’s grassroots – State beef councils keep half of each checkoff dollar they collect and spend it according to priorities set by producers in their state.

3) It’s producer-controlled – National board members are nominated by fellow producers at the state level to represent them.

4) It’s cost-effective – The program didn’t create a new bureaucracy. It used existing national, nonprofit, industry-governed organizations to implement programs. Cattlemen’s Beef Board administrative expenses are limited to 5 percent or less of projected revenues. The 1997 administrative costs were 3.1 percent of projected revenues, the lowest level since 1987.

5) It works – The industry’s only self-help program, the beef checkoff works to build demand through promotion, research and information.

WHO MAKES CHECKOFF DECISIONS?

The Cattlemen’s Beef Board administers promotion and marketing programs funded by the national beef checkoff. This 111-member board is appointed by the Secretary of Agriculture to oversee the collection of the $1-per-head checkoff, to certify state beef councils, to implement the provisions of the Federal Act and Order establishing the checkoff, and to evaluate the effectiveness of checkoff programs.

In addition, more than 600 producers serve on state beef council boards in 45 states to make program decisions according to producer priorities in their states.

WHAT CAN THE CHECKOFF DO?

The checkoff acts as a catalyst for change. The checkoff doesn’t own cattle, packing plants or retail outlets. It can’t single-handedly turn around a bad market. Beef producers never intended it to be in the business of growing cattle or handling product. What they wanted was a way to stimulate others to sell more beef. This can be done through direct advertising, cooperative marketing, public relations efforts, education programs and new product development assistance.

WHAT CAN’T THE CHECKOFF DO?

Checkoff funds cannot be used to influence government policy or action.

HOW IS THE CHECKOFF WORKING TO BUILD DEMAND?

Domestic Marketing:
• Since the launch of the beef industry "Beef. It’s What You Want" advertising campaign in August 1997, more than 2,775 TV commercials have aired nationally, reaching approximately 87 percent of adults 25-54, or about 101 million consumers. The new tagline was designed to build upon consumers’ desire and craving for beef.

• Retail promotions work to increase the amount of beef featuring, as well as increase sales at the point of purchase. This year, grocery retailers built their beef identity with their customers while giving
• them the information and recipes needed to prepare beef. Twenty-three retail chains, representing 4,588 stores, distributed more than 1.09 million customized recipe books.

• Foodservice operators are encouraged to add new beef dishes to their menus and promote beef as a meal choice.

• The 1998 foodservice media objectives are to build overall awareness for beef in foodservice; maintain the "look of the leader;" serve as a credible resource for beef information; and motivate foodservice operators to menu and promote a wider variety of beef items.

• To promote underutilized cuts, including the chuck and round, and to stimulate consumer trials of prepared beef products, the rules for the 1999 National Beef Cook-Off have been changed. Qualifying recipes will fall into two categories:
  • Ground beef — specifically recipes using ground round or ground chuck as the main ingredient.
  • Prepared beef — recipes that create an innovative recipe using a prepared beef product as the recipe’s main ingredient.

Foreign Market Development:

• Foreign marketing efforts are expanding demand for high quality U.S. beef and beef variety meats. Export demand added $110.06 per head to the value of fed cattle, $105 per head to feeder cattle, and $99.70 per head to calf prices in 1996.

• USMEF leveraged $6.4 million checkoff dollars in fiscal year 1997 to gain $6.3 million from USDA Market Access and Foreign Market Development programs to build demand for U.S. beef overseas.

• Despite global economic concerns, exports of beef muscle meats in 1997 exceeded record 1996 exports by over 13 percent, thanks to targeted use of beef checkoff funds and the industry’s hard work addressing such issues as food safety.

Information:

• Americans are seeing more beef recipes and product information than ever before. In fact, this year’s food communications efforts have resulted in 4,886 magazine and newspaper placements with a combined circulation of more than 654.4 million.

• Issues management initiatives identify and respond to potentially damaging issues, such as E.coli and BSE. When early issue-resolution occurs, the result is the best news you never read.

• Information programs demonstrate the beef industry’s commitment to the environment.

• Nutrition research provides supporting data on beef’s value in the diet. Further, it is working to dispel the myth that chicken and fish are superior to beef in low-fat diets designed to reduce the risk of heart disease.

• The long-term "nutrition parity" study should help dispel the myth that chicken and fish are superior to beef in low-fat diets designed to reduce the risk of heart disease. Both diet treatments were effective in lowering blood lipids and there was essentially no difference between the diets.

• A project at the University California-Davis and the California Regional Primate Research Center demonstrated that a daily serving of beef can be effective in improving behavioral and performance measures affected by a marginal zinc and iron deficiency.

• More than 100,000 teachers from preschool through high school requested checkoff-funded kits and posters during the last school year. These materials have a potential reach of 5.2 million children during their first year of use.
• The American National CattleWomen have distributed 220,000 "Wow, That Cow!" brochures. Developed for elementary school children but also used by adults, the brochures explain how beef production enhances the environment and produces useful by-products.

• Mr. Food will continue to be NCBA’s food safety spokesperson for the coming year. He will incorporate food safety messages into his television shows (currently carried by 150 stations nationwide with a reach of 9.4 million) and in his EasyCooking magazine.

• The "Building the Perfect Burger" campaign, which reached 5.4 million consumers last year, has proven to be popular with retailers who are already requesting tear pads that will help customers prepare burgers properly. The tear pads will be in stores by Memorial Day weekend for the beginning of the grilling season.

• A new integrated beef industry Web site was launched Feb. 1, 1997. The site, intended to be a "one-stop" resource for beef industry information, provides information for consumers, media and producers, as well as for state and national staff. In the first month after its launch, visitors viewed more than 140,000 "pages."

Research

• Food safety research aims to eliminate microbial and physical contamination on beef carcasses and assure consumers that beef is a wholesome safe product.

• Checkoff provided 75 percent of the research funds needed to develop four technologies now approved USDA to eliminate microbial and physical contamination on the carcass. These include organic acid rinses, hot water rinses, steam pasteurization and steam vacuuming. Steam vacuuming alone is conservatively estimated to save the industry $200 million per year by eliminating trimming waste.

• In 1996, of 26 checkoff-funded research projects, 22 resulted in major policy or industry changes being made at the packing and processing level.

• Checkoff provided a mechanism for the industry to identify the most critical issues in the beef industry, such as *E. coli* O157:H7, and to develop highly focused research programs to solve these problems.

The National Beef Tenderness Survey (NBTS) was initiated in January. Research teams from five universities are surveying retail stores and purveyors in eight cities during the next three months to determine the average tenderness of beef displayed in the retail case and that destined for foodservice. Using the benchmark study completed in 1991, the current study will determine progress made in improving tenderness to date.