

Low beef spending cited as need for referendum

KANSAS CITY, Mo. - Beef industry leaders expressed alarm over government figures released Feb. 8 showing that Americans spent an all-time low percentage of their disposable income on beef in the last quarter of 1976.

The U.S. Department of Agriculture put the total at 2.27 per cent, and noted industry analyst William C. Helming said "This figure raises a bright red flag for the industry." In fact, the analyst termed it "the most significant single event of the year for the beef industry."

Helming is president of Livestock Business Advisory Services, Inc., Kansas City, Mo. He said every cattleman should be concerned about this drop in consumer spending, and every cattleman has a stake in the proposed beef market development program, aimed at retaining the market for beef, if not increasing it.

He added that the self-help program is coming along "none too early, if not two years too late."

Helming also said "Today's report suggests that a major change in consumer preference for beef may be in the making."

He stressed that he did not want to speculate about future beef demand. But, he said, today's figures "clearly indicate to me a shift from higher to lower

priced cuts of beef," and a slight increase in the public's preference for other meat products.

The 29-year average figure for beef is 2.52 per cent. The 1976 third quarter figure was 2.42 per cent, and the average that year was 2.41 per cent.

Helming said he believes there are "two reasons why people haven't become stirred up over these figures. First, they have remained relatively constant for so long, they weren't noticed, and secondly, a lot of cattle people don't want to face up to the fact that demand is changing."

John Huston, vice president of the National Live Stock & Meat Board, agreed with Helming's overall analysis, but said the figures may also be a manifestation of many consumer concerns about beef that the Beef Act will try and dispel.

"In the past few years, beef has been the subject of concern in three major areas the health question related to beef, the world food problem and the cost of beef," he said.

Huston noted that beef's part in the cholesterol-cancer-heart-diet controversy has never been proven. And, he said, many people think Americans eat too much beef, or waste grain by feeding it to animals.

"Actually, the world food

problem is mainly one of distribution, rather than supply. And cattle eat primarily roughage and waste forms of grain that humans can't eat, and convert this material to usable protein.

"I also believe that beef makes a convenient whipping boy when talking about inflation, primarily because it's an item that most consumers buy every week, so they can keep a close watch on any price changes. The hard facts rare that beef prices are lower than they were a year ago," he emphasized.

All these factors, Huston said, "have the effect of eroding dollar demand for beef over a period of time."

The beef industry should be concerned about this drop in spending, he said. "We know we have a wholesome, nutritious product. Passage of the upcoming Beef

Referendum will help us begin the necessary research to clear our product of unfounded health scare warnings.

"Then we must have the resources to communicate these resoiits to thought leaders, especially in the field of medicine. And we must do the advertising and promotion necessary to take advantage of beef's overall favorable image as a delicious, very wanted food.

"Beef has been the subject of much unfounded criticism lately. Passage of the Referendum would raise about \$30-\$40 million yearly to begin dispelling this criticism," he said.

"That's a lot of money, but it works out to be about 15 cents per capita. That's pretty small investment to protect the \$130 a year each consumer now spends on beef - let alone enable us to expand our markets," he noted.

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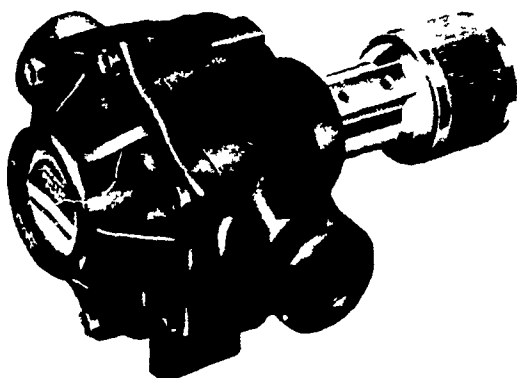
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