

# Promotion Committee Explores Increasing Beef Checkoff

CHICAGO, Ill. — Concerned about erosion in the buying power of their checkoff dollars, beef producer directors on the Beef Industry Council (BIC) Promotion Committee have encouraged exploration of increasing checkoff investments.

The move was in the form of a resolution made by the Promotion Committee at the National Livestock and Meat Board Annual Meeting, held in Chicago recently.

According to Clark Willingham, promotion committee chairman, there is substantial evidence that the checkoff has been effective. But that effectiveness is being challenged by media inflation straining limited checkoff dollars, as well as promotion competition from other protein sources.

"We've demonstrated that we have the capability to use checkoff dollars wisely to increase demand for beef," said Willingham, a cattleman from Dallas, Texas. "Research shows that our promotion and information programs return about \$5.80 for every dollar invested by producers."

The national beef checkoff, which started in 1986, requires that producers remit \$1 per head each time cattle are sold. These funds are used in national and state research, promotion and information programs through various organizations, including state beef councils and the Beef Industry Council.

Butch Van Velthuizen, a beef and dairy producer from Turner, Ore., moved adoption of the resolution, which was unanimously passed by the committee. He said research has established the need for more checkoff-related programs.

"The beef industry isn't close to the \$100 million in marketing programs recommended in an analysis conducted two years ago by the marketing firm Booz, Allen & Hamilton," Van Velthuizen said. "With supplies of beef and competing meats projected to increase substantially over the next several years, we must be aggressive now to keep consumer demand in line with increasing supplies."

The successful advertising placed as a result of checkoff investments is one area that's being threatened not only by the challenge of competing meats, but by media inflation. According to BIC Advertising Subcommittee Chairman Don Sonnier, a beef producer from Bossier City, La., spending on advertising would have to increase significantly just to keep pace with inflation.

"Just with inflation of media placements, we would need to spend \$40.8 million this year in order to keep up with our advertising efforts of six years ago," Sonnier said. "Our advertising budget for 1993/94 year is \$22.6 million."

"And when you compare that to the poultry industry — which spent \$37 million in advertising in 1991/92 — it's obvious we must do more to hold our own in battling to keep our share of the consumer's protein dollar. In fact, in Louisiana the beef industry has approved an additional fifty cent voluntary checkoff above the \$1 per head already being collected."

Sonnier pointed out that research has demonstrated the effectiveness of the beef industry's advertising efforts. A study found that consumers intend to eat beef 13 percent more often than they had intended to eat before the

advertising campaign began. Assuming these representative consumers follow through on their intent to purchase, this would generate a demand for an additional 1.2 billion pounds of beef.

Already successful foodservice and retail promotions could also be expanded through an increased beef checkoff, according to other beef producers represented on the BIC. Larry Oltjen, a beef producer from Robinson, Kan., said partnerships being created through beef industry foodservice programs would be expanded and enhanced with increased funding.

"We've created successful partnerships with Pizza Hut and Wendy's through our checkoff efforts, but we're just scratching the surface," said Oltjen, subcommittee chairman. "By helping move mil-

lions of pounds of additional beef through promotions for the Steak Lover's™ Pizza and Big Bacon Classic™, we're creating additional demand for beef. We'd like to be able to partner with more food-service operators."

Jane Frost, a beef producer from San Jon, N.M., and chairman of the BIC Retail Subcommittee, agrees that the partnering opportunities that would come with increased funding would build beef demand.

"This past year we offered retailers incentives to increase their beef advertising, with great success," Frost said. "That effort yielded a \$30 return on every checkoff dollar used to fund the program. It's difficult to argue with that kind of return on investment."

"We've had to set priorities based on the level of funding available," said Willingham. "Although our track record in beef promotion is outstanding, we could do a more effective job with expanded funding. In addition, the BIC has successfully reduced governance and meetings costs, thus increasing efficiency. That's why our committee is recommending, through this resolution, that the industry take immediate steps to begin a united industry effort to increase the level of investment in the beef checkoff."

In the resolution, the BIC Promotion Committee also encouraged the BIC to challenge other state and national industry organizations to give the funding area high priority.

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