

New Study Evaluates Value Of Checkoff Efforts

DENVER, Colo. — Cattle producers are the primary beneficiaries of increased beef demand, according to research by a Colorado State University professor. For that reason, the beef checkoff is a good investment by beef producers, says researcher Stephen R. Koontz.

Furthermore, Koontz concluded in his white paper, new products are a key to improved demand, and beef producers have a responsibility to help bring them to market.

Results from the Koontz research were shared with the beef industry at the 2003 Cattle Industry Convention and Trade Show in Nashville, Tenn., Jan. 29 to Feb. 1. The independently produced and funded report was presented at a committee meeting Jan. 30.

Koontz is an economics professor in the Department of Agricultural and Resource Economics at CSU. His research pointed to data that showed a record volume of beef production in 2002, yet prices that stayed elevated, as partial proof of his conclusions.

"The industry should have seen prices lower than those in 1996 and 1998," he said. "It did not primarily because of improving demand."

Statistics in the report indicated that retailers and processors are not keeping the recent improvement in demand all for themselves, nor did they absorb the impact of earlier declines in demand. Demand improved after 1998, Koontz said, and "changes in consumer demand have been

passed on to beef producers in the form of changed cattle prices."

Koontz acknowledges that future distribution of benefits from increased demand could not be predicted. "It is tough to say with certainty how the benefits of improvements in demand will be split over longer periods of time," he said. "But it is clear that producers have borne the weight of the decline and have now seen some of the benefits of demand improvement."


In addition, Koontz indicated that retailers and processors/packers had little incentive to bring new beef products to market. "Producers need to shoulder the burden of some of the risk in this product development arena and, at a minimum, facilitate the

work that needs to be done," Koontz wrote.

"The successful launch of any new beef product can lead to an increased demand for beef, and improved markets for beef cattle," according to Tracy Brunner, a cattle producer from Central Kansas and chairman of the Joint New Product & Culinary Initiatives Committee. "Through their checkoff program and the R&D Ranch, producers are transforming consumer needs into new products, preparation methods and recipes with maximum consumer appeal. It's a win-win situation for consumers and the industry." In the end, Koontz said, it's important for cattle producers to be responsible for investing in new products to improve demand, as well as the

profitability of their own operations.

"Producers stand to benefit from investing in new product development, which stimulates demand, which in turn results in improved farm and ranch beef animal prices."



The 2002 Five-Acre Corn Club winners are scheduled to appear in the March 1 Corn Talk, a newsletter of the Pennsylvania Corn Growers Association (PCGA). Included that issue: PCGA board of director information, grower feature, and PCGA and NCGA news.

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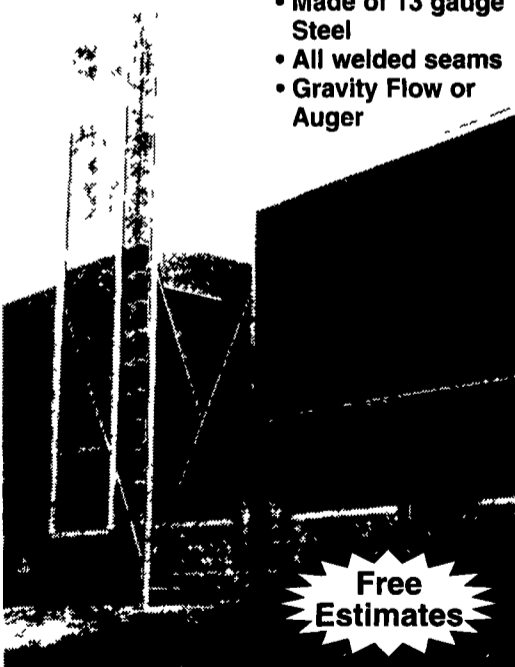
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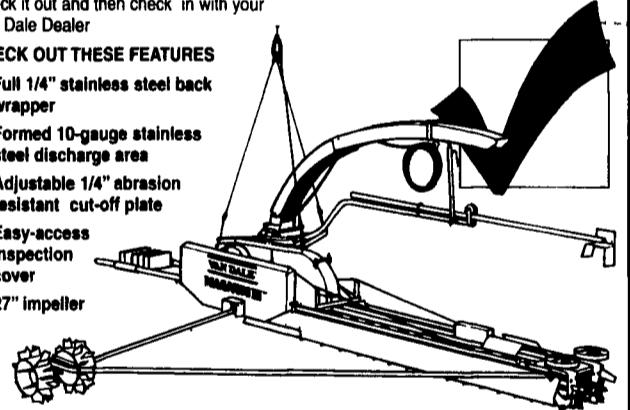
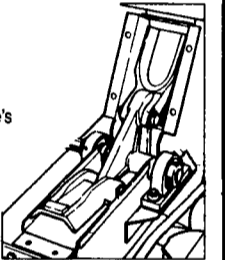
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