

# Assessing Beef Demand Determinants

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## *Executive Summary*

This project's objective was to provide a multi-faceted assessment of factors impacting domestic beef demand. The project provides a multitude of insights using diverse data sets and information sources that vary across time periods, levels of product aggregation, and socio-economic factors considered. The use of multiple methods reflects realities of the diverse set of demand information sources and complexities around beef demand assessment.

*Several key findings are of elevated importance:*

1. Over the past decade, the quantity of beef consumers purchase has become less sensitive to changes in beef prices yet more sensitive to consumer incomes. This could be a result of record high retail beef prices in recent years that resulted in loyal beef consumers, who are less price sensitive, having the strongest presence in the market. As consumer incomes have grown, more consumers who might have been priced out of the beef market, have allocated some of that income growth to purchase beef again thus increasing beef demand response to growing income.
2. The relative impact of pork and chicken prices on beef demand is economically small relative to other factors. This does not imply individual beef, pork, and chicken products are not substitutes, rather the substitutability in aggregate is just not as strong as traditionally thought.
3. Print media and medical journal coverage of topics around beef changes notably over time in areas of focus and volume of coverage. Certain types of media coverage are found to affect meat demand, and an emerging area of negative impact focuses on climate change. Having an impactful presence in the media is immensely important as it shapes perceptions.
4. Some demographic trends are favorable for beef demand including anticipated growth of Hispanic and African-American populations within the U.S.



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*The main recommendations we offer from this study are:*

1. We recommend ongoing focus on beef quality aspects such as taste, appearance, convenience, and freshness. These innate product quality attributes were identified as top priorities in past beef demand studies and they remain key for sustaining and growing beef demand. This reflects declining price sensitivity, increasing impact of consumer incomes, and broader recognition of U.S. beef's comparative advantages to other proteins both domestically and abroad. Going further, persistent importance of these foundational beef quality traits should be noted to avoid over-reacting to "hot topics of the day" in a manner which is counterproductive to building upon these more traditional, yet essential beef quality attribute perceptions held by consumers.
2. External coverage of "hot topics" is likely to continue to be dynamic for the beef industry. We recommend systematic re-assessment of which topics are changing the most with a focus on topics having the largest net impact on beef demand. Factors that drive long term perceptions are likely to be most impactful over time including food safety, nutritional content and healthiness (e.g., fat type and content), and overall quality of the eating experience. Loyal beef consumers have been immensely important in maintaining beef demand and any efforts to build new consumer demand or respond to "hot topics" are advised to not adversely impact loyal beef consumer interests or beef eating experiences.
3. We recommend increasingly collaborative approaches to the U.S. pork and chicken industries. Given limited cross-price sensitivity and a host of common challenges and opportunities a more cohesive approach may better utilize the industry's limited demand enhancing and monitoring resources. This is further true given recent increases in competition from plant-based protein sources.
4. We recommend additional targeting of beef product development, messaging, and marketing to consumers with particular attention to race, income, age, political ideology, and product type considerations.
5. We recommend systematic evaluation of information sources available to gain beef demand insight. An example in this study was extending demand insights offered by the Consumer Beef Index survey. More broadly, multiple data sources and methods were used to gain a more complete understanding of beef demand determinants. Combined, as related opportunities arise we encourage elevated focus on leveraging existing industry investments to regularly assess beef demand.