



Funded by the Beef Checkoff

# AN ECONOMIC ANALYSIS OF NATIONAL BEEF CHECKOFF DEMAND-DRIVING ACTIVITIES

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## Executive Summary

*This study was commissioned by the Checkoff Evaluation Committee.*

This research study had three central objectives:

- 1.** To measure whether national Beef Checkoff demand-driving activities increased demand of beef products (domestic and abroad) compared to what would have occurred in the absence of these activities.
- 2.** To measure the combined benefits of national Beef Checkoff demand-driving activities in terms of their incremental financial impact to beef industry<sup>1</sup> (producers and importers), and then compare these benefits with the costs of the program to calculate an overall return on investment (ROI) of the national Beef Checkoff program.
- 3.** To measure the indirect benefits of national Beef Checkoff demand-driving activities to the broader macroeconomy.

To address these objectives, econometric models incorporating domestic retail demand, domestic retail supply, and U.S. beef import demand data were developed. This statistical framework enabled the study to determine the impacts of national Beef Checkoff demand-driving activities by factoring out other significant demand drivers/factors such as U.S. beef, chicken, and pork prices, real disposable income, and economic conditions in importing countries.

Results from the econometric models found that the national Beef Checkoff had a positive and significant impact on beef demand compared to what it would have been in its absence. Specific to domestic demand, had national Beef Checkoff demand-driving activities been non-existent over the most recent 5-year period, 2019-2023, total domestic beef demand would have been 8.5% lower than actual results. Similarly, had national Beef Checkoff program contributions (along with other foreign marketing expenditures)<sup>2</sup> to demand-driving activities in foreign markets been nonexistent, demand for U.S. beef imports would have been 11.5% lower than actual results for the seven importing countries included in this study (China, European Union, Hong Kong, Japan, South Korea, Mexico, and Taiwan).

The national Beef Checkoff not only had an impact on increasing beef demand domestically and internationally, but also resulted in a higher steer price for beef producers. In other words, had there not been any domestic demand-driving activities from 2019-2023, the steer price would have been 7.8% lower per year lower than actual results.

The overall ROI calculated for the national Beef Checkoff was \$13.41. In other words, every national Beef Checkoff program dollar invested in demand-driving activities for the most recent 5-year period, 2019-2023, had a positive effect on beef demand, resulting in a total industry-wide financial impact of \$13.41 for beef producers and importers. This compares favorably with the

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<sup>1</sup> It is important to note that this study measured the returns from the national Beef Checkoff to U.S. beef producers and importers who fund the program. It is also true that beef packers and retailers likely benefited from the national Beef Checkoff due to higher beef demand, but those benefits were not measured in this study. Throughout the report, the term “beef industry” is used synonymously with beef producers and importers rather than packers, retailers, or other supply chain segments of the industry.

<sup>2</sup> In addition to national Beef Checkoff program funds, budget totals include contractor-acquired contributions and government (USDA/FAS) monies that are expended on demand-driving activities in foreign markets, which are referred to as “other foreign marketing expenditures” throughout the report.

national Beef Checkoff's previous economic evaluation, which reported a combined ROI of \$11.91<sup>3</sup> for the program.

The final area examined in this study evaluated the indirect effects of national Beef Checkoff demand-driving activities on the broader economy.<sup>4</sup> Results showed that domestic and international demand-driving activities funded by the national Beef Checkoff had substantial impacts on the general economy beyond the beef industry sector. The direct effect of the national Beef Checkoff added an incremental \$3.3 billion to the beef industry in 2023. In addition to the general economy, the national Beef Checkoff also had positive spillover effects in the following areas:

- Increases in U.S. employment by almost 46,581 people.
- Increases in U.S. employment income by \$2 billion.
- Increases in total value added by \$4.1 billion in the U.S.
- Increases in U.S. gross domestic product (GDP) by almost \$9.5 billion.

Furthermore, the existence of the national Beef Checkoff increased tax revenue at the federal, state, and local levels. In 2023, this amounted to \$34 million in county tax revenue, \$205 million in state tax revenue, and \$504 million in federal tax revenue for a grand total of \$743 million in total tax revenue.

In conclusion, the study found that the benefits of the national Beef Checkoff's demand-driving activities were substantially greater than their costs. Overall, results outline the program's positive impacts on building demand for beef (domestic and abroad) as well as its indirect effects/benefits to the broader economy.

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<sup>3</sup> The previous study found a benefit-cost ratio (BCR) of 11.91. Converting this BCR to the ROI measure used in this study corresponds to an ROI of 10.91. Hence, the current study found a higher ROI than the previous 5-year study (2014-2018).

<sup>4</sup> The term broader economy is in reference to the U.S. economy, which encompasses the direct effects of the beef industry (producers and importers), input supply industries, and macroeconomic outputs.