

# **An Economic Analysis of the Cattlemen's Beef Promotion and Research Board Demand-Enhancing Programs**

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## **EXECUTIVE SUMMARY**

This research addresses two important questions regarding the Cattlemen's Beef Promotion and Research Board (CBB):

- 1. What would U.S. beef demand be in domestic and foreign markets had there not been any CBB marketing programs?*
- 2. Are the benefits of the CBB marketing programs larger than their costs?*

To address these two questions, econometric models of the domestic and international beef markets are constructed, which enables us to net out the impacts of other important factors besides CBB activities affecting beef demand such as beef and other meat prices, income, exchange rates, and economic conditions in importing countries.

The answer to the first question is a resounding yes. Had there not been any CBB marketing over the period 2006 through 2013, total domestic beef demand would have totaled 15.7 billion pounds (11.3%) less than it actually was. In terms of the nine individual CBB program areas, had there been no:

- Generic beef advertising, domestic beef demand would have been 0.7% lower over;
- Channels marketing, domestic beef demand would have been 0.6% lower;
- Industry information marketing, domestic beef demand would have been 0.2% lower;
- New product development, domestic beef demand would have been 1.2% lower;
- Public relations, domestic beef demand would have been 0.5% lower;
- Nutritional research, domestic beef demand would have been 3% lower;
- Beef safety research, domestic beef demand would have been 2.1% lower;
- Product enhancement research, domestic beef demand would have been 0.4% lower;
- CBB foreign market development, foreign beef demand would have been 6.4% lower.

While these results are important, the benefits of CBB's marketing programs to industry profitability relative its cost is a more important question to address. A benefit-cost ratio (BCR) or return on investment is computed, which measures the benefits to the industry in terms of additional profits from an extra dollar invested in each activity. Collectively, the overall BCR for all CBB activities is \$11.20. In other words, each dollar invested in CBB activities over the period 2006 - 2013 returned \$11.20 to beef industry producer profit.