What is the Beef Checkoff and Why is it Bad for Ranchers

HIGHLIGHTS FROM A STUDY ON **THE EFFECTS OF BEEF CHECKOFF ADVERTISING** ON CONSUMERS COMMISSIONED BY FarmSTAND IN R-CALF V. USDA, ET AL.

The Beef Checkoff program is a congressionally mandated marketing program of the beef industry. FarmSTAND sued USDA because the program harms the independent ranchers who are members of our client, the Ranchers-Cattlemen Action Legal Fund (R-CALF). Our client's expert witness produced a report on how Checkoff marketing affects consumer perceptions. These are the report's high-level findings.

TOPLINE: The Beef Checkoff program harms independent, small- and mid-size ranchers. Small yet meaningful changes can benefit them without affecting the Checkoff's success.

- **PROVIDING CONSUMERS WITH DIFFERENTIATING INFORMATION ABOUT BEEF HELPS CONSUMERS MAKE MORE INFORMED CHOICES.** Our study found that if Checkoff marketing included language that reflected attributes of high-quality beef, consumers would be more likely to choose and spend extra money on beef, rewarding high-quality producers for their practices. (p. 25-26)

- **SPECIALTY FARMERS AND RANCHERS BENEFIT FROM INFORMATION ABOUT HIGH-QUALITY BEEF – WITHOUT CONSUMER DEMAND FOR BEEF DECREASING.** Our study survey shows that giving consumers more information through Checkoff ads benefits high-quality, domestic beef producers without decreasing overall consumer demand for beef or undermining Checkoff's main goals. (p. 28)

- **WHILE THE GENERIC BEEF CHECKOFF PROGRAM ADVERTISING HAS SUCCESSFULLY INCREASED CONSUMER DEMAND FOR BEEF, NOT ALL PRODUCERS HAVE BENEFITED EQUALLY**. High-quality, domestic beef producers pay into the Checkoff, but they do not equally benefit from the generalized advertising for commodity beef that the Checkoff funds. Checkoff ads harm these producers. (p. 27-28)

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BEEF CHECKOFF ADVERTISING FOR GENERIC BEEF PLACES A "DOWNWARD PRESSURE" ON BEEF PRICES BY MAKING CONSUMERS LESS WILLING TO PAY FOR HIGH-QUALITY BEEF. Because independent, domestic high-quality producers can generally charge more for their product, they experience this pressure most acutely. (p. 27) With the Checkoff's help, the concentrated meatpacking industry is incentivized to source cheap, low-quality beef from foreign sources to maximize their profits and tighten their grip on the industry.

BEEF CHECKOFF MARKETING DOES NOT DIFFERENTIATE BETWEEN LOW- AND HIGH-QUALITY BEEF IN THE CONSUMER'S MIND, AND THIS HURTS HIGH-QUALITY BEEF PRODUCERS. If the Checkoff differentiated products based on practices like regenerative grazing or animal welfare, consumers would be more willing to pay for beef—rewarding producers using those practices. (p. 26–27)

The report was designed, coded, conducted, and analyzed in a manner consistent with the scientific standards of marketing research and practice and are reliable, valid, and representative. These findings are consistent across surveys of national and five state (NE, OK, SD, TX, & WI) consumer audiences.

Read the study: farmstand.org/checkoffexpert

Cite the study: *Corrected Expert Report of Claude V. Dimofte, R-CALF v. USDA, No. 1:20-cv-2552 (D.D.C. Jan. 12, 2024).*