



Producer Support for Checkoff Programs: The Case of Beef

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Agricultural producers have generated approximately \$750 million annually in mandatory checkoff contributions and have invested a majority of these funds in various generic advertising and promotion programs. Over the past decade, a number of economists have studied the economic impacts of checkoff-funded generic advertising programs and found, in most cases, positive net benefits for producers. Nonetheless, as Crespi and McEowen discuss in another article in this issue of *Choices*, mandatory checkoff programs have faced constitutional challenges on the grounds that they violate the individual contributor's right to free speech because the checkoff fees are used for collective advertising and promotion efforts. Even though the recent Supreme Court ruling on the beef checkoff program has apparently settled that question in favor of checkoff programs, the future of all checkoff programs, mandatory or otherwise, depends critically on the support of producers. Under current legislation, the Agricultural Marketing Service (AMS), the USDA division responsible for overseeing commodity checkoff programs, must conduct a national referendum on a checkoff program whenever there are enough petitions from producers, and can terminate programs whenever such referenda find insufficient support from producers.

Support for checkoff programs may vary across farm settings and producers with different attitudes towards such programs. An understanding of the extent to which the support may be affected by various producer characteristics and attitudes should be useful for managing their programs and communicating with stakeholders. A successful checkoff program requires an effective public relations campaign to convince producers that the checkoff is a profitable investment. If program managers could identify producers (by their characteristics and organization

affiliation) who are less likely to support checkoff programs, they could better target those groups to enhance support. Eliciting producer attitudes towards the current checkoff could also help improve producer support of checkoff programs. Why do some producers not support the current checkoff? Is a lack of support due to insufficient information about the checkoff? Do producers feel most checkoff benefits are captured by processors, retailers, or foreign exporters?

To answer these questions and other questions about producer support for checkoff programs, a mail survey was conducted using a stratified sample of Oklahoma cattle producers from the United States Department of Agriculture's National Agricultural Statistics Service, (USDA-NASS, 2002). A total of 2,950 Oklahoma cattle producers were selected for the mailing list, ultimately providing 670 usable responses (a reasonable 23% response rate). Producers were grouped by their demographics, organization affiliation, and attitudes. In the survey, a series of questions were asked to collect information about the differences in producer support rates for the beef checkoff program by farm demographics (producer type, size, and affiliation with producer organizations) and producer attitudes toward the current checkoff. The survey procedures followed and the statistical methodology used to analyze the survey results are discussed in detail in Norwood et al. (2004).

Do Farm Demographics Affect Producer Support for the Beef Checkoff Program?

Producer types were categorized in the survey into three groups according to the similarity of production inputs: (1) weaned calf, feeder cattle, or purebred cattle producers (WFP producers), (2) fed cattle producers, and (3) veal

producers. The WFP producers rely heavily on pasture and grazing, while fed cattle producers typically use concentrated grain rations. Veal producers are different from WFP and fed cattle producers due to their use of liquid feed and small calf pens. As summarized in Figure 1, 79% of surveyed producers were categorized as WFP producers, 15% as fed cattle producers, and only 6% as veal producers. The distribution represents overall Oklahoma cattle producers. Support for the beef checkoff program differed somewhat across these three groups (Table 1). Although 52% of both WFP and fed cattle producers indicated support for the checkoff program, a smaller share of veal producers (37%) indicated support.

Respondents were also asked to indicate their farm size by selecting a range of the average number of cattle sold each year. A total of 12% of respondents were categorized as large producers (sales of over 500 weaned calves or 1,000 stocker calves) and the rest were considered small producers (Table 1). The checkoff support rate by large producers was 47%, six percentage points less than that of small producers. This difference, however, was not found to be statistically significant.

About 17% of all respondents were members of the National Cattlemen's Beef Association (NCBA) and 38% were members of the Oklahoma Cattlemen's Association (OCA) (Table 1). The NCBA has a close working relationship with the Cattlemen's Beef Board (CBB), which is responsible for managing the beef checkoff program. In fact, the two organizations are located in the same building, and the CBB hires the NCBA to perform many of its checkoff activities. Therefore, as expected, the support for the beef

Table 1. Projected support rate of beef checkoff by farm type, size and organization affiliation (*N* = 670).

		% of total	Support rate
Farm type	Weaned calf, feeder cattle, or purebred cattle producers	79%	52%
	Fed cattle producers	15%	52%
	Veal producers	6%	37%
Farm size	Large cow-calf or stocker production	12%	47%
	Small cow-calf or stocker production	88%	53%
Organization membership	National Cattlemen's Beef Association	Yes: 17%	63%
		No: 83%	50%
	Oklahoma Cattlemen's Association	Yes: 38%	62%
		No: 62%	45%

Table 2. Projected support rate of beef checkoff by producer attitudes (*N* = 670).

	% of respondents	Support rate
Were you aware of the recent litigation and court ruling on the beef checkoff before this survey?		
Yes	64%	55%
No	36%	44%
Who do you feel benefits the most from checkoff funding on advertising?		
Cattle producers	10%	76%
Beef processors and retailers	35%	30%
Both benefit equally	42%	76%
Who do you feel benefits the most from checkoff funding on research?		
Cattle producers	18%	73%
Beef processors and retailers	26%	25%
Both benefit equally	37%	73%
How much do you feel the beef checkoff funds benefit cattle and beef producers outside of the U.S.?		
More than U.S. producers	7%	24%
Less than U.S. producers	37%	67%
Equal to U.S. producers	17%	53%

checkoff was significantly higher among NCBA members than nonmembers (13 percentage points). Not surprisingly, the result was similar for OCA members and nonmembers, suggesting that the national beef checkoff organization works closely with state and national producer affiliate groups. Membership perhaps means more awareness, which translates into more support for checkoff programs among members.

Do Producer Attitudes Affect Their Support for the Beef Checkoff Program?

Producers were also asked about their awareness of the recent litigation and court rulings on the beef checkoff program (Table 2). Only 64% of respondents answered "yes," suggesting that about one-third of the respondents are likely to be detached from current checkoff issues and activities. Are these less informed producers also less willing to support

a checkoff program? The estimated support rates in Table 2 confirm this hypothesis. Support rates among the uninformed were 11% lower than those who were informed. The implication is that the more information producers receive about checkoff programs, the more likely they are to support them.

Next, the survey posed three questions seeking to elicit producers' perceptions of how checkoff benefits are passed down the beef marketing channel to the producer. First, producers were asked "who benefits the most from checkoff funding of advertising (cattle producers or beef processors and retailers)?" Only 10% of the respondents believed cattle producers benefit the most, while 42% believed they benefit equally (Table 2). However, a large percentage of respondents (35%) believed most checkoff benefits are captured at the retail, wholesale, or processing stage. Surprisingly, those who believed producers share equally in checkoff benefits were just as likely to support the checkoff as those who believed producers benefit the most (76%). When the same question was asked regarding checkoff funding on research, the results were similar, though more producers believed producers benefit the most (18%) and fewer believed processors and retailers benefit more (26%). The other 37% indicated a belief that the benefits are equally distributed. The result for support rate was similar for the question on checkoff funding of research. For those who believed processors and retailers benefit the most from checkoff-funded research, support for the beef checkoff was the lowest at 25%. Those who believed producers benefit the most were as likely to support the checkoff as those who believed producers share equally in checkoff benefits (73%).

These results present an opportunity for checkoff managers. A major reason producers apparently abstain from supporting checkoff programs is that they believe most of the benefits accrue to others. Because checkoff-funded generic advertising is intended to enhance demand at the retail level, retailers, wholesalers, and processors likely benefit to some degree from checkoff programs. On the other hand, many studies in the generic advertising literature have shown that changes in retail demand do indeed impact farm prices (e.g., Chung & Kaiser, 1999; Marsh, 2003). Our findings clearly indicate that checkoff managers can improve support for their programs among producers through active producer communication programs, emphasizing the price transmission of advertising from retailer to producer, and the share of benefits that are passed down to producers. Another application of these findings might be to encourage processors and retailers to join producers' efforts in increasing retail demand. A good example can be found in fluid milk promotion programs. Producers and processors work together to expand retail demand of fluid milk. While producers contribute \$0.15/cwt, processors also pay \$0.20/cwt of milk they market.

Finally, producers were asked how they perceived checkoff benefits are distributed between U.S. and international cattle and beef producers. Only 7% of respondents stated they believed U.S. producers benefit less than international producers, 37% that U.S. producers benefit most, and 17% that both groups benefit equally (Figure 2). Support rates differed predictably by such perceptions. Those who perceived that the beef checkoff program benefits foreign producers less than U.S. pro-

ducers showed a much higher level of support for the checkoff (67%) than those who perceived that the program benefits foreign producers more (24%). However, the support rates were not significantly different between respondents who believed the U.S. producers benefit more than foreign producers and those who believed they benefit equally. The results may have reflected that to some extent the survey respondents were made aware of the fact that international beef producers exporting to the United States pay into the checkoff.

Conclusions

This article provides some insights on demographic and attitudinal factors that may affect the extent to which producers support a checkoff program. Using the beef checkoff program as the example, we found that the support rates among producers tended to differ across farm size, farm type, organizational affiliation, and producer attitudes toward ongoing checkoff programs. Veal producers indicated lower support for the beef checkoff program than cow-calf, feeder cattle, pure-bred cattle, and fed cattle producers. Large cow-calf and stocker producers indicated less support than smaller producers. Members of the national and state cattle and beef associations indicated higher support for the beef checkoff program than nonmembers. As for the difference in support rates by producer attitudes, producers aware of ongoing checkoff litigation problems indicated a higher level of support than those unaware of the ongoing legal battles. Most importantly, perceptions regarding how checkoff benefits are passed down the beef marketing channel made the largest difference in support rates. Only

about 25%-30% of the responding producers who believed processors and retailers capture a majority of beef-checkoff-induced advertising benefits indicated support for the checkoff. However, about three quarters of those who believed producers either share benefits with or obtain more benefits than retailers and processors from checkoff-funded advertising and research programs indicated support for the beef checkoff program. Perceptions regarding the international allocation of checkoff benefits also play a role in determining the level of producer support for the beef checkoff program. While only about a quarter of those who believed foreign exporters benefit more from the beef checkoff program than U.S. producers indicated support for the program, over half of those who believed that U.S. and foreign producers benefit equally and about two-thirds who believed that U.S. producers benefit more than foreign producers indicated support for the program.

Producer support is essential to manage successful checkoff pro-

grams. In terms of program management and producer communication, this study suggests that checkoff managers should work closely with producer affiliate organizations and make continuous efforts to increase producers' access to checkoff-related information to maximize producer support of their programs. Also, checkoff program managers should maintain active producer communication programs promoting the producer benefits of checkoff programs because producers tend to abstain from supporting checkoff programs when they believe most of the benefits accrue to others.

For More Information

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