



NEWS RELEASE



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Study Examines Contribution of American Lamb Checkoff Program

Denver, Colo. — The American Lamb Checkoff Program has positively contributed to American lamb demand and industry profits, according to the Texas A&M University 2019 report “Return on Investment in the American Lamb Checkoff Program” conducted by agricultural economists Gary Williams, Ph.D., and Dan Hanselka.

After extensive econometric modeling, researchers concluded that the American Lamb Checkoff Program added from 2.4% to 2.7% of the annual value of retail lamb. The study measures 2002 to 2018, the time period during which the American Lamb Board (ALB) has been conducting programs. This new study has similar results compared to five years ago, when the last study was released.

Researchers went on to write: “With modest funds available for promotion, the ALB succeeded in substantially enhancing the annual value of U.S. lamb consumed.” The American Lamb Checkoff Program’s promotion program is about \$1.5 million a year, with another \$0.5 million invested in education and research programs. Administration costs must be less than 10 percent of yearly collections.

The new study indicated that this 2.4% to 2.7% “lift” is the result of increased consumption of lamb and a more modest increase in retail price. ALB promotion programs have helped increase the U.S. production share of lamb consumption to “some extent over time.”

“These results are a win for every member of the American lamb industry,” says ALB Chairman Dale Thorne, a Michigan lamb producer and feeder. “The purpose of our checkoff is to increase demand for American Lamb and enhance opportunities for all segments to profit. This extensive analysis tells us that we remain on the right track with our promotion programs.”

Price of American lamb is of particular interest to the industry. While the effect of lamb price on product demand has declined in recent years, a 10 percent increase in the price of lamb leads to a decline of about 6 percent in lamb demand. When it comes to competitive meats, a 10 percent decline in the price of beef results in about a 5 percent decline in the quantity of lamb demanded while the price of pork is insignificant as a driver of lamb demand. As for poultry, U.S. consumers do not consider it to be a substitute for lamb, said the report.

Consumers’ “habit persistence” has a statistically significant effect on U.S. lamb consumption and has increased among current lamb eaters during recent years. Habit persistence means that past consumption influences current preferences and demand. So, according to this study, the more that U.S. consumers can be enticed to choose American lamb, the more likely they are to continue doing so.

Another measure of checkoff program contribution to the industry is the cost-to-benefit ratio. The Texas A&M study reported that the average return to industry stakeholders for every \$1 invested into the American Lamb Checkoff Program is approximately \$14.20.

By law, the checkoff program must undergo an economic return on investment analysis every five years.

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About the American Lamb Board

The American Lamb Board is an industry-funded national promotion, research and information organization (national checkoff program) that represents all sectors of the American Lamb industry including producers, feeders, seedstock producers, and processors. The 13-member Board, appointed by the Secretary of Agriculture, is focused on increasing demand by promoting the freshness, flavor, nutritional benefits, and culinary versatility of American Lamb. The work of the American Lamb Board is overseen by the U.S. Department of Agriculture and the board's programs are supported and implemented by the staff in Denver, Colorado.

The program is funded through mandatory assessments collected under the federally mandated Lamb Checkoff program. There is a live weight assessment of \$0.07 per pound paid by the seller of sheep or lambs and a first handler assessment of \$0.42 per head assessment paid by the entity who owns sheep or lambs at the time of slaughter. The assessments are remitted to the American Lamb Board. The Board's expenditures for administration are limited to 10 percent or less of projected revenues. All remaining revenues are expended on programs related to promotion, research and information for the lamb industry.