



Memorandum

January 25, 2012

To: Lynn Heinze
From: Dan Hoffman
Subject: Topline Findings from the January 2012 Beef Producer Attitude Survey

Aspen Media & Market Research was commissioned to conduct a study of beef producers nationwide in order to determine their awareness of, attitudes toward, and concerns about the Beef Checkoff program. The following are the topline findings from this study. They are based upon 1,200 interviews of a random representative sample of beef and dairy producers nationwide. The interviewing was conducted between December 13, 2011 and January 3, 2012. For a sample of 1,200, the maximum statistical margin of error is ± 2.8 percentage points around any one reported percentage.

Support for Checkoff

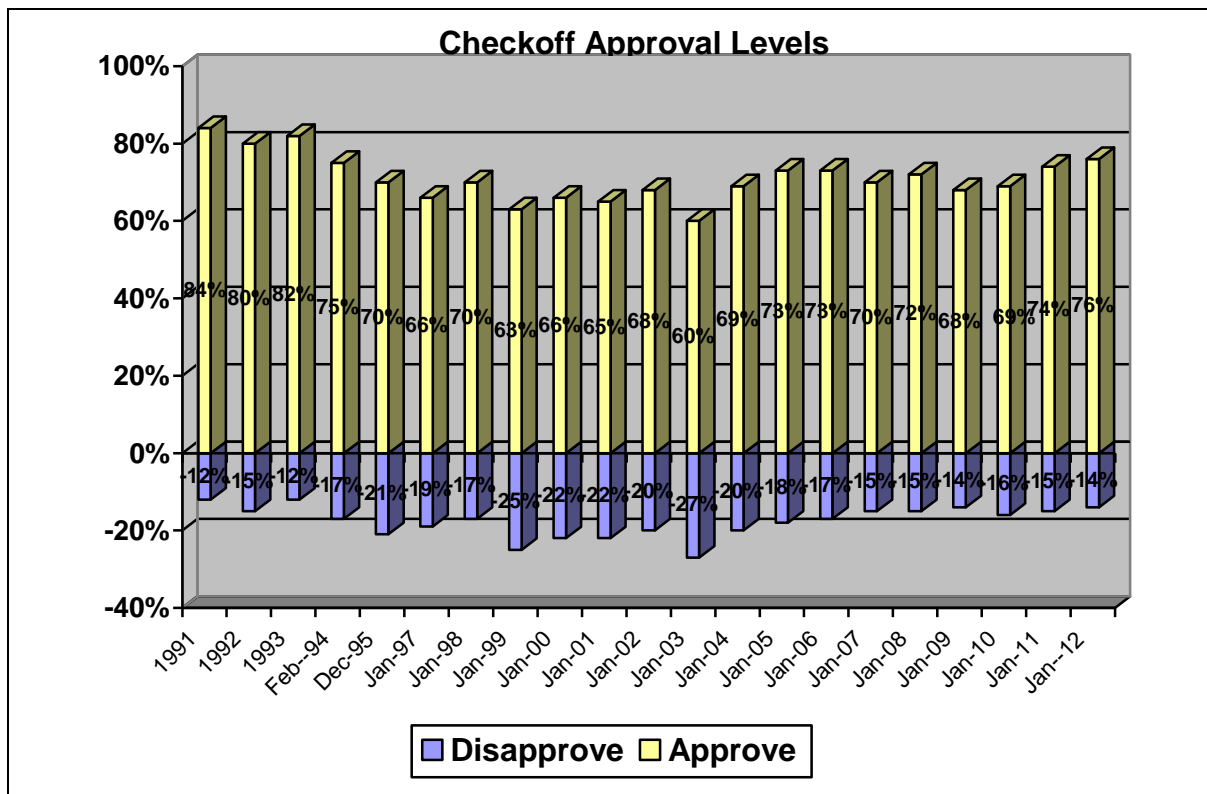
Producers continue to have favorable attitudes toward the beef checkoff program. Currently about three in four approve of the program, which is unchanged since a year ago. In addition, the results have been fairly consistent over time. In the past eight years, approval rates have ranged between 68% and 76%. Producers' support for the checkoff program has shown this consistency on a longer term basis as well—during the past decade, a majority always have approved of it, with positive ratings of 60% or more.

For the most part, checkoff support has remained steady in spite of changing economic conditions or extensive news coverage. The cattle market has been cyclical—it has improved and declined. There have been two up market cycles and two down cycles in the past 10 years.

In the past two years, operating conditions have improved for producers and their attitudes toward the beef industry reflect this. Starting in the summer of 2010, their operations appear to be improving. Currently 42% believe the biggest challenge facing the U.S. beef industry is high production costs, low cattle prices, or profitability, which is virtually unchanged in the proportion concerned about during the past year-and-a-half (44%-47%). In contrast, six in ten producers were concerned with this in January 2010 and 69% mentioned these concerns in January 2009.

Economic conditions do have an effect upon producers' outlook toward their industry, although the effect upon checkoff approval levels has been small. Only 37% expect sales for their cattle or dairy business to improve this year.

The research also shows that the proportion of producers who disapprove of the checkoff continues to remain low, a trend in recent years. Fourteen percent disapprove of the checkoff, which is virtually unchanged during the past year. Producers' dissatisfaction with the checkoff peaked in January 2003, when 27% disapproved of it. Since then, it has trended downward and is now 13 points lower. Currently, there are equal numbers of producers who say they "strongly" or "somewhat" disapprove of the checkoff. There has always been a core group of producers who dislike the program; it is in the lower end of the historical range (12%-27%).



Knowledge about the checkoff continues to be a predictor of favorability toward it, a consistent finding. Producers who are "very" or "somewhat" well informed are more likely to approve of the checkoff, particularly among those who say they are very well informed. Among this group, 84% approve of the program (56% of them strongly), while only 12% disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (82% and 10%, respectively), but fewer of them say they strongly approve (35%).

In contrast, the strength of checkoff support softens among those who say they are not too well informed. A majority (62%) approve of the checkoff (only 13% strongly) compared to 17% who disapprove.

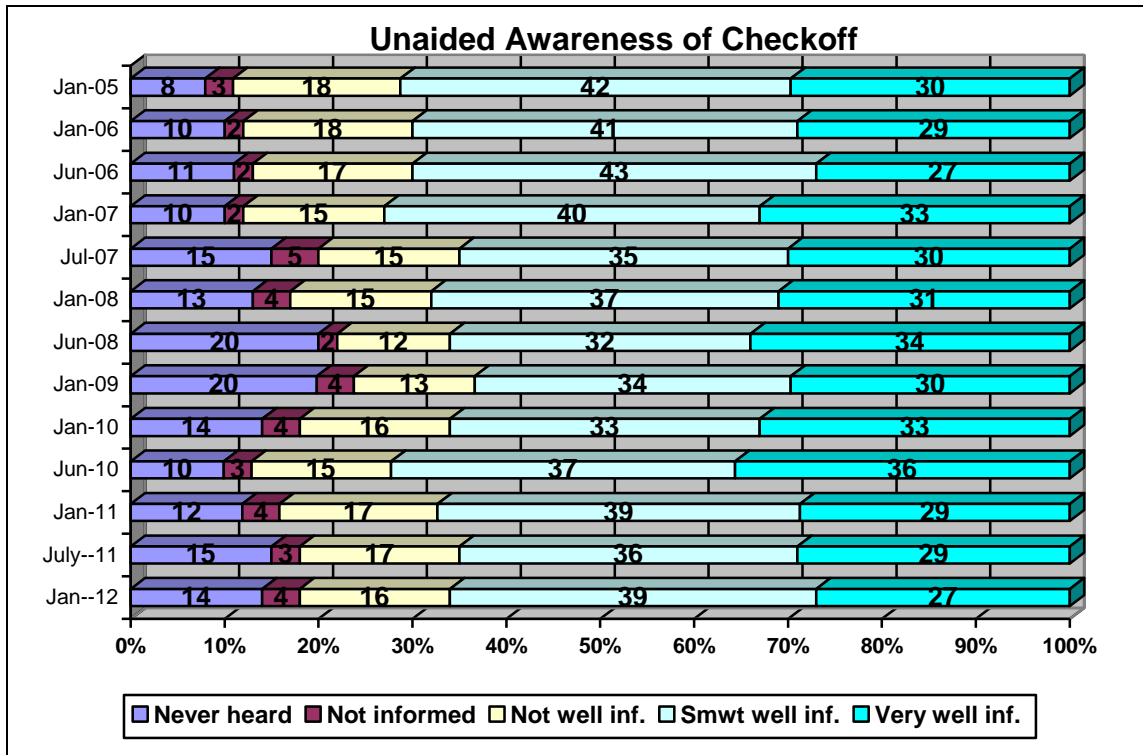
Not surprisingly, there is little checkoff support among those who say they are not at all informed, due in part to a lack of familiarity. About one-fifth are unsure.

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	56%↑	35%	13%	5%
Somewhat approve	28	47	49	21
Neither	2	5	8	10
Somewhat disapprove	4	5	12	25
Strongly disapprove	8	5	5	19
Don't know	2	3	13	21↑
(n=)	(336)	(496)	(214)	(48)

Awareness of and Knowledge about Beef Checkoff

Understanding producers' awareness of the checkoff program is a first step toward determining how familiar they are with it. Low awareness represents a lack of knowledge about the program. With little knowledge, it can be difficult for producers to understand the benefits of the program. To address these issues, producers were asked whether they had heard about the checkoff and, if so, how knowledgeable they were about it.

First, producers were asked, on an unaided basis, if they were aware of the checkoff—that is, without any description of it being read to them. The vast majority have. Eighty-six percent said they had heard of the program, which is slightly lower than it was a year ago. The reality, however, is that about one in three producers know little or nothing about it. Sixteen percent said they were not too well informed, four percent were not informed at all, and 14 percent were not even familiar with the name.



The 14% of producers who did not recognize the checkoff on an unaided basis were read a subsequent description of it. Using this reinforcement helped raise their awareness another five percentage points. In total, then, the unaided and aided name awareness of the checkoff is very high (91%).

While still high, the proportion of producers who have at least some knowledge about the checkoff program has continued to be somewhat lower over the past year-and-a-half. As the table on the next page indicates, nearly seven in ten producers consider themselves “very” or “somewhat” well informed about the program.

The overall trends in producers’ knowledge about the checkoff on an unaided and aided basis continue to be mostly positive, a consistent finding over time. In the past five years, at least two-thirds of producers say they are informed. At 31%, the proportion of producers who consider themselves uninformed is at the higher end of the historical range.

Awareness (unaided, aided) of checkoff	Jan. 2007	July 2007	Jan. 2008	June 2008	Jan. 2009	Jan. 2010	June 2010	Jan. 2011	July 2011	Jan. 2012
Informed	75%	68%	71%	68%	66%	68%	73%	68%	68%	69%
Very well	33	31	32	35	30	33	36	29	29	28
Smwhat well	42	37	39	33	36	35	37	39	39	41
Uninformed	25	32	29	32	34	32	27	33	33	31
Not too well	16	18	17	14	15	18	16	17	18	18
Not informed	2	5	5	3	5	5	4	4	3	4
Never heard	7	9	7	15	14	9	7	12	12	9
(n=)	(1,225)	(1,225)	(1,225)	(900)	(1,200)	(1,200)	(900)	(1,200)	(900)	(1,200)

The underlying value of the checkoff remains strong, although it is not immune from challenging market fundamentals or a bad economy. Producers recognize the program has some key strengths and plays an important role in the cattle business. They were asked whether they agreed or disagreed with a series of statements about the checkoff.

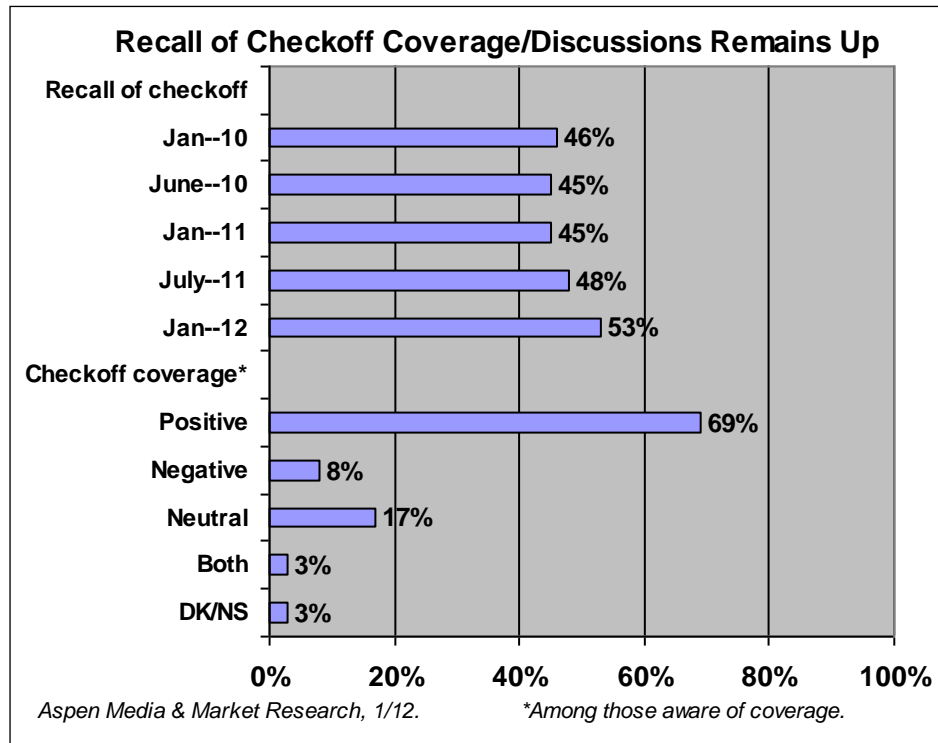
First, in times of crisis, a large majority (77%) are confident the beef checkoff is on their side. If producers believe the industry is being attacked, only 26% think the program does not do a very good job of standing up for them.

The overall value of the checkoff is viewed favorably as well. Over eight in ten think the program plays a positive role in influencing consumer demand for beef. Producers also believe it provides a buffer during tougher economic times. Over eight in ten believe the program has value even when the economy is weak. Generally, producers give positive marks to checkoff management as well. Two-thirds believe it is being managed well compared to only 14% who do not.

When it comes to their own operation, many producers believe the program has benefited them. Nearly three-fourths believe it helps contribute to the profitability of their operation.

Recall of Checkoff in Advertising or News

A program with the visibility of the checkoff is bound to be talked about or in the news from time to time. It is important to find out just how visible the program is and how producers perceive the coverage. The results indicate that many producers continue to pay attention to recent checkoff news: the visibility of the program remains high. Currently, 53% of producers have seen, read, or heard something about the beef checkoff in the past six months. Of the producers who are aware of the checkoff being discussed, a large number (69%) perceive the majority of news coverage to be positive. In contrast, only eight percent think it is negative.



Perceptions toward Need for Checkoff Increase

As requested by the Operating Committee, a separate survey of producer recognition of the impact of inflation on the checkoff was conducted with 400 producers. It should come as no surprise that inflation has affected profitability. About three-fourths of producers say it has had at least some effect upon their bottom line during the past five years (35% say it has had a lot of effect).

With this mind, producers were asked whether they would support an increase from \$1 to \$2. For those uninterested, a follow-up question tested reactions to a \$1.50 checkoff. Right now, producers are more open to a \$1.50 checkoff (52% in favor) than they are to a \$2 checkoff (39% would support this) The priorities to raise approval levels for a \$2 checkoff include more advertising (31%), promotion of exports (13%), education that beef is safe (12%), education that beef is nutritious (10%) or addressing misinformation (9%).

