



Memorandum

January 24, 2011

To: Lynn Heinze
From: Dan Hoffman
Subject: Topline Findings from the January 2011 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, 2010 and January 4, 2011. 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' attitudes toward the beef checkoff program are quite favorable and have improved noticeably in the past year. Currently about three in four approve of the program, a five-point positive shift in the past 12 months. There only has been one other time in checkoff history, where approval levels have increased by at least this amount in a one-year period. The last time approval levels were this high was in 1994.

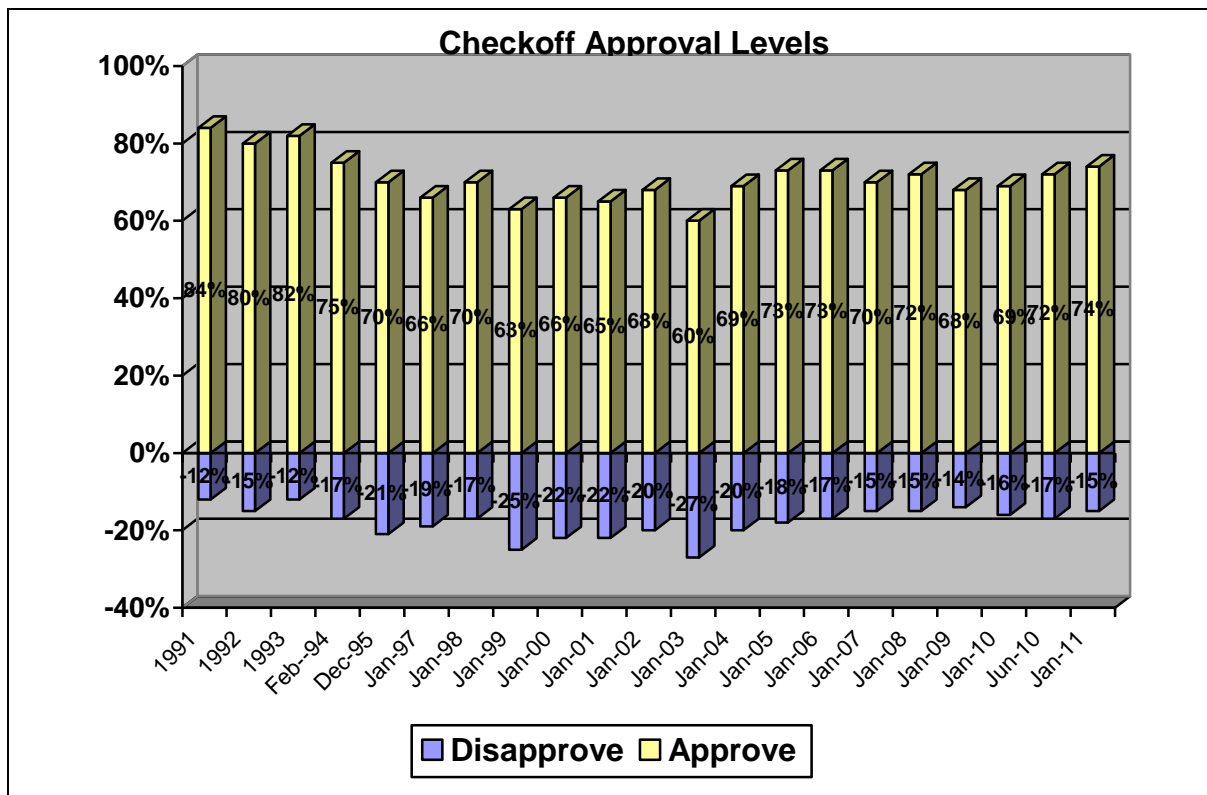
Producers have consistently tended to rate the checkoff positively. In the past five years, approval levels have ranged between 68 percent and 74 percent. Even during the past decade, a majority always have approved of it, with positive ratings of 60 percent or more.

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 nine years.

In the past year, business conditions have improved for producers and their attitudes toward the beef industry reflect this. Starting last summer, their operations appear to be improving. Currently 43 percent 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 this six months ago (44 percent). In contrast, six in ten were concerned with this one year ago and 59 percent mentioned these concerns two years ago.

In contrast, while concerns about economic conditions have influenced producers' outlook toward their industry, the effect upon checkoff approval levels has been small. Only 37 percent are optimistic and 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. Fifteen percent disapprove of the checkoff, which is virtually unchanged from six months ago (17 percent). Producers' dissatisfaction with the checkoff peaked in January 2003, when 27 percent disapproved of it. Since then, it has trended downward and is now 12 points lower. Currently, there are approximately 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 percent-27 percent).



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, 86 percent approve of the program (51 percent of them strongly), while only 10 percent disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (75 percent and 14 percent, respectively), but fewer of them say they strongly approve (31 percent).

In contrast, the strength of checkoff support softens among those who say they are not too well or not at all informed, in part because they lack familiarity with the program. Only about

half approve of the checkoff (54 percent to 56 percent), while 16 percent to 22 percent disapprove.

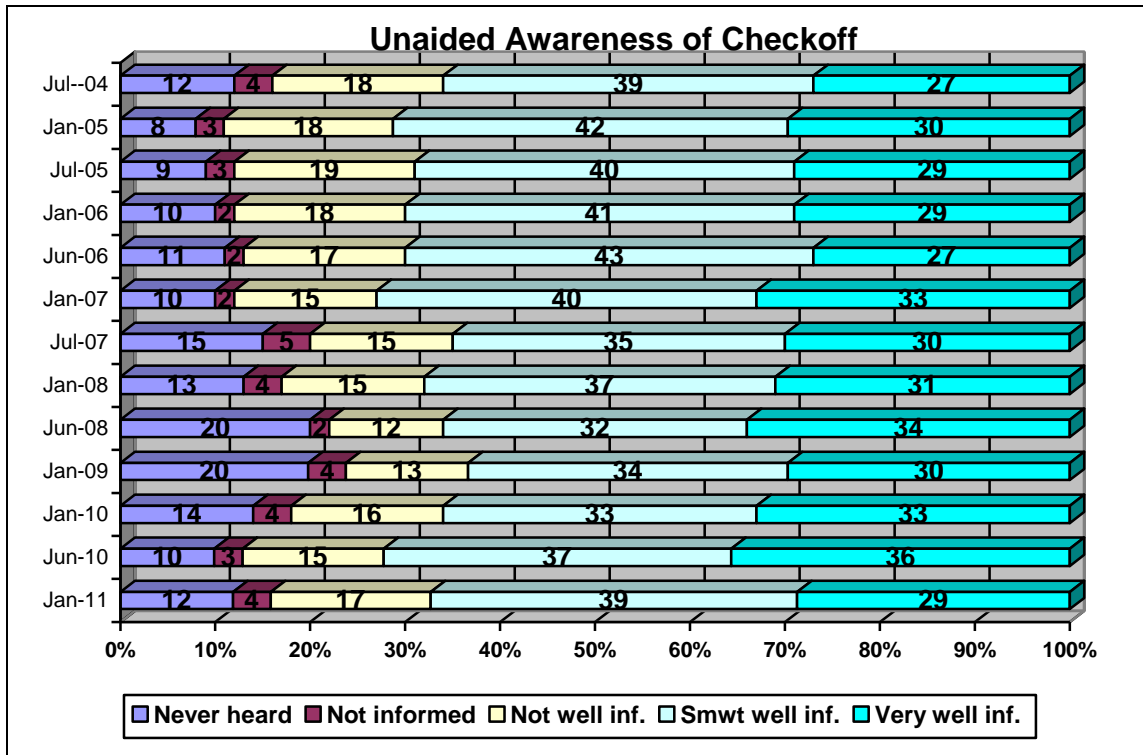
Not surprisingly, those who say they are not at all informed are less familiar with the checkoff program. Three in ten are ambivalent or unsure.

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	51%↑	31%	13%↓	23%
Somewhat approve	35	44↑	43↑	31
Neither	3	7	10	7
Somewhat disapprove	4	9	11	5
Strongly disapprove	6	5	11	11
Don't know	*	4	12↑	23↑
(n=)	(346)	(479)	(214)	(49)

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. Nearly nine in ten said they had heard of the program, which is virtually unchanged from previous studies conducted six or 12 months ago. The reality, however, is that three in ten producers know little or nothing about it. Seventeen percent said they were not too well informed, four percent were not informed at all, and 12 percent were not even familiar with the name.



The 12 percent 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 three percentage points. In total, then, the unaided and aided name awareness of the checkoff is very high (91 percent).

While still high, the proportion of producers who have at least some knowledge about the checkoff program is unchanged during the past year (it is somewhat lower since last summer, however). As the table on the next page indicates, nearly seven in ten producers consider themselves “very” or “somewhat” well informed about the program.

The 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 33 percent, the proportion of producers who consider themselves uninformed is at the higher end of the historical range.

Awareness (unaided, aided) of checkoff	Jan. 2006	June 2006	Jan. 2007	July 2007	Jan. 2008	June 2008	Jan. 2009	Jan. 2010	June 2010	Jan. 2011
Informed	73%	72%	75%	68%	71%	68%	66%	68%	73%	68%
Very well	30	27	33	31	32	35	30	33	36	29
Smwhat well	43	45	42	37	39	33	36	35	37	39
Uninformed	27	28	25	32	29	32	34	32	27	33
Not too well	19	19	16	18	17	14	15	18	16	17
Not informed	3	2	2	5	5	3	5	5	4	4
Never heard	5	7	7	9	7	15	14	9	7	12
(n=)	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)	(900)	(1,200)	(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 percent) are confident the beef checkoff is on their side. If producers believe the industry is being attacked, only 31 percent 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. About eight in ten think the program plays a positive role in influencing consumer demand for beef. Even when the economy is weak, a large majority (80 percent) think the program has value. Generally, producers give positive marks to checkoff management as well. Two-thirds believe it is being managed well compared to only 15 percent who do not.

When it comes to their own operation, many producers believe the program has benefited them. A large majority (68 percent) believes it helps contribute to the profitability of their operation, which is a rebound to the level of two years ago.

One of the key programs supported by the checkoff is the Beef Quality Assurance program, or BQA. Producers were asked their familiarity with it and how well they feel the program is being run. Awareness is moderate at the moment. Forty-one percent know the program exists, however, only about one in five producers (21 percent) realize it is funded in part by the checkoff. Among those aware of the BQA program, overall familiarity is high (68 percent), although it more general than specific, given that only 20 percent say they are very familiar. The program is viewed favorably--among those familiar with it, 84 percent believe it offers value to 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, 45 percent 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 (72 percent) perceive the majority of news coverage to be positive. In contrast, only seven percent think it is negative.

