



ASPEN
MEDIA AND
MARKET
RESEARCH

Memorandum

July 20, 2010

To: Lynn Heinze
From: Dan Hoffman
Subject: Topline Findings from the June 2010 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 900 interviews of a random representative sample of beef and dairy producers nationwide. The interviewing was conducted between June 21 and 28, 2010. For a sample of 900, the maximum statistical margin of error is ± 3.3 percentage points around any one reported percentage.

Support for Checkoff

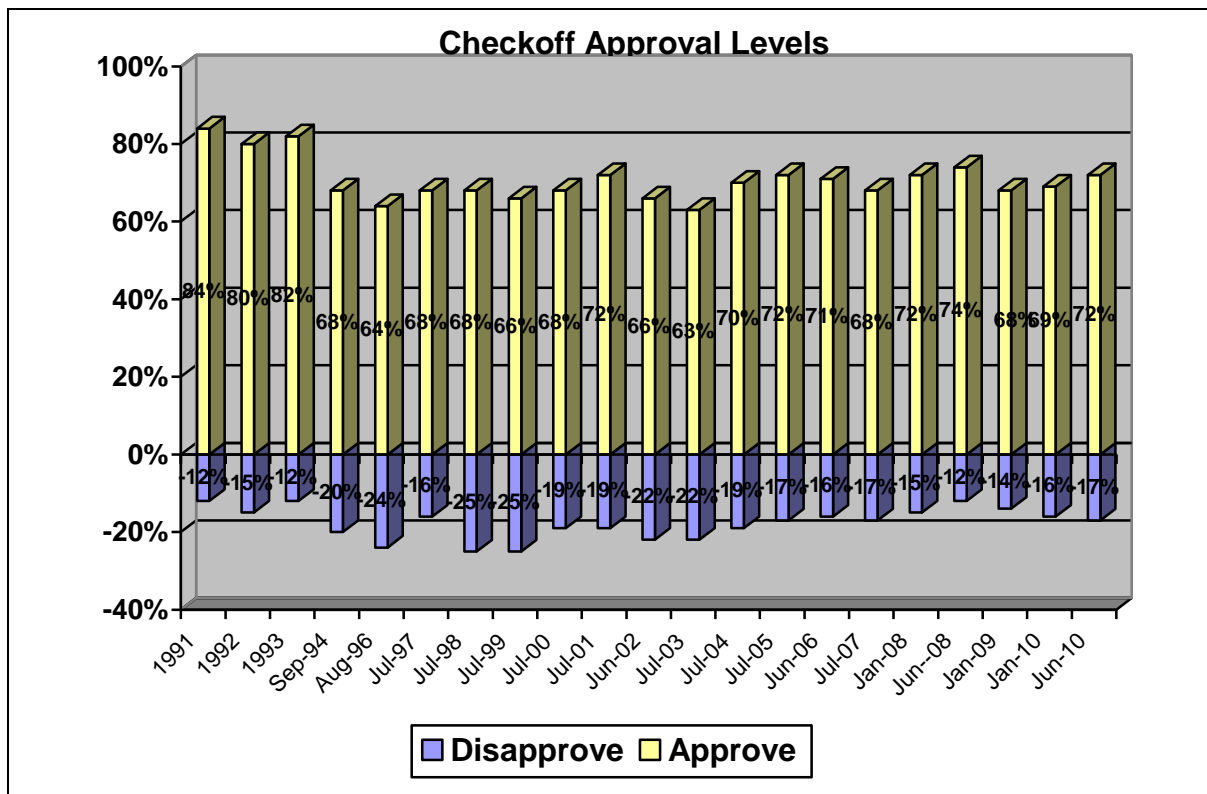
Producers continue to have favorable attitudes toward the beef checkoff program. Currently about seven in 10 approve of the program, which is virtually unchanged from six months ago. In addition, the results have been fairly consistent over time. In the past five years, approval rates have ranged between 68% and 74%. 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 63% 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 eight-and-a-half years.

In the past few years, business conditions have tightened for producers and now appear to be slowly improving. Currently, one in three believe the biggest challenge facing the U.S. beef industry is high production costs or low cattle prices. This is down from about half who thought this way six months ago and 59% who mentioned these concerns one-and-a-half years ago. Economic conditions also have influenced producers' outlook toward their industry, although the effect upon checkoff approval levels has been small. Fifty-four percent indicated that in the past year, the current

economic recession has had a negative impact on their operation. This is down from about seven in 10 who felt this way six months ago.

The research also shows that the proportion of producers who disapprove of the checkoff continues to remain low, a trend in recent years. Seventeen percent disapprove of the checkoff, which is virtually unchanged from six months ago (16%). Producers' dissatisfaction with the checkoff peaked in January 2003, when 27% disapproved of it. Since then, it has trended downward and is now 10 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 middle 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, 79% approve of the program (47% of them strongly), while only 17% disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (76% and 12%, respectively), but fewer of them say they strongly approve (31%).

In contrast, the strength of checkoff support begins to slip among those who say they are not too well informed, in part because they lack familiarity with the program. Only about half approve of the checkoff (15% strongly approve), 19% are neutral/unsure, while 26% disapprove.

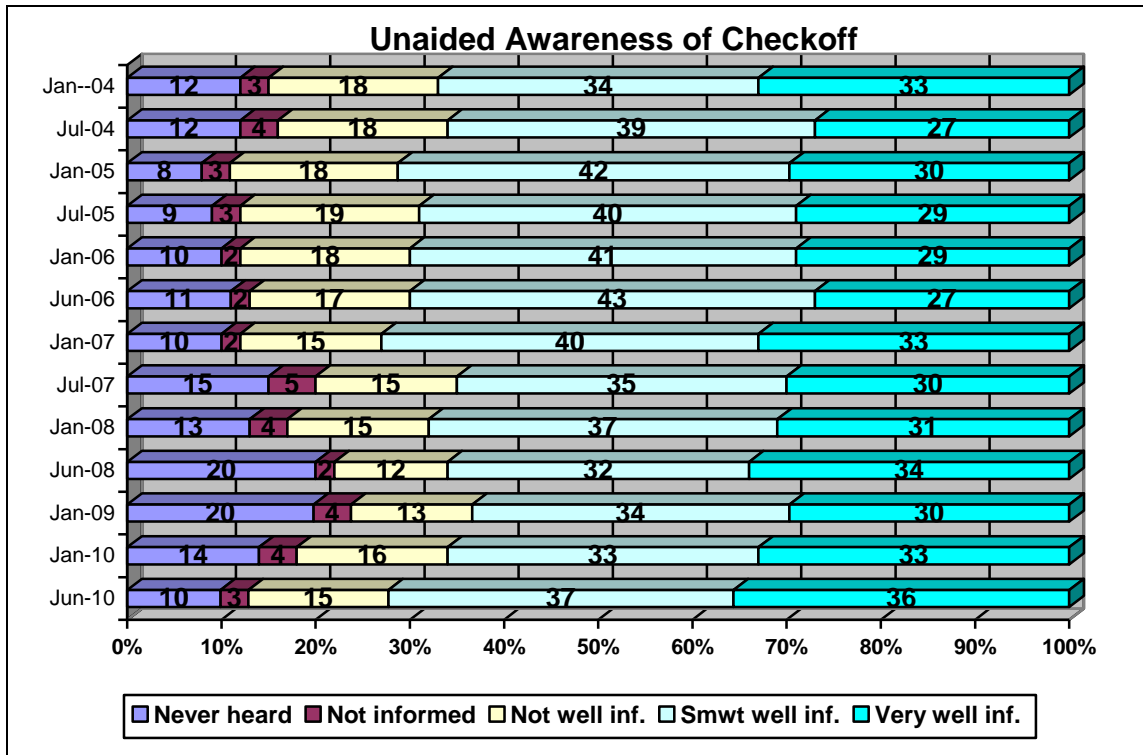
The weakest support occurs among those not informed at all—only 29% approve (17% strongly), 44% are ambivalent/unsure and 27% disapprove.

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	47%↑	31%	15%↓	17%↓
Somewhat approve	32	45↑	39	12
Neither	3	8	5	18
Somewhat disapprove	8	8	14	11
Strongly disapprove	9	4	12	16
Don't know	2	4	14↑	26↑
(n=)	(324)	(334)	(142)	(34)

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. Nine in 10 said they had heard of the program, which is a slight increase compared to six months ago and in line with most of the estimates from previous years. The reality, however, is that about three in 10 producers know little or nothing about it. Fifteen percent said they were not too well informed, three percent were not informed at all, and 10 percent were not even familiar with the name.



The 10% 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 (93%).

The proportion of producers who have at least some knowledge about the checkoff program has improved after being somewhat lower in the past several years. As the table on the next page indicates, nearly three-fourths of 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 27%, the proportion of producers who consider themselves uninformed is at the low end of the historical range.

Awareness (unaided, aided) of checkoff	July 2005	Jan. 2006	June 2006	Jan. 2007	July 2007	Jan. 2008	June 2008	Jan. 2009	Jan. 2010	June 2010
Informed	70%	73%	72%	75%	68%	71%	68%	66%	68%	73%
Very well	29%	30%	27	33	31	32	35	30	33	36
Smewhat well	41	43	45	42	37	39	33	36	35	37
Uninformed	30	27	28	25	32	29	32	34	32	27
Not too well	21	19	19	16	18	17	14	15	18	16
Not informed	4	3	2	2	5	5	3	5	5	4
Never heard	5	5	7	7	9	7	15	14	9	7
(n=)	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)	(900)	(1,200)	(1,200)	(900)

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. A large majority (77%) feel the beef checkoff program still has value to producers when the cattle market is down. A similar number are confident it is on their side during a crisis.

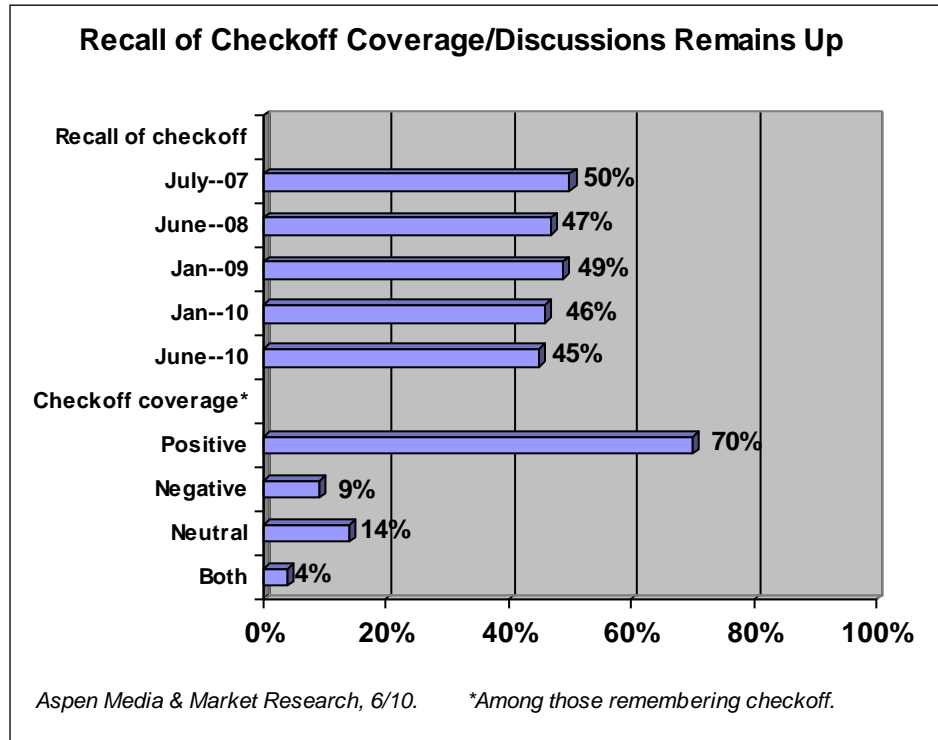
When it comes to their own operation, many producers believe the program has benefited them, although some are unsure. While a large majority (63%) believes it helps contribute to the profitability of their operation, the economy has taken a toll as 69% agreed with this statement one-and-a-half year ago. Approximately one in five are unsure, however. Management of the checkoff is viewed favorably as well. Approximately six in 10 (62%) believe it is being managed well compared to 18% who do not.

There have been some discussions about making changes to checkoff policies or the way it is operated. All of these would need to be voted on by producers. Producers were asked how they might vote on six changes: increasing the assessment \$1; exempting the checkoff on any animal sold for \$50 or less; having a referendum on the checkoff every seven years; allowing the Beef Board to directly manage checkoff programs, allowing qualified beef councils to be organized on a regional basis; and revising the criteria for determining which organizations are eligible to nominate producers to serve on the Beef Board.

Producers are supportive of all of these changes with the exception of increasing the checkoff assessment. Among those likely to vote in a referendum, between 59% and 78% said they would probably or definitely vote in favor of the other five issues. In contrast, producers have mixed opinions about raising the assessment: those opposed are more numerous (49%) than those who would vote in favor (40%).

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% 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 (70%) perceive the majority of news coverage to be positive. In contrast, about one in seven think it is either negative (9%) or both negative and positive (4%).