



Memorandum

July 18, 2012

To: Lynn Heinze
From: Dan Hoffman
Subject: Topline Findings from the July 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 900 interviews of a random representative sample of beef (840) and dairy (60) producers nationwide. The sample of producers was stratified based upon the 2007 Agricultural Census, by state and type of operation. The data was weighted by region to be proportionate to the number of U.S. beef and dairy farms in each region.

To participate, respondents had to indicate they managed an operation that included cattle. The interviewing was conducted between June 27 and July 13, 2012. For a sample of 900, the maximum statistical margin of error is ± 3.3 percentage points around any one reported percentage. For those aware of the checkoff, the maximum margin of error is ± 3.4 percentage points.

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 from a year ago. Support for the checkoff has been fairly consistent over time. In the past decade, a majority always have approved of it, with positive ratings of 60% or more. Results have been even more positive in the past five years, with approval levels ranging between 68% and 76%.

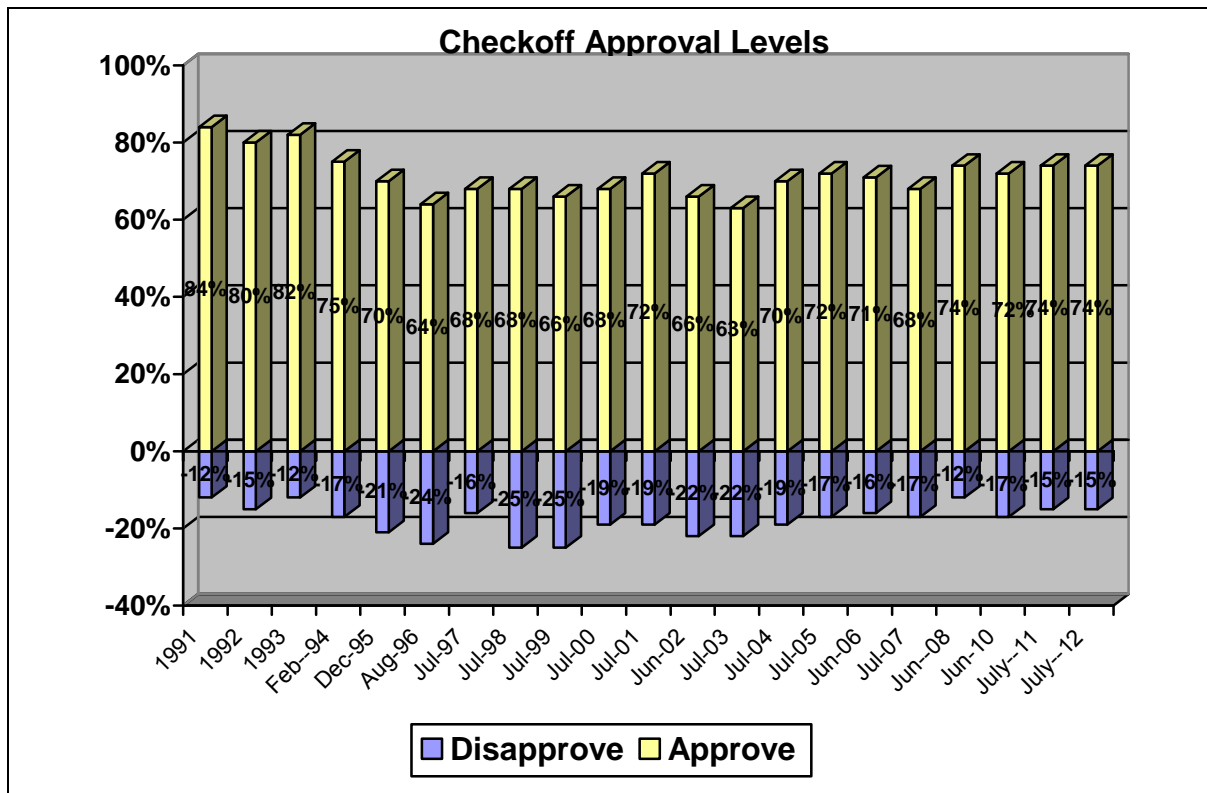
For the most part, checkoff support has remained steady in spite of changing economic conditions or extensive news coverage. The cattle market has been cyclical—it has improved and declined several times over the past decade.

In the past two-and-a half years, operating conditions have improved for producers and their attitudes toward the beef industry reflect this. This is particularly the case in this summer's results. Currently, one in three producers believe the biggest challenge facing the U.S. beef industry is high production costs, low cattle prices, or profitability. From the summer of 2010

until last winter, between 42% and 47% mentioned this as a challenge. In contrast, at least six in ten producers were concerned with this in January 2010 or earlier.

Economic conditions do have an effect upon producers' outlook toward their industry, although the effect upon checkoff approval levels has been small. It also may depend upon when you talk to producers. Last January, 37% expected sales for their cattle or dairy business to improve this year. Six months later, only 23% are optimistic. Another issue that has yet to be fully felt is this summer's drought. As the price of corn rises, profitability may suffer. About one in four producers consider it to be the biggest challenge facing producers.

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 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 12 points lower. Currently, there are virtually 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, eight in ten approve of the program (54% of them strongly), while 18% disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (80% and 11%, respectively), but fewer of them say they strongly approve (37%).

In contrast, the strength of checkoff support softens among those who say they are not too well informed. A majority (57%) approve of the checkoff (only 18% strongly) compared to 17% who disapprove.

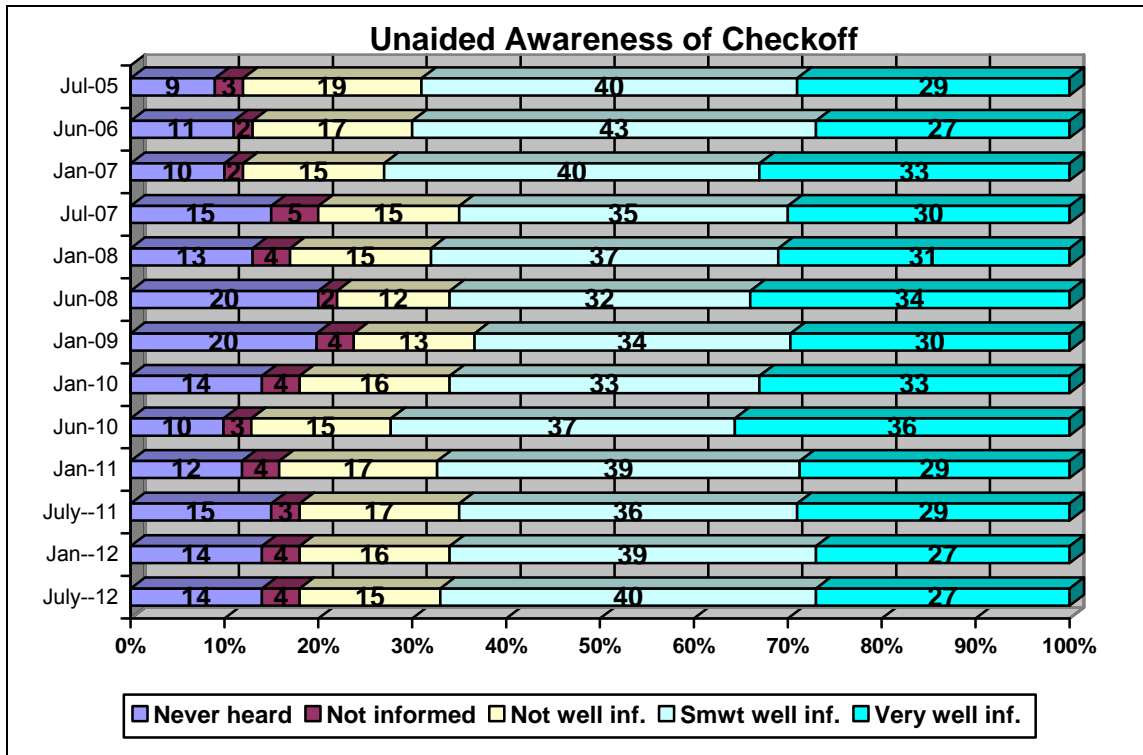
Not surprisingly, there is little checkoff support among those who say they are not at all informed, due in part to a lack of familiarity. About three in ten are unsure.

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	54%↑	37% ↑	18%	--%
Somewhat approve	26	43	39	37
Neither	2	6	10	4
Somewhat disapprove	5	7	11	10
Strongly disapprove	13	4	6	19
Don't know	1	3	17	29
(n=)	(252)	(374)	(149)	(38)

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 virtually matches awareness a year ago. The reality, however, is that one in three producers know little or nothing about it. Fifteen 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 four percentage points. In total, then, the unaided and aided name awareness of the checkoff is very high (90%).

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 two years. 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	July 2007	Jan. 2008	June 2008	Jan. 2009	Jan. 2010	June 2010	Jan. 2011	July 2011	Jan. 2012	July 2012
Informed	68%	71%	68%	66%	68%	73%	68%	68%	69%	70%
Very well	31	32	35	30	33	36	29	29	28	28
Smewhat well	37	39	33	36	35	37	39	39	41	42
Uninformed	32	29	32	34	32	27	33	33	31	31
Not too well	18	17	14	15	18	16	17	18	18	17
Not informed	5	5	3	5	5	4	4	3	4	4
Never heard	9	7	15	14	9	7	12	12	9	10
(n=)	(1,225)	(1,225)	(900)	(1,200)	(1,200)	(900)	(1,200)	(900)	(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.

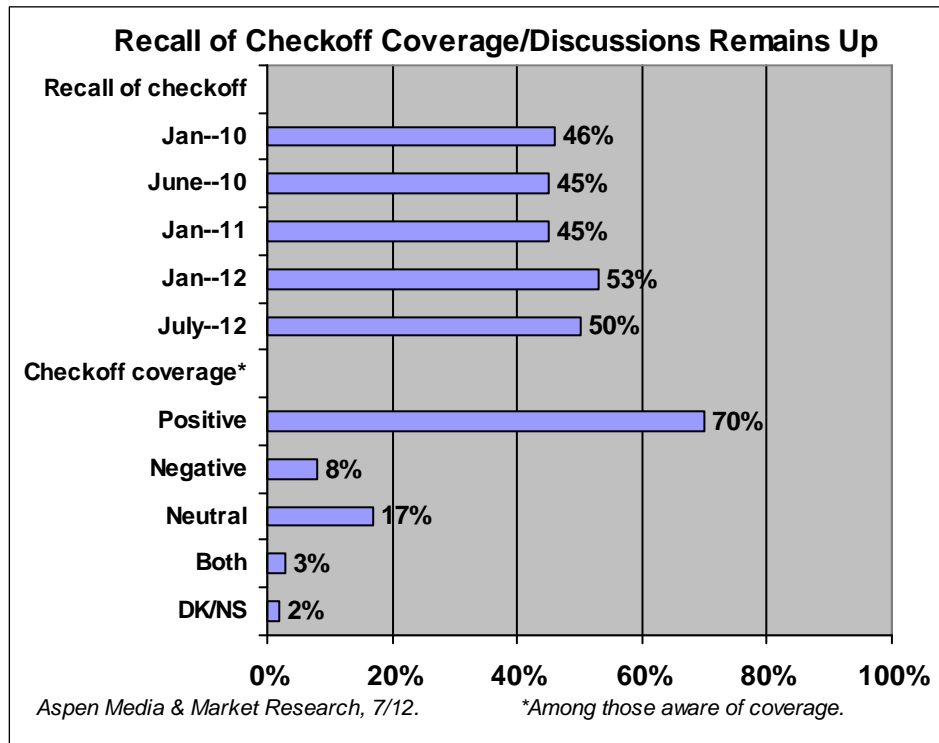
First, in times of crisis, a large majority (77%) are confident the beef checkoff is on their side. If producers believe the industry is being attacked, 36% think the program does not do a very good job of standing up for them with the remainder in disagreement or offering no opinion.

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 helps them remain profitable. About seven in ten agree with the idea that the program has helped contribute to the profitability of their operation over time.

Generally, producers give positive marks to checkoff management as well. Approximately two out of three producers believe it is being managed well compared to only 18% who do not. A similar number think the program is moving in the right direction.

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, one out of two 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, only eight percent think it is negative.



Perceptions toward Need for Checkoff Increase

Inflation and increased operating costs are a reality for any organization or business. A key issue for the Operating Committee is whether producers would support an increase in the checkoff assessment to cover these increased costs of doing business. The checkoff assessment has remained unchanged for the past 25 years.

With this mind, producers were asked whether they would support an increase from \$1 to \$2. Right now, there are more producers who oppose this (52%) than support it (36%). Support is down from the 44% who indicated they would support an increase in a survey conducted last January.

