



## **Memorandum**

August 1, 2013

To: Lynn Heinze  
From: Dan Hoffman  
Subject: Topline Findings from the July 2013 Beef Producer Attitude Survey

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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 (795) and dairy (105) 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 that region.

To participate, respondents had to indicate they managed an operation that included cattle. The interviewing was conducted between July 3 and 10, 2013. For a sample of 900, the maximum statistical margin of error is  $\pm 3.3$  percentage points around any one reported percentage. For those aware of the checkoff, the maximum margin of error is  $\pm 3.4$  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 virtually 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 favorable ratings of 63% or more. Results have been even more positive in the past five years, with approval levels ranging between 68% and 76%.

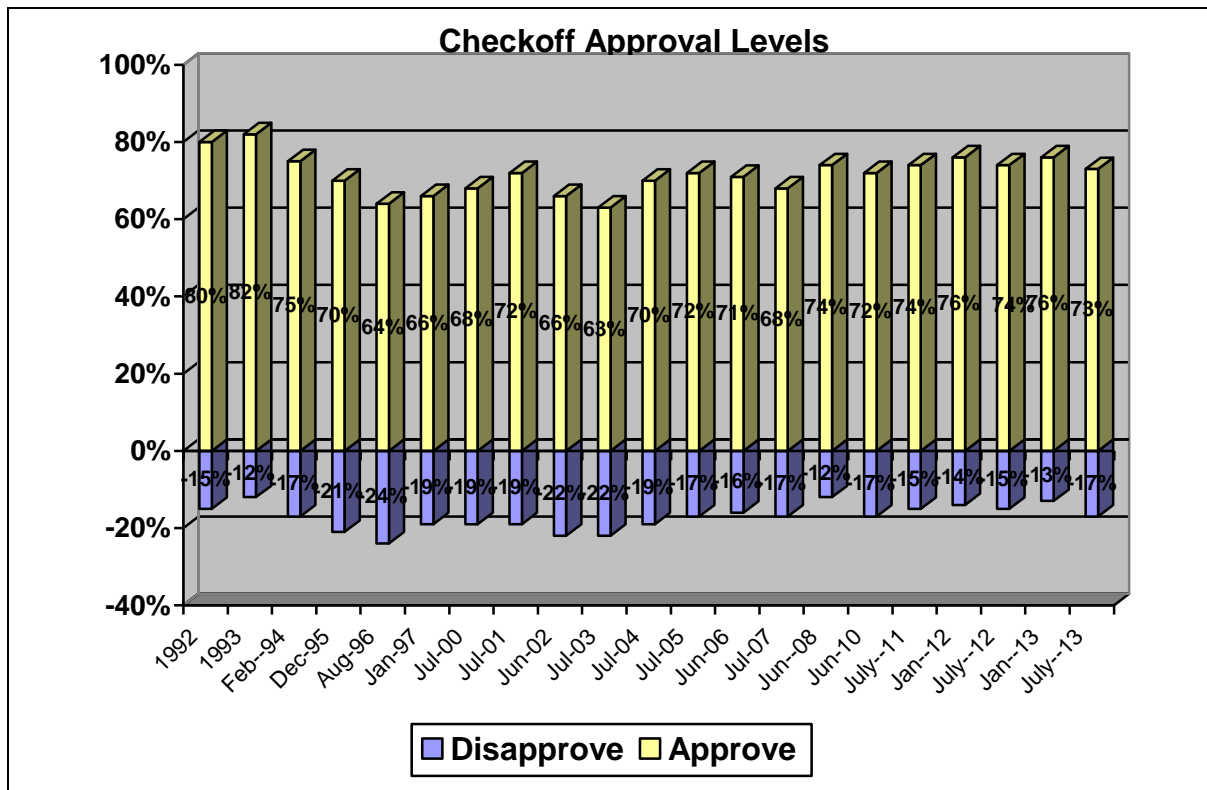
The research also shows that the proportion of producers who disapprove of the checkoff continues to remain low, a trend in recent years. Seventeen percent disapprove of the checkoff, which is virtually unchanged during the past year. Producers' dissatisfaction with the checkoff peaked in January 2003, when 27% disapproved of it. Since then, it has trended downward and is now 10 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 middle of the historical range (12%-27%).

For the most part, checkoff support has remained steady in spite of changing operating or 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 three years, operating conditions have improved for producers and their attitudes toward the beef industry reflect this. Since the summer of 2010 until now, between 40% and 47% of producers believe the biggest challenge facing the U.S. beef industry is high production costs, low cattle prices, or profitability. In contrast, at least six in ten producers were concerned with this in January 2010.

While economic conditions impact producers' outlook toward their industry, the effect upon checkoff approval levels has been small. Timing matters somewhat when you ask producers about the outlook for their cattle or dairy operations. For the past two-and-a-half years, producers have been asked about their expectations for cattle or dairy sales during the current year. At present, few producers are optimistic and few are pessimistic (13%-15%). The bulk of them (69%) do not anticipate the rate of sales to change.

More producers are optimistic in the winter than during the summer, however. In January 2012, 37% expected sales for their cattle or dairy business to improve during the year. Last summer, only 23% were optimistic. In January of this year, it climbed to 30% only to drop sharply to just 15% right now. Another issue that is always a wildcard is drought. One year ago, 22% were worried about a drought; now nearly as many (18%) have the same concern. As drought persists in many areas of the country, there is a concern that higher production costs might impact profitability.



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, nearly eight in ten approve of the program (51% of them strongly), while 15% disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (81% and 11%, respectively), but fewer of them say they strongly approve (34%).

In contrast, the strength of checkoff support softens among those who say they are not too well informed. A majority (58%) approve of the checkoff (only 18% strongly) compared to 26% who disapprove.

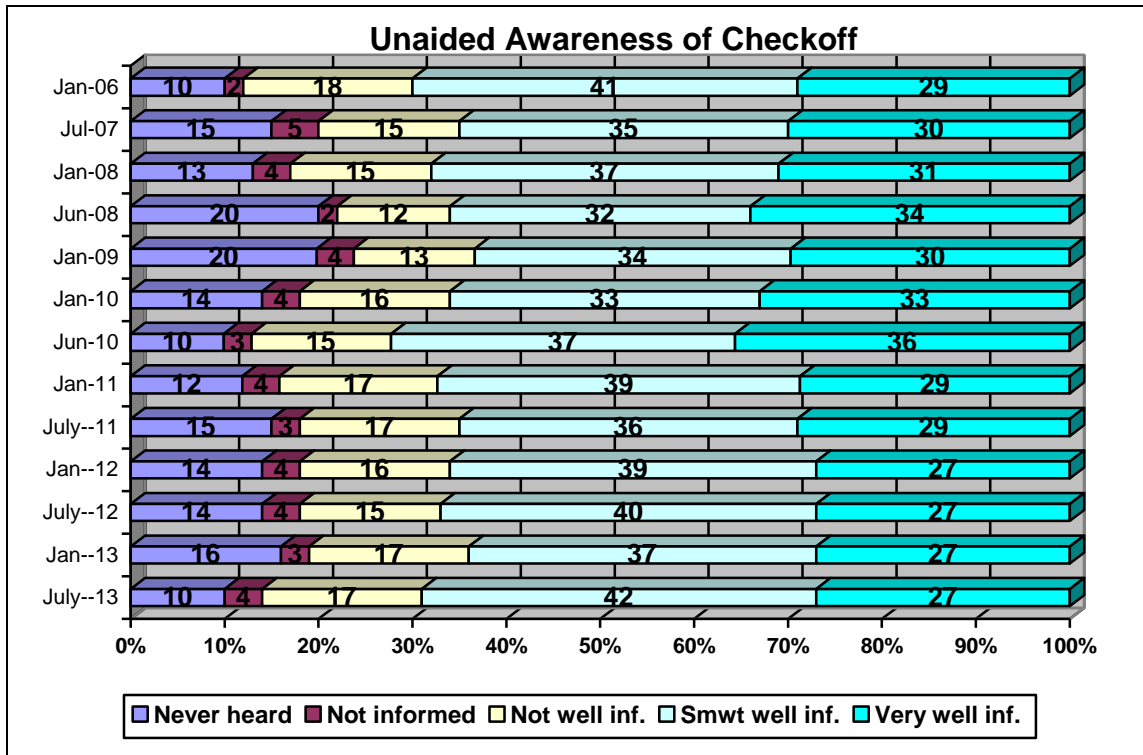
Not surprisingly, there is lower checkoff support among those who say they are not at all informed, due in part to a lack of familiarity. About one in three are unsure. However, 36% disapprove of the program

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	51% ↑	34% ↑	18%	4%
Somewhat approve	28	47	40	26
Neither	5	6	9	2
Somewhat disapprove	5	7	17	10
Strongly disapprove	10	4	9	26 ↑
Don't know	1	2	7	32
(n=)	(244)	(380)	(176)	(35)

### 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 ten said they had heard of the program, which is an improvement over last year and reflects one of the highest unaided awareness scores in the past decade. The reality, however, is that about one in three producers know little or nothing about it. Seventeen percent said they were not too well informed, four 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 overall trends in producers’ knowledge about the checkoff on an unaided and aided basis continue to be mostly positive, a consistent finding over time. While still high, the proportion of producers who have at least some knowledge about the checkoff program has dropped somewhat over the past three years. As the table on the next page indicates, about seven in ten producers consider themselves “very” or “somewhat” well informed about the program, the middle of the range over the past five years.

At the same time, the proportion of producers who consider themselves uninformed is also in the middle (31%) of its historical range.

Awareness (unaided, aided) of checkoff	June 2008	Jan. 2009	Jan. 2010	June 2010	Jan. 2011	July 2011	Jan. 2012	July 2012	Jan. 2013	July 2013
<b>Informed</b>	<b>68%</b>	<b>66%</b>	<b>68%</b>	<b>73%</b>	<b>68%</b>	<b>68%</b>	<b>69%</b>	<b>70%</b>	<b>66%</b>	<b>69%</b>
Very well	35	30	33	36	29	29	28	28	27	27
Smewhat well	33	36	35	37	39	39	41	42	39	42
<b>Uninformed</b>	<b>32</b>	<b>34</b>	<b>32</b>	<b>27</b>	<b>33</b>	<b>33</b>	<b>31</b>	<b>31</b>	<b>34</b>	<b>31</b>
Not too well	14	15	18	16	17	18	18	17	19	17
Not informed	3	5	5	4	4	3	4	4	3	4
Never heard	15	14	9	7	12	12	9	10	12	10
(n=)	(900)	(1,200)	(1,200)	(900)	(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.

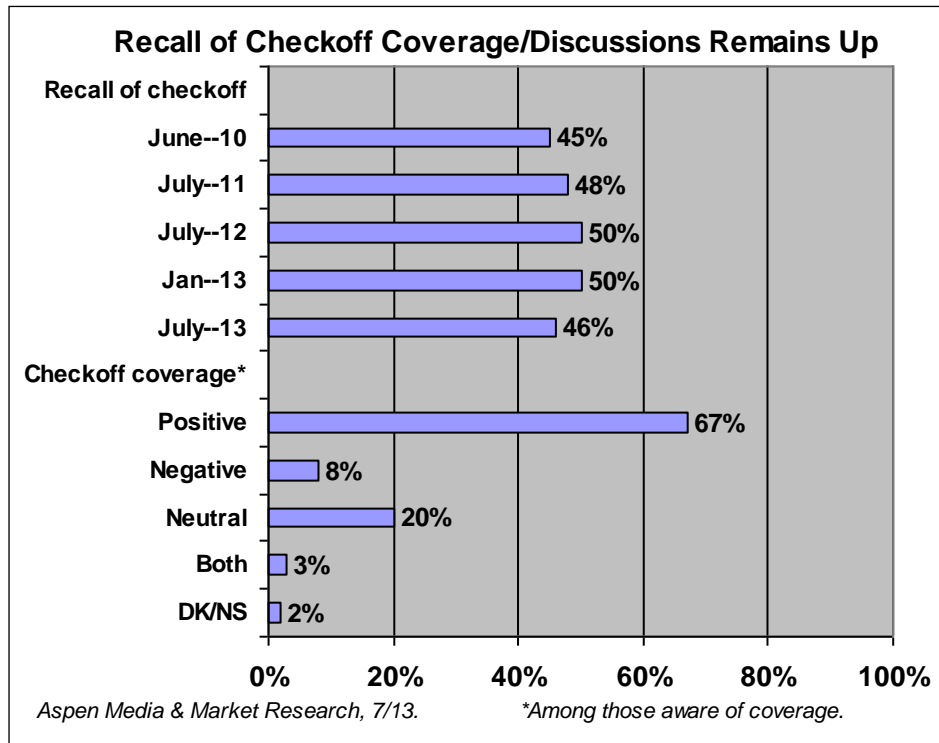
First, the overall value of the checkoff is viewed favorably regardless of the economy. About eight in ten believe the checkoff has helped contribute to the positive trend in consumer demand for beef over the years. Many of them think the program has helped their profitability as well. About two-thirds are of the opinion that over time, it has aided the profitability of their operations.

Generally, producers give positive marks to checkoff management. Approximately two out of three trust it is being managed well compared to only 16% who do not. A similar number feel the program is heading in the right direction.

Producers' opinions about how well their viewpoints are being represented have softened. While a majority (61%) still believe this is true, seven in ten agreed with this statement six months ago. In evaluating the checkoff's performance in representing their interests, there has been no fall-off. Currently, 73% think the program does a good job of representing their interests compared to 76% in January of this year.

## 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, close to 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

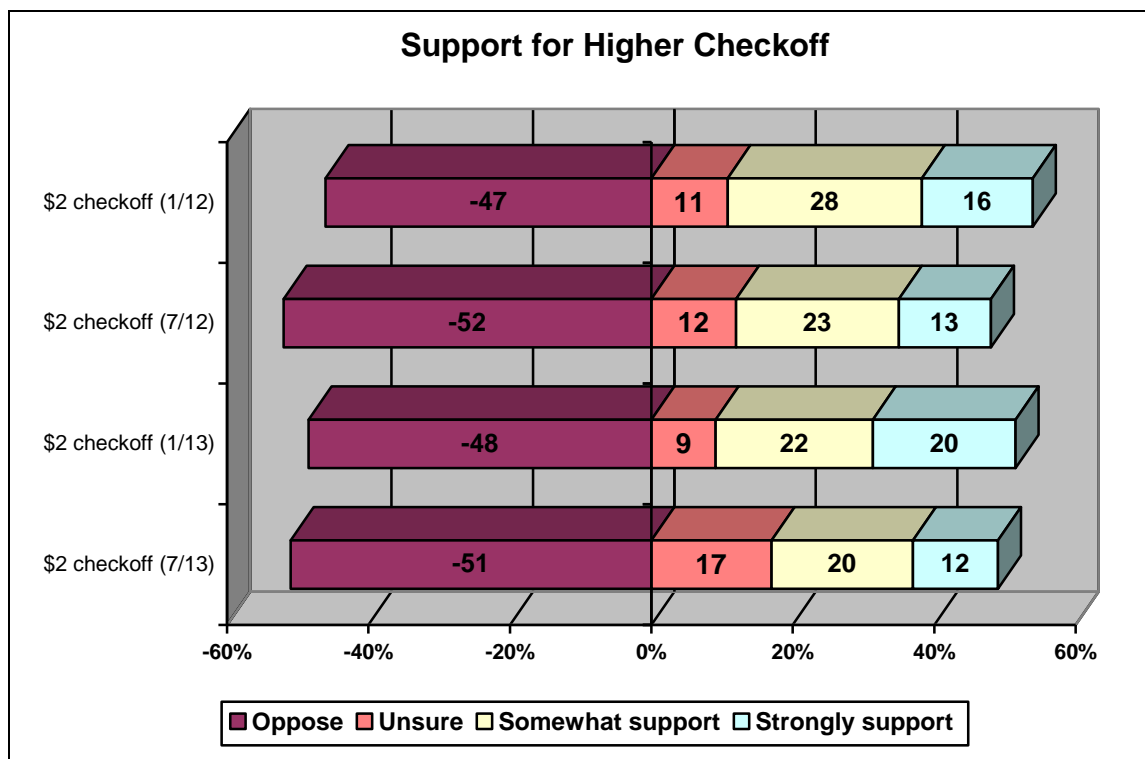


discussed, a large number (67%) perceive the majority of news coverage to be positive. In contrast, only eight percent think it is negative.

## 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 27 years.

With this mind, producers were asked whether they would support an increase from \$1 to \$2. Right now, there are a lot more producers who oppose this (51%) than support it (32%). Support levels are lower this time. The biggest change in opinions this year has been that more producers are on the fence than previously, rather than there being a jump in the proportion opposed to the program. In addition, question wording may have played a role as the rationale for this increase was abbreviated compared to past wordings. There also may be some seasonality at play: for the past two years, support for a \$2 checkoff has been lower in the summer than in the winter.



## Opportunities for Improving Checkoff Support Levels

In discussions held earlier this year, the Producer Communications Working Group identified some action items for the national producer communications program in the coming year. Some of the challenges were to understand more about the uninformed/disapproving producers in the Producer Attitude Survey data, develop a profile of them and estimate the potential for changing attitudes (from uninformed/disapproving to informed/approving). Ultimately, this endeavor would help assess the opportunity to raise producer approval levels.

To address these issues, a series of questions were included that asked this segment of producers about checkoff concerns, what might persuade them to increase their support for the checkoff and where they obtain information about cattle/dairy or farming.

There are different ways to define the uninformed/disapproving producer segment. They range from those who are uninformed and disapprove (7%), to producers who disapprove (15%), to those who are uninformed (23%). Regardless of how they are defined, they are mostly similar in attitudes and operational characteristics.

Some of those who are uninformed about the checkoff actually support it, so it does not make sense to target communications to them. If you exclude them, however, there are some opportunities to improve the strength of checkoff support among the 11% who are uninformed and do not approve of the program.

First, they are similar to other producers in how much of their gross business sales come from cattle (48% vs. 52%). They are involved in the same types of cattle operations. One area where they differ, though, is that fewer of them join membership organizations (42% vs. 59%). More of them have herd sizes between 20 and 99 head (55% vs. 43%) or live in the South Central region of the country (44% vs. 36%). About two-thirds of them do not talk about the checkoff much with others, as they do not know whether their neighbors approve or disapprove of the program. A large proportion—71% do not have concerns about the checkoff. If they do, none stand out, with mentions never exceeding single digits.



This subsegment of producers were read a description of 10 checkoff program areas and asked whether their support levels would increase if they were comfortable that the program would do a good job in each specific area. Four of these areas do offer relatively more leverage. Between 31% and 35% indicated they would be 'much more likely' to support the checkoff if it addressed misinformation, educated consumers about beef's benefits, promoted beef overseas, or educated consumers about beef's safety. If you include those who think they would be 'somewhat more likely,' this increases to between 60% and 64%. As a proportion of all producers, however, focusing solely on this segment will have little impact on overall support, with the net increase in checkoff approval between three and seven percentage points.

