



Memorandum

January 27, 2014

To: Lynn Heinze
From: Dan Hoffman
Subject: Topline Findings from the January 2014 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 1,225 interviews of a random representative sample of beef (1,089) and dairy (136) 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 December 20 and 30, 2013. For a sample of 1,225, the maximum statistical margin of error is ± 2.8 percentage points around any one reported percentage. For those aware of the checkoff, the maximum margin of error is ± 3.0 percentage points.

Support for Checkoff

Producers continue to have favorable attitudes toward the Beef Checkoff Program. Currently nearly four in five approve of the program, close to the historic highs when it was getting started. In the past 10 years, approval levels have increased nine points; during that time, 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 78% now.

The research also shows that the proportion of producers who disapprove of the checkoff continues to remain low, a trend in recent years. Thirteen percent disapprove of the checkoff, which is 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 14 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 low end of the historical range (12%-27%).

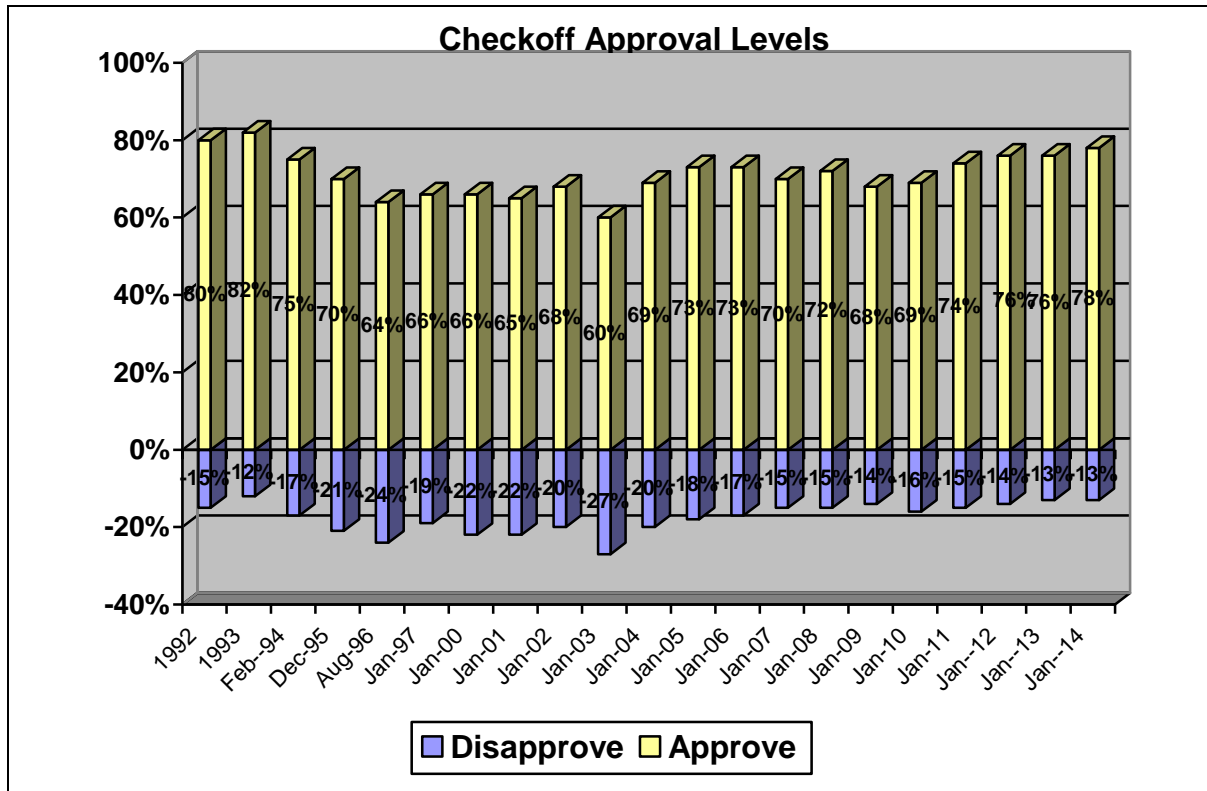
For the most part, checkoff support has remained steady in spite of changing operating or economic conditions, or extensive news coverage. The cattle market has been cyclical—it has improved and declined several times over the past decade.

Four years ago (January '10), at least six in ten producers were concerned with profitability. In the past three-and-a-half years, operating conditions have improved for producers and their attitudes toward the beef industry reflect this, particularly now. From the summer of 2010 until July, 2013, between 40% and 47% of producers thought the biggest challenge facing the U.S. beef industry was high production costs, low cattle prices, or profitability. Right now, 31% are concerned about this.

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 three years, producers have been asked about their expectations for cattle or dairy sales during the current year. Currently, few of them are pessimistic (four percent), while a majority (59%) do not anticipate the rate of sales to change. There are, however, about a third of producers who have high expectations for the coming year and expect sales to increase.

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, compared to only 23% by mid-summer of that year. The same thing happened last year. In January 2013, 30% had high expectations. This dropped to just 15% last July.

Another issue that is always a wildcard is drought. While it is an uncontrollable factor, its affect is very real. Going back over the past two years, as many as one in four producers worried about it. Currently, it is not a big issue as only 11% consider it a big challenge. If drought does occur in different 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 for those who say they are very well informed. Among this group, over eight in ten approve of the program (57% of them strongly), while only 11% disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (83% and 11%, respectively), but fewer of them say they strongly approve (35%).

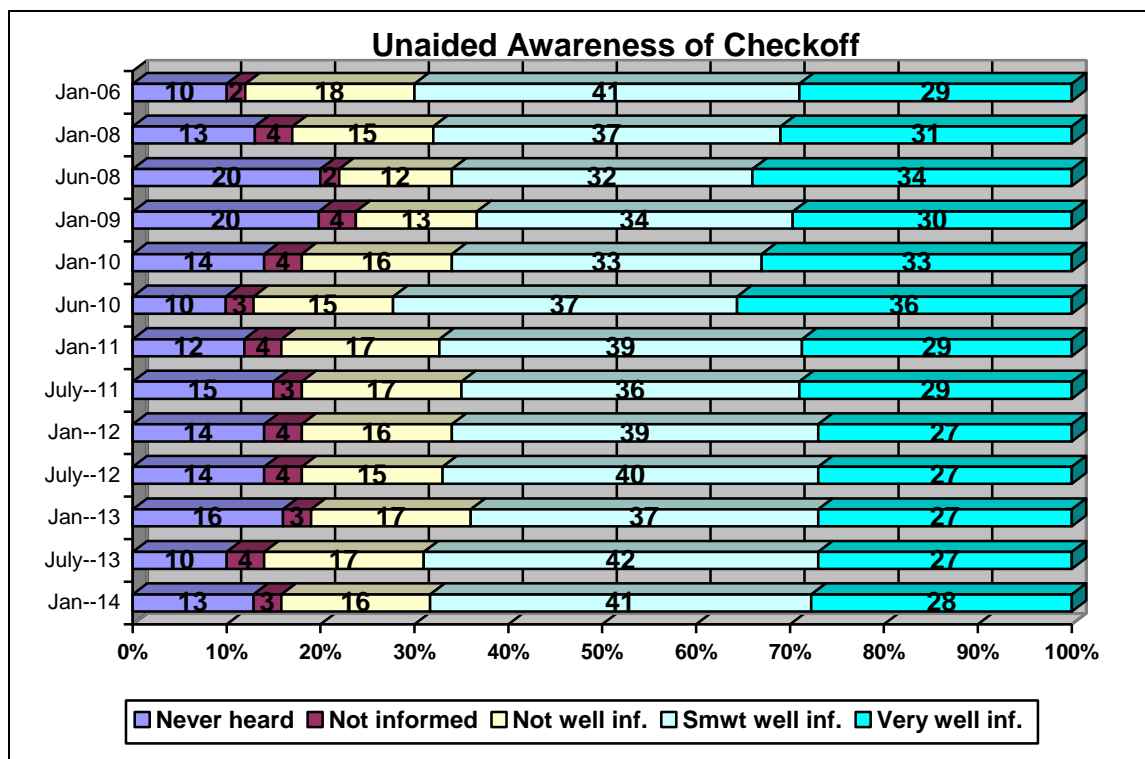
In contrast, the strength of checkoff support softens among those who say they are not too well informed. A majority (60%) approve of the checkoff (only 14% strongly) compared to 21% who disapprove. Not surprisingly, there is lower checkoff support among those who say they are not at all informed, due in part to a lack of familiarity. About three in ten are unsure.

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	57% ↑	35% ↑	14%	10%
Somewhat approve	28	48	46	40
Neither	4	6	11	5
Somewhat disapprove	3	7	15	5
Strongly disapprove	8	4	6	12 ↑
Don't know	*	2	9	29 ↑
(n=)	(340)	(503)	(208)	(42)

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 are. Eighty-seven percent knew about the program, which is an improvement over last year. 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, three percent were not informed at all, and 13 percent were not even familiar with the name.



The 13% 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 (91%).

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-and-a-half years. As the table on the next page

indicates, seven in ten producers consider themselves “very” or “somewhat” well informed about the program, which is in the higher end of the range over the past five years.

At the same time, the proportion of producers who consider themselves uninformed is also in the lower end (30%) of its historical range.

Awareness (unaided, aided) of checkoff	Jan. 2009	Jan. 2010	June 2010	Jan. 2011	July 2011	Jan. 2012	July 2012	Jan. 2013	July 2013	Jan. 2014
Informed	66%	68%	73%	68%	68%	69%	70%	66%	69%	70%
Very well	30	33	36	29	29	28	28	27	27	28
Smwhat well	36	35	37	39	39	41	42	39	42	42
Uninformed	34	32	27	33	33	31	31	34	31	30
Not too well	15	18	16	17	18	18	17	19	17	17
Not informed	5	5	4	4	3	4	4	3	4	4
Never heard	14	9	7	12	12	9	10	12	10	9
(n=)	(1,200)	(1,200)	(900)	(1,200)	(900)	(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.

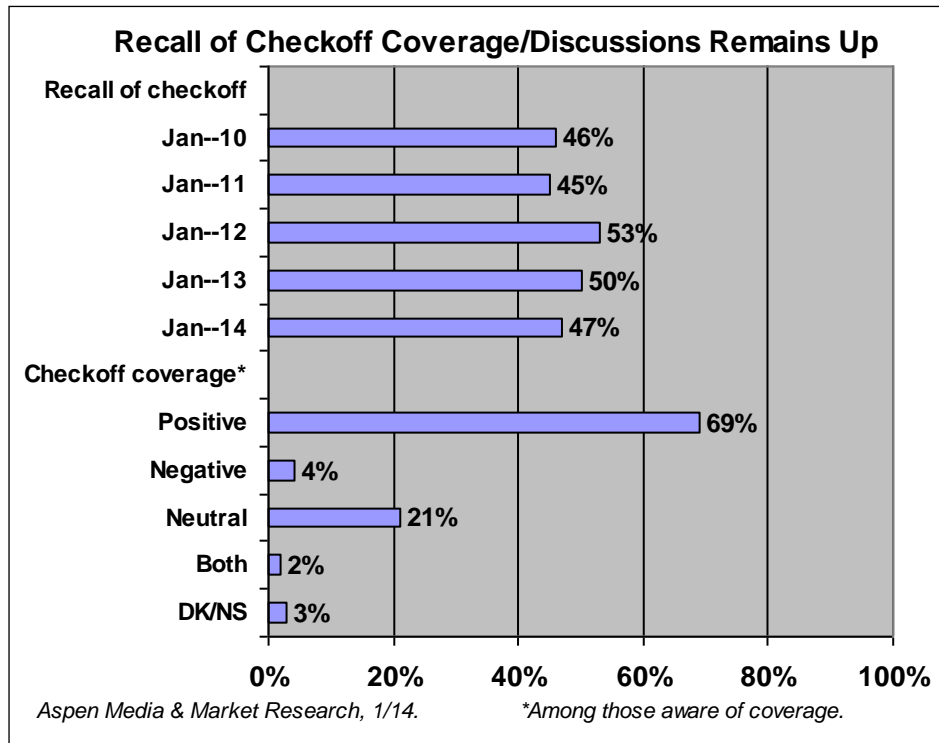
First, the overall value of the checkoff is viewed favorably regardless of the economy. About eight in ten believe the checkoff has helped contribute to the positive trend in consumer demand for beef over the years. Many of them think the program has helped their profitability as well. Seven in ten think it has helped.

Generally, producers give positive marks to checkoff management. Seventy-three percent feel the program is heading in the right direction. Two-thirds trust it is being managed well compared to only 13% who do not.

Producers’ largely believe that the checkoff represents them and their interests. Nearly seven in ten believe there is room for their viewpoints to be represented, up seven points since last summer. In evaluating the checkoff’s performance in representing their interests, producers think the program is in tune with what they want from it. Nearly four out of five producers (78%) say the program does a good job of representing their interests.

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 (69%) perceive the majority of news coverage to be positive. In contrast, only four 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 Beef Promotion 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 slightly more producers who support than oppose this (45% vs. 42%). This is the first time support has outweighed opposition. Support levels have increased since last summer. This may be due to a wording change in the question and seasonality. A strong rationale was provided compared to a more abbreviated version last summer. 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.

