



Memorandum

January 23, 2015

To: Lynn Heinze
From: Dan Hoffman
Subject: Topline Findings from the January 2015 Beef Producer Attitude Survey

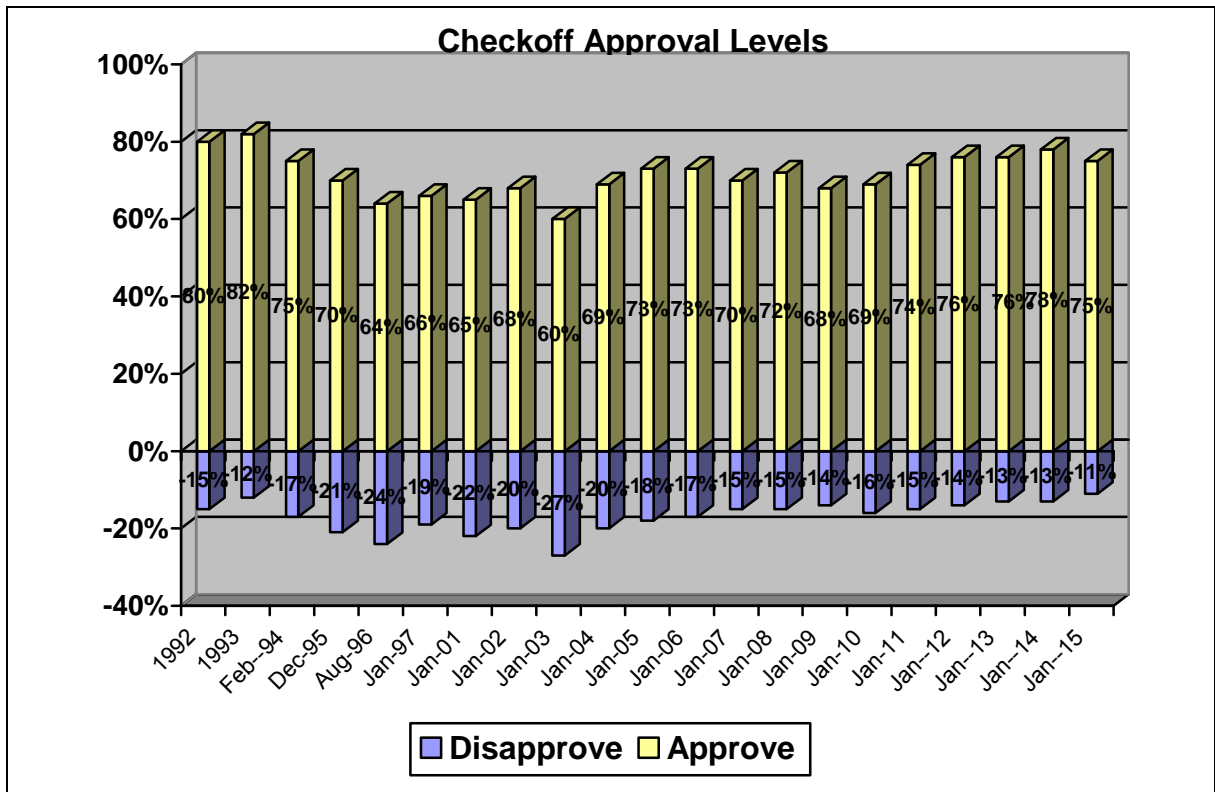
Aspen Media & Market Research was commissioned to conduct a study of beef producers nationwide in order to determine their awareness of, attitudes toward, and concerns about the Beef Checkoff program. The following are the topline findings from this study. They are based upon 1,209 interviews of a random representative sample of beef (1,045) and dairy (164) producers nationwide. The sample of producers was stratified based upon the 2012 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. From this, the adjusted sample size was 1,200.

To participate, respondents had to indicate they managed an operation that included cattle. The interviewing was conducted between December 28, 2014 and January 10, 2015. For a sample of 1,200 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 ± 2.9 percentage points.

Support for Checkoff

Producers continue to have very favorable attitudes toward the beef checkoff program and have been very consistent in their support over time. Currently three out of four approve of the program. In the past five years, support has ranged between 69% and 78%. Even going back 10 years, a large majority have approved of the program with support levels in the low-to mid-70's in eight of those years.

The research also shows that the proportion of producers who disapprove of the checkoff continues to remain low, a trend in recent years. Just eleven percent disapprove of the checkoff, which is the lowest it has ever been since polling started 28 years ago. Producers' dissatisfaction with the checkoff peaked in January 2003, when 27% disapproved of it. Since then, it has trended downward and is now 16 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 now at the low end of the historical range (11%-27%).

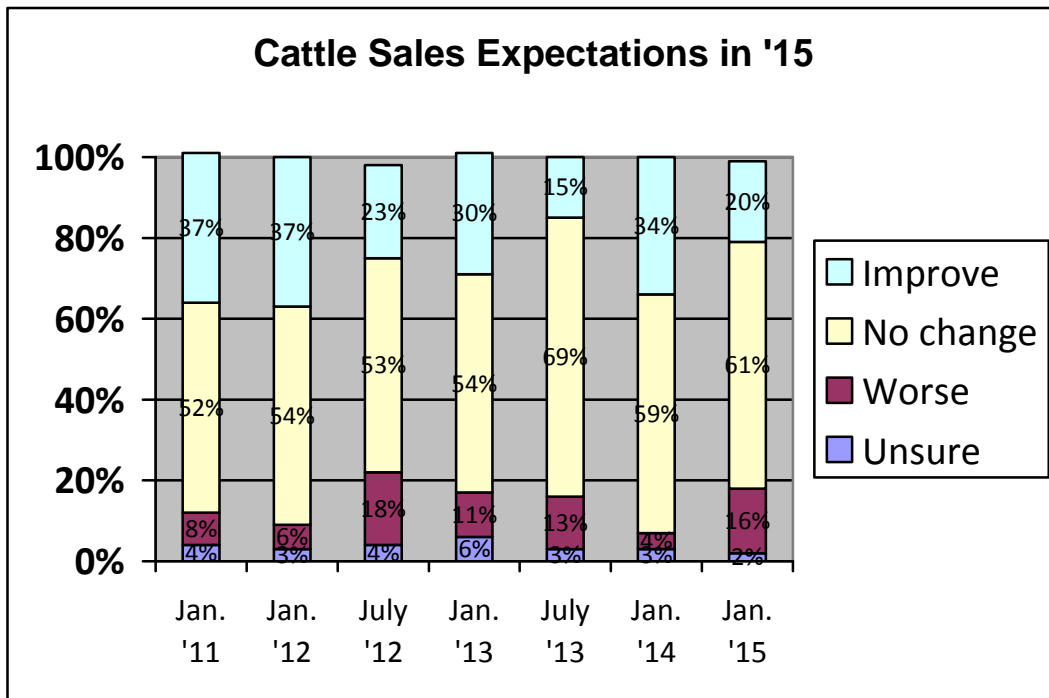


For the most part, checkoff support has remained steady in spite of changing operating or economic conditions, or extensive news coverage. The cattle market has been cyclical—it has improved and declined several times over the past decade.

Producers' financial situations and concerns have changed quickly. Five years ago (January '10), at least six in ten producers were concerned with profitability. In the past four 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, just 15% 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. Over the past five years, producers have been asked about their expectations for cattle or dairy sales for the specific year in which they were surveyed. In a shift from the past two years, optimism appears to be waning. Only one in five expect improvement in their sales this year, compared to 30% to 34% who felt this way in the previous two years. While a large majority (61%) do not expect the rate of sales to change, there has been a slight uptick in the proportion who believe it will worsen (16% compared to 4% to 11% in the past two years).

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 in 2013, when 30% had high expectation in the winter but only 15% did by the summer of that year.



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 (56% of them strongly), while only nine percent disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (79% and 10%, respectively), but fewer of them say they strongly approve (30%).

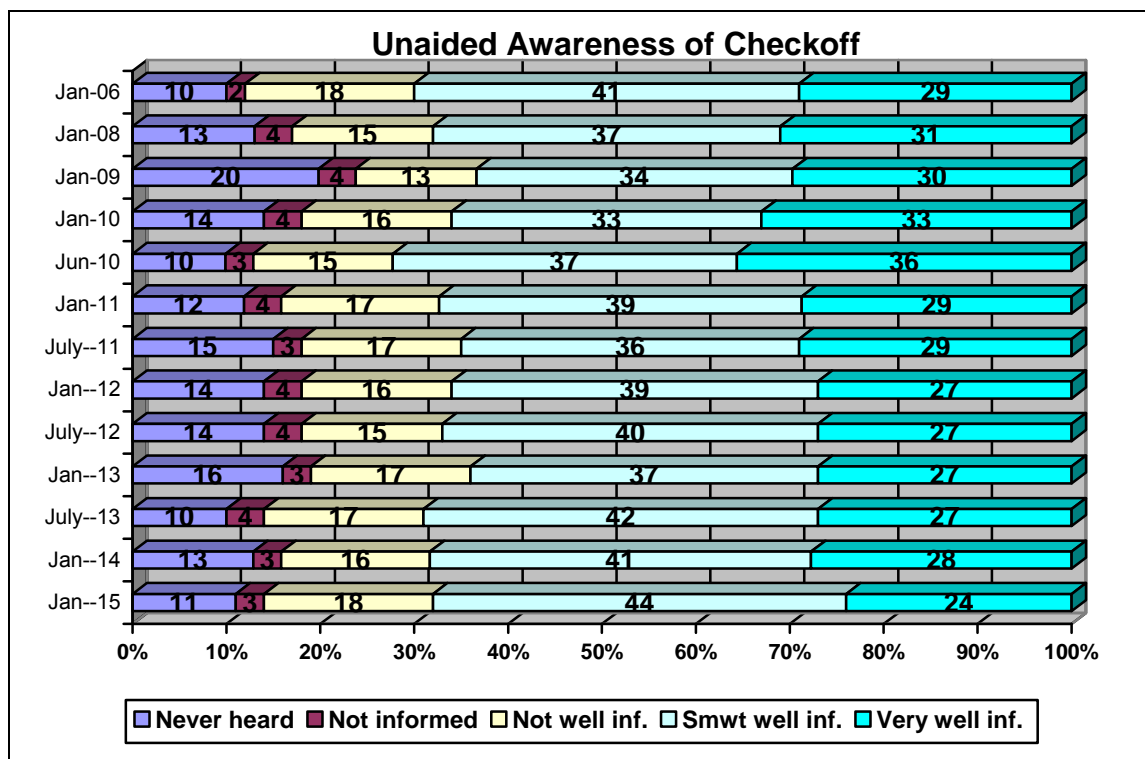
In contrast, the strength of checkoff support softens among those who say they are not too well informed. A majority (60%) approve of the checkoff (only 11% strongly) compared to 15% who disapprove. Not surprisingly, there is lower checkoff support among those who say they are not at all informed, due in part to a lack of familiarity. Over a third are unsure.

Approval Ratings	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	56% ↑	30% ↑	11%	4%
Somewhat approve	30	49	49	28
Neither	4	7	15	2
Somewhat disapprove	4	6	9	10
Strongly disapprove	5	4	6	20 ↑
Don't know	1	4	11	36 ↑
(n=)	(297)	(538)	(232)	(46)

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-nine percent knew about the program, a consistent result over time. The reality, however, is that about one in three producers know little or nothing about it. Eighteen percent said they were not too well informed, three percent were not informed at all, and 11 percent were not even familiar with the name.



The 11% 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 (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. Seven in ten producers consider themselves "very" or "somewhat" well informed about the program, which is in the higher end of the most recent five-year range.

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

Awareness (unaided, aided) of checkoff	Jan. 2010	June 2010	Jan. 2011	July 2011	Jan. 2012	July 2012	Jan. 2013	July 2013	Jan. 2014	Jan. 2015
Informed	68%	73%	68%	68%	69%	70%	66%	69%	70%	70%
Very well	33	36	29	29	28	28	27	27	28	25
Somewhat well	35	37	39	39	41	42	39	42	42	45
Uninformed	32	27	33	33	31	31	34	31	30	30
Not too well	18	16	17	18	18	17	19	17	17	19
Not informed	5	4	4	3	4	4	3	4	4	4
Never heard	9	7	12	12	9	10	12	10	9	7
(n=)	(1,200)	(900)	(1,200)	(900)	(1,200)	(900)	(1,200)	(900)	(1,200)	(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 and about the same number feel it helps even when the economy is weak. Many of them think the program has helped their profitability as well (72%).

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 11% who do not.

Producers' largely believe that the checkoff represents them and their interests. About two thirds believe there is room for their viewpoints to be represented. In evaluating the checkoff's performance in representing their interests, the vast majority of producers think the program is

in tune with what they want from it. About three-fourths (76%) 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 and the visibility of the program remains high, particularly in the past year when it increased sharply.

Currently, three in five producers have seen, read, or heard something about the beef checkoff in the past six months, a 13-point increase. Of the producers who are aware of the checkoff being discussed, a large number (59%) perceive the majority of news coverage to be positive. There are 24% who feel the coverage has been neutral, while just 12 percent think it is negative.

