

Memorandum

January 23, 2017

To: Polly Ruhland
From: Dan Hoffman
Subject: Topline Findings from the December 2016 Beef Producer Attitude Survey

Aspen Media 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 1,252 interviews of a random, representative sample of beef and dairy producers nationwide. The sample of producers was stratified based on the 2012 Agricultural Census, by state, type of operation and age. The data was weighted by region to be proportionate to the number of U.S. beef and dairy farms in that region. The adjusted sample size was 1,200.

To participate, respondents had to indicate they managed an operation that included cattle. The interviews were conducted from December 16 to 29, 2016. For a sample of 1,200, the statistical margin of error (95 percent confidence level) is ± 2.8 percent around any one reported result. For those aware of the checkoff, the margin of error is ± 3.0 percent.

Support for Checkoff

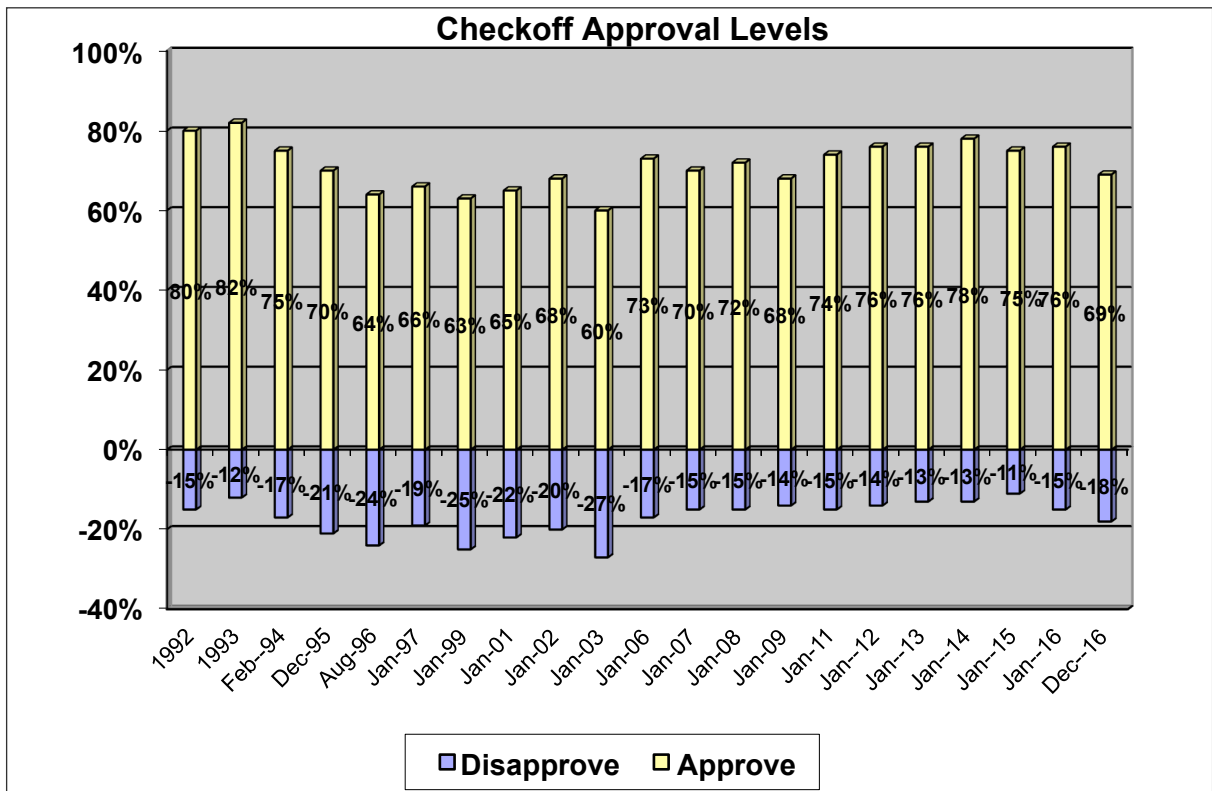
Producers continue to have very favorable attitudes toward the Beef Checkoff Program and have been very consistent in their support over time. Currently, about seven in 10 approve of the program. Compared to a year ago, approval level is 7 percent lower. However, in the past five years, support has ranged between 69 percent and 78 percent. Even going back 10 years, a large majority have approved of the program, with support levels always in the upper 60s to mid-70s percent.

The research also shows that the proportion of producers who disapprove of the checkoff has crept up during the past two years. Eighteen percent disapprove of the checkoff. There has always been a core group of producers who dislike the program; it is now in the middle of the historical range (10-27 percent) since polling started 30 years ago. Producers' dissatisfaction with the checkoff peaked in January 2003, when 27 percent disapproved of it. Since then, disapproval trended downward until 2015 and has risen again since then. Currently, there are roughly equal numbers of producers who say they "strongly" or "somewhat" disapprove of the checkoff.

Interestingly, checkoff approval levels do not vary significantly by age, ranging from 65 to 72 percent. Disapproval levels are mostly similar, although they are slightly higher among the 55-to-64-year-old segment (22 percent) compared to the other age segments (8 to 17 percent).

For the most part, checkoff support has remained steady despite challenging operating or economic conditions or extensive news coverage. The cattle market is cyclical, but while

economic conditions impact producers' outlook toward their industry, the effect on checkoff approval levels has tended to be small.



Over the past six years, producers have been asked about their expectations for cattle or dairy sales for the year in which they were surveyed. Timing usually matters somewhat when you ask producers about the outlook for their cattle or dairy operations. In years past, relatively more producers were optimistic in January than in June or July.

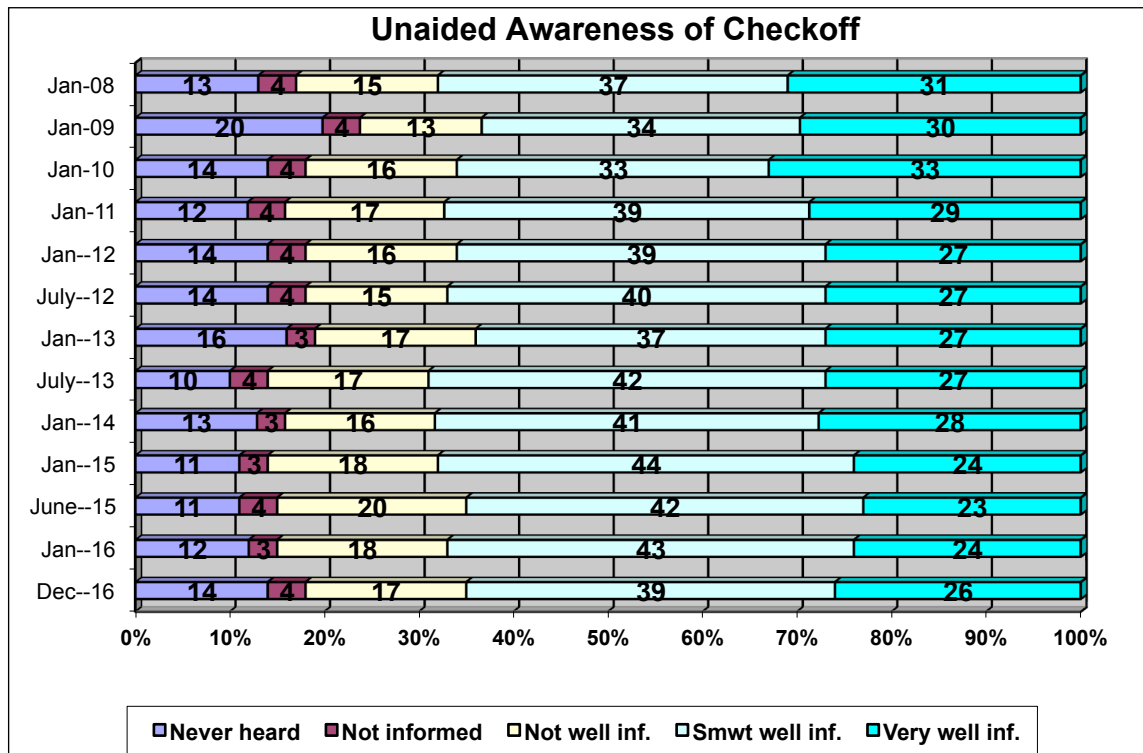
Last year started off differently. There was a large negative shift about the outlook for cattle sales. Producers were keenly aware of the volatility of cattle prices—nearly one in two (47 percent) had a negative outlook, a 39-percent increase in six months.

Producers' attitudes this year are starting off more calmly. Only about one in five are expecting sales to fall. In contrast, nearly one in two (47 percent) expect sales to be unchanged, while 29 percent think sales will increase. It is worth noting that the last time there were this many optimists was three years ago. It remains to be seen how fluid producers' attitudes are.

Awareness of Beef Checkoff

Understanding producers' awareness of the checkoff program is the 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—that is, without any description of it being read to them—if they were aware of the checkoff. The vast majority know of it. Eighty-six percent are aware, a consistent result over time. The reality, however, is that over one in three producers knows little or nothing about it. Seventeen percent said they were not too well informed, 4 percent were not informed at all, and 14 percent were not even familiar with the name.



The 14 percent of producers who did not recognize the checkoff on an unaided basis were then read a description of it. Providing this information raised their awareness another 4 percent. In total, then, the unaided and aided name awareness of the checkoff is very high (90 percent).

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. About two in three producers consider themselves “very” or “somewhat” well informed about the program, which is in the middle of the most recent five-year range. However, the level of being informed has softened slightly over the past few years. It is worth noting there is no relationship between a respondent’s age and being very well informed.

At the same time, the proportion of producers who consider themselves uninformed is also now in the middle (33 percent) of the same historical range.

Awareness (unaided, aided) of checkoff	July 2011	Jan. 2012	July 2012	Jan. 2013	July 2013	Jan. 2014	Jan. 2015	June 2015	Jan. 2016	Dec. 2016
Informed	68%	69%	70%	66%	69%	70%	70%	66%	68%	67%
Very well	29	28	28	27	27	28	25	23	24	26
Somewhat well	39	41	42	39	42	42	45	43	44	41
Uninformed	33	31	31	34	31	30	30	34	32	33
Not too well	18	18	17	19	17	17	19	23	20	19
Not informed	3	4	4	3	4	4	4	4	3	4
Never heard	12	9	10	12	10	9	7	7	9	10
(n=)	(900)	(1,200)	(900)	(1,200)	(900)	(1,200)	(1,200)	(601)	(1,200)	(1,200)

Knowledge of the Checkoff a Key Indicator

Familiarity with the checkoff continues to be a key predictor of favorability toward it, as shown in the table below. This consistent finding, that producers who are “very” or “somewhat” well informed are more likely to approve of the checkoff, is particularly true for those who say they are very well informed. Among this “well-informed” group, about four in five approve of the program (half of them strongly), while only 15 percent disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (71 and 18 percent, respectively), but fewer of them say they strongly approve (32 percent).

In contrast, the strength of checkoff support softens among those who say they are not too well informed. While a majority (59 percent) approve of the checkoff, only 17 percent have strong positive feelings about it. Fifteen percent disapprove, which is similar to the two “informed” segments. Not surprisingly, there is lower checkoff support among those who say they are not at all informed, where nearly four in ten (37 percent) strongly disapprove and one in four are unsure.

Approval Ratings	Survey Totals	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	33%	50% ↑	32%	17%	5%
Somewhat approve	36	29	39	42	18
Neither	8	3	9	13	7
Somewhat disapprove	10	5	13	9	7
Strongly disapprove	8	10	5	6	37 ↑
Don't know	6	3	2	12	25 ↑
(n=)	(1084)	(317)	(491)	(225)	(51)

Producers Recognize the Underlying Value of the Checkoff

The perceived value of the checkoff remains strong, although it is not immune from challenging market fundamentals or a bad economy, which had a small effect on producers' attitudes this year. They recognize the program has some key strengths and plays an important role in the cattle business. To assess this, producers were asked whether they agreed or disagreed with a series of statements about the checkoff.

First, the value of the checkoff is viewed favorably regardless of the economy. About three-fourths 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 (66 percent). While positive, these metrics are down 8 and 7 percent, respectively, perhaps due to underlying market uncertainty.

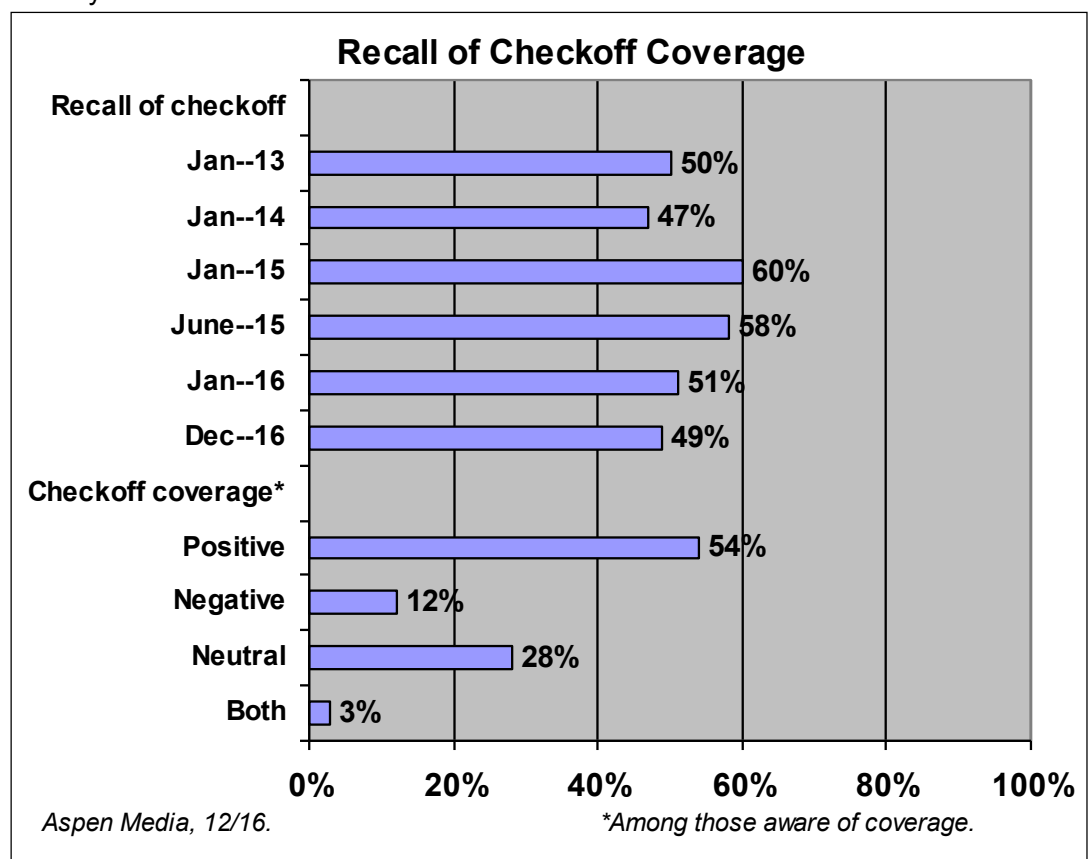
Generally, producers give positive marks to checkoff management, though not to the usual degree this year. Fifty-eight percent trust that it is being managed well, a 9 percent dip from a year ago. In contrast, 23 percent disagree, an 11 percent increase.

Producers largely believe that the checkoff represents them and their interests. In evaluating the checkoff's performance in representing their interests, a large majority of producers think the program is in tune with what they want from it. About two-thirds (67 percent) say the program does a good job of representing their interests, down nine percent from last year.

Recall of Checkoff in Media

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, although not to the same degree as two years ago. Currently, about half of producers have seen, read or heard something about the beef checkoff in the past six months.

The one group less apt to be aware of checkoff media



coverage are those ages 65-plus. Forty percent recall some checkoff coverage or discussion, compared to 49 to 59 percent in the younger age segments.

There has been a shift in how producers perceive checkoff coverage. Eight in 10 (82 percent) producers perceive coverage as positive or neutral. A majority (54 percent) think the coverage has been positive, but this is down 13 percent from a year ago as more see news as neutral, now at 28 percent, a 7 percent increase. Only 12 percent think of the news they've encountered as negative.