



ASPEN
MEDIA AND
MARKET
RESEARCH

Memorandum

January 23, 2007

From: Dan Hoffman
Subject: Topline Findings from the January 2007 Beef Producer Attitude Survey

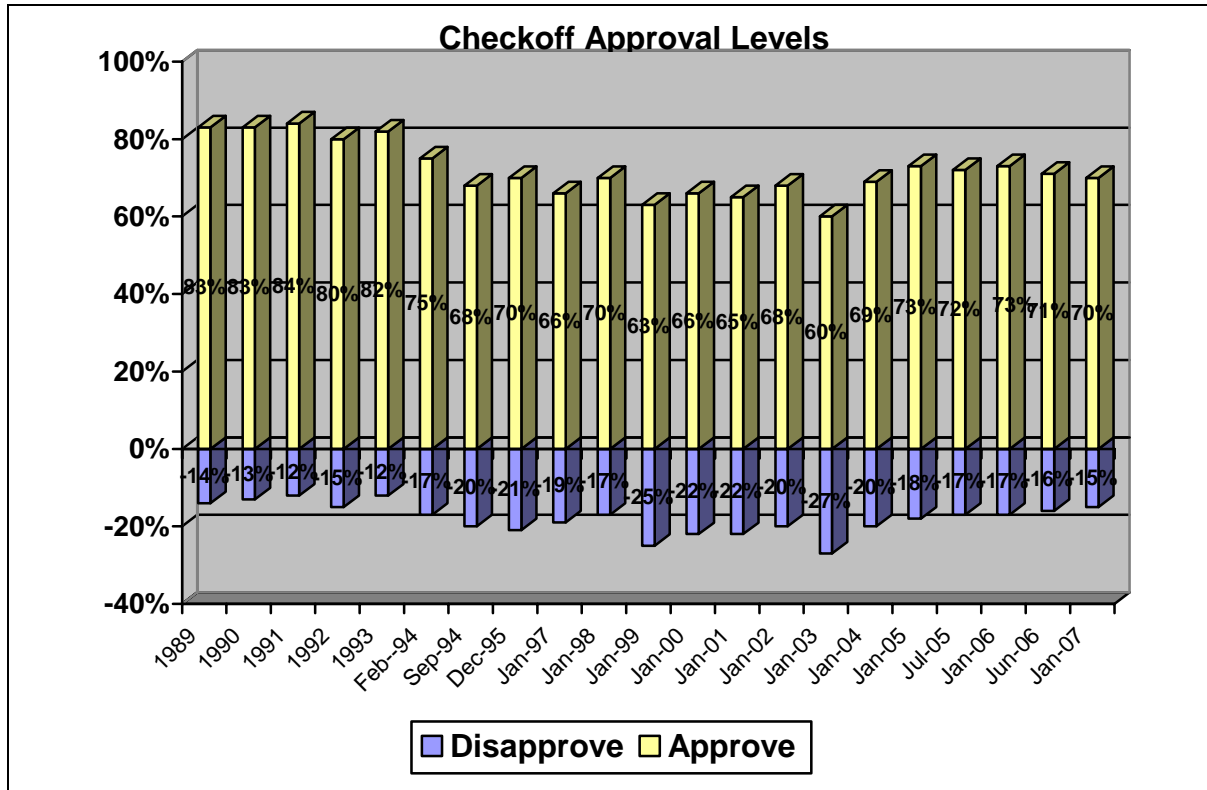
Aspen Media & Market Research was commissioned to conduct a study of beef producers nationwide in order to determine their awareness of, attitudes toward, and concerns about the Beef Checkoff Program. The following are the topline findings from this study. They are based upon 1,225 interviews of a random representative sample of beef and dairy producers nationwide. The interviewing was conducted between December 18, 2006 and January 11, 2007. For a sample of 1,225 producers, the statistical margin of error is ± 2.8 percentage points around any one reported percentage.

Support for Checkoff

Producers continue to have very favorable attitudes toward the beef checkoff program. Currently seven in ten approve of the program. These results are virtually unchanged in the past two years, with approval levels ranging between 70% and 73%. Producers' support for the checkoff program has been consistent over the years—during the past decade, a majority always have approved of it, with positive ratings of 60% or more.

For the most part, checkoff support has remained steady in spite of changing economic conditions or extensive news coverage of past checkoff litigation. Over the past five years, support levels have ranged between 60% and 73%. Economic conditions have been cyclical—they have improved and declined. There have been two up market cycles and one down cycle in the past 5 ½ years. Economic conditions also have influenced producers' outlook toward their industry, although this has not had a large effect upon their approval levels regarding the checkoff either. In the past 10 ½ years, there have been three cycles where producers had a negative or mixed outlook toward their industry.

The research also shows that the proportion of producers who disapprove of the checkoff has remained virtually unchanged in the past 12 months. Moreover, the trend has been downward in the past few years. Since January 2003, the proportion who disapprove has dropped 12 points, from 27% to 15% currently. The last time disapproval levels were this low was 15 years ago, in 1992. Currently, there are approximately 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 at the lower end of the historic 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, 79% approve of the program (46% of them strongly), while only 14% disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (76% and 14%, respectively), but fewer of them say they strongly approve (27%).

In contrast, the strength of checkoff support begins to slip among those who say they are not too well informed. Only about one in two approve of the checkoff (11% strongly approve), 20% are neutral, while 21% disapprove.

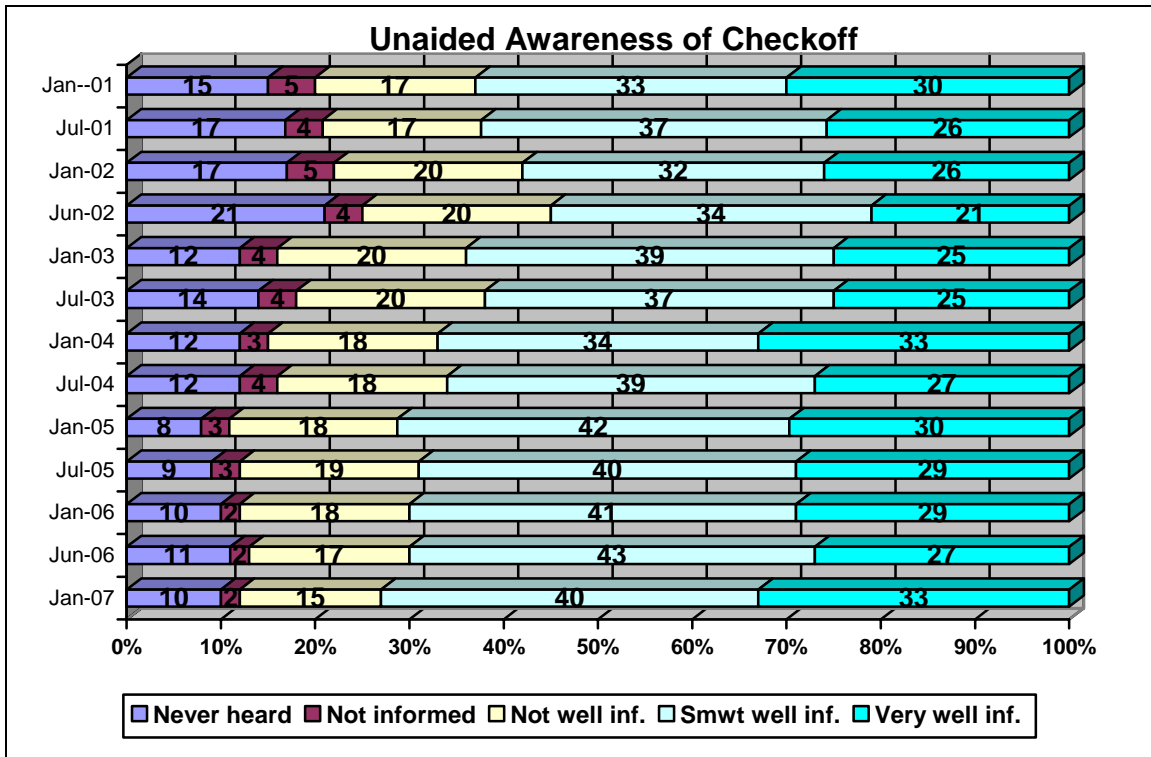
A similar pattern occurs among those not informed at all—36% approve (22% strongly), 22% are ambivalent and 16% disapprove. Another 27% did not offer an opinion.

| Approval Ratings | Very well informed | Somewhat well informed | Not too well informed | Not at all informed |
|---------------------|--------------------|------------------------|-----------------------|---------------------|
| Strongly approve | 46%↑ | 27%↑ | 11% | 22% |
| Somewhat approve | 33 | 49↑ | 34 | 14 |
| Neither | 6 | 7 | 20 | 22 |
| Somewhat disapprove | 4 | 8 | 14 | 2 |
| Strongly disapprove | 10 | 6 | 7 | 14 |
| Don't know | 2 | 4 | 15 | 27↑ |
| (n=) | (403) | (512) | (199) | (30) |

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 among producers 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. On this basis, nine out of ten producers said they had heard of the program. The reality, however, is that 27% of producers know little or nothing about it. Fifteen percent said they were not too well informed, two percent were not informed at all, and ten percent were not even familiar with the name.



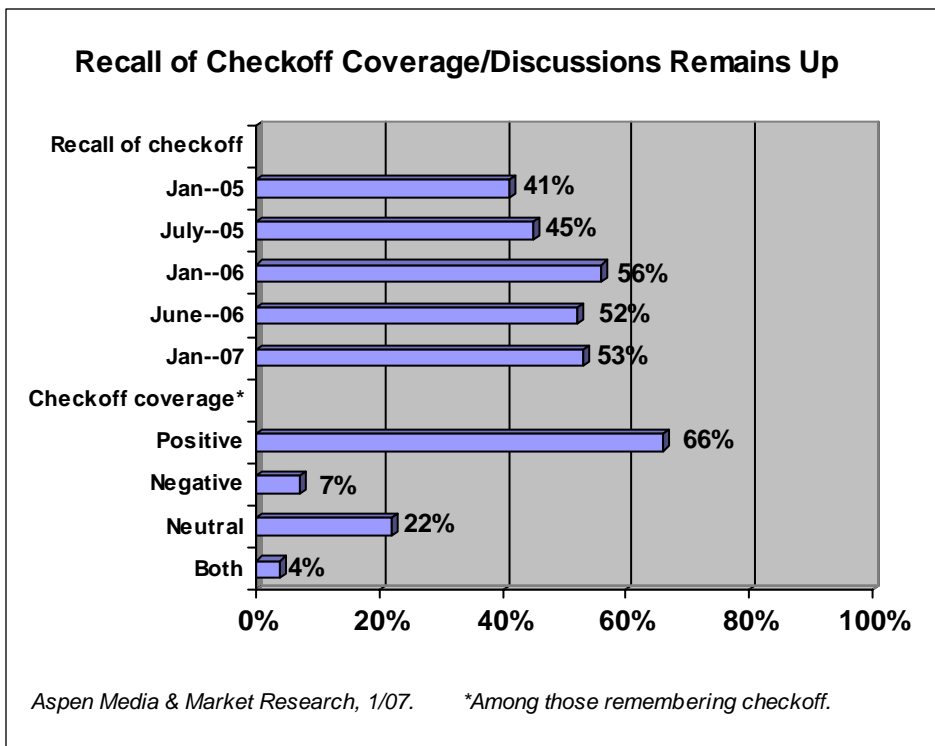
The ten percent of producers who did not recognize the checkoff on an unaided basis were read a subsequent description of it. Using this reinforcement helped raise their awareness another three percentage points. In total, then, the unaided and aided name awareness of the checkoff is very high (93%).

The proportion of producers who have at least some knowledge about the checkoff program has remained similar in the past year. Currently, three out four producers consider themselves “very” or “somewhat” well informed about the program. The 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 two years, between 70% and 75% say they are informed. The proportion of producers who consider themselves uninformed is at an historic low. Twenty-five percent say they are uninformed. While this is relatively unchanged from the results of the past few years, it also happens to be the lowest it has been in the 10½ years this question has been asked.

| Awareness (unaided, aided) of checkoff | June 2002 | Jan. 2003 | July 2003 | Jan. 2004 | July 2004 | Jan. 2005 | July 2005 | Jan. 2006 | June 2006 | Jan. 2007 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Informed | 57% | 67% | 65% | 69% | 68% | 73% | 70% | 73% | 72% | 75% |
| Very well | 22 | 26 | 26 | 33 | 27 | 30 | 29% | 30% | 27 | 33 |
| Smwhat well | 35 | 41 | 39 | 36 | 41 | 43 | 41 | 43 | 45 | 42 |
| Uninformed | 43 | 33 | 35 | 31 | 32 | 26 | 30 | 27 | 28 | 25 |
| Not too well | 24 | 22 | 22 | 20 | 21 | 19 | 21 | 19 | 19 | 16 |
| Not informed | 6 | 4 | 5 | 4 | 4 | 3 | 4 | 3 | 2 | 2 |
| Never heard | 13 | 7 | 8 | 7 | 7 | 4 | 5 | 5 | 7 | 7 |
| (n=) | (1,000) | (1,225) | (1,225) | (1,225) | (1,225) | (1,225) | (1,225) | (1,225) | (1,225) | (1,225) |

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, particularly with the checkoff litigation that concluded. 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 higher. Currently, 53% of 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, two-thirds perceive the majority of news coverage to be positive. In contrast, only about one in ten think it is either negative (7%) or both negative and positive (4%).



General Mood

An indirect way of gauging the mood of producers is to ask them how they feel toward the short-term direction of cattle prices. It provides a context for how optimistic or pessimistic producers are at the time this survey was conducted. Producers were asked to indicate their expectations for cattle prices one year from now.

The results indicate that producers have mixed expectations about cattle prices. One in two believe they will not change. There has been a decline in producer pessimism, however. About one in five producers are pessimistic and think prices will worsen. This is a 10-point drop in the proportion that were pessimistic last summer. The number of optimists is of comparable size. About one in five producers feel that they will be receiving higher prices one year from now.

