

Memorandum

February 11, 2019

To: Sarah Metzler
From: Dan Hoffman
Subject: Topline Findings from the January 2019 Beef Producer Attitude Survey

Luce 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 1,200 interviews of a random, representative sample of beef and dairy producers nationwide. The sample of producers was stratified based upon the 2012 Agricultural Census, by state, type of operation and age.

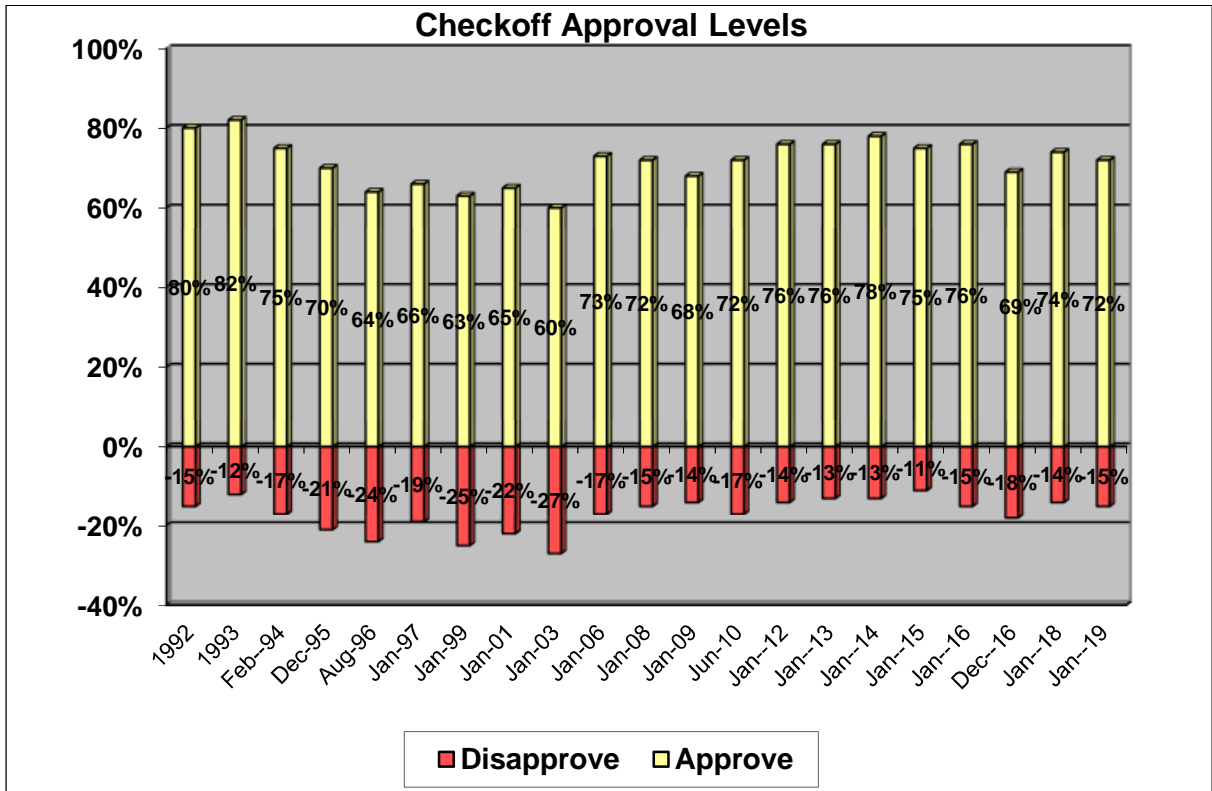
To participate, respondents had to indicate they managed an operation that included cattle. The interviewing was conducted from January 11 to 21, 2019. For a sample of 1,200, the maximum statistical margin of error (95 percent confidence level) is ± 2.8 percent around any one reported result. For those aware of the checkoff, the maximum margin of error is ± 2.9 percent.

Support for Checkoff Remains Favorable

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 ten approve of the program. Compared to a year ago, the approval level is virtually unchanged. Going back five years, it is in the lower end of the range, between 69 percent and 78 percent. However, 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 is basically unchanged in the past year. Fifteen 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 (11-27 percent) since polling started over 25 years ago. Producers' dissatisfaction with the checkoff peaked in January 2003, when 27 percent disapproved of it. Currently, there are roughly equal numbers of producers who say they "strongly" or "somewhat" disapprove of the checkoff.

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 upon checkoff approval levels has tended to be small.



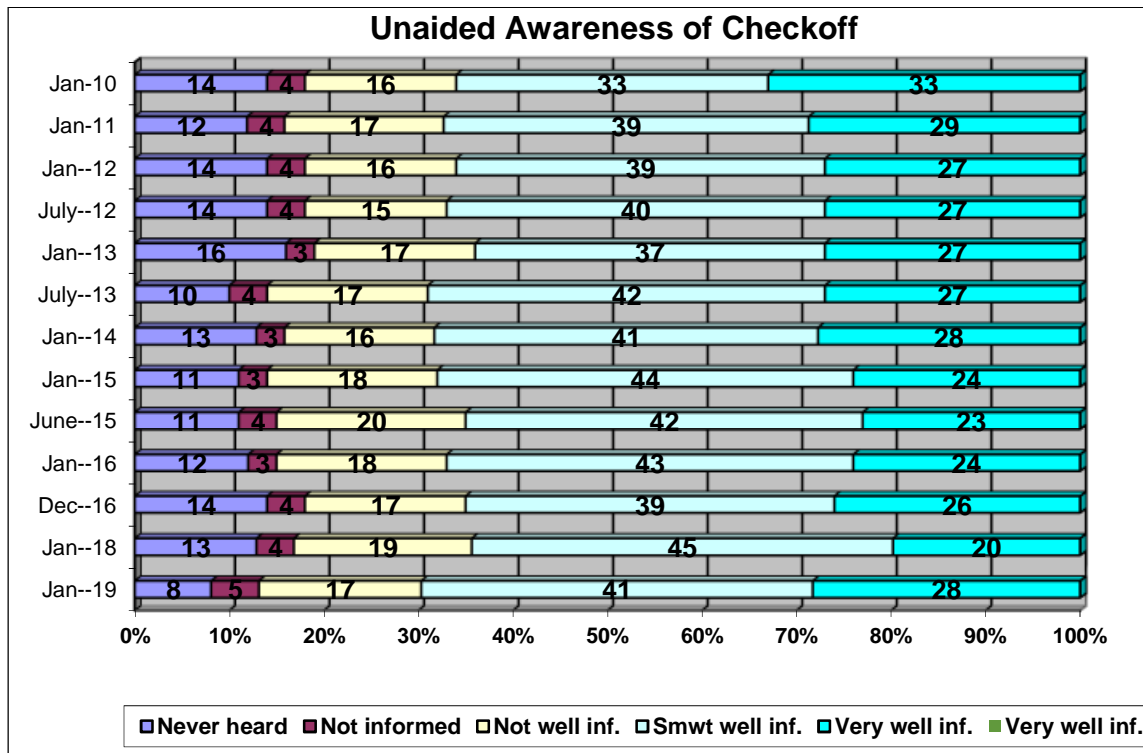
Over the past six years, producers have been asked about their expectations for cattle or dairy sales for the specific year in which they were surveyed. Timing usually matters somewhat when you ask producers about the outlook for their cattle or dairy operations. In years past, relatively more producers were optimistic in January than in June or July. However, no survey has been conducted during the past three summers to see whether this still occurs.

Producers' attitudes now are largely unchanged from a year ago. Their outlook can best be described as 'similar to last year.' There are few pessimists. Only 14% are expecting sales to fall. In contrast, a large majority either expect sales to be unchanged (60%) or improve (23%).

Awareness of Beef Checkoff Continues to be High

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. Ninety two percent are aware, a consistent result over time. The reality, however, is that about a third of producers know little or nothing about it. Seventeen percent said they were not too well informed, five percent were not informed at all, and eight percent were not even familiar with the name.



The eight 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 three points. In total, then, the unaided and aided name awareness of the checkoff is very high (95 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 seven in ten producers consider themselves "very" or "somewhat" well informed about the program. The level of being "very informed" has bounced back eight points and is near the high end of the historical range.

At the same time, the proportion of producers who consider themselves uninformed is at the low end of its historical range.

Awareness (unaided, aided) of checkoff	Jan. 2012	Jan. 2013	July 2013	Jan. 2014	Jan. 2015	June 2015	Jan. 2016	Dec. 2016	Jan. 2018	Jan. 2019
Informed	69%	66%	69%	70%	70%	66%	68%	67%	66%	71%
Very well	28	27	27	28	25	23	24	26	20↓	28
Somewhat well	41	39	42	42	45	43	44	41	46	43
Uninformed	31	34	31	30	30	34	32	33	34	29
Not too well	18	19	17	17	19	23	20	19	21	18
Not informed	4	3	4	4	4	4	3	4	4	6
Never heard	9	12	10	9	7	7	9	10	9	5
(n=)	(1,200)	(1,200)	(900)	(1,200)	(1,200)	(601)	(1,200)	(1,200)	(804)	(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, approximately three in four approve of the program (about half of them strongly), while 16 percent disapprove. There is a similar ratio of approval and disapproval ratings among those who are somewhat well informed (79 and 11 percent, respectively), but fewer of them say they strongly approve (33 percent).

In contrast, the strength of checkoff support softens among those who say they are not too well informed. While a majority (58 percent) approve of the checkoff, only 11 percent have strong positive feelings about it. Nineteen percent disapprove. Not surprisingly, there is lower checkoff support among those who say they are not at all informed, where only just over four in ten approve, due in part to about one in five who are unsure.

Approval Ratings	Survey Totals	Very well informed	Somewhat well informed	Not too well informed	Not at all informed
Strongly approve	32%	49% ↑	33%	11%	10%
Somewhat approve	40	27	46 ↑	47 ↑	35
Neither	8	6	7	13	13
Somewhat disapprove	7	4	6	13	5
Strongly disapprove	8	12	5	6	15
Don't know	5	1	2	10	22 ↑
(n=)	(1,137)	(334)	(513)	(220)	(69)

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. 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. Four out five 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 (68 percent). While positive, these metrics are down four to five percentage points from three years ago, perhaps due to underlying market uncertainty.

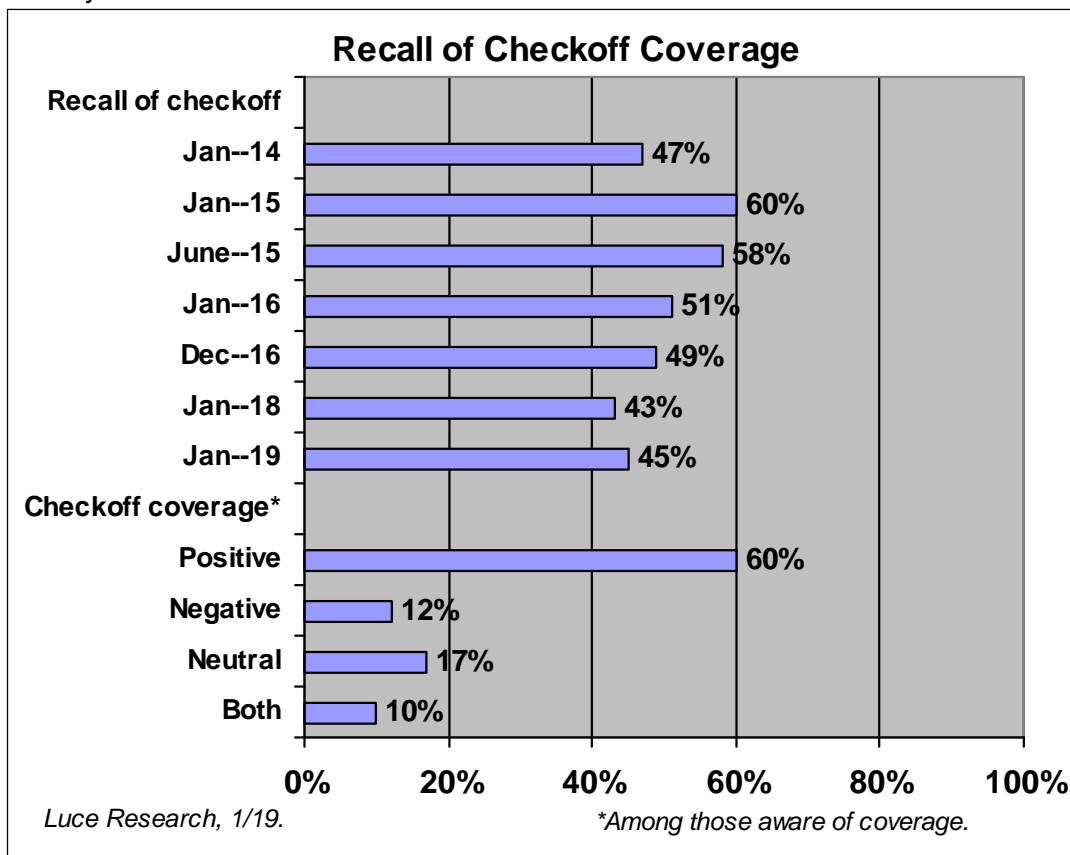
Generally, producers give positive marks to checkoff management, though not to the same degree as a few years ago. Six in ten trust that it is being managed well, a six percentage point dip from three years ago. In contrast, 19 percent disagree, a seven-point increase. It is important to note that these results are virtually unchanged compared to a year ago.

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 seven in ten (73 percent) say the program does a good job of representing their interests, which is virtually unchanged from a year ago, and down just slightly (three points) in the past three years.

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 a few years ago. Currently, over four in ten producers have seen, read or heard something about the beef checkoff in the past six months.

There has been a slight decline in how



producers perceive checkoff coverage, though it still remains quite positive. About three in four producers (77%) perceive coverage as positive or neutral. Underlying this shift, there has been a slight decrease in the number who recall favorable coverage. Six in ten think the coverage has been positive. The changes have been in the proportions that say coverage is negative or mixed (five to six points higher this year). However, only 12 percent think of the news they've encountered as exclusively negative.