



# Vision Research

## Optimism in the beef sector

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**Farm Credit Canada**  
Advancing the business of agriculture

Canada



## **Vision Research: Optimism in the Beef sector**

### **Your optimism is growing**

Your optimism about the future of agriculture is growing. Almost half of you in 2008 (45%) state that you are optimistic, which is a significant increase since 2007 (39%). Half of you believe that your farm or business is better off now than it was five years ago (50%), and seven in ten of you believe that your farm or business will be better off in five years than it is now (68%). Additionally, one quarter (26%) of you have recommended a career in agriculture to a friend or family member in the past year.

### **You are still facing challenges**

Given the economic activity that has taken place over the past year we know that producers in Canada are facing many challenges. You explained that you are most concerned with rising input costs (45%), which are impeding your ability to get ahead and make a profit. Although these challenges are a concern for you, you believe there is still optimism in public demand for new products as well as an overall increase in demand for your products.

### **There is guarded hope for the future**

Given the challenges that you are facing, your comments suggest that you have guarded hope for the future. You are torn about the future direction of the industry, as more than half of you would encourage others to enter the industry (56%), while three in ten (29%) of you report that you plan on reducing your operation or exiting the industry. However, you also express optimism about the young people entering the field, the great lifestyle that the beef sector can provide and increasing demand for local products. Your optimism is growing and the future is looking bright!

## ***Background and Details***

Farm Credit Canada undertook its second annual proprietary research study on the state of agriculture in Canada with all of its Vision panel members in the fall of 2008. The results will be showcased on January 28, 2009 for the second annual Ag Day in Canada. They include levels of optimism in the agriculture industry, as well as what members of the agriculture community view as the greatest opportunities and challenges facing them today. Additionally, the research is an opportunity to enable the ideas and opinions of Vision panelists to help shape the general understanding of agriculture for everyday Canadians.

## ***Methodology***

The Research team within Farm Credit Canada sent invitations to participate in the study to all active FCC Vision members from across the country, totaling 9351 people. Vision membership is composed of both producers and non-producers, FCC customers and non-customers, and has representation from all provinces and agriculture sectors. The survey was mailed to participants on September 20, 2008, with requests to return the survey by October 20, 2008. Members had the option of completing the survey via mail, fax or online. All data was subsequently weighted to reflect the actual demographic makeup of farms in Canada.

## ***Confidentiality***

To ensure greater candour in their responses, participants were given a guarantee of confidentiality throughout the course of this research. No individual responses are revealed in the course of the report.

## ***Response Rate***

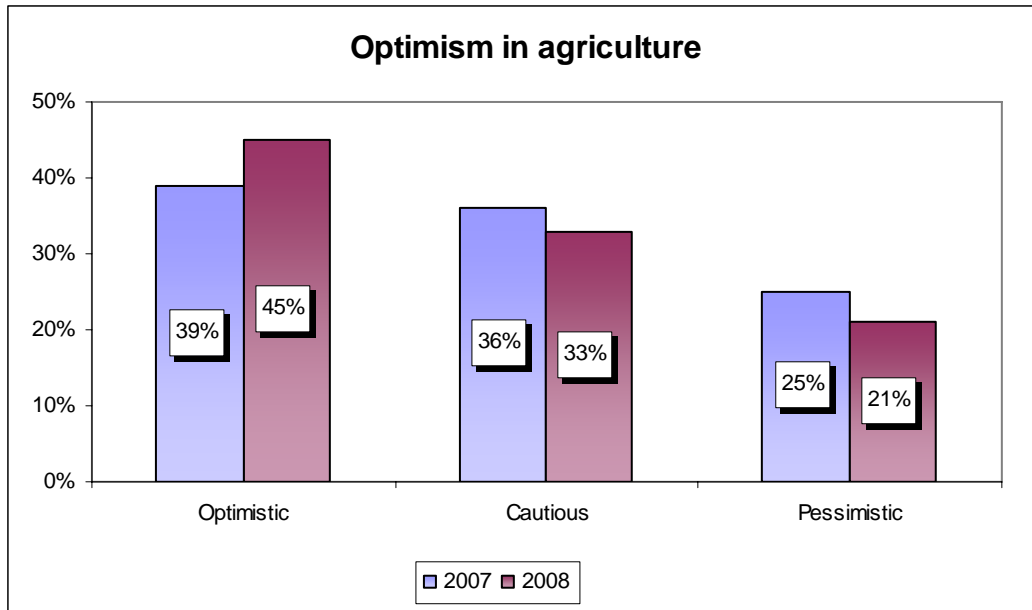
A total of 4308 people out of a possible 9351 responded to the survey for a response rate of 46%. Of the 4308 respondents, 742 indicated beef as their primary business. The margin of error is +/-1.5%, 19 times out of 20 on a sample of this size. Demographic subgroups will have a higher margin of error.

## ***Note on the Analysis of Subgroups***

When reference to subgroups of respondents such as province is made throughout the text, only those differences that are *both* statistically significant *and* relevant will be highlighted.

**Results: Optimism in agriculture**

Beef respondents in 2008 (45%) are significantly more likely to state that they are optimistic about the future of agriculture compared to beef respondents in 2007 (39%). There are no other significant differences to report.



(n = 753, 2007; n = 742, 2008)

**Definition of optimism**

The results of two key survey questions are combined in order to create this optimism indicator. The first is, "Looking ahead, do you believe that your farm or business will be better off or worse of in five years than it is now?" An answer of either a little better off or much better off counted towards the optimism score. The second question is, "If a friend or family member was considering a career in agriculture or an agricultural related field, would you encourage them to enter the field?" An answer of either slightly encourage them or strongly encourage them counted towards the optimism score.

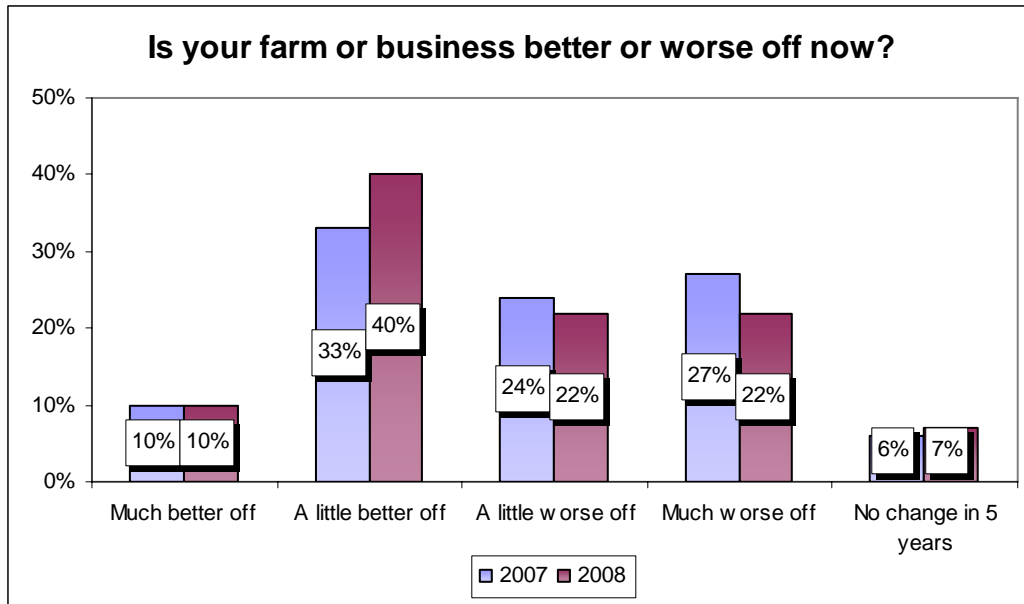
If a respondent reported that they believe their farm or business will be better off **and** they would encourage a career in agriculture, they were defined as optimistic. If a respondent reported that they **either** believe their farm or business will be better off **or** they would encourage a career in agriculture, they were defined as cautious. If a respondent reported that they **do not** believe that their farm or business will be better off **and** they would discourage a career in agriculture, they were defined as pessimistic.

**Response by province: 2008**

There are no significant differences to report across provinces.

**Results: Is your farm or business better or worse off now?**

Beef respondents in 2008 (40%) are significantly more likely to report that their farm or business is a little better off now than it was five years ago compared to beef respondents from 2007 (33%). There are no other significant differences to report.



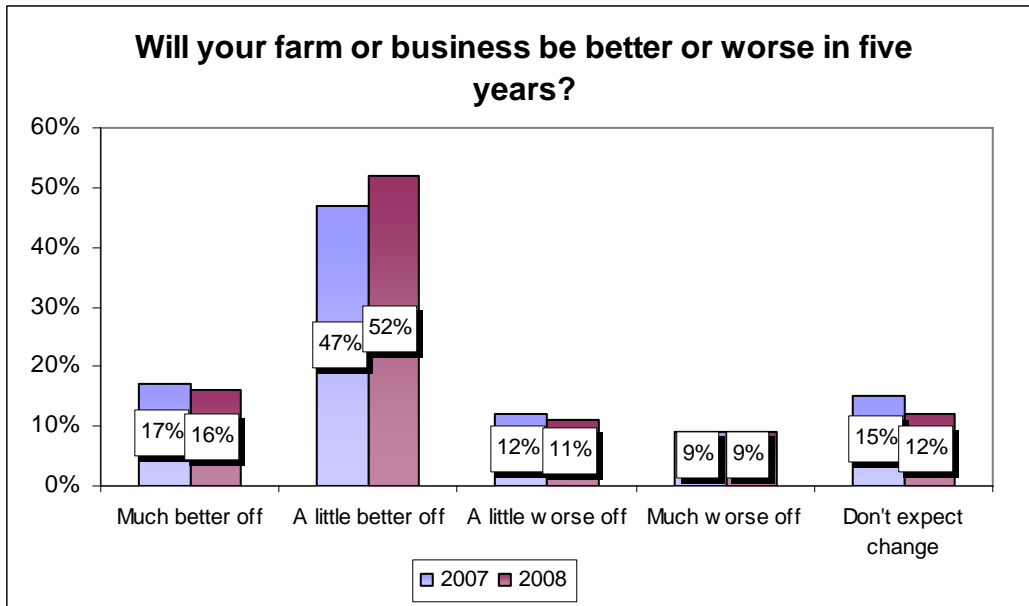
Overall, do you believe that your farm or business is better off or worse off now than it was five years ago?  
(n = 753, 2007; n = 742, 2008)

**Response by province: 2008**

Beef respondents from Alberta (47%) and Saskatchewan (46%) are significantly more likely to report that their farm or business is a little better off now than five years ago compared to beef respondents from Manitoba (28%) and Ontario (29%). Beef respondents from Manitoba (32%) and Ontario (32%) are significantly more likely to report that their farm or business is much worse off now than five years ago compared to beef respondents from Saskatchewan (16%) and Quebec (7%).

**Results: Will your farm or business be better or worse in five years?**

More than half of all respondents from the beef sector (52%) report that they believe their farm or business will be a little better off in five years than it is now. There are no significant differences to report between the 2007 and 2008 results.



Looking ahead, do you believe that your farm or business will be better off or worse off in five years than it is now? (n = 753, 2007; n = 742, 2008)

**Results by province: 2008**

Beef respondents from Alberta (12%) are significantly more likely to state that they believe their farm or business will be much worse off in five years than it is now compared to beef respondents from Saskatchewan (5%) and Québec (3%).

## **Results: Guarded optimism**

We asked respondents to comment on the previous two questions, specifically if their farm or business is better or worse off now than five years ago, and if they believe it will be better or worse off in five years. Beef expressed guarded optimism; the most common comments indicate that rising input costs (37%), BSE (13%) and reliance on outside factors (12%) counter optimism. A sample of the comments is detailed below.

*“Our farm is improving but with the cost of inputs rising and commodities not keeping up, it is getting harder to maintain profitability.”*

*“If input costs continue to increase at the rate they have in the past year and grain and livestock prices continue to fall, family farms will continue to disappear.”*

*“Rising fuel costs, low cattle prices, machinery and parts rising. All costs increasing make it hard to have any profit. At least one person needs to work off the farm to make farming viable.”*

*“Planning steps and following them are essential to success. I believe this is happening slowly but surely.”*

*“Very hard to predict ahead with all the market uncertainty. Input costs are rising faster than grain prices and livestock prices are horrible. My farm might be a bit better off as we have made some changes that should help.”*

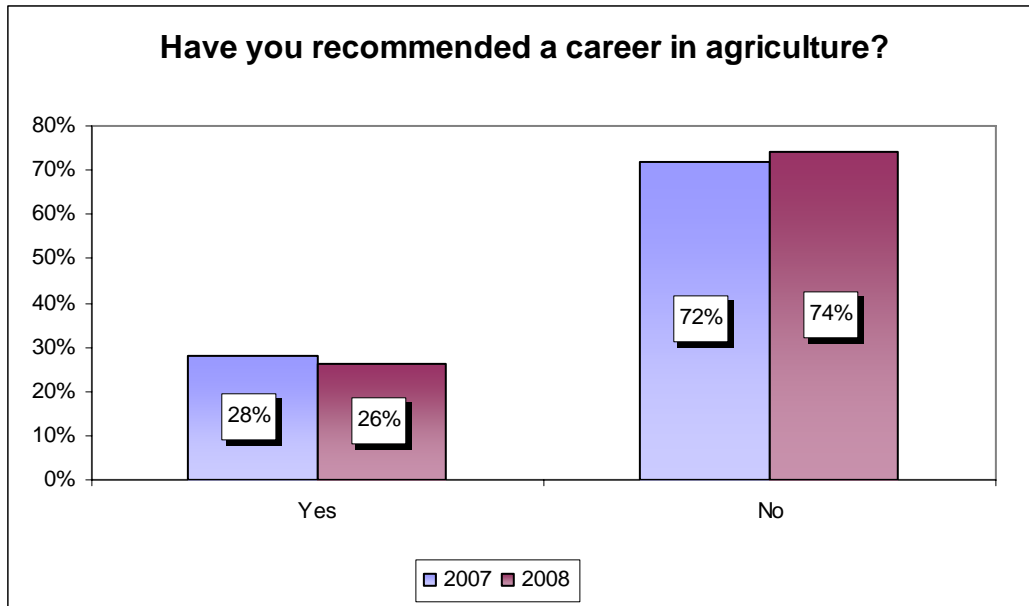
*“[I am optimistic] after weathering the storm of BSE, increased fuel and fertilizer costs and economic pressures. I feel that with increased government support and programs it has made it easier for farmers to get financial support as well as the tools to help better maintain the farm.”*

*“The unpredictable prices of our products are having an undesirable effect on food producers. When we hear of prices for our products dropping daily yet input costs rising for no apparent reason, how can we be positive?”*

*“These days it's harder and harder to plan because the world economy changes from one day to the next. A positive Market can change just like that.”*

**Results: Have you recommended a career in agriculture?**

One quarter of respondents from the beef sector (26%) report that they have recommended a career in agriculture to a friend or family member over the past year. There are significant differences between the 2007 and 2008 results.



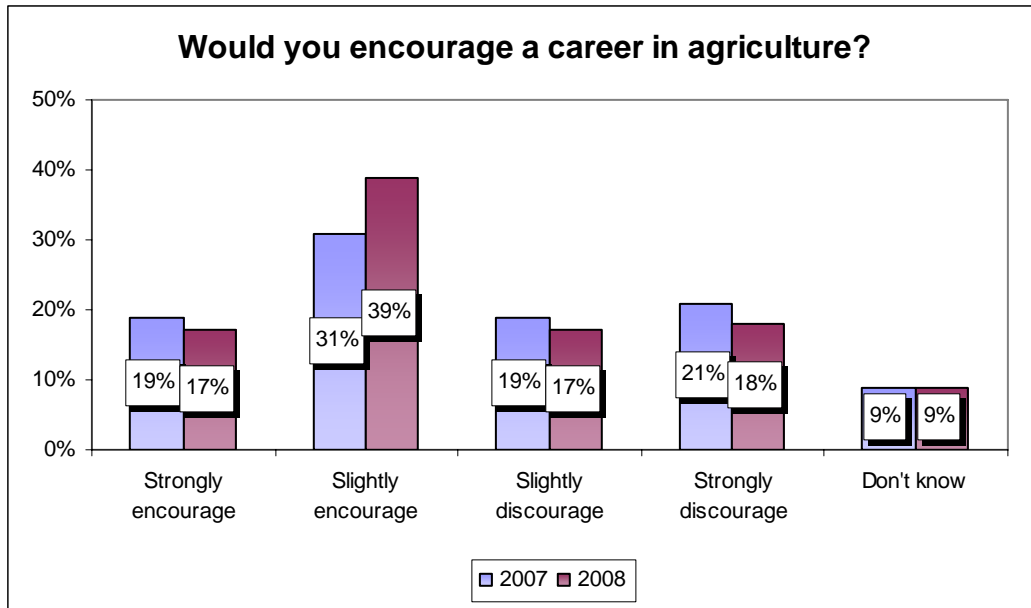
Over the past year, have you recommended a career in agriculture or an agricultural related field to a friend or family member? (n = 753, 2007; n = 742, 2008)

**Results by province: 2008**

There are no significant differences to report across provinces.

**Results: Would you encourage a career in agriculture?**

Beef respondents from 2008 (39%) are significantly more likely to report that they would slightly encourage a friend or family member to enter agriculture compared to beef respondents from 2007 (31%). There are no other significant differences to report.



If a friend or family member was considering a career in agriculture or an agricultural related field, would you encourage them to enter the field? (n = 753, 2007; n = 742, 2008)

**Results by province: 2008**

Beef respondents from Ontario (26%) are significantly more likely to report that they would strongly discourage a friend or family member from entering agriculture compared to beef respondents from Québec (10%). There are no other significant differences to report.

## **Results: Why would you encourage / discourage an agriculture career?**

Beef respondents are cautious to recommend careers in agriculture to friends or family members, and we asked respondents to explain their responses. Respondents from the beef sector commonly cited that farming does not provide financial stability (16%) however it is a good lifestyle choice (15%) but you aren't always rewarded for your efforts (14%). A sample of the comments is detailed below.

*"Bringing up children on our farm was wonderful for them & us. However because of everything, our son works off the farm & farms only part - time. We need food and we need farmers. However, the farming industry doesn't offer much security..."*

*"I would strongly encourage young people to enter the field if they are not all about financial rewards. But instead, because of the lifestyle, family, and the freedom we can still enjoy."*

*"Ag has a bright future but it comes with a price- In the beef business it's long hours, weekends, weather and price stresses. Uncertainties all the time, very difficult family life."*

*"Farming is a great lifestyle and one that will be around for quite awhile yet. Also there is potential for growth."*

*"It is a wonderful and rewarding way of life, but they should be educated first and be prepared to diversify."*

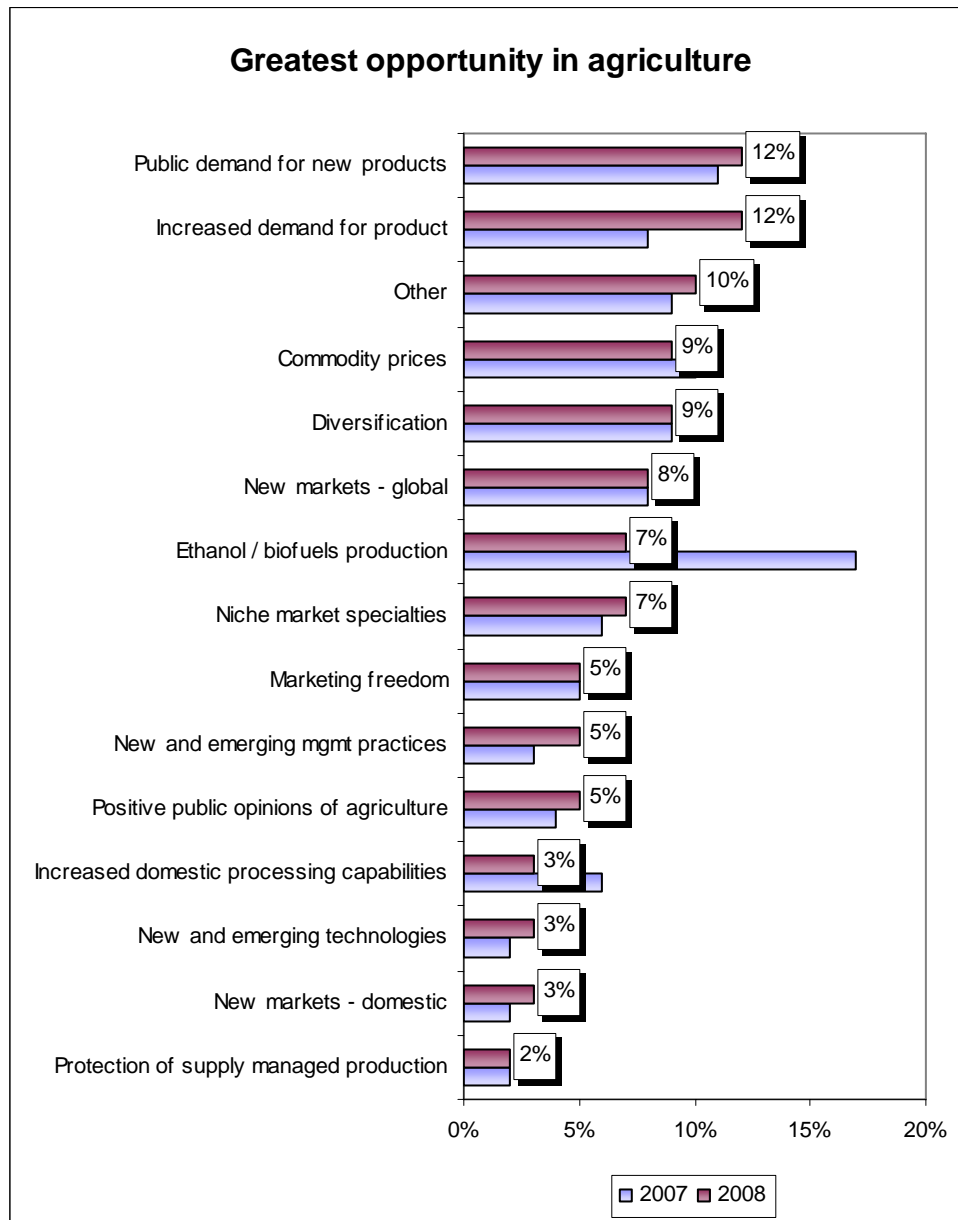
*"It is a way of life, second to none. Although the economic pressures can be somewhat overwhelming at times, no control over input costs or returns for your product, with a little cautious management, one can make a living, be your own boss and enjoy the rewards."*

*"Agriculture allows you to work for yourself, giving you added flexibility. My worry is financial security. I may encourage it depending on which branch of agriculture my friends/family wanted to pursue."*

*"We have a young son who loves the farm and we will encourage it if that is his choice. Hopefully by that time we will be in a financial position to help him because it is a real challenge to start on your own without help."*

**Results: Greatest opportunity in agriculture**

Beef respondents from 2008 are significantly more likely to cite increased demand for products (12%) and are significantly **less** likely to cite ethanol/biofuels (7%) as the greatest opportunities in agriculture compared to beef respondents from 2007 (8% and 17%, respectively).



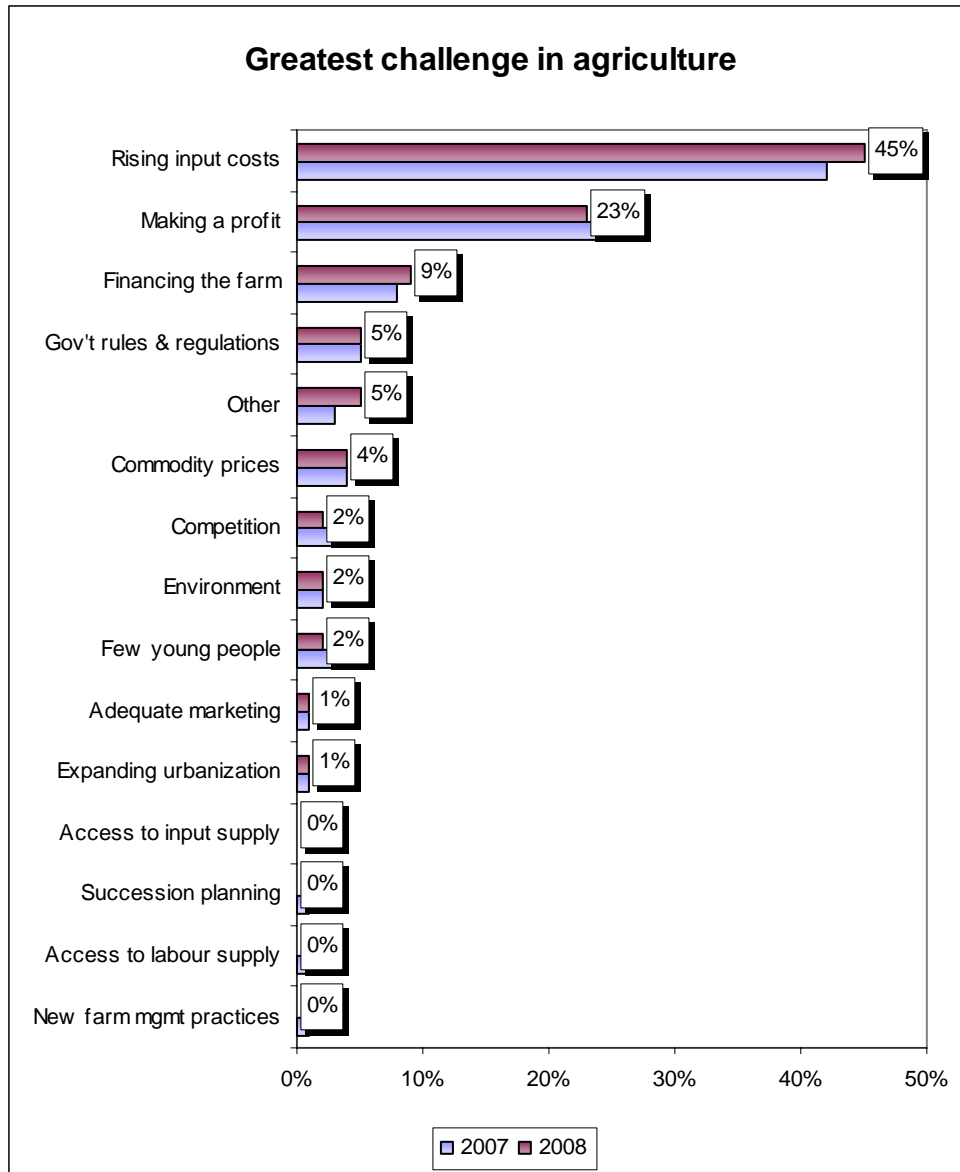
What do you see as the greatest opportunity in agriculture as a whole over the next year? Please select one only.  
(n = 753, 2007; n = 742, 2008)

**Results by province: 2008**

Beef respondents from Ontario (12%) are significantly more likely to report that niche market specialties is the greatest opportunity in agriculture compared to beef respondents from Saskatchewan (2%). There are no other significant differences to report.

**Results: Greatest challenge in agriculture**

From 2007 to 2008 respondents from the beef sector continue to cite rising input costs (45%) as the greatest challenge in agriculture followed by making a profit (23%). There are no significant differences to report between 2007 and 2008.



What do you see as the greatest challenge in agriculture as a whole over the next year? Please select one only.  
(n = 753, 2007; n = 742, 2008)

## Results by province: 2008

Beef respondents from Saskatchewan (54%) are significantly more likely to cite rising input costs as the greatest challenge in agriculture compared to beef respondents in Alberta (42%). There are no other significant differences to report.

*"I need to diversify technologies in order to keep up with changing global needs. Input costs are a concern, especially when the return is not realized from when food is sold."*

*"Challenge will be able to keep going and move ahead and not backwards in my farming operation as input costs are eating up my capital investment."*

*"Due to the rising cost of inputs, farmers are going to start cutting corners; some may be costly to the consumer in that if the farm doesn't produce as many things, the [prices in] stores will go up due to supply and demand."*

*"We'd love to have a strategy in place to somehow correlate increasing input costs to what we receive for our product. Unfortunately, I can't increase or receive market prices that actually reflect the rising expenses I have."*

*"We're probably one of the only industries where we have little control of our input costs and at the same time have little control of the prices we receive for our products. Add in our roller coaster weather patterns & increasing regulations, it makes our business tough."*

*"To be successful as an agricultural producer requires commitment greater than any other career. A good operator still has to rely on the weather. Diversification and specialty markets may be the keys to success."*

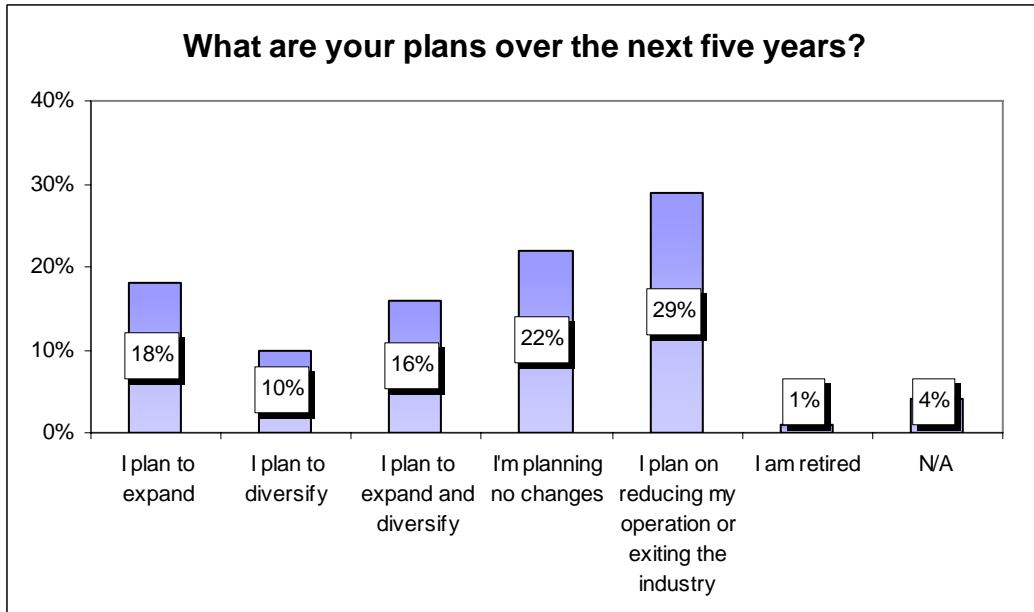
*"I would like to take advantage of the public's new need for locally grown products."*

*"There are plenty of opportunities in increased demand for meat from India and China, for instance; but whether any of the windfalls that might occur will be allowed to trickle back to the farmers is highly unlikely..."*

*"Conventional "farming" agriculture cannot sustain our civilization. As fuel prices and land deterioration continues to worsen, this is continuing to cause profitability problems for farmers..."*

**Results: Future plans<sup>1</sup>**

One third of respondents from the beef sector (29%) state that they plan on reducing their operation or exiting the industry over the next five years. There are no significant differences to report.



Looking ahead, what are your plans for your farm or business over the next five years? (n =742)

**Results by province: 2008**

Beef respondents from Ontario (20%) and Québec (27%) are significantly more likely to report that they plan on diversifying their operation over the next five years compared to beef respondents from all other provinces. There are no other significant differences to report.

<sup>1</sup> This was a new question added to the 2008 survey, therefore there is no comparison to 2007.