

New labels might decrease overall demand for milk

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(PhysOrg.com) -- Recent increases in organic and hormone-free milk labeling might negatively affect sales of milk without such labels, and could lead to a decreased demand for all milk types, according to a new economic study to be published in the November issue of the *American Journal of Agricultural Economics*.

According to Kent Messer, assistant professor of food and resource economics at the University of Delaware and one of the authors of the article, "The research indicates that consumers care about labels as demonstrated by their changes in their willingness-to-pay for the milk upon reading the milk labels."

"The introduction of new food products that portray conventional products in a negative light and have a significant impact on stigmatizing the demand for conventional products," said Harry Kaiser, another author and a professor at Cornell University. "We estimate that the labeling claims of organic milk led to a reduction in conventional milk demand of 45 percent, and the labeling claims of milk that is free of hormones led to a reduction of conventional milk demand of 33 percent."

Several large companies, such as Wal-Mart, Dean Foods and Starbucks implemented bans on all milk with recombinant bovine somatotropin (rBST), a synthetic hormone many dairy farmers give cows to increase milk production. While rBST has no known human side effects, the study shows that labeling products as rBST-free creates a perception

among consumers that milk not carrying such a label is somehow inferior or tainted.

According to the study, the dairy industry needs to confront the issue of labeling claims head-on or risk a major negative impact on milk consumption.

The article, “Does Production Labeling Stigmatize Conventional [Milk?](#)” was written by Christopher Kanter of the University of Wisconsin at Madison with Messer and Kaiser. [The complete text is available online.](#)

The *American Journal of Agricultural Economics* is a peer-reviewed publication of the Agricultural and Applied Economics Association.

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