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“Market Segments for Milk Labelled rBST-free and Organic”

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ABSTRACT

Research presented by Wolf, Butler, and Foltz at the 8 th ICABR International Conference on Agricultural Biotechnology: International Trade and Domestic Production shows that there is a niche group of consumers that purchase organic milk regularly. The organic consumers are less concerned with price and rate most characteristics that are important when purchasing milk as more desirable than the other groups of consumers. Organic consumers pay more for organic milk to consume milk from cows that are not treated with rBST, received no antibiotics, were fed organic feeds, and were from small farms. However, the regular consumers rated rBST-free to have the same desirability as those that consumed rBST-free milk. Thus, it is not evident why consumers purchase rBST-free milk. Additional research is needed to understand the target market of organic milk and why consumers purchase milk labeled rBST free at higher prices.

The purpose of this research is to use consumer survey research to provide further analysis of why consumers spend more on organic and rBST-free milk. The research uses a survey instrument and a concept exposure that were administered through the use of a personal interview of 423 randomly selected respondents at food stores in the winter of 2004 in San Luis Obispo County, California. San Luis Obispo County was designated the best test market in the United States by *Demographics Daily* (Thomas, 2001). San

Luis Obispo was found to be the best of 3,141 counties to represent a microcosm of the United States based on 33 statistical indicators.

Consumers are segmented based on the proportion of milk purchases allocated to organic, rBST-free and regular milk. The demographics of the different market segments are examined. Milk purchasing behavior is compared between segments: dollars spent, frequency of purchases, brands purchased, retail outlets shopped, and types of milk purchased. In addition, the characteristics of milk that impact the purchase decision are compared between segments.