

# **3<sup>RD</sup> BI-ANNUAL SOUTHWEST DAIRY MARKETING SYMPOSIUM**

## **Activities of the Southwest Dairy Marketing Endowed Chair**

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# Purpose of Southwest Dairy Marketing Chair

- Develop and enhance research, outreach and education programs related to expanding the demand for dairy products consistent with the Dairy and Tobacco Adjustment Act and the Dairy Promotion and Research Order (CFR, Title 7, Vol. 9, Chapter X)



# Broad Goals

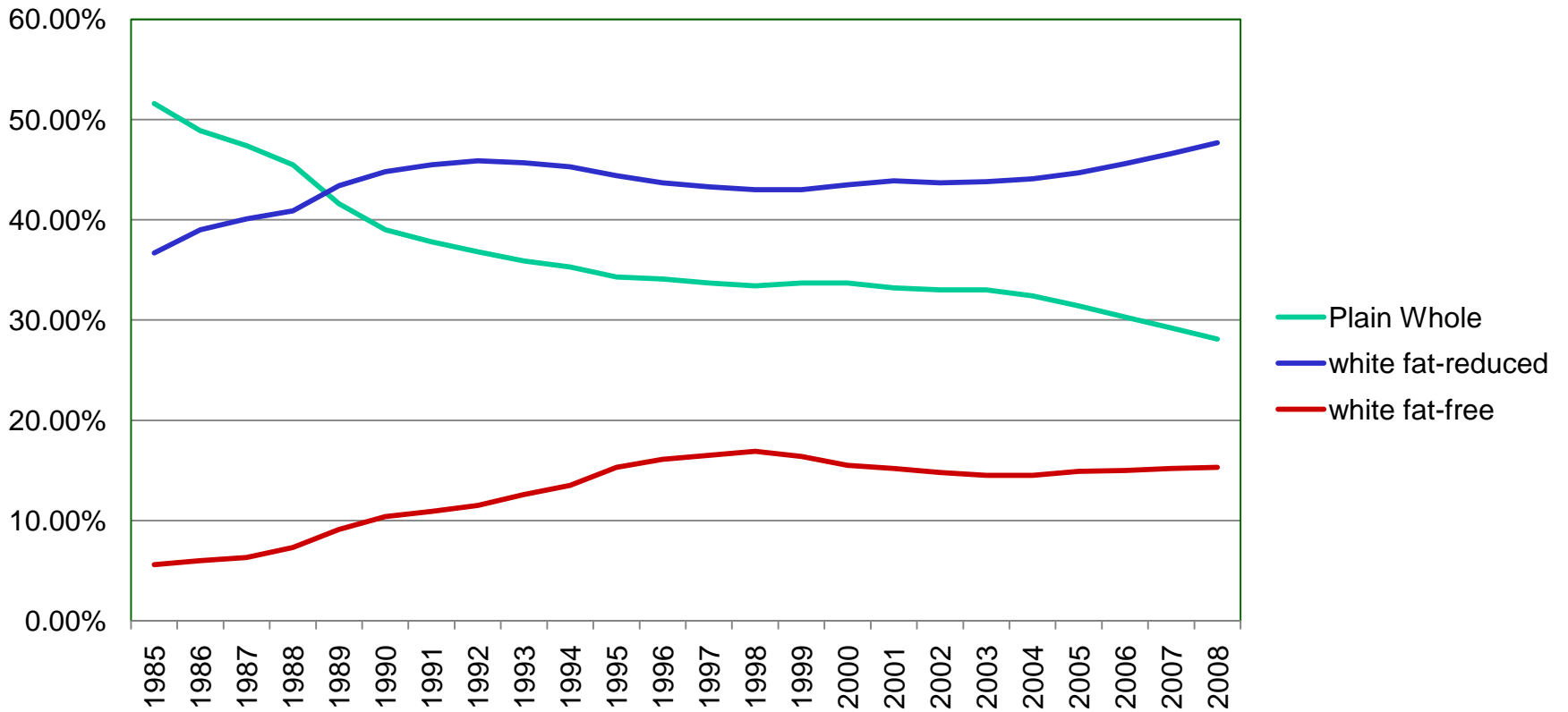
- Expanding the demand for dairy products.
- Health and nutritional impacts on dairy products.
- Market development and promotion efforts for dairy products.



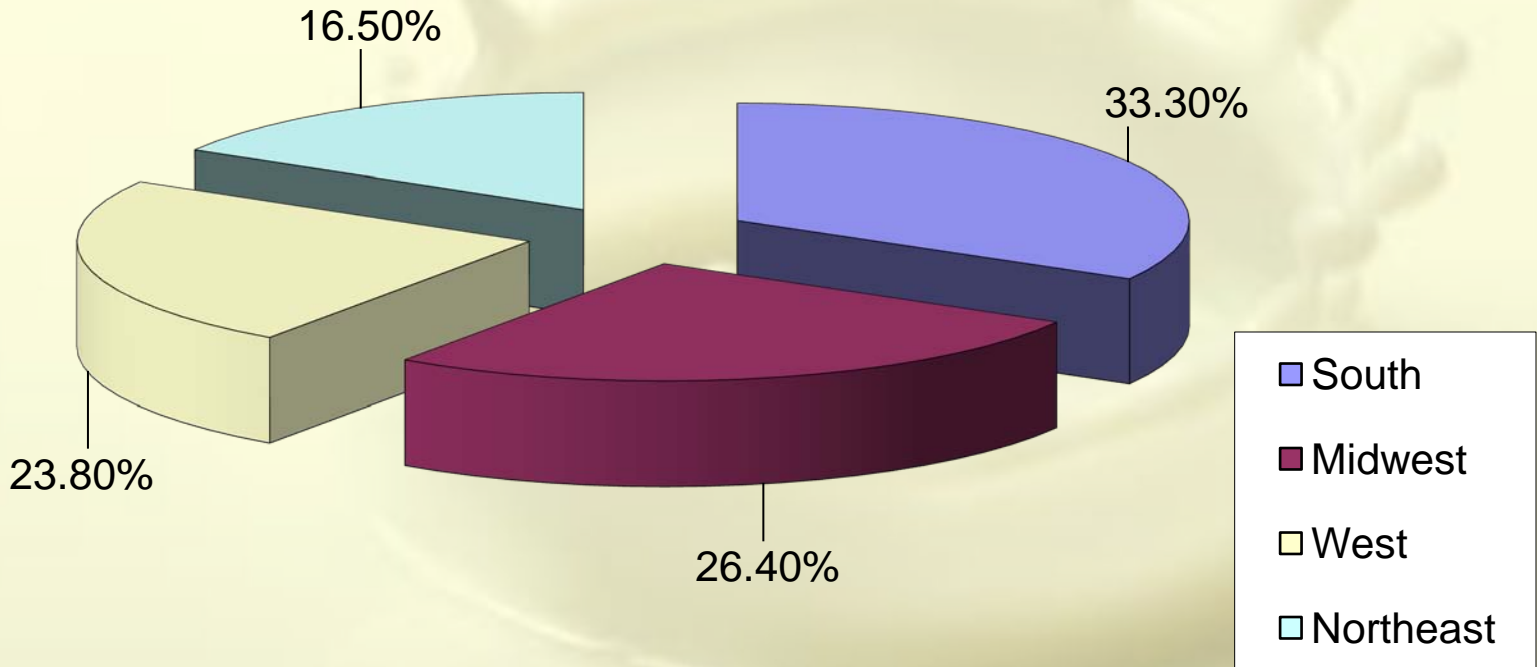
# Examine Trends in Fluid Milk Consumption

- Data from the Beverage Marketing Corporation
- Project funding from Southwest Dairy Farmers

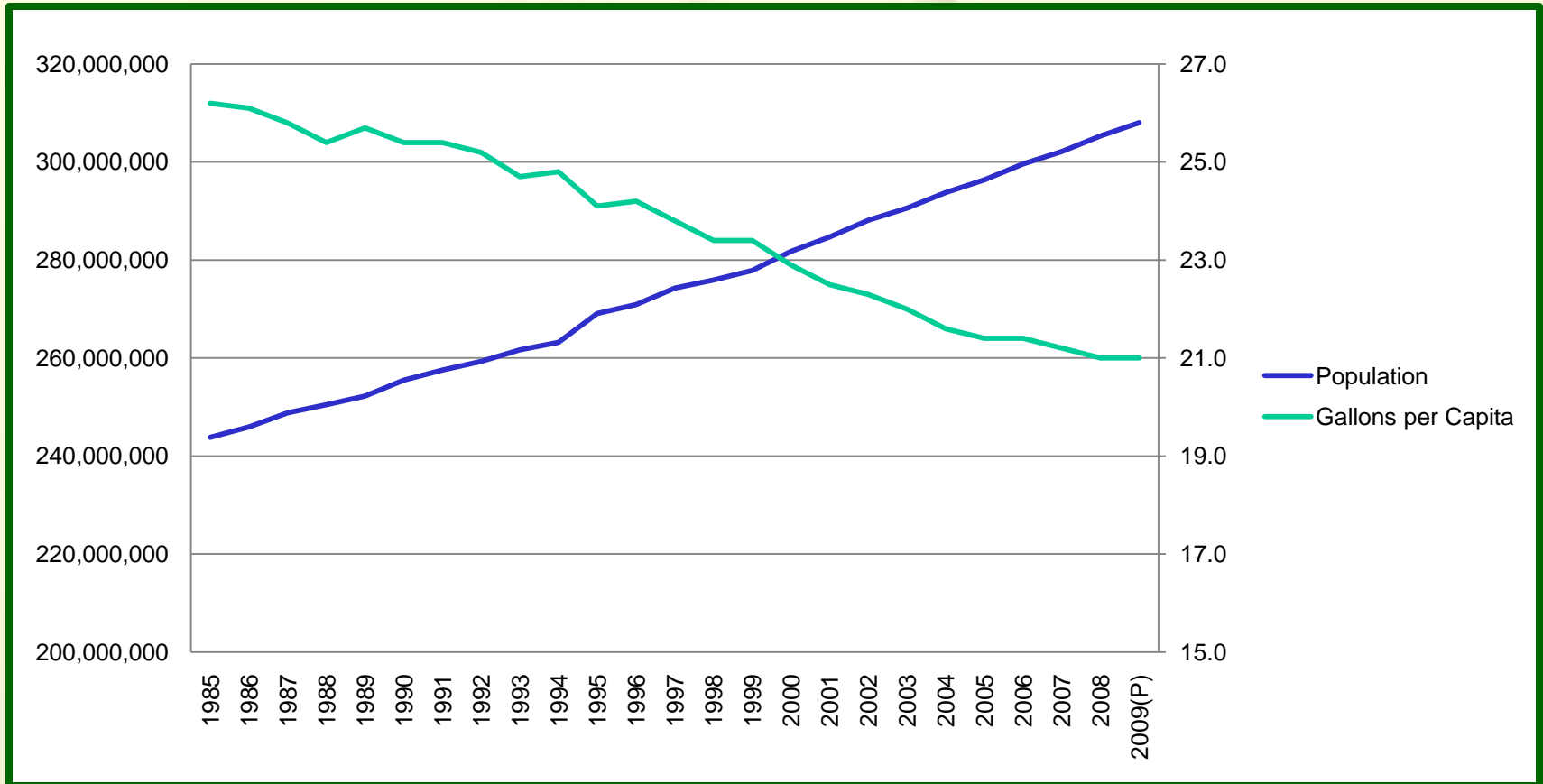




# Share of Milk Consumption by Region (2008)

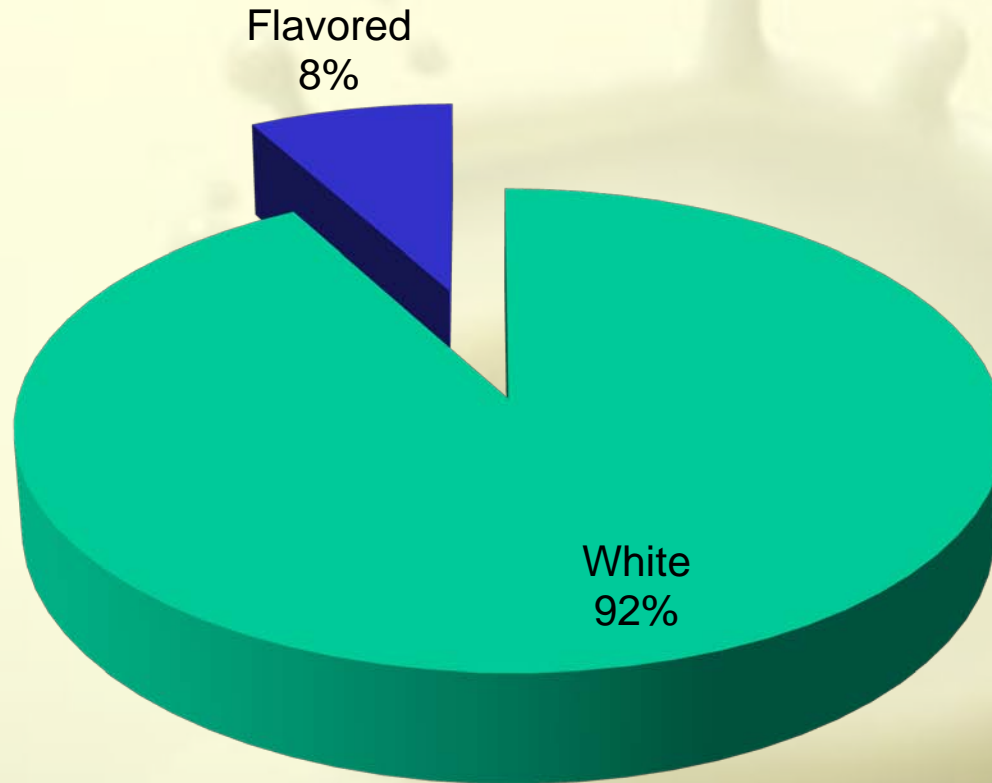


# Population vs. Milk Consumption



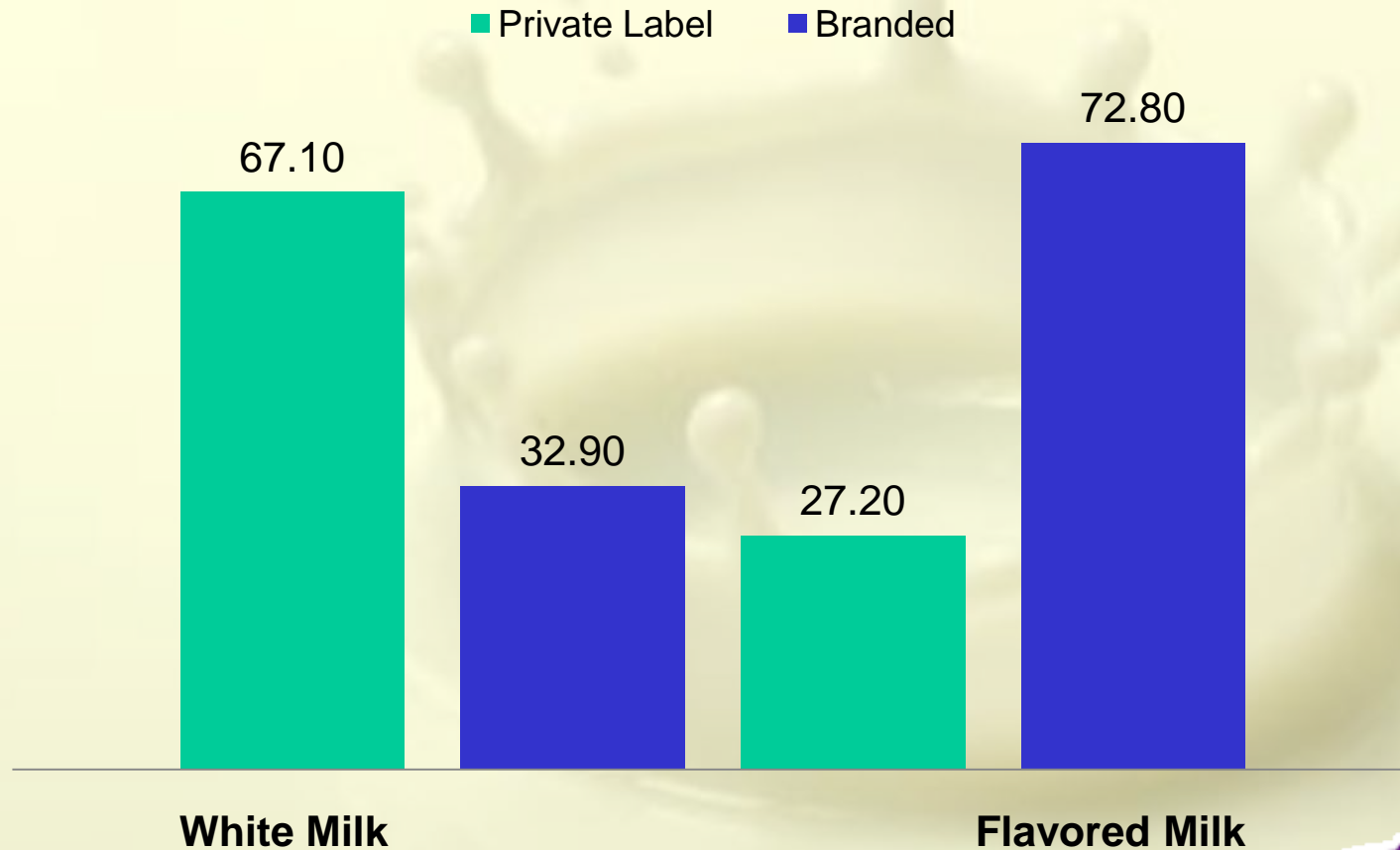


# White Milk vs. Flavored Milk (2008)

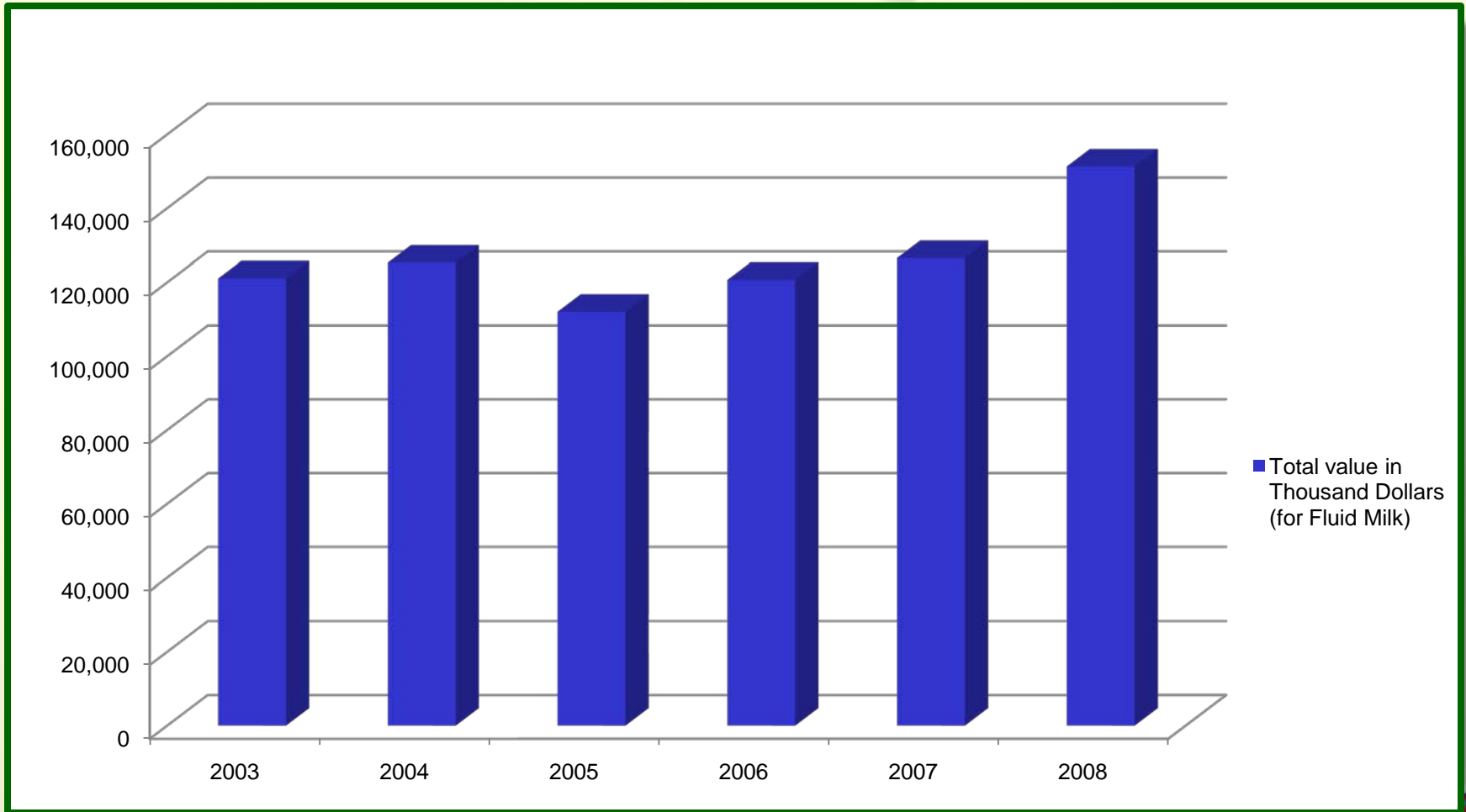




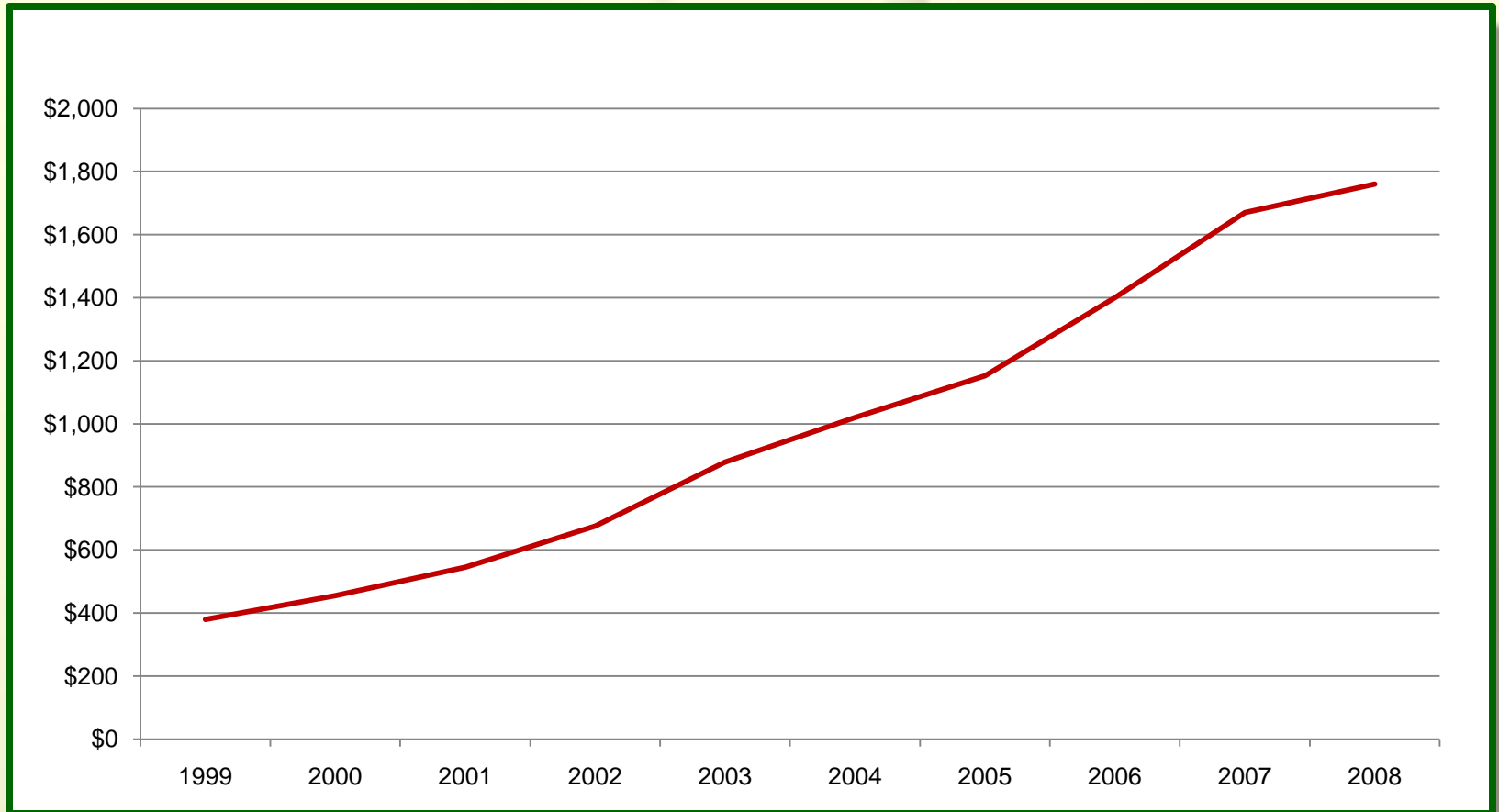
# Private Label vs. Branded



# Advertisement Expenditures for Fluid Milk



# U.S. Soymilk Market Retail Sales (millions of dollars)



# Key Research Questions for Strategic Plan

- Where is milk in the beverage picture of US consumers?
- What are the driving forces behind the demand for dairy products?
- Where do dairy products fit in the food away from home/food service market?
- What are the attributes of consumers for new product development within the dairy industry?



# KEY RESEARCH QUESTION

## Where is Milk in the Beverage Picture of US Consumers?

- Carbonated Soft Drinks
- Fruit Juices and Drinks
- Powdered Soft Drinks
- Coffee
- Iced Tea/Tea
- Sport Drinks
- Bottled Water
- Milk (plain and flavored)
  - Whole
  - Low-Fat
  - Skim



# KEY RESEARCH QUESTION

## What are the Driving Forces Behind the Demand for Dairy Products?

- Develop econometric models to be in position to understand the drivers of demand for dairy products.
  - Potential Drivers:
    - Prices
    - Income
    - Health and nutritional factors
    - Advertising and promotion
    - Region
    - Demographic Groups
- Outputs:
  1. Obtain own-price, cross-price, and income elasticities of demand
  2. Make forecasts of consumption of dairy products



# Completion of Organic Milk vs. Conventional Milk Project

- Develop profiles of households who consume organic milk
- Allows for targeting of households who consume organic milk only, conventional milk only, or both organic and conventional milk.





# Completion of Organic Milk vs. Conventional Milk Project

- Interest also lies in:
  - Consumer responses to changes in price of organic milk
  - Consumer responses to changes in price of conventional milk
- Are organic milk and conventional milk substitutes?
- Cannibalization in the milk category?
- Analysis based on the use of Nielsen household panel data for over 30,000 households



# Completion of Yogurt Project

- Construction of price elasticities for branded yogurt products
- Look at health and nutrition issues with phytosterol yogurt products versus conventional yogurt products
- Use of national weekly scanner data to perform this analysis
- Cannibalization?



# Work in Progress #1

- Assess benefits/costs associated with the fortification of processed cheese with omega-3 fatty acids
- Examination of price and income elasticities for various natural and processed cheese products
- Use of 2006 Nielsen panel data for over 35,000 households.



# Work in Progress #2

- Investigation of own-and cross-price advertising effects (spill-over effects) for fluid milk as well as for an array of other non-alcoholic beverage products
- Use of monthly time-series data from Nielsen over the period 1998 to 2003.
- Attention centered on the importance of advertising expenditures in affecting the demand for non-alcoholic beverage products, particularly milk.



# KEY RESEARCH QUESTION

What are the *attributes* of consumers for new product development within the dairy industry?

- Price-conscious consumers
- Time-starved consumers
- Health- and nutrition-conscious consumers
- Environmentally-conscious consumers





**THANKS ARE IN ORDER TO THE  
SOUTHWEST DAIRY FARMERS  
FOR THE FUNDING OF THE  
VARIOUS PROJECTS**

