

Knee-jerk reaction against rbST?

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A new report suggests that the processors who opted for recombinant bovine somatotrophin (rbST)-free milk did so more on emotion than a clear analytical assessment.

According to a research report by Statler Nagle LLC, released Monday, although only 8 to 12 percent of consumers were concerned enough about rbST to change purchasing or consumption behaviors, many milk-processing companies instead opted to forgo giving consumers a choice and adopted rbST-free policies without adequate analytical assessment for fear of losing retail accounts to competitors who had already made such a move.

In addition, the report says that most industry executives who were interviewed said that given the same situation, they would not make the same decision again.

“The circumstances that led executives to make the shift to sourcing milk from non-rbST-supplemented cows are understandable — however, the outcome is questionable,” says Tom Nagle, Jr., principal author of the report.

“Since the milk business is a commodity business, clear points of product differentiation are difficult to come by, but once identified, rather quickly adopted by others,” he adds. “rbST-free differentiation is particularly challenging as all milk — organic, conventional and rbST-free — contains bST, a naturally occurring protein hormone that enables adult cows to produce more milk. The executives we interviewed sad that, unfortunately, their companies have not realized any long-term sales or competitive advantage by making the switch.”

In the survey, milk processors reported that total milk sales seem to have experienced no discernable “sales bump” from the changeover, which should have occurred had there been a significant group of consumers who were reducing or eliminating milk consumption because of concerns about hormones.

This is explained by a quantitative research review, which shows that no more than 15, and as few as 8 to 12 percent, of consumers are concerned enough about the issue to change their purchasing or consumption behaviors. Further, out of that 8 to 12 percent, 33 to 50 percent of them already satisfied this preference by purchasing organic milk.

For processors, retailers and consumers, the downside of the full changeover to milk from non-rbST-supplemented cows is that the underlying cost of milk increases, regardless of whether a direct premium is charged for that milk supply.

There is strong evidence that an rbST-free, value-added tier — rather than a full changeover — would have had excellent potential to satisfy the limited consumer demand for such a product. “Interviews with executives in markets that currently have, or previously had, a third tier of rbST-free products, along with conventional-milk products, saw positive outcomes,” says Nagle. “This option now has been largely abandoned due to the series of decision to eliminate the ability to use rbST. This seems to represent a significant lost business opportunity.”

Finally, many survey respondents expressed personal and professional regret that a precedent had been established to take a U.S. Food and Drug Administration-approved, safe technology “off the table” without any scientific evidence of negative health consequences. This seemed, to most respondents, to be an unfortunate precedent that could have greater consequences for many different foods over time.

Source: Statler Nagle LLC