

Does Production Labeling Stigmatize Conventional Milk?

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Abstract:

Production labeling is a common approach for differentiating otherwise similar products in the marketplace. While these labels may convey positive messages to consumers about the new product, they may simultaneously stigmatize the conventionally produced product by highlighting perceived problems. The net economic result for producers can be negative since consumers may decrease their willingness to pay for the conventional product that dominates the market, while the new product has a relatively small market share. This experimental research identifies this stigma effect in the case of milk, where the introduction of rBST-free and organic milk reduces consumers' willingness to purchase conventional milk.

Keywords: [conventional milk](#); [experimental economics](#); [organic milk](#); [production labeling](#); [rBST-free milk](#); [stigma effect](#)

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