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“World Food System —
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Economic Analysis of Profile of Consumer's Dairy in Santa Maria - Rs - Brazil

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Abstract

Based on the Consumer Theory, this research studies the behaviour of milk consumers and the variables that determine their preferences between pasteurised and UHT milk. Thus variables such as price, income, price of substitutes and taste influence the demand. In the last category, we included custom, convenience and cultural issues. It is emphasised that the UHT and pasteurised milk are not perfect substitutes due to differences in storage and quality. However, it is expected to be substitutes to some extent. Data were collected from 250 consumers, via interview, in two supermarkets in Santa Maria-RS, Brazil. UHT milk is the exclusive choice of 81 % of respondents, in line with studies with regards the preferences in Brazil. This choice is mainly related to the supply of milk. The results show that 33 % of consumers are willing to substitute UHT milk to pasteurised if the price of the former reach the maximum value of R\$2.00 (on average R\$1.86), 16 % would decrease the quantity demanded - but would not switch, while 51 % would continue buying. In conclusion, on the one hand, consumers of UHT milk consider milk an essential good, hence there is not a value that would replace it with pasteurised milk. This indicates that consumers do not have an economic behaviour as rational as expected. On the other hand, 73 % of consumers would switch pasteurised milk to UHT if the latter would have a value equal or at least a little lower than the pasteurised milk current price. It shows that there is a pent-up demand for UHT milk. Cheaper packaging of UHT would enable these consumers to purchase the product. Thus, the UHT milk is a substitute for pasteurised milk, but the reverse is not true. The results show that 64 % of the respondents believe the price is an important attribute in choice. 25 % of consumers of UHT milk have income less than R\$ 1,000, and only 15 % of consumers of pasteurised milk have family income above R\$ 3,000. The Consumer Theory explains the behaviour of milk consumers where price and income play the most important role in choice.

Keywords: Consumption, milk, substitutes goods