REPOSITIONING OF CHOCOLATE MILK AS A CONENDER FOR MARKET

FOR ENERGY DRINKS/SPORTS DRINKS

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ABSTRACT

Consumption of chocolate milk in the United States is growing as an alternative beverage to sports and energy drinks. Recent literature suggests that consumption of chocolate milk vis-à-vis sports and energy drinks is an effective recovery aid after prolonged workouts. In this light, knowledge of price sensitivity, substitutes/ complements and demographic profiling with respect to consumption of chocolate milk is important for manufacturers, retailers and advertisers of chocolate milk.

Using 62029 household level observations from Nielsen HomeScan Panel for 2011 and Tobit economic procedure, factors affecting the demand for chocolate milk was determined. Results show that, chocolate milk is a substitute for energy drinks in consumption. Factors affecting the probability of purchase of chocolate milk are price, household size, education status, race, region, the presence of children, gender of household head. The factors affecting the volume of purchase of chocolate milk are price of chocolate milk, household size, education status, race, region, the presence of children, gender of household heads.

Own-price elasticity of demand for chocolate milk, energy drinks, and sports drinks was estimated to be -0.62, -0.6, and -0.75.