

WHO and for how long? An empirical analysis of the consumers' response to red meat warning

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Abstract

Using data from the Italian Household Budget survey (HBS) this paper investigates consumers' responses to the World Health Organization (WHO) warning about the carcinogenic effect of red meat consumption, released in October 2015. Data collected on a monthly basis allows us to compare household expenditure variations just before and after the WHO warning while accounting for the seasonality of meat consumption in a generalised differences-in-differences framework. We find that the warning caused a reduction which amounts to 6.6%, 10% and 4.7% of the average monthly expenditure in red meat, in carcinogenic meat (*Group 1*) and in probably carcinogenic meat (*Group 2A*), respectively. However, expenditure reduction is generally found only in the short term, i.e. one month after the warning but was highly heterogeneous across sub-groups both with respect to the magnitude of the effect and to the persistence of the consumption shift. Households with higher education levels and higher health *awareness* exhibited a stable, more accurate -and not just higher- consumption shift in response to the warning. A number of placebo regressions and different approaches to statistical inference support the validity of these conclusions.

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