**The “Got Milk?” Campaign of 1993 (by Dr. Marks)**

In 1993, the iconic “Got Milk?” campaign was started by advertising firm Goodby Silverstein & Partners on behalf of the California Milk Processing Board. Showcasing famous celebrities such as Brittany Spears, Beyoncé, and Venus Williams sporting milk mustaches, the campaign was one of the most recognizable in advertising history.

Milk is an example of perfect competition, as discussed in principles of microeconomics. There are a large number of buyers and sellers of milk, so no one buyer or seller can influence the market. For example, no one farmer can produce more milk and shift the supply curve of milk to the right. Milk is a homogenous product, and consumers are probably unconcerned about which particular farm produced the gallon of milk they just bought at Walmart. There are no barriers to entry in the milk industry. If someone wants to buy land and set up a dairy, they are able to do so. It is hard work and it might be difficult to make a large profit, but there is no regulation or other barrier preventing you from attempting it. And information plays an important role, as farmers are well informed about market prices.

Because milk producers (farmers) face so much competition from others selling an identical good, there will be market prices established for milk. Farmers won’t likely have different prices when they sell to milk distributors. After all, how can Bob charge more than Frank when they sell an identical product in an environment of perfect information? The retailers of milk might have different prices, for example, a gallon of milk at Walmart might sell for a different price than a gallon of milk at Food Lion. But, perfect competition refers to the producers of the milk, not the retailers. Grocery stores don’t operate in an environment of perfect competition.

When discussing the model of perfect competition, it is made clear that there is no role for advertising. After all, what would Bob be able to say in his advertisement? He cannot promote higher quality, as the goods are homogenous. He cannot advertise a lower price, as both Bob and Frank and going to be price takers, as they adopt the market price as they sell to distributors. There is simply nothing that Bob can say in his commercial to promote the sale of milk from his own dairy.

So, does the “Got Milk” campaign offer us a violation of the model of perfect competition? The answer is NO. In the campaign, the milk industry tries to promote the consumption of milk. They focus on beautiful people and the health impact of drinking more milk. If successful, the campaign shifts out the demand curve…at the industry level. It could mean that both Bob and Frank sell more milk, but that is because everyone is going to sell more milk.

The model of perfect competition generates the conclusion that individual producers of milk have no reason to advertise. But, the industry as a whole might benefit. We see the same approach with the cotton campaign and the jingle sung by famous country western singers—“Cotton: The Fabric of our Lives.” Again, the cotton industry is trying to promote the demand for cotton as we rush out to buy 100% cotton clothing. Yet, there is no role for advertising by a particular cotton farmer.