6.2 Consumer Demand (Table 6.4)

There is a number of reasons why the nature of the competitive process should be sensitive to the demand growth environment. These range from the obvious (e.g. the well-known empirical regularity that new entry is more common in growing markets) to the more theoretically subtle (e.g. the possibility that collusive outcomes are more/less likely in periods of boom/recession.)

Whilst it should be acknowledged that "food" is an heterogeneous grouping which will include many specialist product lines of a "luxury" nature (i.e. income-elastic), there is little doubt that, in aggregate, it will have an income elasticity which is well below unity. What this means is that long-run demand is unlikely to exhibit dramatic growth (or cyclicality).

Given, moreover, the absence of much growth at all in the aggregate European macro-economy, the results shown in table 6.4 unsurprising.

Table 6.4: Growth in demand by member state

	% growth in total retail sales volume, 1990-94	value of food sales 1996 (1990=100)
Austria	n.a.	113.4
Belgium/Luxembourg	6.9	130.7
Denmark	6.4	123.8
Finland	n.a.	95.2
France	5.8	113.4
Germany	6.5	111.4**
Greece	-10.8	147.2***
Ireland	12.0	130.1
Italy	1.0*	139.9
Netherlands	7.9	117.4
Portugal	n.a.	180.3
Spain	n.a.	132.5
Sweden	n.a.	109.1
UK	8.6	140.0

* 1992-4; ** base=1991; *** value in 1994

Sources: Total retail sales, corrected for inflation, are derived from data in Table 2, p.21-14 of "Panorama of EU Industry 1997", EUROSTAT

Value of food sales are extracted from the individual country tables in "The European Retail Handbook", 1998. The definition of "food" varies considerably between countries. It invariably includes drink and tobacco, and often other products. These figures are for values, and are not corrected for differential inflation.