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Commercial Distribution in Europe

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PREFACE

Wholesaling and retailing in the EEC provide jobs for about 13.5 million people, yet less is understood and less research has been undertaken on the distributive industry than on major manufacturing industry groups, such as steel or chemicals, which employ only a fifth of the workforce of the distributive trades. Furthermore, distribution in the EEC is undergoing fundamental structural change and is serving as a vanguard for what is widely heralded as the emergence of a post-industrial economy. The major aim of this book is to explore the structural changes taking place in the distributive trades, highlighting the resulting changes in the space economy. Awareness of the reasons for change not only is necessary for an understanding of the distributive trades' function in Europe, but also is vital to governmental and corporate policy-makers deciding the future social and economic shape of Europe.

The completion of this book owes much to colleagues, both staff and students, at Saint David's University College, Lampeter who in Ram Inn seminars have acted as sounding boards for much of the material presented in the following pages. Thanks are also due to Margaret Jones and Maureen Hunwicks who have typed the text and to Trevor Harris for his cartographic skills. Grants from Saint David's University College Pantyfedwen Fund and the Nuffield Foundation enabled different facets of the work to be completed. Finally much is owed to Katherine, William and Jo who have come on innumerable visits to shops, shopping centres and warehouses.

COMMERCIAL DISTRIBUTION IN EUROPE

1 THE DISTRIBUTIVE INDUSTRIES AND POST-INDUSTRIAL SOCIETY

Economies of high mass consumption are now well established in Western Europe. Although pockets of economic and social deprivation exist in the EEC, the pervading life-style of the early 1980s, despite economic recession, is one of affluence compared with thirty years ago. This standard of living is the culmination of continued economic growth of industrial society, together with the creation of economic institutions which distribute the manufactured products. Increasingly, social and political scientists have been questioning both the feasibility and morality of continued economic growth along these now traditional lines. The delivery of the higher standards of living, made possible by industrial growth and expected by the consumer, has been the responsibility of various branches of marketing. It is perhaps somewhat paradoxical that the activities of marketing, which have been instrumental in delivering the goods, never have been criticised and questioned so much as now. Webster (1974), writing of the USA but with obvious application to Europe, develops this paradox to suggest that affluence has bred discontent and has led consumers to question the morality of some marketing practices. Webster points to marketing itself as the generator of the consumerism movement which wishes to restrict some of the activities which gave it birth.

1.1 The Emergence of Post-industrial Society

The change in social values typified by the consumerism movement is seen by other social scientists as part of a broader change in society and a swing from an industrial to a post-industrial economy. Dahrendorf (1975) suggests that the central theme of current social and economic change, 'is no longer expansion but what I shall call self improvement, qualitative rather than quantitative development' (p. 14). Bell (1974), Dahrendorf (1975), Rostow (1977) and others, even Marx, have viewed social change as a steady progression through a series of stages with various countries, at any one time, at particular points along the sequence. Rostow's simplistic sequence from 'traditional' state to 'high mass consumption' encompasses the urbanisation and

industrialisation of society, but he is unwilling to consider the stage beyond mass affluence except in so far as to suggest, tentatively, that the personal goal of durable-goods ownership will be tempered by greater demand for services. Such a view of the shift in consumption related to increasing income has a long history which goes back even before Engels, who was one of the earliest writers to analyse the process. Bell (1974) takes the progression a stage beyond industrial society to suggest the emergence of 'post-industrial' society, based not on energy as in industrial society but on information and where the dominant economic sectors become 'tertiary' (transportation), 'quaternary' (trade, finance, insurance and real estate) and 'quinary' (health, education, research, government and recreation). In the last few years other writers have taken up the themes introduced by Bell.

The growth in importance of non-productive activities and the decreasing emphasis on industrially based economic development are not simply theoretical notions of social philosophers. There is firm empirical evidence of the changing structure of the workforce in Western economies and the growth of service industries. Pollard (1979) shows that since 1900 the percentage of service workers in the economies of a sample of Western countries has more than doubled and throughout the EEC service industries employ well over 50 per cent of the workforce. Table 1.1 shows these figures; it must be pointed out that the figures are based on a definition of services by industry sector not by occupation, and that 1977 figures are used since later figures become difficult to interpret because of growing unemployment, particularly in the manufacturing sector. Increasingly, industrial corporations, whose industry sector is manufacturing, contain a large proportion of service workers, so if an occupation-based classification was used the percentages of Table 1.1 would be much higher. Gershuny (1978) points out that for Britain the concentration of service occupations in the manufacturing sector could be a more significant indicator of future social patterns than the more commonly analysed shift in the balance of the industry sectors. Some service industries, Gershuny maintains, are decreasing in importance as changed household activities, allied to higher rates of ownership of consumer durables, encompass traditionally purchased services. Home washing machines, for example, have reduced the demand for specialised clothes cleaning services, and home entertainment has reduced the demand for specialist public entertainment services. The emergence of the self-service economy, he argues, has reduced many personal service industries, but the emergence of large corporations controlling a wide range of

Table 1.1: Employment in Service Industries as a percentage of total Employment

	c. 1900	c. 1939	c. 1950	1960	1970	1979	Number of new employees 1900-75 (in thousands)
Belgium	39	35	37	45	52	59	640
Denmark	30	40	43	40	51	59	670
France	25	34	37	39	46	55	4,335
West Germany	26	33	33	38	43	50	5,175
Ireland	28	34	35	39	43	46	170
Italy	21	23	26	30	37	49	3,690
Luxembourg				40	44	57	
Netherlands	36	41	42	46	54	60	600
United Kingdom	37	48	33	47	52	56	3,750
Austria	31		30	35	41	50	425
Norway	31	39	37	43	49	58	405
Spain	19		25	26	37	44	2,800
Sweden	19	35		43	54	59	1,465
Switzerland	25	33		39	43	52	570
USA	35	46	50	58	63	68	27,175

Sources: Pollard (1979) OECD Labour-force statistics.

economic activities requires the support of industrial service activities. This is also inherent in Mandel's (1975) analysis of late capitalism, in which he suggests that industrial society is inherently unstable and that capitalism will collapse as capital is transferred from productive to service enterprises. 'The logic of late capitalism is therefore necessary to convert idle capital into service capital and simultaneously to replace service capital with productive capital, in other words services with commodities' (p. 406). Mandel argues that this is untenable in a capitalist framework, but by keeping the distinction between service industry and manufacturing industry he fails to appreciate the full interdependencies of what others term post-industrial society. This interdependence is central to the thesis in Galbraith's (1974) analysis of social change and the emergence of an economy dominated by a service sector and large corporations. In these various theoretical and empirical models it is clear that Western economies are undergoing significant structural change in the late twentieth century and much

depends on personal philosophies as to which model is considered acceptable. The effect of this structural change is that increasingly the service sector is being recognised as a leading sector of the economy.

1.2 The Growth of Service Employment

Gershuny (1978) and others have suggested that the transition from industrial to post-industrial society is characterised by the onset of a decrease in the share of employment accounted for by the industrial sector. The growth of the three commonly identified employment sectors shows considerable variation in rates of change over the past three decades. Generally, the share of the agricultural sector has declined steadily, the share of the tertiary sector, after initial fluctuations, has increased steadily and the share of the industrial sector has increased then levelled off and, in the richer countries, has declined. By the late 1970s the share of the industrial sector in total employment was declining in all the EEC member countries. The early 1960s in the EEC were typified by an increasing share of employment accounted for by the industrial workforce, but this had changed by the early 1970s with, by 1977, post-industrial society well on the way to being established.

The contrast between the first half of the 1960s and the 1970s is seen in Figure 1.1, where the changes in the percentage shares of the three sectors are plotted for the two time-periods. Between 1961 and 1966 only Belgium and the United Kingdom showed a decline in the percentage share of industry. Ten years later, not only had the rate of decline in both these countries increased but only two countries, Italy and Luxembourg, still showed an increase in the share of their industrial sector and in Italy the industrial share peaked in 1975 and in Luxembourg in the following year. From Figure 1.1 it would appear that the greatest change took place in Denmark. Although this is probably true, it is not quite so dramatic as appears due to a change in the data series in 1969/70 making the earlier figure not directly comparable. The year of the maximum share of the industrial sector is shown in the key on the figure. Although the absolute values of the sector shares vary considerably amongst EEC members and the peak value for the industrial sector ranges from 50 per cent to 33 per cent, none the less the trend of change is similar over all the countries.

At a regional level there is both greater range in absolute values of sector share and, in 1977, still some regions showing an increase in the