Opinion of the European Economic and Social Committee on The large retail sector — trends and impacts on farmers and consumers

(2005/C 255/08)

On 1 July 2004, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on *The large retail sector — trends and impacts on farmers and consumers.*

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 17 March 2005. The rapporteur was **Mr Allen**.

At its 416th plenary session on 6 and 7 April 2005 (meeting of 7 April 2005), the European Economic and Social Committee adopted the following opinion by 115 votes to 71 with 10 abstentions.

1. **Introduction**

1.1 European retailers reacting to the social and economic changes during the last 20 years, in particular the changes in consumer needs, created the system of Large Multiple Retailers. The basic idea was to make the shopping trip more convenient for the consumer by putting a wide range of food items and other goods for sale under the one roof. In marketing terms, the Large Multiple Retailers aim to attract more and more consumers by means of attractive presentation of merchandise at competitive prices. Food retailing has seen the most profound changes, by its sheer size and importance, these developments have had the greatest impact on consumers. In the UK 80 % of food products are purchased from Large Multiple Retailers. This is among the highest in the EU. Superstores and Hypermarkets can offer consumers as many as 20,000 product lines.

1.2 Over the years, Large Multiple Retailers have brought significant benefits to shoppers in terms of range of products and competitive prices. In particular Large Multiple Retailers have provided consumers with a large range and variety of food products under one roof, combined with free and ample parking facilities. They are both child- and disabled person-friendly. Some are providing banking and refreshment services as well as recycling facilities. Many have online shopping facilities and provide a delivery service in the local area. The ability to do the weekly household shopping in one location at competitive prices makes supermarkets attractive to consumers and explains the growth in the Large Multiples' share of the total grocery market.

1.3 In the majority of new Member States the Large Multiple Retailers have a smaller market share than in the EU 15 but their market share is increasing rapidly.

The Large Multiple Retailers operate under varying business structures:

— hypermarkets: large retail stores up to 10,000 square meters of sales space and selling significant amounts of non-food products and mainly self-service;

— supermarkets: self-service food stores with up to 3,500 square meters of sales space with sales of non-food items making up less than 25 % of sales;

— discounters: basic self-service food stores that concentrate on a limited range of products with a high turnover rate — low prices are the main attraction. There is significant growth in this sector.

1.4 However, the market share of large retailers varies considerably from one Member State to the next. In Hungary, the top three retailers account for 29 % of the grocery market. In the UK; the top three retailers control 60 % of the grocery market while in Ireland the top three retailers control 66 % of the grocery market. The figures for the top three retailers' share of the grocery market in the following Member States is as follows: Poland 14.2 %, Czech Republic 25.4 %, Slovakia 42.6 %, Slovenia 77.3 %. The trend can be observed that over the last ten years, the retail food market is being dominated by a smaller number of very large retailers. On average, food sales account for 70 % of the grocery market. (Source GfK Consumer Scan/Household Panel).

2. **Retail food prices and the internal market**

2.1 DG Internal Market, using data collected by AC Nielsen, took a basket of Pan-European ([1]) branded items available in EU 14 in the period September 2002–October 2003 and compared prices. The following price index shows that prices varied considerably throughout the EU 14. Using the EU median = 100, the following are the lowest and the highest prices across the named Member States:

([1]) Pan-European brands are defined as brands which can be found in four of the big five countries plus in five other countries; Generic brands are brands which do not fulfil this criterion. The analysis presented here refers to VAT free Euro prices only.

Product	Country	Lowest	Country	Highest
Kerrygold Butter	Ireland	90	Germany	150
Red Bull	Austria	79	Finland	134
Fanta	Spain	70	Finland	148
Evian	France	62	Finland	204
Twix	Belgium	74	Denmark	131
Haagen Dazs	Italy	60	Greece	117
Nescafe instant coffee	Greece	64	Austria	137
Kelloggs' Cornflakes	United Kingdom	75	France	144
Uncle Ben's Rice	Finland	81	United Kingdom	161
Barilla Dry Pasta	Italy	55	Ireland	114

2.2 Pan-European branded goods such as those above have a large degree of consumer recognition throughout the EU.

Difference in prices are greater for generic branded and white label products. Here again, there is no obvious pattern to differences in prices between Member States:

Product	Country	Lowest	Country	Highest
Rice	Portugal	45	Sweden	182
Flour	Portugal	45	Sweden	182
Ground Coffee	Finland	71	Ireland	298
Instant Coffee	Belgium	40	Ireland	127
UHT Half Fat	Germany	71	Finland	140
Dry soups	Spain	43	Belgium	256
Frozen Fish	Finland	65	France	118
Ice Cream	Finland	40	United Kingdom	214
Sparkling Mineral Water	Italy	47	Finland	168
Baby Food	Spain	66	Italy	173
Tinned Pineapple	Netherlands	53	Finland	181
Sugar	Portugal	93	Sweden	286

2.3 While these price variations in branded and non-branded goods give us a snapshot of the situation today, the frequent monitoring of prices should also help to determine whether prices for these goods are converging over time, as one would expect a fully functioning Internal Market. DG Internal Market takes the view that in an efficiently functioning internal market the price differences should not be as great as shown. In a similar survey in the USA the price differences were found to be less than in EU 14.

2.4 There are a number of reasons for price variations — different operating costs such as labour costs, transport costs, waste-management costs, size of store and volume of turnover, local taxes and the level of price competition both on the buying side and the selling side. Different preferences and tastes amongst consumers, which are largely determined by cultural habits, can also play an important role. In addition local market conditions, such as population density, the climate and the state of the supply chain, must also be taken into account.

3. **Large Multiple Retailers' price policy**

3.1 During the last five years, the major food retailers have been advertising along the lines 'every day low prices' — 'more for your money' — 'good food costs less' — 'helping you spend less every day'. It is constantly being claimed that Large Multiple Retailers are the consumers' champion in driving down unjustly high prices. This is clearly because consumers attach a great deal of importance to price. In theory, this should be good news for consumers especially in the short term but the long-term consequences need to be taken into account. Reasonable prices must be paid to farmers to guarantee a constant supply of good quality food which is produced under good environmental conditions. All involved in processing and distribution must also get a reasonable profit.

3.2 The UK supermarket ASDA (owned by US giant Wal-Mart) has made price-cutting a philanthropic mission by declaring 'our purpose is to make goods and services more affordable for everyone'. The new philosophy seems to be to spend as little as possible on food. In many cases the Multiple Retailers in their advertising would like to make us think that the most important thing about food is the price of food. The percentage of household income spent on food continues to decline throughout Europe (see Appendix 1).

3.3 Traditionally, the Multiple Retailers have carried out the most aggressive price promotions on basic products that act as 'Traffic Generators' because they have to be purchased frequently while hiking up margins on other items which consumers are not as aware of. In some Member States these 'Traffic Generators' are frequently sold below cost. Below-cost selling of food is banned in some Member States e.g. Belgium, France, Ireland, Italy, Luxembourg, Portugal, as well as in Spain and Greece under special circumstances.

3.4 Below-cost selling and aggressive pricing ultimately can lead to anti-competitive practices.

4. **Supermarket workforce**

4.1 The growing Large Multiple Retail sector has created many thousands of jobs, many low-paid (often part-time) throughout the EU. In a recent study published on the website of the European Foundation for the Improvement of Living and Working conditions (*Industrial Relations in the Retail Sector, October 2004, Comparative Study*), it is stated that around 60 % of retail workers are women, and there is also a high proportion of young and poorly qualified workers. Pay is relatively low and there are high levels of part-time work and weekend working. The industry is undergoing major structural change, with processes of concentration and diversification, and pressure for the restructuring, deregulation and reduction of employment. Another characteristic trait is usually the large pay gap between women and men, due to the high proportion of women in part-time work and their concentration in low-status jobs.

4.2 Large Multiple Retailers employ people in a wide range of jobs but checkout operators and those who stack the shelves often represent the bottom end of the pay-scale and, depending on the employment situation in the Member State, pay-rates can be at the minimum rate or just above.

4.3 Flexible working hours can be beneficial to students and part-time workers, temporary workers and those who have family responsibilities or other employment. It is most important that no discrimination against part-time workers should apply.

4.4 European Multiples need to develop in the direction of quality consumer services produced by competent personnel working under secure and good employment conditions. The continuous concentration of the Large Multiple Retail sector is leading to new competitive strategies (e.g. price wars), severe pressure to control costs including labour costs, deregulation of opening hours and more late hours and weekend work.

4.5 While food prices have been reduced through competitive pricing, increased efficiency in purchasing, administration, storage procedures, marketing and good quality foodstuffs, nevertheless, the reality is that cheap food tends to mean cheap labour and we need to start thinking a lot more about this as we encourage supermarkets to vie with each other over price wars. Prof. Tim Lang, Thames Valley University.

4.6 In addition, when we import from third-world countries we should not ignore the labour conditions applying.

5. **Multiple Retailer concentration**

5.1 Concentration in food retailing has increased sharply throughout Europe. Between 1993 and 2002, the market share of the top five food retailers has increased on average by 21.7 % reaching an average of 69.2 % in the EU 15. In 2002 it ranged from 37 % in Italy, 52.7 % in Greece to 94.7 % in Sweden (Source-London Economics report 2003 to UK Department of Environment).

5.2 In some Member States both the buying and the selling side of the market tend to be equally concentrated. In other Member States buyer groups representing (technically) independent retailers (e.g. voluntary chains) so therefore at national level the buyer-side of the market is more concentrated than the seller-side.

5.3 Hypermarkets are expanding services and product mixes, while Discounters will continue to expand especially in the food sector and while concentrating on low prices and they may move to offer some higher quality products at the lowest possible prices.

5.4 The recent trend in the Fruit and Vegetable sector has been away from a commodity marketing approach. Multiples want to concentrate their purchases with a small number of large preferred suppliers that can partner them on a year-round basis. The ESC stated in a previous Opinion [2] that: *The wide selection of fresh fruit and vegetables on offer is seen as a particular advantage of hypermarkets. Weekly markets, on the other hand, are praised for their better quality, fresh goods, wide choice, reliability and human contact.*

5.5 The Multiples have encouraged consolidation in the area of product suppliers and especially food-product suppliers. One of the areas where this has happened is in the case of bread supplies. In Ireland and the UK, especially, price competition in bread sales has resulted in the closure of a vast number of bakeries and the market is now dominated by a few very large bakeries. It has enabled the supermarkets to provide low-cost bread to the consumer with reduced nutritional value. Bread with greater nutritional value is still available, but at a higher price.

5.6 Many supermarkets have also introduced in-store bakeries. Frozen dough products prepared in a factory are bought in and finished in the store.

6. **Farm-gate prices and consumer prices**

6.1 London Economics in its 2003 report stated that in 2001 no Member State appears to have systematically the highest farm gate-retail price spread. In general the price spread falls in the range of one to five times the farm-gate price. In the case of bread whose main ingredient is wheat the farm-gate retail spread can be as high as 30 times the farm-gate price reflecting the large share of non-farm costs in producing bread.

6.2 In 2001 the farm-gate retail spread for Lamb prices increased in the UK and Ireland and declined in France and Germany. In the case of Fruit and Vegetables the farm-gate retail spread shows either no significant trend or a small decrease. Wholesale fruit and vegetable markets have been in decline for some time, while the spot market remained important for fresh produce sometimes resulting in large price fluctuations due to weather and the supply situation. Large multiple buyers are moving to seasonal or annual contracts from a small number of suppliers to bring stability to the fresh produce sector and reduce costs. This will stabilise the farm gate-retail price spread. When price wars arise it may mean primary producers taking lower margins and being subject to increased costs.

6.3 If the buying power of the Large Multiples leads to reduced prices to their suppliers and if these reduced prices are passed on to the consumer then the % margin going to the farmer may not necessarily fall but the actual farm-gate price will be lower and thus the farmer may have little or no profit.

6.4 In a survey carried out by the National Farmers Union in the UK in 2002 a basket of food which included beef, eggs, milk, bread, tomatoes and apples cost an average of EUR 55 at a supermarket, the farmer received about EUR 16 which is less than 1/3 of its retail value. In the case of individual items farmers got 26 % of the final retail price of beef, 8 % in the case of bread and 14 % in the case of bacon.

6.5 The producer price index (in real terms) for all agricultural products fell in the EU 15 by 27 % over the period 1990-2002. In nominal terms farm output prices remained broadly stable over the same period. The sharp difference in the trend of farm-gate prices and consumer food prices has attracted considerable attention but no general consensus as to the reasons underlying the divergence in price trends. (London Economics report 2003).

6.6 Large retailers are offering a growing number of fair trade products, and this is to be welcomed. In an article in the Wall Street Journal on 8 June 2004 by Steve Steckton and Erin White they write the following in reference to supermarket selling of Fair Trade Products: Sainsburys (British Supermarket) has sold Fair Trade Bananas as more than quadruple the price of conventional bananas — and more than 16 times what growers receive. Tesco recently tacked on $3.46 per pound for Fair Trade Coffee while the grower gets about 44c above the world market place. 'Supermarkets are taking advantage of the label to make more profit because they know that consumers are willing to pay a bit more because it is fair trade,' says Emily Dardaine, fruit-product manager at Fair-trade labelling organisation international, or FLO, a Germany-based federation of Fair-trade groups.

7. **Terms for supermarket suppliers**

7.1 The divergent degree and nature of the market concentration in the various EU Member States is a factor that must be taken into account when examining Large Retailers' practices towards suppliers. As indicated above, since consumers attach great importance to price and given that consumers' demand also influences the offer, there is considerable pressure on retailers to lower prices. In their determination to provide low prices to the consumer, the Multiples put pressure on suppliers to reduce prices. This is true in the food sector and primarily in markets where the concentration is very high. They constantly hold a threat of product delisting as a weapon to get even better terms from the supplier. In addition, many of the very big Multiples change their buyers frequently from one section to another so as to prevent the development of personal relationships between buyers and suppliers. The role of the buyer is to keep on trying to get cheaper and cheaper food from the supplier. They can make or break a company by delisting products and switching to another company, especially in the case where the supplier has put in major capital

[2] O.J. C 95 of 30.3.98, p. 36

investment to supply a particular line to one Large Multiple. Frequently suppliers, especially small suppliers, do not have the financial resources to comply the demands of the Multiples. What chance has a farmer to achieve reasonable prices in markets where the Large Multiples have such buying power?

7.2 Apart from the ability to extract discounts on transactions from suppliers, buyer power may manifest itself in the contractual obligations which retailers may place on suppliers, such as listing charges, slotting allowances, retroactive discounts on goods already sold, unjustified high contribution to retailer promotion expenses and an insistence on exclusive supply.

7.3 Food suppliers to large Multiple Retailers are frequently put under severe financial pressure because of long delays in receiving payment — sometimes as long as 120 days (180 days in rare cases) after delivery of food products. In contrast the consumer pays for the product immediately on purchase. Long delays in payment makes a major contribution to the Multiple Retailers' profits as suppliers are providing interest-free loans.

7.4 Sometimes Multiple Retailers force their suppliers to supply food below cost for a period in order to maintain their listing on the supermarket shelf. This can lead to severe financial losses for suppliers and farmers.

7.4.1 The introduction of the on-line auction system has also strengthened the position of the large Multiples in sourcing cheap product for own-label brands. Under this system, the large Multiples look for tenders to supply products (mainly own/private label) via the Internet. Suppliers compete with one another to supply at the lowest price.

7.5 The emergence of own-brand (private) labels is accelerating among all the major Multiples. This latter trend is most obvious in Ireland and Britain and also in developing markets. 'The high growth rate of private labels in the developing markets are directly related to the expansion of Global retailers beyond their traditional geographic borders' says Jane Perrin, ACNielsen. As the quality level of some own-brands has increased, retailers have, at little promotional cost, been able to boost profit levels.

7.6 The own-label system means more power to the Supermarket in its relationship with its suppliers.

7.7 In an environment where winning retail concepts can be quickly copied, the retailers' own label (private label) strategies have taken on an increased importance in helping to differentiate each of them from their competitors.

7.8 This shift in power from supplier to retailer extends way beyond the advantages accruing to the ownership of the shelf-space and the benefits of own-label (Private label). With the help of store loyalty cards, retailers today have greater insight into the consumer's identity, profile and spending patterns than any supplier. This insight is further enhanced by the access that the retailer has on a weekly basis to the customer.

7.9 While Multiples promote own-label (private label) products, consumer demand means that well-known branded products also have to be on the shelf. However, the Multiples wish to reduce the number of their branded product suppliers and have introduced a system of Category Management. Category management is the means used by the multiples to reduce the number of individual suppliers that they buy from and consequently reduce their costs and improve margins. In each category of product lines one leading supplier is selected by the multiple to source and supply all product lines required in that category. A company with a leading brand is usually selected to supply a range of other related products in order to retain its product listing. For example, a company supplying branded cheddar cheese could be asked to supply all other cheeses required by the Multiple which it would have to source from other suppliers. This system favours the biggest supplier companies, thus restricting entry possibilities for small suppliers and local suppliers. It may also reduce consumer choice.

7.10 Many SME food companies are extremely vulnerable especially if they are largely dependent on one of the Large Multiples. Multiples can demand a cut of 2 % per annum for the following three years. Failure to achieve such targets means the business goes to another supplier. To stay in business the SME must cut costs and margins — reduced prices to farmers, less employees and reduced quality of product for the consumer.

8. **Consumer issues**

8.1 Consumers will continue to demand from supermarkets competitive prices, a constant supply of good-quality safe food, good-quality service and a pleasant shopping environment.

8.2 Consumers should engage in dialogue with the primary producers and suppliers of food products so that they get a more balanced view of the policies being pursued at retail level.

8.3 Consumers should also be made aware when suppliers are funding special discounts or low price offers.

8.4 Consumers need to be provided with better education on all aspects of the food market and the long term consequences of their demands. Large out-of-town superstores promoting low food prices are often of little value to low income families when they are unable to get suitable transport to the store to purchase low priced food products.

8.5 Issues such as obesity and sustainable consumption are essential matters for consumers. Retailers need to adopt policy positions on these matters.

9. **Farmer issues**

9.1 Due to the reform of the CAP (decoupling) farmers' decisions on what to produce will be influenced more by the signals coming from the retail sector in terms of price and demand. The support system that was part of the CAP will no longer provide the same floor price for farm produce. This will mean that the Multiples will be much more significant price-makers in the food chain than previously. A greater level of food imports into the Community will also tend to drive farm-gate prices downwards when world prices are low. The end result will probably be a much greater fluctuation of food prices in line with supply and demand.

9.2 If over a period farmers are subject to falling incomes and increasing costs, more farmers will go out of business. Such a development could lead to reduced food production in Europe which would hinder the development of a multi-functional agriculture in the EU. It would also hinder the objective of maintaining and developing a living countryside. In order to prevent this, farmers must also adopt new approaches with regard to growing methods and the products they invest in. An alternative could be to find new niche markets, e.g. investing in more high-quality products, entirely new products, new forms of distribution and cooperation (e.g. cooperative purchasing, farm shops in towns), eco-tourism, etc., in order to shore up their position.

9.3 Comparisons of the difference between farm-gate prices and retail prices are difficult to make in the overall EU market because it is impossible to find out the costs and margins going to the processing sector and the retail sector. However, it is clearly obvious that if the Large Multiples engage in below-cost selling for farm products, then the farmer as the last person on the line will get a reduced price because the processor and the supermarket will continue to take a margin in order to stay in business.

10. **Other issues**

While prices are a very important element in the retail food sector, other issues need to be taken into account:

a) Large Multiples are trusted to provide safe food.

b) Large Multiples are in regular contact with customers as they come to do the weekly shopping.

c) Loyalty cards provide a detailed profile of the customers' shopping habits, thereby providing the Large Multiples with an important customer database and a major source of market intelligence.

d) They establish customer needs through market research.

e) They influence shopping behaviour through price promotions, discounts, customer service, store layout and design. In this context, the Large Multiples possess the ability to influence the direction of the marketplace.

11. **Conclusions**

11.1 Greater information and transparency is needed on the pricing structure and profit margins as between retailers, suppliers (food processors) and primary producers.

11.2 Member States need to ensure that adequate competition exists in the regions within Member States, and to foster cooperation between small agricultural producers, processors and retailers, so that they can continue to compete with large producers, processors and retail networks. Furthermore, Member States and the EU institutions must ensure the existence of various forms of commerce and avoid a total liberalisation of the market that would lead to further concentration on the market.

11.3 DG Internal Market needs to continually investigate and evaluate consumer prices throughout the EU to ensure that adequate competition is evident throughout the Community.

11.4 One area of competition law that should be looked at is the definition of Public interest. It should not be confined to prices and market forces only.

11.5 The buying power of the Large Multiples in the food market must continue to be a matter of concern for the competition authorities.

11.6 There is a possibility that in the future food retailing would be in the hands of a very small number of players, which could lead to less consumer choice and higher prices. The Commission and Member State Governments need to be aware of such a possibility.

11.7 The EU must ensure that it maintains the production of sufficient food to feed its own citizens. We must not become dependent on non-EU food supplies.

11.8 Detailed research and analysis into price transmission and the margins applying between the farm gate and the consumer who buys food from the Large Multiple Retailer.

Brussels, 7 April 2005.

The President

of the European Economic and Social Committee

Anne-Marie SIGMUND

APPENDIX

to the opinion of the European Economic and Social Committee

The following amendments, which received at least one quarter of the votes cast, were defeated in the course of the plenary session debates:

Point 3.1

Amend as follows:

> 'During the last five years, the major food retailers have been advertising along the lines "every day low prices" — "more for your money" — "good food costs less" — "helping you spend less every day". It is constantly being claimed that Large Multiple Retailers are the consumers' champion in driving down unjustly high prices. This is clearly because consumers attach a great deal of importance to price. In theory, this should be good news for consumers especially in the short term but the long-term consequences need to be taken into account. ~~Reasonable prices must be paid to farmers to guarantee a constant supply of good quality food which is produced under good environmental conditions. All involved in processing and distribution must also get a reasonable profit.~~'

Reason

This statement of a general nature does not say what a reasonable price is. The text does not define the concept, it does not analyse the components of farming profits, it does not study the effects that subsidies for land cultivation have on farmers' incomes or justify the need to protect farmers who are less competitive than others (in other words, should all farmers be guaranteed big profits to the detriment of the consumer?).

Result of voting

For: 38

Against: 75

Abstentions:17.

Point 4.5

Delete

> ~~While food prices have been reduced through competitive pricing, increased efficiency in purchasing, administration, storage procedures, marketing and good quality foodstuffs, nevertheless, the reality is that cheap food tends to mean cheap labour and we need to start thinking a lot more about this as we encourage supermarkets to vie with each other over price wars. Prof. Tim Lang, Thames Valley University.~~

Reason

It is not clear to the reader what this means. Does it mean, for example, that we shall not buy Polish apples because they are less expensive than those grown in Latvia or in Finland?

Result of voting

For: 56

Against: 92

Abstentions: 12.

Point 4.6

Delete

> ~~In addition, when we import from third world countries we should not ignore the labour conditions applying.~~

Reason

It is not clear to the reader what this sentence means. Does it mean we have to take account of the minimum wages that have been set in Third World countries? Who will decide — and how — that a product bought in this or that country has been made by workers earning a 'satisfactory' salary? Is it really thought that European consumers should guarantee the workers of the Third World acceptable incomes?

Result of voting

For: 49

Against: 104

Abstentions: 7.

Point 7.1

Delete the final sentence.

> In their determination to provide low prices to the consumer, the Multiples put enormous pressure on suppliers to reduce prices. This is especially true in the food sector. They constantly hold a threat of product delisting as a weapon to get even better terms from the supplier. In addition, many of the very big Multiples change their buyers frequently from one section to another so as to prevent the development of personal relationships between buyers and suppliers. The role of the buyer is to keep on trying to get cheaper and cheaper food from the supplier. They can make or break a company by delisting products and switching to another company, especially in the case where the supplier has put in major capital investment to supply a particular line to one Large Multiple. Frequently suppliers, especially small suppliers, do not have the financial resources to comply with the demands of the Multiples. ~~What chance has a farmer to achieve reasonable prices when the Large Multiples have such buying power?~~

Reason

This statement of a general nature does not say what a 'reasonable price' for a farmer would be, nor how to determine it. One might equally well ask farmers to guarantee reasonable prices to consumers. Farming in the EU operates with a system of subsidies. We cannot in addition introduce fixed selling prices for farm produce (who would set them, and how?) or we shall no longer be able to speak of a free market.

Result of voting

For: 42

Against: 114

Abstentions: 7.

Point 8.2

Amend to read as follows:

> '~~Consumers should engage in dialogue with the primary producers and suppliers of food products so that they get a more balanced view of the policies being pursued at retail level.~~ Consumers should be helped to better understand the range of products offered by primary producers of food products and to obtain more objective information on quality differences between them.'

Reason

At the moment consumers only have limited means of obtaining information on differences in quality between food products. Their choice is to a large extent determined by advertisements, which limits their desire to purchase quality foods supplied mainly by small and medium-sized producers which are not backed by the same amount of advertising.

Result of voting

For: 43

Against: 112

Abstentions: 14.