Markets, supermarkets and the macro-social shaping of demand: an instituted economic process approach

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It is not because an English washerwoman cannot sit down to breakfast without tea and sugar, that the world has been circumnavigated; but it is because the world has been circumnavigated that an English washerwoman requires tea and sugar for breakfast [4]. According to the power of exchanging are the desires of individuals and societies [3]. But every increase of desires, or wants, has a tendency to supply the means of gratification [2] ... In England, the greatest improvements have taken place continually, ever since colonisation has continually produced new desires among the English [1], and new markets wherein to purchase the objects of desire. (Edward Gibbon Wakefield)

A number of studies have taken a food commodity and analysed how it enters into consumption. One of the first and seminal ones, from which the above quotation was taken, was Mintz's study of sugar in *Sweetness and Power* (1986). More recently, Kurlansky (1999) has sketched a history of cod, and how it too entered into diets, notably through its complementarity with the slave trade. Zuckerman (1999) chose the potato as an instrument for asking a somewhat different question from these studies, namely, how the potato was adopted *differentially* by national cuisines *and* class diets from the time it first crossed the Atlantic. Pilcher (1998) has explored how a distinctively mestizo cuisine developed from a cultural and colonial conflict between indigenous maize culture and European wheat culture in Mexico. My own research has adopted the tomato as its favoured empirical probe to analyse the transformations of its manifold presences in European society and economy in the twentieth century.

There is one peculiarity that these studies share, despite the different questions asked by these different foods (assuming that a potato can ask a question), and the diverse questions in turn asked of them by their investigators, historians, anthropologists, culturalists, and political economists. They all are treating a food which, by virtue of a passage in either direction across the Atlantic, has entered into consumption and hence exogenously to established eating habits and norms. These foods, therefore, can be seen to represent 'maximum separation' between supply and demand. And yet, even with 'maximum

separation', we have the quotation with which this chapter opened from Wakefield which tussles in a richly but hopelessly contradictory manner with the question of what is the relationship between supply and demand for new products, and in the creation of new norms of consumption. Let us pause for a moment to explore his contradictory formulations.

The brief quotation can be seen to accommodate four propositions (numbered above in brackets):

- 1 Production creates new demand, new objects of desire.
- 2 Demand induces new production.
- 3 The (economic) power *relation* between producers and consumers, mediated by markets, creates new demand.
- 4 The poles of supply and demand have to be brought together, for possibly quite other reasons, for there to be either demand or supply.¹

The general argument underpinning this chapter will be that the first two, symmetrically opposite, propositions pose the kind of question which only leads to a chicken-and-egg impasse, namely, which comes first, supply or demand? Consequently, it becomes necessary to go beyond this question, and to take the relationship between supply and demand (3), and the conditions for that relationship (4), as primary, and hence to ask questions for analysis in these terms, rather than in terms that presuppose the radical separation of supply and demand, as if they constitute independent and self-subsistent primary variables.

The chapter will therefore develop along the following lines. In the introductory section, some key aspects of the analysis of demand for these now ordinary objects of desire, sugar and the potato, will be explored, with a portion of cod thrown in, not least to accompany the late arrival of the chipped potato. This will demonstrate the need for a 'long duration' approach to the establishment of norms, on the one hand, and for an analysis of the macro-social shaping of demand on the other. The introduction will then set out the conceptual approach to be developed in the rest of the chapter, taking the key Polanyan idea of 'instituted economic process' as a basis for looking at changes in major social configurations of food production–distribution–retail–consumption (PDRC; Polanyi, 1957). The main empirical 'meat' of this analysis of food constitutes the second section of this chapter, and, relying on much of the research related to the tomato, will look at three examples of how retail markets act as key loci for the articulation between production and consumption, and as such activity shape both demand and supply, rather than being a neutral space or black box in which 'hidden hands' operate. The three chosen examples, all primarily taken from the United Kingdom, are the changing roles of wholesale fruit and vegetable markets, the conflict between branded and own label foods, and the role of supermarkets in institutional aggregation and differentiation of demand. The chapter concludes with the underlying thesis that if the relationship between supply and demand, and conditions for that relationship, are primary, then the central object of analysis is how that

relationship is configured, and then, successively, reconfigured by transformations of capitalist economies.

One of the remarkable aspects of sugar, about which Wakefield almost certainly did not know, was that before arriving in the English cup of tea, it had almost, and over a much longer period, circumnavigated the globe. Domesticated in New Guinea in about 8000 BC, it had migrated westwards until it started its manufacturing history in India in about 300–400 BC. Major sugar fabrication was established in the Indus delta, but the decisive next westward move was brought about by the Arab conquest of the Mediterranean, bringing sugar into the heart of France by the eighth century AD: ‘Sugar followed the Koran’ (Mintz, 1986, p. 25).² The circumnavigation continued until it reached the Atlantic islands of Madeira under Portuguese rule, before being first taken to the Caribbean and Brazil in the early sixteenth century, then, taking its return trip across the Atlantic to Europe, to begin a revolution in human diet.

In very broad historical terms, there have been successive configurations of production, distribution and consumption of sugar. The Arabic, Mediterranean-based production regime supplied a luxury good at high cost to the aristocratic and royal European elites during the period 800 AD through to 1500. As a labour-intensive crop, from the earliest times it appears to have relied on slavery, which migrated westwards with sugar production to the European Atlantic islands, even though the source and control of slavery changed with this passage (Blackburn, 1997). During this period, Antwerp had become the central refining centre in Europe, from which it was subsequently redistributed. Sugar was consumed as a spice, medicine and preservative, as well as being utilised for conspicuous displays of wealth in decorative culinary constructions³ on royal tables. It was subject to sumptuary laws restricting its consumption to only the highest strata of society.

The next major reconfiguration arose with the Caribbean and Brazilian slave production regime, which brought down the price of sugar and massively increased its availability, starting with a plantation in Santo Domingo in 1516, to be followed by the rapidly expanding Brazilian plantations from 1526. By 1600, however, British and French colonial power had gained ascendancy over the Portuguese, and through the next two centuries a mercantilist phase underpinned the production, circulation and consumption of sugar. Military power, and the restriction of national trade to national merchant ships, created a new articulation of sugar and power. Antwerp, sacked by Philip II in 1576, was replaced by English refineries as the dominant centres in Europe. A mercantilist perspective viewed the consumption of sugar and the market for sugar as ‘natural’ and ‘inelastic’, a mercantile and middle-class good which risked corrupting the discipline and morality of the rural and urban poor if it were to become too easily and cheaply available.

But the very expansion of production was soon transcending mercantilist limits.⁴ Mintz (1986, pp. 57–61) argued that slavery plantations of sugar in the Caribbean, truly agro-industrial production systems, were themselves

prototypical of the imminent emergence of industrial manufacturing processes within Europe, and Blackburn (1997) has demonstrated the key role of capital accumulated in plantation slavery as pump-priming that emergence. In terms of consumption, sugar became widely consumed by the middle of the eighteenth century by the very poorest in combination with tea. Ambulant charcoal boilers conveyed sweet tea to road builders and nascent manufacturing centres. As the eighteenth-century cleric David Davies noted:

We are so situated in our commercial and financial system, that tea brought from the eastern extremity of the world, and sugar brought from the West Indies and both loaded with the expense of freight and insurance ... compose a drink cheaper than beer ... Just coloured with a few leaves of the lowest price tea ... tea-drinking is not the cause, but the consequence of the distresses of the poor. After all it appears a very strange thing, that the common people of any European nation should be obliged to use, as part of their daily diet, two articles imported from the opposite sides of the earth. (Mintz, 1986, pp. 115–16)

The particular combination of tea with sugar in England was itself an effect of, first, the Chinese tea trade, and then, after the termination of the monopoly of the East India Company in the mid-nineteenth century, the rapid growth of plantation systems in India and then Sri Lanka during the course of the nineteenth century, replacing the older Chinese trade. The role of John Company, the East India Company, *in conjunction with* British Caribbean cane slave plantations, was thus critical in the formation of the distinctively 'British' cup of tea. For such geo-political reasons, coffee and sugar or chocolate and sugar predominated in other national diets.

The dietary 'revolution' resulting from the adoption of sweet tea and its replacement of small beer as a working day beverage arose from its role in gradually undermining a diet structure which had dominated most national cultures for centuries, with 'the meal' constituted by a complex carbohydrate (rice, wheat, sweet potato, sorghum, millet, etc.) and a high-flavour, often proteinous, accompaniment.⁵ Sugar became an important additional source of calories, and tea (along with other bitter drinks mentioned above) acted as a stimulant, so supplying cheaply a dietary supplement suited to the rigours and routines of the newly urbanised industrial working classes.

The next major reconfiguration of sugar, briefly intimated by Mintz but pursued further by Fine *et al.* (1996), followed the abolition of slavery and the mercantile regime of the East India Company. Rapidly during the nineteenth century the industrial agriculture of especially French sugar beet not only expanded yet further the sugar supply but freed it from the established trade routes that had accompanied Caribbean, Latin American and American slavery. Sugar expanded its consumption role from a sweetener of bitter stimulant beverages to become properly 'food', in the form of the new industrial production of jams (Tiptree, Crosse & Blackwell) and then as the nineteenth century drew to a close, the cakes and desserts that became part of a new routine of 'tea' and the 'three-course meal'. The different basis of production

was therefore associated with a different social order which in turn established a new social coding of the consumption of sugar.

These three major shifts in the social and economic positioning of sugar were analysed by Mintz in terms of the relationship between inner meaning and outer meaning (the latter being also described in terms of Wolf's notion of 'structural power'). Inner meaning refers to the way sugar became embedded in the everyday significations of food, and the way food habits reflect and distinguish social status, and indeed whether sugar appears as exotic luxury spice, as sweetener or as part of a new food routine. Outside or external meaning is invested in those institutions and powers, those geo-political structures, which set the limits and boundaries within which food is produced and consumed. The three configurations sketched above exemplify this kind of external armature around which new social orders are invested with new relationships between power and meaning.

It is clear that in many historical circumstances 'inner meanings', quite akin to a Bordieuvian concept of habitus, can seem to be self-sustaining and self-reproducing. People do things to acclaim themselves by also marking the difference between themselves and others. But, according to Mintz, that sweet tea became a common working-class drink in England can be understood only in the context of major shifts in outside meaning, in changes in structural power. Thus routines of class habit, in which now upper classes disparage the use of sugar in tea, can be seen in terms of inner meaning, on the basis of a semiotics of distinction (Bourdieu, 1986), and indeed these semiotics can be subject to reversals, with sugar passing from being high to low-status in a switch of field forces, as suggested later by Bourdieu (1993). But the coherent overall explanation of *both* the enduringness of habits and norms *and*, more transparently, major changes in them seems to require an interplay of inner and outer meanings, and shifts in 'structural power'. Otherwise, norms explain themselves as self-reproducing, and change is left to switches in polarity within the static dynamics of a force field.

Zuckerman's account of how the potato differentially entered into Irish, English, French and American cuisines poses similar questions to theories of consumption based on static, self-reproducing norms of distinction and contrast. For, although the potato was strongly socially coded, even widely vilified, as being a poor person's diet, unfit for properly human consumption, or as being responsible for the moral corruption of the poor by inducing laziness and overpopulation, these 'inner meanings' do little to account for why it entered into one social order more easily than another. Thus, to take but one contrast, in England the potato had not supplanted bread as the established staple until late in the eighteenth century. Indeed, like sugar, it was the sweet potato that had first appeared on Henry VIII's table, and it was then treated as an aristocratic luxury, much as sugar had been. In Hannah Glasse's *Art of Cookery Made Plain and Easy* (1796), six out of the eleven recipes using potato were still for potatoes now sweetened by sugar, to be consumed as a sweet dish. In Ireland the potato entered into agricultural

production and consumption much earlier, already forming a complement to oats as the complex carbohydrate from the middle of the seventeenth century. By the middle of the eighteenth it had become the main starch food, and by the early nineteenth century it was effectively established as a *mono-cuisine* and culture.

Thus the question is not so much why the potato was given such a low social coding in both countries as why it penetrated one class system earlier than another, and in a very different manner. There are many aspects of Zuckerman's account which relate to what Mintz calls 'outside meaning'. One can list five:

- 1 Irish potato crops were relatively protected from the 'curl' virus that afflicted other countries' crops by virtue of climate and soil conditions.
- 2 Oats, as the existing Irish staple crop, by contrast had low and unreliable yields, so more easily making way for another staple.
- 3 The poverty of Irish peasantry favoured a crop that required little farm equipment other than a shovel, and no horse-drawn ploughs.⁶
- 4 The fuel economy, reliant on peat, meant that bread baked in ovens compared unfavourably with potatoes that could be easily boiled in kitchens which also often lacked anything but the most basic equipment.
- 5 Agricultural cultivation was deeply affected by the distinctive landlordism arising from the proscription of Catholic ownership, and by extremely fragmented land holding resulting from customary laws and rules of allocation. One acre of potatoes, though, was sufficient to feed six people.

Thus, for Ireland, the potato became the sole food for 40 per cent of the population by 1808, and the more disease-resistant, better storing Irish Apple variety was being replaced, with ultimately devastating consequences, by the higher-yield 'lumper', more vulnerable to disease. As a consequence of all these structural peculiarities the potato in Ireland fed the *rural* poor. In England the potato became a significant element of working-class diet only as a consequence of urbanisation, when some of the same 'outside meanings' became constraints on diet for them too: a succession of failed grain harvests; low-cost cooking with minimum equipment and without ovens; cultivation of potatoes on small urban allotments.

A similar 'structural power' level of analysis that accounts for sugar in tea can also be given to the later appearance of fish with chips. In the 1830s there were already the ambulant-barrow 'Spud-u-like' equivalents of baked potatoes in working-class urban areas of England. Chips followed later⁷ and, as Kurlansky has shown, were joined by cod once steam-powered, iron-hulled British trawlers in new Icelandic fisheries were changing the crumbling geopolitics of the old sail-driven, triangular slave trade cod industry on the Grand Banks. Thus cheap cod met cheap chips.

In this summary of sugar and the potato, it can be seen that social orders of production and of consumption are connected in a global sense.

Later centuries saw the production of tropical commodities in the colonies tied ever more closely to British consumption – and to the production of British shops and factories. Production and consumption ... were not simply opposite sides to the same coin, but neatly interdigitated; it is difficult to imagine one without the other. (Mintz, 1986, p. 42)

On the one hand, it has been argued in Wakefield's terms that there is a shared underpinning of supply and demand and that the different modes of their connection are themselves subject to successive transformation. Tracing the history of sugar, it developed in spirals, with reconfigurations of previous configurations. There were no absolute beginnings, where supply stood disconnected from demand, so explanation is about reconfiguring previously established connections. On the other hand, with the potato, its entry disturbed previous connections within a complex of bio-climatic, cultivation, land-holding, household economy and previous carbohydrate food regimes. In turn, new spirals were triggered according to the specificity of the configuration in which it entered: in the Irish case, it became central to rural transformation and rapid rural population growth followed by famine, whereas in England it co-developed with urbanisation and industrialisation, which were also transforming in their own right the previous connectedness between agricultural production and food consumption.

In a general sense, therefore, it is possible to see the potato or sugar or cod as 'economically instituted' within the different modes of connection between supply and demand their different configurations described above. Instituted economic process is a synthetic concept which is neither strictly economic nor sociological. It avoids the language of the 'social shaping' of demand, where an economics of the means of exchange and resource allocation might be counterposed to a sociology of how and why those means of exchange are expended in different ways. Rather, by looking at all economic processes as instituted, the means and flows of exchange and the markets through which these occur are also treated as instituted processes which in turn have instituted connections with norms and habits of consumption. Mintz's term 'interdigitated' still carries with it some of the metaphor of two separate hands coming together without filling in the 'body' that connects them (if indeed they belong to the same body). The research on the tomato, from which the discussion below is derived, pursued the tomato closely through all its journey, so articulating the linkage between production and consumption by including distribution, intermediary and retail or end markets. As an analytical device, therefore, it becomes possible to analyse different PDRC configurations as the outcome of instituted economic processes. The following section will focus on the distribution–retail connection, therefore, but only in so far as it faces both ways: towards production in one direction, towards consumption in the other. In this schema, therefore, both supply and demand are variously instituted by organisations of retail and distribution. Critically, markets and distribution networks are therefore not seen simply as 'black boxes' through which products flow in one

direction and money in another. Rather they organise the ways in which these flows occur, and so create the channels and vehicles necessary for different forms of product and different modes of shopping and consumption. So, for example, the rise of powerful supermarkets is seen as ‘instituting’ demand rather than ‘shaping’ demand in particular ways, ways which may vary from country to country.

Instituting supply and demand: distribution and markets

In this section three issues are raised by empirical example in order to explore the ways in which supply and demand are reconfigured by the organisation of retail and distribution, in relation to food in general, but as revealed by the tomato in particular. The first involves the near disappearance of wholesale markets for fresh fruit and vegetables to retail markets, and the particular questions raised in terms of the range and quality of products that flow through them. The second deals with an equally significant reconfiguration of the retail–distribution–production configuration, reflected in the emergence of supermarket own-label products. The third raises the question of how the organisation of retail markets, and their transformation, alter the way demand is instituted as between end consumer and retailer.

Withering wholesale

Covent Garden market provides an excellent example of the evolution of markets as a process of reconfiguring demand–supply relations over the long duration (Braudel, 1982), although altogether exceptional for its dominant metropolitan position and heightened significance as an import market of global produce from almost its earliest days. In its first manifestation in the thirteenth century it appears to have been a market for selling the surplus from monastic gardens (hence Convent Garden; Webber, 1969). As London grew in population, market gardens developed on its fringes, dedicated to the production of food for the metropolis, and ‘London probably had the first true market gardeners – men who grew produce entirely for sale to the public’ (Webber, 1969, p. 26).

The term ‘market gardener’ itself indicates the lack of institutional differentiation between producer, distributor, trader and retailer, for the Gardeners’ Company, given a royal charter in 1606, covered 1,500 people who were all these functions rolled into one. The only exception was the trade in imported goods, luxury items such as peaches, grapes, apricots and melicootons (an early example of genetic modification). But the market for these was still a retail one, and throughout this period served the aristocratic houses that surrounded it.

The next major shift in market function occurred in the eighteenth century, when producers became separated from retailers for home-grown produce, and, along with this change, specialised distribution systems and waggons from the Lea valley developed to feed the market. A further

important reconfiguration evolved in the second half of the nineteenth century, when the retail function became institutionally differentiated from the wholesale function, and Covent Garden began to emerge as a dedicated wholesale market. Some of the new wholesalers developed out of previous producer-traders, whilst others were specialist commission salesmen operating on behalf of growers.

But perhaps one of the most astonishing aspects of this history relates to the institution of the market itself, as distinct from those who traded in it, and under its licence. Throughout these major changes in economic function the market itself was owned by the Bedford family, from the time of the dissolution of the monasteries through to the end of the First World War in 1918, when it was sold to the Beecham company. This high aristocratic ownership had obtained a royal charter in 1670 which gave the market rights of exclusive trading within central London, to grant trading licences within the market, and eventually also rights to levy tolls (1813). So the market itself had formal institutional characteristics alongside its 'instituted economic' functions. By the end of the nineteenth century, however, there were massive problems of congestion and economic irrationality with the overlapping and conflicting interests of other London markets. The unlikely combination of *Punch* and the Fabian Society (1897) waged vigorous campaigns against the scandal of 'Mud Salad Market', the latter arguing for the necessity of an integrated all-London Market Authority. This formal institutional instability and chaos was the subject of various government inquiries which culminated tardily in the Runciman committee of 1957, followed by the 'nationalisation' of the market by the Conservative government in 1961, establishing the present Covent Garden Authority. For many, including the ex-general manager of New Covent Garden, this was at best a partial solution to developing a coherent London-wide institutional framework for London's wholesale markets (1998 and interview). Vested interests, especially of the City, which had also historic rights of ownership to markets within its orbit, blocked radical change.

Runciman provides a convenient stopping point in this rapid history of successive reconfigurations, because he investigated and described an archetypal wholesale market, and rationalised the particular ways it articulated supply and demand. One of the (slightly puzzling)⁸ aspects of his characterisation, however, is that he describes an economic scenario where large multiple retailers are totally absent.

Contrasting vegetables and fruit with standard mass-produced goods which are of standard quality sold at standard prices 'whether they are bought in London or Lands End' (Runciman, 1957, p. 5), supply, demand, price and product have much higher *intrinsic* variability. Hence there is a need for market structures in which prices are established:

If ... a general price be established, distributors will be able to assess what their own selling price and that of their competitors must be ... Produce will

therefore be distributed more freely if a general price level is established ... The major markets for horticultural produce have developed naturally at places where imported and home-grown supplies can be assembled easily and then distributed to many outlets. These markets – the primary markets – having grown up at centres of communications serving large populations, are convenient buying points for local retailers and for secondary wholesalers. There is thus at the markets a concentration of buyers and sellers dealing in a wide range of commodities and conscious of movements in supply and demand. It is the interplay between them that enables a general market price to be established. (Runciman, 1957, p. 39)

Thus markets within which prices can be established require various instituted prerequisites, concentrations of population, networks of communication and formal market frameworks. In this arrangement, there are the primary wholesale markets, which will be here the focus of attention, and the secondary wholesalers which purchase from the primary markets⁹ and redistribute to smaller concentrations or outlying populations. Moreover, a few dominant wholesale markets (London, Birmingham, Manchester, Glasgow, Liverpool) are price setters for lesser primary wholesale markets (e.g. Coventry or Wolverhampton in relation to Birmingham).

A further key to the existence and economic function of wholesale markets in *concentrating and thereby channelling* supply and demand is the numerical ratio of each of the ‘classes’ of economic agent which we have seen to become historically instituted to perform distinct functions: growers, wholesalers and retailers (plus concentration of consumers). This is the ‘map’ Runciman provides with the numbers in each class (Figure 5).

The key ratio which brings about channelling and concentration is therefore 70,000 : 320 : 150,000, with wholesale markets acting as the pivotal market institution for establishing market prices between such otherwise diffused agents. There are three further important structural features of this configuration:

Figure 5 The Runciman ‘map’

- 1 Primary wholesalers trade on a commission basis, which varies between 7.5 per cent and 10 per cent of the sale price, so, in effect, acting on behalf of growers, constituting themselves as a middleman market. Commission fee pricing is a distinct price institution.
- 2 The small retail greengrocer is the dominant figure within the retail phase, thus greatly restricting the *possible* range of produce.
- 3 Wholesale markets are spot markets where the essential focus of trading and competition is on price and price alone.

For anyone who is unfamiliar with how such a market operates, it is important to exercise the imagination. Even today there is typically a central 'buyers' walk' in these markets, several hundred yards long, to accommodate up to 300 wholesale traders on either side, displaying their wares in open stacks for inspection. There are no prices visible anywhere. Buyers walk up and down and negotiate prices directly with traders. From interviews it appears clear that buyers have their regular traders and never test the whole market, and traders have their regular growers, so growers never test the whole market either. This regularity implies a level of trust relationships buttressed by the close existence of alternatives, in a form of 'latent' competition. For Runciman, therefore, given the variability of seasonal demand and supply, the dominant wholesale markets operate as the essential price stabilising institutions within the configuration mapped above.

Taking these structural features together, wholesale markets of this kind 'institute' and articulate demand and supply in a very particular way. As spot markets focusing on price, the imperative is to sell and clear the market. The boast is often made that they can sell *anything*, *any* quality. The idea of the *market* establishing either market quality standards, or grading of quality, almost subverts the function of such a market. Even Runciman's description is very much in terms of an assessment of the effectiveness of markets as pricing institutions.

They put salesmen too much on a pedestal. They would say, 'I've got the best salesman in the market.' That's what achieved the success or failure of his business. They really glorify this salesmanship. It's largely price salesmanship. It is not salesmanship on the basis of really selling in a constructive way ... It's all short-termism. (Allen, interview)¹⁰

The way produce passes from grower through wholesale market to retailer thus leads a passive, take-it-or-leave-it kind of trading, in which each successive exchange is quite discrete.

Growers grew what they grew best, and brought it to market, and accepted they would get what the market would bear. Buyers would come into the market and see what there was and what they could buy. Nobody was doing any consumer research. It was a very different world from the one we live in now. I suppose this was the *raison d'être* for the wholesale market. It is probably why they don't fill a major bill in the modern world. (Allen, interview)

It is this 'serial' supply–demand configuration which has been blown apart by the growth of major supermarkets, their establishment of their own retail distribution and logistical systems, and their decision to purchase centrally and directly from largely their own dedicated growers. This was a process which began in the 1970s but was fully established by the middle of the 1980s (Wrigley and Lowe, 1996). In terms of Runciman's critical ratios, the number of growers has been reduced considerably as supermarkets concentrated their supply base at one end and, at the other, the number of retailers for 85 per cent or more of the market has reduced from 150,000 to twelve, or, to take the strategically dominant retailers, in effect, to three to five major supermarket chains (Tesco, Sainsbury, Asda, Somerfield, Safeway).

The tomato is exemplary of the changes that have taken place. By and large, the supermarkets have taken the top of the market, leaving the wholesale markets to clear the rest.¹¹ The range of produce (colour, shape, flavour, variety) and quality specifications has developed and consigned the tasteless 'commodity tomato' to the economy bottom of the range. From the mid-1970s key growers were developing an entirely new innovatory emphasis on these aspects of produce in long term, if informal, partnerships directly with the major retailers.

When we were in the Lea valley we were supplying Tesco. We were the first mainland supplier to be supplying Tesco We've nailed our flag to Tesco's over the years. They have been a very good customer to us ever since 1983 We had to do something different from just supplying wholesale markets. Even in those days their performance was appalling. It used to depress me thoroughly, seeing all the care and attention we paid into growing this crop and getting it into the market in good quality, and than a guy at a whim just got whatever he could for the product. (Parker, interview)¹²

For tomatoes imported from the Canaries, likewise, there are now dedicated supply chains from the packing stations, which filter the different grades of tomato into the hierarchy of supermarket product ranges. Tesco has its own temperature-controlled containers ensuring integrity of the atmosphere from the grower to the supermarket shelf. Replacing the 'serial' configuration of grower–wholesaler–retailer, therefore, there is now a continuous feedback loop between the different product niches on the supermarket shelves, with wide price and product variation, and the grower supply base. In this process, which has taken some twenty years to develop, it is clear that there is still differentiation in economic function: producers produce new products; retailers create new distribution systems and re-construct selling space and shopping routines; and consumers purchase new products and consume in new ways. But it makes little sense to point to one location or flow direction in this new configuration and say 'That is where it all started' or that demand pulled or supply pushed. The starting point was the previous configuration, and the process was one of reconfiguration embracing all phases. It is a process of institution, de- and re-institution.

Own labels and brands: a clash of configuration

In this empirical example, which will be dealt with more briefly and schematically, two major reconfigurations will be described concerning processed food, the one involving the emergence of branded food goods, the other a rival challenging for shelf space, the supermarket own-label products. Once more, the tomato can be taken as paradigmatic: Heinz tomato ketchup and Campbell's tomato soup pioneered the former; the proliferation of tomato in the chill food global cuisine (pizzas, sauces, soups, curries, etc.) typifies the latter.

Jeffreys's (1954) classic work on the evolution of multiple retail chains from the end of the nineteenth century demonstrated that this revolution in retailing was intimately linked with increasing urbanisation, the concentration of mass populations dependent entirely on purchased food, and to new infrastructures of transport, both intra-urban and national. The *scale* of markets and the nature of food demand underwent a profound transformation. It was in this context that multiple retail chains, increasingly national in scope, grew on both sides of the Atlantic. As the US business historian of Campbell's expressed it in terms sounding uncannily modern, 'The buying power of these chains and their concomitant ability to sell food at a discount were so enormous that they threatened to put the smaller mom-and-pop corner stores out of business' (Collins, 1994, p. 86).

This transformation in the scale of retailing also involved a fundamental change in its function, in particular as the retail 'craft', which often entailed lengthy apprenticeship, involved a phase in production of final finishing and packaging of goods within the retail establishment. Increasingly, mass-produced goods, themselves quite revolutionary at the time, and the first examples of 'convenience' food which were finished, standardised goods, appeared. Campbell's and Heinz were both established in 1867, and by the early twentieth century had become some of the largest-scale industrial production systems, as much as the leading edge of new flow systems of production as Ford.

These new branded manufacturers established a quite new 'supply-demand' configuration with consumers and retailers. The standardised product was decked out in stylised brand images which in turn were the subject of mass advertising, again conceivable only in urban concentrated populations. Under the previous configuration, and indeed Campbell's and Heinz's in their early days, manufacturers employed large teams of salesmen, who sallied forth to all the individual, independent retail outlets, to 'create' the demand for their products by 'selling' them *to retailers*. Advertising of branded images changed all that. Heinz tomato ketchup was the first giant neon sign, six storeys high, appearing in New York in 1906 (Alberts, 1973). Dorrance, the general manager of Campbell's during this key period, also pioneered this new style of advertising, the Campbell's advertising budget growing from \$20,000 in 1899 to \$1 million in 1920, when it amounted to 5 per cent of total turnover. It eliminated the need for manufacturers to sell the product to the retailer, by going over the head of the retailer to the

consumer, and getting the consumer to demand the product of the retailer. Dorrance put it thus:

When you have the consumer sold, you have finished the worst part of the campaign. If the consumer makes the demand, the dealer will stock, and if the dealer stocks, the jobber is bound to get the business, and if he lists it for the dealer, we have to make the soup. It is perfectly simple and eliminates a complexity of selling models. (Collins, 1994, pp. 97–8)

The configuration for branded goods can be represented schematically in Figure 6. In this configuration, typically the branded food product is aimed at the largest market possible, the standardised product for the generic consumer, to ‘anybody out there’. A further critical aspect is that the manufacturer ‘owns’ and sells the product, and the configuration is product-oriented.

Figure 6 The branded goods configuration

In the United Kingdom above all, where the power relations between supermarkets and manufacturers have most decisively shifted in favour of the former,¹³ this configuration has come under fundamental attack by an entirely new one. Own-label products in many areas have squeezed out branded goods from the supermarket shelves, and, more significantly in areas like chilled ready-made meals, have created a new market where branded goods are virtually absent.

In this configuration, a small number of dominant supermarkets are supplied by an equally small number of dedicated own-label manufacturers, each of which will typically have several units of production each exclusively trading with one or other of the supermarkets. There is a complex matrix between these retailers and manufacturers where some manufacturers supply all the lasagne to five out of six of the top retailers, for example, but where, also, each retailer requires exclusivity for its particular style and variety of product from the manufacturers on the other. One firm may supply all Tesco’s middle-range pizzas and another all its top of the range, and, hypothetically, vice versa for Sainsbury.

The critical difference for own-label production is that it has guaranteed access to market, to supermarket shelf space. This entails a complete break with the ‘instituted’ nature of demand for branded goods described above. Own-label manufacturers do not ‘own’ their products, and engage in no advertising. In contrast, supermarkets ‘capture’ demand by their overall

ranges of products and services, the key being to attract the consumer into the particular supermarket (including by the use of advertising), whereafter s/he can buy from that supermarket's range of own-label. Location and catchment areas become critical in securing a sufficient demand base for a given superstore. This configuration can be represented in Figure 7.

Figure 7 The own-label configuration

In this configuration, it is not so much particular products that are the focus of demand as the capacity of supermarkets to deliver a range of products and services, ranges differentiated by both price and variety, to target and embrace the diversity of socio-economic characteristics of the consumer. The supermarket is a one-stop shop in which the aim is to maximise the range of satisfied demand rather than sell any particular product, or discrete portfolio of products. By a combination of locational advantage, promotional activity and 'loyalty' schemes, supermarkets aim to secure a stable or expanding consumer base within their respective catchment areas.

For the own-label manufacturer, and the innovation process involved, the difference of producing under this configuration could not be more marked. With guaranteed access to market, a secure space on the supermarket shelf, a single own-label manufacturer will typically produce 1,200 new products a year, compared with the four or five introduced, advertised and marketed by the major brand-label manufacturers. The branded manufacturers have to create demand from the consumer to the retailer via advertising, and so costs are high, risks to market access great, and hence launch times from concept to final production relatively slow, usually not less than two years. In contrast, own-label manufacturers work with television chefs, pick up on the latest developments occurring in restaurants across the world, and are able to follow, as well as create, fashion rapidly, with lead times from concept to superstore shelf of as little as four weeks.

These two configurations of supply and demand as 'instituted economic process' may be radical alternatives, but at present neither has achieved total dominance at the expense of the other, let alone exclusivity. As suggested, much depends on the power relations between manufacturers and retailers in different national markets. It is far from clear how far mergers and

acquisitions between retailers at the transnational level will further affect this clash of configurations. But, in dealing with these major different modes of configuring supply–demand relations, it seems more accurate to talk of clashes or conflicts between them rather than ‘normalised’ competition within an established configuration.

Supermarkets and the aggregation and differentiation of demand

It was argued above that the articulation of the supply–demand relation for branded manufacturers is focused around the product, and for own-label manufacturers and supermarkets around the store. For branded manufacturers, the very first ‘ash and trash’ market survey of consumption patterns in 1911 claimed to have found tins of Campbell’s soup in every trashcan of every socio-economic class; the boast was that it was a ‘classless’ product (Collins, 1994). To put it another way, this form of product articulates consumer demand in a particular way.

For supermarkets, however – and here the supply–demand relation between supermarkets and consumers is being pinpointed – the key aspect is the relation between the superstore and the socio-economic characteristics of its catchment area. Prior to supermarkets reaching market dominance, which aggregated demand within given catchment areas, small retail outlets might still accommodate to the particular socio-economic characteristics of the residential areas they inhabited. Once supermarkets achieved dominance, however, out-of-town stores or large inner-city stores aggregate the full socio-economic range of demand over their respective catchment areas. Each of these catchment areas is first analysed in terms of its consumption potentials in order to tailor product range with socio-economic characteristics. Table 3 is one of the instruments commonly used by supermarkets for categorising demand, noteworthy for its hierarchy of consumption potential rather than stratification by occupation and employment. Elements of lifestyle, ethnic origin, family and life cycle are built in to focus on consumption stratification, from the thriving down to the euphemistically classified ‘striving’.

Whether in pizzas, fresh tomatoes or ready-made chill convenience foods, each product is stratified, from ‘economy’, through middle-range own-label plus branded goods to upper-range own-label, and then top-range niche branded goods.

There are these three tiers within the [own-label] pizza range. ... They offer differing purchasing opportunities for the shopper, really. You have got to satisfy all the different social groups that go into the supermarkets. That’s what the supermarkets are focused on. (McLoughlin, interview)¹⁴

Each store carries the balance between product categories to suit its catchment area characteristics, the blend of the thriving, expanding, settling and aspiring. Loyalty card and Eftpos data further embed the stores into the consumption patterns as stores become established. Once having achieved a level of dominance, therefore, supermarkets bring different socio-economic

Table 3 Supermarket consumption class society

Class category	Stratifications	1997 population %
Thriving	1 Wealthy achievers	20.37
	2 Affluent greys	
	3 Prosperous pensioners	
Expanding	4 Affluent executive, family	10.89
	5 Well-off workers, family	
Rising	6 Affluent urbanites	8.31
	7 Prosperous professionals	
	8 Middle executives	
Settling	9 Comfortable middle-aged, home-owning	24.50
	10 Skilled workers, home-owning	
Aspiring	11 New home owners, settled	13.88
	12 White-collar + upper multi-ethnic areas	
Striving	13 Older people	21.37
	14 Council estate, with income	
	15 Council estate, without some income	
	16 Council estate, with little income	
	17 People in multi-ethnic, low-income areas	

Source CACI Acorn Profile, Institute of Grocery Distribution, 1997.

groups together all under one roof, aggregate demand over wider areas and hence, through the medium of product differentiation and product range, *organise and articulate* demand differentials. Own-label manufacturing then itself becomes a co-ordinated process of creating product differentiation for different price levels. In this way, supermarkets combine mass-market standardised goods with both discount and tiers of higher-value ranges.

It may be tempting to see the way supermarkets articulate the supply and demand relation in the retail–consumer phase as being somehow ‘better adapted’ or, through the development of informatics, more finely adjusted to some hypothetical ‘consumer demand’. But that is not what is being argued. Moreover, the macro-economic context in the United Kingdom in which supermarkets came to dominance was certainly one of increasing income inequalities during the Thatcher era (Rowntree, 1995; Goodman and Webb, 1994). This may indeed be significant for the potential span of product and price differentiation. But, again, it makes as little sense to argue that product hierarchies *merely* reflect income inequalities as it does to argue that product hierarchies unilaterally impose themselves on consumers’ income expenditure, so *ipso facto* creating social orders of consumption. Indeed, here *nothing* has been said directly about the sociology of consumption of food (e.g. Warde, 1997; Mennel, 1985; Mennel *et al.*, 1992) as a phase beyond the purchase of commodities in supermarkets. Rather, *in this retailer–consumer phase* of the articulation of supply and demand, supermarkets distinctively aggregate consumers in a new way and present a distinctively organised and differentiated

new array of products to them. It is in this sense that the retailer–consumer supply–demand relation is a historically reconfigured and newly ‘instituted’ one in the United Kingdom today.

Conclusion: demand as instituted economic process

This chapter opened by considering how major geo-political configurations underpinning the British cup of sweetened tea, or the national adoption of the potato, were effects of a connection between product and consumption in a general manner, and in the broad sweep of things. This left rather a large gap between production and consumption. The chapter then considered examples of some major historical shifts in the articulation of two other ‘phases’¹⁵ – the producer–retailer and the retailer–consumer relations. These can be seen to have ‘fleshed out’ the concept of a PRDC configuration, as an instituted economic process.

A common thread running through the three empirical examples provided above is how supermarkets, as end markets, face both ways: upstream to producers and manufacturers, downstream to consumers. The retail market can be seen to be the point of articulation between different phases in a circuit of spiral of supply and demand and, as such, different retail organisations, historically and comparatively, entail differently structured relations upstream and downstream. By focusing on this aspect, an attempt has been made to go beyond the rather global accounts of the relationship between supply and demand, by showing that each successive phase (whether reading from primary supply through to final demand, or from final demand through to primary supply) is subject to a distinct process of institution.

Furthermore, once retailing firms had emerged as a distinct class of firms with a specific economic function, new and asymmetrical *relations* between primary suppliers and retail, manufacturers and retail, and retail and consumers became ‘instituted’. So, in speaking of demand (or supply) as instituted by particular configurations of economic agents of different functions, *both* the nature of the classes of firms *and* the form of relations between them are together seen as being instituted. There are no ‘uninstituted’ gaps in between the different economic agents which might constitute the basis of an independence of agents on a supply side from agents on a demand side existing outside a particular instituted relationship. Indeed, that is the first main conclusion argued from this material.

Secondly, the starting point for any particular configuration of supply and demand is the preceding configuration of supply and demand. The rise to dominance of large superstores and the near elimination of small retail outlets except as residual markets, for example, can be seen more easily as a process of reconfiguration of a previous retailing mode, developing out of multiple chain retailing present from the beginning of the twentieth century, than as a response to some primary, radically novel consumer demand for superstores which arose *ex nihilo* in the 1970s.

It has been suggested, although far from demonstrated, that the *horizontal* concentration of power by two or three major players within a nationally integrated food retail market in the United Kingdom decisively changed the *vertical* power relations, both ‘upstream’ towards producers and ‘downstream’ towards consumers. The aim of this chapter has been primarily to suggest how an ‘instituted economic process’ approach opens up the possibility of analysing macro-structural aspects of the supply–demand relationship in a new and fruitful way. Beyond the scope of this chapter, it could certainly be argued that shifts in power relations, and the emergence of new agents, are critical in processes of deinstitutionalisation and reinstitutionalisation. That would require full historical analysis of why, for example, multiple retail chains, urbanisation, the integration of national final markets, occurred early and in a more pronounced way in the United Kingdom than elsewhere, so eventually forming the background to the current, and almost unique, domination of UK food retailers within their particular domain.

But it has been shown, I hope, that the appearance of new ranges of fresh tomatoes (multi-coloured, flavoured, shaped, etc.) or a new social hierarchy of pizzas, together with a new organisation of the superstore and shoppers within them, are the joint effect of newly instituted supply–demand relations, a result of major historical restructuring.

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Notes

- 1 It is granted that the last two propositions may somewhat stretch the meaning intended by Wakefield’s rather delphic sentences.
- 2 ‘Many significant crops – rice, sorghum, hard wheat, cotton, eggplant, citrus fruits, plantains, mangoes and sugar cane – were diffused by the spread of Islam’ (Mintz, 1986, p. 25).
- 3 These were called ‘subtleties’ in medieval culinary descriptions, and by Hannah Glasse (1796) up to the end of the eighteenth century. Wedding cakes and Easter bunnies are the pale residual reflections of that medieval tradition.
- 4 *Per capita* consumption of sugar in England grew from 4 lb in 1700–9 to 18 lb in 1800–9.
- 5 ‘Most great (and many minor) sedentary civilisations have been built on the cultivation of a particular complex carbohydrate, such as maize or potatoes or rice or millet. In these starch-based societies ... people are nourished by their bodily conversion of the complex carbohydrates ... into body sugars This fitting together of core complex carbohydrate and flavour-fringe supplement is a fundamental feature of the human diet’ (Mintz, 1986, p. 9).

- 6 Part of the moral opprobrium of the potato was related to the supposedly limited agricultural work involved in its cultivation, hence the term 'lazy beds' on which they were grown. The poor were deemed to feed themselves better whilst becoming lazier. It is hard to think this reflects the view of anyone who had dug potatoes in heavy soil.
- 7 In England they arrived first in the 1870s, not in London but in Lancashire. Fish and chips arrived soon after, so that by 1888 there were 10,000–12,000 shops, and in Oldham and Leeds by 1905 there was one shop for every 400 inhabitants, or 350 and 1,075 shops respectively (Walton, 1992).
- 8 See below. It may be that Runciman assumes that each branch of the then existing multiple retailers operated as separate purchasers of the produce they sold.
- 9 Secondary wholesalers operate entirely differently from primary ones, the former purchasing products at cost on their own account; the latter, as we shall see, purchasing from growers, and selling on fixed commission.
- 10 Colin Allen was Planning Officer from 1963 to 1967, and then General Manager of New Covent Garden Market from 1967 to 1989.
- 11 Where wholesale markets have retained trade in quality produce, it is to supply the growing catering sector, not retail greengrocers. But concentration in the catering industry is leading to direct purchasing from suppliers similar to that of the supermarkets.
- 12 Alan Parker is now a major UK grower on the Isle of Wight and President of the Tomato Growers' Association.
- 13 It is significant that major global manufacturers such as Campbell's Soup are constrained now to produce own-label products for the supermarkets in the United Kingdom.
- 14 Jan McLoughlin, General Manager, the Pizza Factory. The three tiers described refer to own-label pizzas, and the Pizza Factory produced only the middle range, exclusively for Tesco (interview, March 2000).
- 15 'Phases' should not be interpreted temporally, but rather as distinct instituted economic processes within an overall configuration.

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