

Excessive offer of services & production/import of goods

(Comments based on the situation in France but is also pertinent to very many other countries)



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Abstract

The factor mentioned in the title of this article was touched upon in the Economics section of the article published in the December 2017 issue of Holistic Marketing Management, and is constantly increasing in practice.¹ People are being swamped with offers of products (especially clothing & household goods), far greater than the real demand and which distributors may eventually have to sell off in more & more frequent “sales” at discounts of up to 70%.

Keywords: Excessive Offer; Services & Production; Import of Goods

JEL Classification: L81; M31; M37

Most of the imported products were produced in third world countries where the workers earn miserable wages permitting western distributors to still make a small profit. However, on home produced goods such as food (milk, pork...), the producers are being terribly squeezed by the large distributors, forcing many to blockade shopping outlets in order to avoid bankruptcy or in extreme cases even to be driven to suicide.

¹ Kilner, A. (2017). The Growing Impact of the Macro Environment. “Holistic Marketing Management” Journal, December, Volume 7, Issue 4, pp. 10-19. Available at <http://holisticmarketingmanagement.ro/RePEc/hmm/v7i4/2.pdf>

Despite this situation, large shopping centers are continuing to open thus increasing competition between the various outlets - particularly serious for the isolated ones in town centers where parking is difficult. And in addition, the industry has not yet taken much account of current pressures against obsolescence, product sharing or repair workshops which obviously will somewhat reduce potential demand.

In the world wide context, the above scenario is taking place at the same time as the inability of millions of people to purchase many of these goods because they lack the money to pay even the small manufacturing costs plus the additional margin which would make distributor's effort sufficiently worthwhile.

On the human side, the constant pressure on margins also has an effect on shop staff, increasingly working under stress & low wages.

[However, a first welcome move against this situation has just been announced by Carrefour in a planned closure of up to 2000 outlets, but of course with the unfortunate consequence of many job losses. At the same time there has been increasing advertising for Carrefour Bank!]

This last comment leads neatly into services where it seems everyone (eg. Peugeot) is trying to develop its own bank. The strongest effort had so far been made by insurance companies-and seen the reverse move of banks into their sector. In services, the client incentives are also made on price but in addition on free months of subscription and on quality of service-something difficult to establish prior to engagement. Insurance is particularly difficult to assess:what use is it paying 20% less in premiums if claims may take several months to be (reluctantly) settled? The efficiency of household services like repairs is also difficult to predict without personal recommendation and yet personal emails are inundated with offers for them or for (independent?) advisors for all kinds of transaction.

The trend for doing things oneself,begun many years ago with the opening of DIY stores,is now thanks to internet invading non material services like agencies for travel,house purchase,personal finance. In both instances workers or salaried staff who lost their posts as employees are now trying to make a living as independents but their offer exceeds private client demands.

Overall, we are again affected by the problem of employment. With static or reduced production and less use of external service providers, what work will people be doing? The current excitement is for start-ups of new inventions but most of these, using digital applications, are in frivolous rather than essential areas which could

create big markets to interest distributors, and to employ more people as did the industries of the past. Unfortunately, the essential sectors where demand is greatest (like education, health services, renewal/re-construction of lodgings) depend on higher state funding which is lacking in most countries.

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