The analysis of the demand for extra virgin olive oil in Italy An application of the AIDSmodel

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L'analisi della domanda degli oli extravergine d'oliva in Italia
Un'applicazione del modello A.I.D.S.

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Summary

The search of a theoretical model of the behaviour to the consumption, most possible near the evidence of the truth, is at the base of the Demand's theory. Various scientific approaches to the pattern of the preferences of the consumers and the choices of consumption have been implemented.

In the theoretical context, in order to contrast the problems of static structure of the conventional models, the *flexible functional forms* (*FFF*) have collected a remarkable success in the empirical works. In particular, from the beginning of '80s, the model *Almost Ideal Demand System* (*AIDS*) of Deaton and Muellbauer has acquired a remarkable interest thanks to its ability to be adapted for various cases studies on *time series* data. The use of this same has been remarkable, especially in the context of the food sector. Few studies have however focused their interest on the extravirgin olive oil. In fact, this is a market that only recently, also thanks to some discoveries in medical field, has acquired an interesting development, dimensionally and economically. This has motivated some scientists to partially move their scientific interest from the wine sector to the olive oil one.

For such purposes, the information resource acquires a strategic importance. Thanks to the advent of scanner data (the data rescued from the reader laser of the bar codes at the points of sale of the supermarket chains, the information becomes ready available and without errors or missing values. Such characteristics determine the appreciates for statistical and economic studies.

These data that, at the present, show only two weak points: first of all, the difficulty to manage such a great amount of data; secondly, the cost for purchasing from the firms owning the data (*A.C. Nielsen* and *IRI Infoscan*).

The present job applies on data of the national oil sector, the theoretical approach of the nearly ideal model. From the result emerged on the statistics and econometric elaboration (using software *TSP*), some considerations of remarkable strategic interest

are showed. The extravirgin olive oil market characterizes for a marked dichotomy between little great companies and most numerous smalls businessmen. The first ones have an extension on all territory, while the little ones are legacies to local niches.

Moreover, from the data emerged, acquire significance, to the aims of the competitive context, the promotion strategies, particularly used in the supermarket channel. Also in this case, a strong discrepancy is showed between the use promotion lever of the great companies, plus continuous, regarding the small enterprises.

It's strategic, like in other sectors, the increasing role that are assuming the Marches trades, or like market shares (in constant increase on all territory), or like privileged management of the advertising lever.

At last, extravirgin olive oil sector is clearly still characterized from a remarkable elasticity of the pricing effect on the volumes of expenditure.