

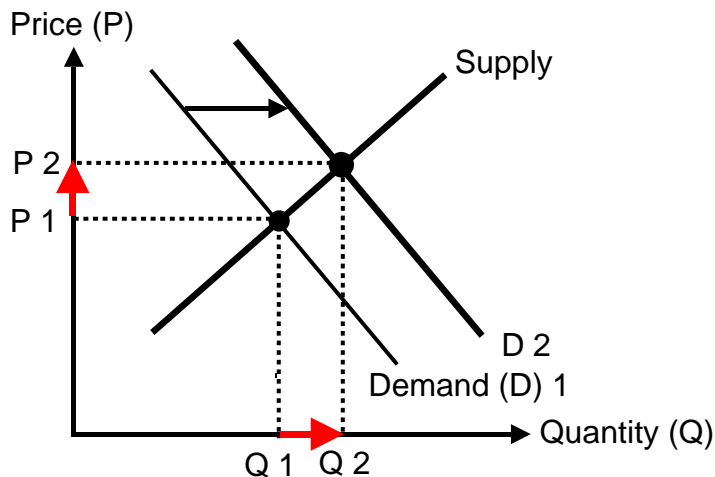
Prices on the weekly market and in the supermarket

Why is food on the weekly market more expensive than in the supermarket? Let's examine the demand and the supply side.

1 Influence of the demand side

Buyers on the weekly market expect good quality and fresh food. The visit on the weekly market can be agreeable, too, because the visitors meet other people and can chat with them.

Compared to the supermarket situation the weekly market situation results in a higher price:



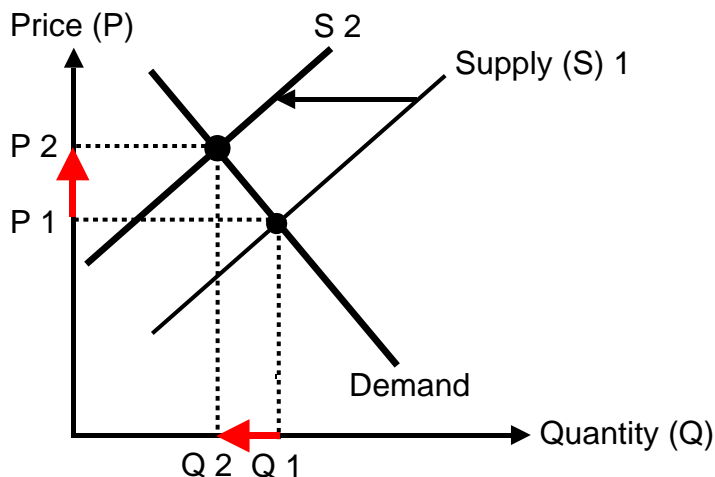
Results:

P rises from P 1 to P 2.
Q rises from Q 1 to Q 2.

2 Influence of the supply side

Both the production and the provision of food for the weekly market are more expensive than those for the supermarket. In the first case, food production takes place in smaller farms using less efficient machinery. In addition, less food is transported to the weekly market.

Compared to the supermarket situation the weekly market situation results again in a higher price:

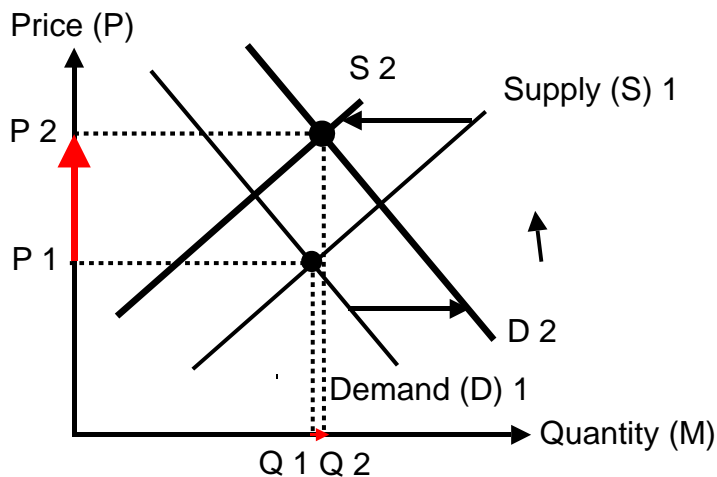


Results:

P rises from P 1 to P 2.
Q falls from Q 1 to Q 2.

3

Combining both influences:



Results:

P **rises** from P 1 to P 2.
Q **rises** from Q 1 to Q 2
(Q could as well fall or stay the same.)

Remarks:

The price P rises definitely from P 1 to P 2, because both the demand and the supply side result in a rise of price.

The quantity Q can fall, rise or stay the same. The result depends on the influence of the demand side in relation to that of the supply side. This unclear result is due to the fact that Q is increased by the demand side, but reduced by the supply side. The overall result is the addition of both influences.