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Theme: Aquaculture

Session: FrA2 - Aquaculture: markets 2

Title: **Testing for buyer power of UK salmon retailers**

Author(s): Abdulai Fofana , Shabbar Jaffry

Abstract: The development of empirical models and analysis of retailers' conduct as sellers have received the greatest attention by economists. However, the development of empirical models and analysis of retailers' role as buyers have received considerably less attention. Analysing retailers' buying power is equally important in food industries where high concentration along the supply chain is raising concerns over their oligopsony power. This paper presents a model of oligopsony conduct of UK retailers for the main product types for salmon. Based on the New Empirical Industrial Organisation (NEIO) approach as developed by Bresnahan (1982) and Lau (1982) the model parameterises the salmon retail industry's oligopsony equilibrium. The analysis uses microeconomic rationale and a robust modelling approach to test for the evidence of buyer power in the retail markets for the main product forms of salmon. The presence and extent of market power in this industry is important, as it is believed to have significant implications for both allocative efficiency and the equitable distribution of welfare gains between industry participants.