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The changing consumer in Belgium

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Abstract

Centrally located at the cross-roads of the main European Cultures that constitute its roots, Belgium can in many respects be regarded as a miniature Europe. Indeed, most general economic and consumption tendencies that have a grip over Europe, also reign the Belgian society.

Yet, Belgium's macro marketing mix exhibits a number of particular characteristics. The remarkably developed retail apparatus and extensive product assortments are typical of a small but rich consumption society. At the same time, promotional expenditures remain modest, and price competition in major sectors is fierce.

In view of the future, the foregoing aspects characterize Belgium as a potentially attractive test market for internationally oriented firms. Conversely, it appears to be an interesting commercial arena only for marketers with high cost efficiency, or with superior targeting skills allowing them to cater to the needs of small market segments with considerable purchasing power.

Keywords: Environmental changes; Belgium; Future consumption; Macro marketing mix

1. Introduction

Belgium is one of Europe's smallest and most centrally located countries, bounded by the Netherlands, Germany, Luxembourg and France. Dutch-speaking Flemings of Germanic blood in the northern part and French-speaking Walloons with Latin ties in the southern part make up Belgium's main ethnic groups, the former representing about sixty and the latter about forty per cent of the population. A tiny minority of native Belgians living near the eastern border speak German. Despite two occupations in the twentieth century, Belgium has built up a developed market economy, which is largely based on services, light and heavy industries, as well as on international trade. Its central location and proximity to main European cities and rivers, together with its cultural and political openness, have made it a natural trading centre. Belgium's current economic nature and status leave no doubt as to the overall importance of marketing practice, both

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Table 1
Economic variables

Variable	1980	1983	1986	1989	1991	1992	1993
Inflation (retail price % increase on previous year)	6.6	7.7	1.3	1.6	3.2	2.4	2.4
Consumer expenditures (at 1985 prices, in billions of BEF.)	3051	2997	3158	3513	3681	3850	3815
Total workforce (thousands)	4143.8	4151.4	4417 [a]	4875	5727	5781	5848
Unemployment rate	8.9	14.2	11.7 [a]	8.6	7.5	8.2	9.4
Exports [b]	1890.4	2651.3	3066.6	3943.1	4023.4	3969.8	N.A.
Imports [b]	2037.6	2736.1	2969.8	3767.1	3993.0	3902.0	N.A.

Source: various sources; RVA, NIS.
[a] A change in the series took place (harmonized EG definition was used from here on).
[b] For the BLEU, FOB, at current prices, in billions of BEF.

inside the country and in its contacts with other nations. Also its consumption goods marketing plays an important economic and social role, the peculiarities of which may well be worth being summarized – an endeavour to which the present article hopes to contribute [1]. It describes major environmental developments first, before concentrating on shifting accents concerning marketing decision variables. Finally, some expected future evolutions are discussed.

2. The economic environment

2.1. Employment

Over the last decades, the Belgian unemployment rate has followed a pattern, resulting from the economic cycle and the slightly upward evolution of the active population. By the end of 1994, unemployment has stabilized at a level of about 10% [2], a level more or less comparable to the average of the European Union. While the male activity rate has steadily declined over the last decades – in 1991, Belgium exhibited the lowest male activity rate among EU countries, namely 72.8% – this evolution was more than offset by females massively entering the labour market, accounting for the bulk of the increase in the total workforce. By 1991, the female activity rate reached a level of 53.2%. The impact of this evolution on consumption patterns is less dramatic than could be expected though, as women often occupy part time jobs(women account for 89.3% of part time work, which itself represents 11.8% of total employment in 1991), and female unemployment in Belgium is more than double male unemployment figures (Table 1).

2.2. Inflation

Inflation in Belgium, over the last decades, reached its peak in 1983 (where a level of 7.7% was noted), and then fell back to a minimum level of 1.2% in 1988. Since then, a gradual increase in the inflation rate was witnessed, which from 1992 on has stabilized. With an inflation rate of 2.8% by the end of 1993, Belgium positioned itself among the "stronger" countries of the EU, where the average 1993 inflation rate still amounted to 4.1%.

2.3. Income

Though Belgium accounts for a relatively small number of poor [3] in the EU, the wage income distribution in Belgium is nevertheless rather skew

[1] For more extensive and detailed tabular information, see Gijsbrechts et al. (1995).
[2] Source: Rijksdienst voor Arbeidsvoorziening (RVA), Harmonized EU definition.

[3] In 1985, 1.2% of the poor in the EU were living in Belgium, compared to a 3.1% share of Belgium in the total EU population. 'Poor' are defined here as people with less than 50% of equivalent average national spending levels (Eurostat, Sociaal Portret van Europa, 1991).

Table 2
Main Belgian demographic characteristics

	1975	1980	1985	1990	1995	2000	2025
Population (in millions)	9.80	9.85	9.86	9.97	10.03	10.08	9.91
Annual growth rate (%)	0.29	0.01	0.13	0.21	0.13	0.11	−0.07
Birth rate	12.2	12.6	11.6	12.2	12.1 [a]	N.A.	N.A.
Mortality rate	12.2	11.5	11.2	10.6	10.6 [b]	N.A.	N.A.
% Population < 15	22.1	20.1	19.0	18.2	18.3	17.8	N.A.
% Population 15–64	64.9	65.5	67.3	67.4	66.7	65.8	N.A.
% Population > 65	13.0	14.4	13.7	14.4	15.0	16.4	N.A.
Marriage rate	7.5	6.7	5.8	6.6	5.8 [b]	N.A.	N.A.
Divorce rate	1.1	1.5	1.9	2.0	2.2 [b]	N.A.	N.A.
Household size	3.16	2.95	2.73	2.70	2.70 [b]	N.A.	N.A.

[a] 1993 figure; [b] 1992 figure.
Source: Euromonitor 1976–1977, 1977–1978, 1995.

– the median level is almost twice as high as the average value in 1991 (Belgisch Comité voor de Distributie, 1994, p. 16) –, and exhibits important regional differences, the northern and central region being more "well-to-do" than the south. In recent years, government actions have exerted a dominant influence on available income. The so-called "wage stop", which is part of the general recovery plan initiated by the government, has caused a slight decline (0.3%) in real available income per capita in 1994, and will certainly moderate the real income increase (if any is observed) from 1995 onwards.

3. Demography

3.1. Population density

Belgium's small geographic size compared with its approximately 10 million inhabitants, results in a very high population density (331 inhabitants/km^2), which equals Japan's elevated figure (Eurostat, 1992, p. 9) and amounts to almost twice the EU [4] average. The country's high population density results in an extremely high urbanisation, as indicated by the fact that almost 96% of the population lives in an urbanised area. Although some geographic concentration is undeniably present in Belgium, no predominant concentration occurs in a single city, the more so as a yearlong depopulation tendency of major cities still continues. With only 10% of its inhabitants residing in its largest city, Belgium turns out to be one of the least concentrated EU countries (Table 2).

3.2. Population growth

Belgium's highly dense and urbanised population is hardly growing any longer. The population size as well as its evolution is markedly influenced by migration and more in particular by net immigration. The majority of foreigners have come from within the EU. Originally Italians represented the majority of these people. Nowadays the presence of Frenchmen, Dutchmen and Spaniards causes a more balanced picture. In contrast with the relatively high number of foreigners coming from inside the EU, the relative number of people coming from outside the EU hardly exceeds the EU average. Although the origins of the latter type of people were quite mixed, a shift can be observed from mainly citizens of European non-member states like Poland to citizens of Magreb countries. Foreign residents

[4] Throughout the whole text the expression European Union (EU) will be used, also when earlier stages are concerned. The year of reference will inform the reader about this.

are mainly concentrated in major cities and more in particular in Belgium's capital Brussels, where they represent almost one-third of the population. Over time, however, net immigration has strongly diminished, forming the principal reason for Belgium's stagnating population growth (Kredietbank, 1994a, p. 3). The Belgian birth rate comes quite close to the EU average, which itself is low according to world standards and is expected to further decrease, mainly due to the relatively smaller number of women in the fertile age group. Also the increasing female employment supposedly explains this tendency, together with the continuous postponement of marriage and consequently of the birth of the first child (Kredietbank, 1994b, p. 3). The country's mortality rate stayed rather stable in the past decades, but is expected to increase slightly. The relatively high mortality rate does not result from a low life expectancy since in this respect Belgium meets the high EU standards, but rather follows from its ageing population. In the early nineties Belgium's population was slightly older than the EU's – according to world standards already aged – population, as can be judged from the age structure. A projection for the year 2,000 indicates a further ageing. By the year 2025 Belgium's dense, degreening, greying and therefore hardly growing population is even expected to decline.

3.3. Household size

In the early nineties the Belgian average household size almost equalled the EU average. Over time this number is diminishing as a result of a moderate decrease in 2, 3 and 4 person households, a more marked decrease in 5, 6 and more person households, but mainly a strong increase in 1 person households. The latter development is mainly explained by the growing life expectancy of in particular women, resulting in a large percentage of aged widows. An additional explanation is to be found in the evolving marriage and divorce habits. These are not compensated by other registered forms of living together, like Living Apart Together, which by their very nature are difficult to grasp in statistical terms.

4. Socio-cultural environment

4.1. The role of women

Before 1955, several laws discouraged women from joining the workforce. Since then, attitudes have gradually changed and, especially in the seventies and eighties, several steps were taken to remove discriminating labour regulations. As a consequence of the growing emancipation movement, more women have joined the workforce (cf. supra). To illustrate, between 1976 and 1985 the number of two-earner-families increased from 37% to 54% (Van Dongen, 1993). This evolution is expected to continue. As a result, three types of "traditional families" prevail, namely those where the woman (1) is the housewife, (2) is professionally active or (3) is looking for a job. Between these family types, there appear to be significant differences with regard to consumption patterns, saving and time use. Surveys, however, indicate that there is no significant change in the way household tasks are divided among men and women, and that the "housework gap" between the two sexes still continues to exist (Van Dongen, 1993 and De Neve and Remy, 1994). Also with respect to shopping there seems to be no change in the "traditional" role of women in the family.

4.2. Materialism, health and education

Based on the Eurobarometer [5] of the European Commission (Commission of the European Communities, 1992), a large part (58%) of the Belgian population seems to have no clear preference for either materialism or post-materialism, while 30% can be classified as materialistic and 12% as post-materialistic – that is, put more emphasis on personal freedom, basic democracy

[5] The Eurobarometer is a valuable instrument for research on norms, values and attitudes in society, policy and European matters. In all countries of the E.U. a similar survey study is made. For Belgium, the survey is taken twice a year from a sample of about one thousand people of 15 years or older.

Table 3
Evolution of education level in Belgium

	1970	1981	1991
Total primary school	73.0%	54.7%	47.0%
lower secondary	12.6	20.5	15.1
higher secondary	7.6	15.3	23.0
higher education	4.9	6.6	10.1
university	1.9	2.9	4.8

Source: N.I.S. Census data.

and ethics rather than money. According to the barometer, Belgians are more materialistically oriented than other European citizens. In general, younger people score higher on the post-materialistic scale, especially unmarried youngsters living alone or with their partner.

Together with a growing individualism people find their own life and health to be the most important values to strive for (Commission of the European Communities, 1992). This evolution is reflected in the growing importance of health related issues in the choice of products and services.

From Table 3 we can conclude that the education level has strongly improved in the last two decades. At the same time, there remains an important lag between men and women. Despite heavy government investment, however, a substantial proportion of people still have not reached a higher secondary degree and therefore have a lower income and employment rate (OECD, 1993).

4.3. European minded

Since Belgium is a small country with an open economy and a cultural diversity with three official languages and 9% immigrants, it is conceivable that its citizens are more Europe-minded than the average European (Commission of the European Communities, 1992). They are more in favour of a common European decision authority in several domains like economic policy, defense, immigration, media, third world and environmental problems, except for problems of health, culture and education.

5. Consumption

5.1. General trends

Consumption expenditures in Belgium remained fairly stable between 1980 and 1985, and then systematically increased till 1992. In recent years, this upward trend was again put to a halt,

Table 4
Expenditures in % of total private consumption

Products	1981	1987	1993	Services	1981	1987	1993
Food	18.22	18.59	17.47	Domestic staff	1.70	1.46	1.25
Alcoholic drinks	3.44	3.09	2.73	Maintenance services	1.59	1.54	1.61
Non-alcoholic drinks	0.88	1.00	1.16	Personal care	1.71	1.41	1.29
Tobacco	1.82	1.49	1.08	Medical services	9.28	9.54	9.59
Clothing	5.56	5.02	5.09	Car operating costs	6.65	6.45	6.73
Footwear	1.11	1.10	0.92	Bus, metro, tram	0.35	0.26	0.22
Jewels & accessories	1.35	1.06	0.95	Rail transport	0.47	0.39	0.36
Housing	11.15	11.64	11.71	Other transport (taxi, boat, plane)	0.36	0.35	0.33
Energy	7.19	6.72	6.27	Phone, fax, telex	0.88	0.97	1.17
Durable household goods	8.99	9.07	9.87	Hotel, restaurant, cafe	4.38	4.49	4.65
Non-dur. household goods	0.92	0.88	0.76	Leisure activities	4.65	4.81	4.96
Total products	64.97	64.44	63.72	Financial services	2.15	2.91	2.88
				Other (law, travel,..)	0.86	0.97	1.26
				Total services	35.03	35.56	36.28

Source: Computed from N.I.S. – National Accounts.

and even reverted to a slight consumption decline. Yet, with a level of $13,613 per capita in 1993 (Euromonitor, 1995, p. 273), Belgium still reaches one of the highest expenditure figures of the EU. Table 4 provides information on the allocation of consumer budgets across product categories. Notwithstanding the overall similarity between Belgian and average European budget repartitions, some marked idiosyncrasies can be noted. Belgians spend relatively little money on tobacco, and leisure activities. Expenditures in the health sector are, on the contrary, outstandingly high in relative and absolute terms. A favourite spending category of the Belgian family is its home. When it comes to buying household goods and services, Belgium breaks all European records in absolute terms [6]: the Belgian expenditures are about 70% higher than the EU average. The fact that Belgium is a country with a high percentage of self-owned single family houses [7] – "Every Belgian is born with a brick in his stomach"– may at least partly explain why people are willing to invest more in household equipment and decoration. The previously described consumption pattern seems to picture the Belgian population as health-conscious persons, who work hard and spend their leisure time in the privacy of their well equipped and nicely decorated homes. Information on hotel and restaurant expenditures, though, confirms the cliché that Belgians also have a "Breughelian" side to them and highly appreciate "cosiness" and pleasant company, both in- and outdoors. Considering the evolution of consumer demand over time, Belgium seems to comply with the rules that have a grip over Europe. While leisure takes an ever more important position, food expenditures in the early 90's tend to capture a shrinking portion of the household budget. Within the food budget, convenience items – like ready-to-eat meals, and cleaned and cut vegetables – undeniably gain way. Overall, the consumption of services has grown: expenditures for services represent about 35% of total private household consumption. The evolution in time shows an increase especially in automotive, health and financial services. Automotive services have increased as people prefer to use their own car instead of public transportation means, while consumption of medical services is stimulated by the growing interest in health, by less restrictive reimbursement practices in national health insurance, and the increasing number of elderly people.

5.2. Consumer expectations

Consumer expectations can provide an additional means of pinpointing trend changes and of establishing forecasts of purchase intentions. In comparison with the average European, the Belgian consumer was more pessimistic during the recession period of the early eighties, probably as a result of high unemployment levels and government debt in Belgium. In the years before 1993, on the other hand, the optimism of looking forward to the realization of the internal market seemed to be high (Commission of the European Communities, Directorate-General for Economic and Financial Affairs, 1991).

5.3. Consumer credit

The evolution of consumer credit is determined by many factors. In the years following 1975, the increase was a result of relaxing credit terms. In the eighties, changes in the use of consumer credit reflected changes in the economic climate, interest rates and consumer expectations. Apart from these factors, the propensity to save and the need for credit are related to changes of a more structural nature. In Belgium, the increase in the number of people in the 20–40 age from the early seventies up to 1988, may partly explain the increase of consumer credit in that period. The latter is also caused by the

[6] Together with Luxembourg, where comparably high levels are found.

[7] Based on the population counts of 1981–1982, Belgium has a large percentage of single family houses (70%, which is clearly above the European average of ±58%), while 59.3% of the families own the house they live in (EU average being 53.8%) (Source: Eurostat, 1991).

rise in newer forms of credit, related to the use of bank and credit cards.

6. The macro marketing mix

This section discusses the evolving characteristics of marketing decision variables. As these variables are summarized under the form of aggregate measures like overall Belgian advertising expenditures, they are labelled "macro marketing mix" elements – a term coined by Leeflang and van Raaij (1993). In succession the evolution is pictured of product and price elements, advertising, sales promotion, distribution and direct marketing. Marketing research – which provides preparation for and follow up of the marketing mix – is also treated under this heading.

6.1. Product

The evolutions in consumer demand sketched above obviously affect the supply for a number of product categories. Within the grocery budget, products like meat, oil, coffee, tea, tobacco, beer and other alcoholic drinks clearly lose ground, which is in line with the tendency towards increased health consciousness. Suppliers of these product categories tend to widen or restructure their assortments in an attempt to consolidate their market positions and viability. Other product categories – like fresh and frozen foods – have witnessed an "invasion" of convenience items that make life easier on the bachelor, the working mother and – not least – the traditional housewife. Increased consumption of health and financial services went hand in hand with important changes in their supply. The upward movement in the size of the health market coincides with the use of new, improved and more expensive equipment and methods. The banking sector has improved its services by providing ATMs, POS terminals and networks, plastic cards, branch automation components, national and international EFT, and electronic home banking facilities. As a consequence of automation, banks are using their dense network of branches to offer other services (e.g. insurance) to clients.

6.2. Price

6.2.1. Price levels

Over the last decade, prices in Belgium have remained fairly stable in absolute as well as in relative terms. While health and non-food product prices have gone down relative to the average consumer price index, price levels of services and house rentals have slightly increased. Services have become relatively more expensive due to smaller productivity growth in this sector compared to industrial environments, where automation has been much more pronounced (Timmermans, 1989a,b). Food prices in Belgium have decreased relative to overall consumption prices. This evolution probably originates from the structural shifts and increased competition in the (Belgian) food retail sector. A large scale analysis by the Consumer Union reveals that even within a small country like Belgium, regional price differences nevertheless exist, probably as a result of differing local competitive forces (Testaankoop, 1994, pp. 4–13). The study also encompassed a (national) price comparison between different supermarket chains, and reveals that while for manufacturer brands, price differences between supermarkets remain remarkably limited, the prices of the "cheapest offer" for a number of product categories are substantially different across supermarkets. Large traditional chains, though, like GIB and Delhaize, exhibit "cheapest offer" price levels comparable to those of discounters like Aldi and Colruyt, probably thanks to the presence of distributor brands, and especially of generics.

6.2.2. Price knowledge and price sensitivity

Marketing literature reveals that, for grocery products, consumers in general have very little knowledge of the prices of individual items bought. Belgian studies confirm this phenomenon. To illustrate: an in-store survey revealed that less than 40% of consumers are able to state the correct price of a jar of mayonnaise immediately after purchase, more than 20% having no idea at all of the price charged (Delcroix and Mahieux, 1992). At the same time, there is a general belief that for their grocery purchases,

Table 5
Belgian retail characteristics

Retail characteristics	1980	1985	1990	1993
Overall number of retail outlets(thousands)	116.3	119.4	126.7	131.0
Number of retail outlets Nielsen (thousands)	19.0	15.6	13,8	N.A.
Overall number of retail outlets/10,000 inhabitants	118	121	127	131
% Wage and salary earners	64.0	61.6	62.7	62.7
Turnover enterprise (Nielsen/deflated figures in million BEF)	14.5	19.8	24.2	27.0
Number of sales scanning stores Nielsen	6	201	1,177	2,250
Floor space m^2 self-service/km^2	N.A.	N.A.	N.A.	97
Number of hypermarkets/10.000 inhabitants	0.08	0.09	0.10	0.11
Market share top 2% outlets Nielsen	51	53	45	39
Market share top 10% outlets Nielsen	75	79	83	80
Market share retail brands Nielsen	N.A.	N.A.	17.6	19.8

Source: Belgian Committee on Distribution, Euromonitor, Nielsen, N.I.S., Matthijs and Bosscher (1991), Eurostat.

consumers have become more price sensitive, or at least try to obtain more "value for money". The increased success of discount stores in Belgium confirms this general pattern. Traditional Belgian retailers like Delhaize and GIB have attempted to improve their price image and consolidate their market position by lowering their prices for a large number of stockkeeping units (sku's), placing more emphasis on distributor brands, introducing loyalty cards, and offering substantial price promotions.

6.3. Distribution

Belgium possesses a high retail density, significantly above the EU average. Within the country itself, this density turns out to be remarkably evenly spread out over the different regions, at least when measured relative to the number of inhabitants (Table 5). Although the number of outlets in fast moving consumer goods (Nielsen, 1980, 1985, 1990, 1993, 1994) kept decreasing after a spectacular shake-out in the sixties, the overall number of retail outlets increased over the last two decades, even causing a rise in the overall retail density! On average Belgian distribution enterprises (both retail and wholesale) are rather small. Measured by the number of wage and salary earners as a percentage of all the people active in retailing, Belgium remains below the EU average. The same holds for the turnover per retail enterprise. The modernity of Belgium's retail trade, however, is comparable to that of advanced retailing countries. The percentage of Belgian grocery sales for example, as measured by Nielsen (1994) [8], occurring via "scanning stores" (80%) largely exceeds the European average (59%). As to the penetration of self service, Belgium has the highest square metres of floor space (Nielsen, 1994) of the EU (97 m^2), over twice as high as the EU average (41 m^2). Another indicator underlining Belgium's relatively developed retailing status is given by its high hypermarket density. Together with its modernity Belgium shares the pluriformity of retail formats that typifies economically advanced countries. Also "scrambling" – which carries retailers into much more diverse and unrelated product lines [9] – characterizes this evolution, sometimes making the pluriformity less visible for the public. The variation in retail formats occurred rather suddenly and massively after 1961, the year in which the so-called Padlock Law was lifted. This law forbade the establishment of large scale outlets and created an artificial means of survival for many unproductive, extremely small scale retailers. In the decades afterwards a marked evolu-

[8] Nielsen exclude a number of retail formats like butchers, poulterers, fish shops, bakeries, confectioners, mail order and market vendors.

[9] Stern and El-Ansary (1988, p. 49).

Table 6
Market share evolution of some distribution formats in Belgium between 1960 and 1993

FOOD RETAILING	1960	1970	1980	1985	1990	1992	1993
1. Integrated retailing	11.9	17.4	31.0	30.3	32.4	33.7	33.9
a.o. Chain stores	2.8	9.9	25.1	23.6	21.8	23.5	23.6
a.o. Dept. stores	4.2	4.3	4.9	13.4	10.5	10.2	10.1
2. Associated independent commerce	12.1	16.1	14.4	17.2	17.5	17.0	N.A.
2.1. Retail coop.	0.9	1.3	4.2	4.7	3.8	3.7	N.A.
2.2. Voluntary chains	8.6	12.0	4.6	4.8	7.0	6.7	N.A.
2.3. Franchise	2.6	2.8	5.6	7.7	6.7	6.6	N.A.
3. Non-assoc. independent commerce	76.0	66.5	54.6	45.4	50.1	49.3	N.A.
NON-FOOD RETAILING							
1. Integrated retailing	12.4	13.6	12.9	15.5	16.6	16.1	16.6
a.o. Chain stores	–	3.7	5.1	7.2	9.5	9.7	10.0
a.o. Dept. stores	9.9	7.4	6.1	6.4	5.3	4.9	5.1
2. Associated independent commerce	1.9	1.6	3.0	6.7	5.1	4.8	N.A.
2.1. Retail coop.	–	–	1.0	1.0	1.3	1.2	N.A.
2.2. Voluntary chains	–	–	0.3	0 1	–	–	N.A.
2.3. Franchise	1.9	1.6	1.7	5.6	3.8	3.6	N.A.
3. Non-assoc. independent commerce	85.7	84.8	84.1	77.7	78.3	79.1	N.A.

Source: Belgian Committee on Distribution.

tion took place in favour of distribution forms that integrated both retail and wholesale activities in one legal entity. A prime example of this integration tendency was the success of chain stores (Table 6). Not only integration, however, but also an association tendency – e.g. by means of franchising contracts – became apparent after 1961. As a consequence of both integration and association tendencies, fully independent retailing significantly fell back, mainly in food distribution. The previous developments made Belgian retailing become far more concentrated than before. In the early nineties it may be called rather strongly concentrated. As a result, large scale distribution plays an important and powerful role in the Belgian economy. This is also indicated by the market share obtained by distributors' brands, which is markedly higher than the EU average. The absence of major growth possibilities, together with high rent and land prices, an ageing and rather demanding population and new regulations, however, have made Belgium's largest retailers search for growth possibilities in foreign countries (Table 7).

6.4. Direct marketing

Despite a number of structural factors like growing individualism, higher female employment, a fast technological evolution and also the rising power of retail traders, direct marketing has hardly gained momentum in Belgium over time. From 1960 on, mail order represented about 1.2% of non-food retail sales. In the early eighties this share mounted to 1.8% in a few years, to

Table 7
Evolution of fast moving consumer goods retailers in Belgium

	Integrated mass retailing	Integrated middle-size retailing	Non-integ. middle-size retailing	Small retailing
1980	46.9	6.8	19.9	26.4
1985	45.9	12.3	22.9	18.9
1990	46.8	13.7	25.3	14.2
1991	47.5	13.6	25.4	13.5
1992	48.3	14.1	24.8	12.8
1993	48.3	13.5	25.8	12.4

Source: Nielsen.

Table 8
Market shares in % of Belgian advertising media (1980–1994)

	1980	1985	1990	1991	1992	1993	1994
Daily newspapers	27.1	25.2	18.3	18.0	18.8	19.6	19.7
Regional magazines	9.2	10.2	8.1	8.4	8.2	8.6	7.3
Family magazines	15.4	13.1	9.3	9.5	8.3	7.6	7.5
Women's magazines	14.1	13.5	7.0	6.4	6.1	5.3	4.8
Other weekly magazines	1.2	1.0	0.2	0.2	0.2	0.2	0.3
Other periodicals	3.7	6.3	6.8	6.4	5.8	5.8	5.1
Outdoor advertising	14.0	13.3	13.8	13.3	13.6	12.7	12.6
Television	12.8	14.5	32.9	31.0	30.6	30.7	33.0
Cinema	1.2	1.5	1.4	1.2	1.1	1.2	0.8
Radio	1.3	1.4	2.2	5.6	7.4	8.4	8.9
Total media expenditures (1980 = 100)	100	180	317	336	371	390	411

Source: Mediamark.

again remain stable afterwards. The main explanation for this relatively minor role, must be sought in the availability of a very dense, modern and differentiated set of retail outlets. More modern forms of direct marketing are not particularly successful either, presumably for the same reasons. Direct mail expenditures expressed per capita, as well as telemarketing and marketing via electronic media, hardly reach half the EU average [10]. These low figures are even more remarkable in view of the advanced status of Belgium in all kinds of networks and the high spread of electronic media. Only direct response advertising expenditures come rather close to the European average.

6.5. Advertising

The media landscape in Belgium has been changing fast over the last few years, especially as a result of the introduction of advertising on radio and TV and the breakthrough of commercial and regional radio and television stations. In Dutch-speaking Flanders, the first commercial TV station (VTM) has been on the air since 1989. VTM enjoys a near-monopoly position because advertising on public service television is still very restricted. This situation is about to change as a second broadcasting system starts its operations in 1995. In French-speaking Wallonia, television advertising started on RTL ("Radio Télévision Luxembourg") as early as the beginning of the eighties. The so-called "cable law", which requires foreign TV stations to broadcast in the language of the country of origin, posed no problems to the French speaking commercial station to transmit TV programs from Luxembourg. To a large part, the evolution in broadcast advertising was enabled by the presence of a dense cable network. Belgium has the highest cable density in the world, television cable reaching 95% of all Belgian families, allowing them to receive about 27 different TV stations. The cable density is an important factor that may, in the near future, at least potentially, lead to new telecommunication applications with a considerable impact on marketing practice. From Table 8, it can be concluded that the total advertising budget is increasing and that commercial television has captured a large share of the advertising market. Also, radio advertising is on the rise since 1990. For newspapers and magazines, there was a significant drop in market share [11]. Family magazines and, more particularly, women's magazines seem to be the

[10] Direct mail expenses in Belgium amount to 810 BEF/capita in 1992 (EU average = 1.604 BEF), while Tele- and Electronic Marketing reach a level of 205 BEF (EU average = 524 BEF), and direct response advertising reaches an expenditure of 771 BEF (EU average = 822 BEF).

[11] In order to secure the continuity of print media, newspaper and magazine editors were allowed to participate in commercial television. As a consequence, the negative impact of the transfer of advertising income from print to audiovisual media could be avoided for participating editors.

greatest victims of advertising on radio and television, the reason being that both media attract the same kind of advertisers. Outdoor advertising was the most stable medium in the past 15 years. Among all European countries, Belgium scores highest on outdoor advertising, accounting for about 13.5% of total advertising expenditures. Producers of cars, tobacco and drinks spend most heavily on outdoor advertising. Given the legal restrictions that will be imposed on advertising for tobacco and drinks, outdoor advertising firms will be challenged to explore other sectors.

6.6. Sales promotion

For many years sales promotion expenditures were a constant blank spot on the commercial map of Belgium, leaving essential elements to guess. In 1990 a first major study (Belgisch Comité voor de Distributie, 1991) revealed an overall sales promotion expenditure level of 62 billion BEF in 1990 [12]. This figure can be interpreted, by comparing it with the Belgian amount of 43 billion BEF spent on advertising that same year. This 60/40 proportion confirms the more general European observation of a reversion of the 40/60 proportion, that was still considered to be a rule of thumb in the early seventies. Growing price sensitivity of end consumers for many product categories, weakened brand loyalty, together with increased power of retail traders seem to be the main explanations for this conversion.

6.7. Research

Belgium has a rather concentrated market research sector in which 16 bureaus account for about 90% of sector activities on ad hoc research (De Pelsmacker and Van Kenhove, 1994). The amount of money spent on external marketing research in Belgium [13] is in line with the country's overall position in the European Union. In 1990, Belgian research firms still accounted for 3% of the Union's external research budgets, which is exactly the same as the country's population share, and share of Gross Domestic Product. About 22% of the return of research companies comes from qualitative research, a fairly high figure according to European standards. Quantitative research constitutes the "bulk" of research activities and most often involves conducting surveys. Though surveys are largely based on personal interviews – about 64% of survey budgets go to this medium – the telephone is increasingly used for interviews. With a budget share of 26% for telephone interviewing, Belgium reaches a fairly high percentage in the EU. This fact may be linked to the density of its telephone network. External marketing research in Belgium is still mainly carried out for large, and in many cases multinational, companies. Belgian research companies indeed exhibit a strong international orientation: about 75% of the companies engage in international projects. At the same time, the sector realizes 75% of its return domestically. This is explained by the fact that Belgian bureaus are often subcontractors only, for parts of a large international project. Insights into the costs of conducting a market survey in Belgium are obtained from an ESOMAR (1993) study, which solicited bids for a number of ad hoc projects from research companies in 10 EU countries [14]. The study reveals striking price differences between these countries, Belgium being one of the cheapest locations with a price index of 65 compared to a country average of 100. The contrast with neighbour countries France (index 140) and the Netherlands (index 117) – where the same

[12] Of which 36 billion BEF are spent on consumer promotions, 23 on distributor promotions, and 3 on sales force promotions.

[13] The information in this section is mainly based on Spruijt and De Pelsmacker (1992), De Ridder (1993), De Pelsmacker and Van Kenhove (1994), and ESOMAR Newsbrief (1993).

[14] The study covered Portugal, Greece, the Netherlands, Spain, Denmark, Ireland, Germany, Italy, Belgium and France. In some of these countries, only a few market research bureaus participated in the study, so that the results are only indicative at best.

languages are spoken as in South and North Belgium, respectively – is remarkable.

7. Future trends and expectations

7.1. Economy

Experts believe that, at least in the short run, the future employment situation looks relatively bright, thanks to improvements in the general economic situation and to the government's continued efforts to keep unemployment at a reasonable level. In the long run, the growth in the size of the total workforce is expected to slow down considerably. A more alarming development concerns the age composition of this workforce: by the year 2010, over 44% of persons of working age will be older than 50 (Kredietbank, 1994c, pp. 1–12) (cf. infra). Expectations are that the Belgian inflation in the years to come will remain under control, and will not exceed a level of 3%, some sources even point to further decreases to a level of 2.1% (Kredietbank, 1994c, p. 8). As far as income evolutions are concerned, government actions will continue to strongly restrain real wage increases. At the same time, however, the increase in employment (stabilization of unemployment) will no doubt have a positive impact on family incomes in the short run.

7.2. Demography

Belgium belongs to the nations that will be most strongly typified by a demographic evolution, which in the medium and long term implies tremendous dangers. The country's fertility rate for example fell far below the replacement rate – a development difficult to cure – thereby aggravating the problem of a degreening and greying society, which will become critical in the first decades of the twentieth century (Kredietbank, 1994a, p. 1). Despite some recent restrictions, Belgian state pensions are still largely proportional to the wages earned during people's professional career. This system will become fully untenable, due to the diminishing number of active people in relation to the number of retired people. In 1990 there was still a ratio of 2 to 1 in Flanders, which is Belgium's strongest region in demographic terms. By the year 2030, however, the same ratio will have dropped to a mere 1 to 1 proportion (Lesthaeghe, 1991, p. 8). This evolution will strengthen the duality aspects of the Belgian consumption society. At an individual level many – often (very) elderly – people will experience a stringent budget restriction, that will urge them to carefully apply a price-oriented type of shopping and buying, based on utility, efficiency and value-for-money for a major part of their purchases. The necessity of cost-efficiency will bring along a more widespread availability of larger scale and more standardised living and consuming possibilities, combined with at least some individualism, like service flats. Society itself also will have a more pronounced dual character than today. To begin with there will be a greater distinction between active and non-active people in general. Wages will have to remain relatively high so as to leave enough net-income after deduction of social contributions, to motivate younger people to remain professionally active. Their consumption pattern may differ markedly from the non-actives. Also duality occurring within demographic groups will become more visible than today. The more rare well-to-do elderly for example may contrast sharply with the majority of strongly economizing survivors.

7.3. Consumption

From 1995 on, domestic expenditures are expected to increase, despite the absence of an important rise in incomes. Restored consumer confidence, and a reduced tendency to save, will probably imply a real yearly consumption growth of 2 to 2.5% in the short run (Kredietbank, 1994a, p. 8). The upswing in consumer confidence in 1995 may be seen as a prelude of more long-term economic recovery. However, for a real economic recovery to take place, consumer expectations still have to be translated into a higher propensity to consume. Next to consumer expectations, demographic shifts will clearly affect the long run evolutions and composition of Belgian consumer expenditures, as outlined above. Ecological concerns will become a more important consideration determining consumer behaviour in years to come. Partly as a result of eco-taxes [15] consumers are expected to shift to reusable, refillable and recyclable products.

8. Marketing management in the nineties

8.1. Product and price

As suggested before, the overall Belgian consumption pattern clearly exhibits paradoxical characteristics typical of "dual consumption behaviour" (Van Waterschoot and Deleeck, 1992, p. 629). People are at the same time looking for "value for money" and striving for personal growth (Hellebosch, 1994). While they "...tend to clip coupons for buying toilet paper on 'special offer' ", they turn out to be big spenders during their spare time. Switching to low fat yoghurt for their daily breakfast, they do not hesitate to allocate a large portion of their budget to "eating out" [16]. These 'dual' tendencies are expected to become even more pronounced in the future. Moreover, the economic and demographic evolutions outlined above lead to a highly fragmented market with a multitude of segments and consumption patterns: a "Mosaic Society" where differences in age, purchasing power, social status, ideology, life style, family type and ethnic background imply a wide range of consumption habits. More than ever, future marketers will confront the challenge of supplying wide assortments of almost "tailor made" products to precisely targeted consumers. Also, complex pricing methods might be called for, which take advantage of the differences in price sensitivity and willingness to pay across product categories and consumer segments. Environmental concerns will gain momentum and affect product and packaging strategies. An increasing number of products will carry an *ecolabel*, to support their claim to be green alternatives. To overcome national differences, a lot is expected from a standardized EU eco-label, based on a thorough analysis of the ecological impact of the product "from cradle-to-grave" (Ecobalance or Life Cycle Analysis). This approach is preferred by environmentalists, who claim that marketers too often use the incremental approach, where any environmental improvement is considered to be a valid argument for denoting their products as green or environmentally friendly. With regard to product packaging there will be an increasing pressure to reduce the amount of packaging waste. In Belgium, *Fost Plus* is the organisation, financed by industry, that will take up the legal responsibility to gather, sort, and recycle used packaging.

8.2. Distribution

There are some indications that (Belgian) retailers become more and more research oriented, and attempt to get more systematic insights from the information "readily" stored in their computers from the checkout counters. Loyalty cards provide retailers with potential census data on their clientele, the insights from which are priceless. As purchase decisions for low involvement products are increasingly made within the shops, retailers find themselves in charge of highly valued "research laboratories" (their store) that market research bureaus or manufacturers may be keen on experimenting in. In Belgium, distribution also seems to be touched by the environmental moves, as is witnessed by a remarkable private initiative of the national retail firm Colruyt, which introduced a separate "Green Line" of 700 products in 1993.

8.3. Advertising

In comparison with other European countries advertising expenditures per capita in Belgium are very low (Euromonitor, 1995). They will continue, however, to represent an ever increasing part of GNP (0.53% in 1985 and 0.67% in 1991). Especially television advertising is expected to be even more prosperous in the future, as a result of

[15] Eco-taxes represent a fiscal contribution for polluting products with less harmful alternatives, such as disposable razors and cameras.

[16] Freely translated from Hellebosch (1994).

the enlarged supply of commercial TV and radio stations, together with a probable decrease in rates and a further relaxation of restrictions in the perspective of the European Union. Print media will continue their present strategy of trying to differentiate from audiovisual media and of improving their offer by using new technologies and by looking for scale advantages through concentration and cooperation. Within the context of a societal marketing concept firms are expected to increasingly use environmental issues in advertising messages. They have to be cautious, however, since such claims should conform to the ethical code of advertising practice. Following this code, businesses must not promote their products as being superior to competitors', on the basis of environmental arguments. Furthermore, a firm should be able to have its claim substantiated by an official research institute.

8.4. Marketing research

Technological evolutions, and the resulting increase in availability of large amounts of data, suggest that in the future, larger company budgets will be spent on continuous research in the form of scanner and scanner panel data analysis. In Belgium, such data have only just become available to companies. Whether analysis of scanner and scanner panel data will be carried out internally (by manufacturers who bought the data) or externally (by the research firms that provide them), and the relative importance of these continuous studies compared to other types of research, will depend on many factors such as the in-company human expertise and computer facilities; the speed with which these data will become available, but also their quality, cost and ease of access; and the services offered by professional research companies themselves.

9. Conclusion

Belgium is an affluent, small country with a dense, ageing and ethnically rather diverse population, centrally located at the cross-roads of the main European cultures from which it has originated. In many respects it can be considered a miniature Europe in itself, which makes it a candidate test market for firms with European ambitions. Its consumption habits as well as the corresponding marketing approaches indeed are close to EU average, although with some peculiarities. Its retail apparatus for example is remarkably dense, concentrated, diversified and modern. Also the range of products and services offered for sale and consumption no doubt typifies a small, but rich consumption society. At the same time, despite the ample availability of all kinds of vehicles and technical facilities, its advertising level remains far below the EU level. Also the fierce price competition in major sectors like food, clothing and consumer electronics indicates the undeniable presence of strong market mechanisms, which together with its small size might make the country not the most attractive one for marketers, except as a test market. In the future Belgium will only be a feasible prospect for extremely cost-efficient marketers or else for those, who by their proximity or superior segmentation and targeting skills are able to profitably serve small but lucrative segments of a highly fragmented market at opportune moments of time.

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