



ACOMPARATIVE ANALYTICAL STUDY OF FOOD EXPENDITURE PATTERNS IN KINGDOM OF SAUDI ARABIA

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Alshuaibi¹, A.M. and M.N.M. Elsebaei^{1,2}

1. Agribusiness & Consumer Sciences Dept., Collage of Agricultural Sciences & Food, King Faisal University, Kingdom of Saudi Arabia

2. Agricultural Economics Dept., Faculty of Agriculture, Ain Shams University, Cairo, Egypt

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ABSTRACT

The research aimed to identify changes of food expenditure patterns among Saudis and resident foreigners in the Kingdom of Saudi Arabia, by estimating expenditure functions for both the Saudis and resident foreigners, and estimate expenditure elasticity and marginal propensity to expend for household of major food groups. The study relied on cross-sectional data from the family budget survey conducted in Kingdom. Quantitative analysis and statistical tests were utilized. Means and indexes number, simple regression in linear and double logarithmic form for estimating expenditure food functions, in addition to the test of homogeneity of regression using chow test.

The results of the study showed that the average monthly expenditure for Saudi household on miscellaneous goods and personal services as a group, housing, water, electricity, fuel as a second group, food and drinks as a third group, respectively 21.2 % , 20.7 % , 16.9 % of total expenditure. this classification differed for resident foreigners were the top three ranked expenditure groups

were the housing, water, electricity, gas and fuel as one group, food and drinks as a second group, the miscellaneous goods and personal services as a third group, respectively 21.8 % , 20.1 % , 14.7 % of total expenditure .

The results of the study also showed that the Saudis are more flexible than resident foreigners in expenditure on food and drinks in general, where the consumption expenditure elasticity on food and drinks for Saudis was equal to 0.70, which was bigger than that for foreigners 0.61, yet the situation varied between commodities. The first group included the food commodities with consumption expenditure functions that were homogenous for Saudis and foreigners. These commodities were Fish and seafood, milk and milk products, eggs, sugar, jam, honey, food products are not classified, and coffee, tea and cocoa. Expenditure elasticity has been estimated was equal 0.85, 0.77, 0.78, 0.95, and 0.89, respectively. As for the food groups that expenditure pattern differs between Saudis and foreigners, this group included the food commodities with consumption bread and cereals, meat and poultry, edible oils and fats, pulses, fruits, vegetables, mineral water , soft drinks and juices, for Saudis was 0.50, 0.65, 0.62, 0.77, 0.78, 0.90, respectively. While for foreigners amounted to 0.29, 0.35, 0.51, 0.64, 0.56, 0.70, respectively, all of which are less than one, which indicates that demand for these food groups, is inelastic demand i.e. necessary good.

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تحكيم: أ.د. محمد عبد الصادق السنتريسي
أ.د. عادل محمد مصطفى