

Summary

Consumption patterns vary across the different categories of households. They are determined by income and other socio-economic factors. The main explanatory variables of the household consumption levels and patterns used in empirical studies include household income, household size, the number of children and active members in a household, and the education and employment status of the household head. These are also the criteria used in this Working Paper to analyse the consumption of Slovenian (and European) households.

The results of a microanalysis confirm the thesis that consumption patterns vary across different categories of households, notably between the poorest and the richest ones. Poorer households mostly spend their income on basic goods, such as food and accommodation, while higher household incomes correlate with lower proportions of these goods in household spending and higher expenditures on clothing, recreation, cars and other luxury goods. Similar differences in consumption patterns are found among households when other criteria are applied, e.g. education level and age of the household head, type of household, etc.

Results of the international comparison of HBS data show that consumption habits of households do not only differ across different categories of households but also among different EU countries. This is due to a number of factors that vary considerably both nationally and internationally. Moreover, the EU enlargement in 2004 further deepened these disparities. The main differences between household consumption patterns of the old and the new EU member states can be summarised in the following four main traits: (1) households in the new member states generally spend more on basic goods such as food and housing; (2) conversely, households in the fifteen old EU countries spend much more on luxuries such as recreation and culture, restaurants and hotels, purchase of vehicles, and clothing and footwear; (3) the consumption pattern of Slovenian households is closer to that of Western European than to that of Eastern European countries; (4) Slovenia stands out in comparison with both of the compared groups in terms of its expenditure proportions on housing and health.

The validity of theoretical assumptions about the effect of income and other socio-demographic determinants on household expenditure is also confirmed by simple econometric equations. In accordance with theory, the effect of income on the level of total household expenditure is positive. The expenditure (per adult equivalent) similarly drops in correlation with the rising number of household members, as expected, but the drop is mitigated by the presence of children. In accordance with expectations, older households on average spend less on consumer goods than middle-aged households, as do households with a low-skilled household head compared with households whose head has attained secondary education.

Key words: households, consumption, Household Budget Survey, household consumption patterns, econometric modelling, income, education, age, formal employment status, type of household, international comparison, European Union, Slovenia.