

56 Functional level of a market

[3.610] Firms operate at different levels in the distribution chain, sometimes performing one function in that chain and sometimes integrating vertically into a number of functions. The traditional labels include manufacturer, distributor, wholesaler, retailer, and more recently expressions like jobber, agent, dealer have become common. These distinctions have become blurred and while it is true to say that a firm operating at one level is in competition only with other firms also operating at that level, the difficulty is to determine who in reality operates at each level. This problem become particularly important in relation to price discrimination: see [\[4.1760\]](#) ff.

Markets exist *between* functional levels as goods move from a person at one level to a person at another. In this sense the functional aspect is the hinge upon which the definition of markets turns because it determines the buyers and sellers who meet each other with the same competitive interest. This aspect can lead to the same goods competing in markets with different boundaries depending on the functional level at which the buyers and sellers meet. ^[186]

^[186] On the question of whether conduct at one functional level can affect competition at others, see *Pluteus (No 8) Pty Ltd v GJ Coles & Co Ltd* [1983] ATPR 40-391 at 44,584 per Beaumont J.