



Australian
Retailers
Association

ARA Response to the Review of the Unit Pricing Code February 2019

About the ARA:

The Australian Retailers Association (ARA) is the retail industry's peak representative body representing Australia's \$310 billion sector, which employs more than 1.2 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,700 independent and national retail members, which represent in excess of 60,000 shopfronts throughout Australia. The ARA ensures the long-term viability and position of the retail sector as a leading contributor to Australia's economy.

Members of the ARA include Australia's most trusted retailers, from the country's largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.

Introduction:

The ARA is grateful for the opportunity to represent our grocery retailing members in response to the *Unit Pricing Code Review*. We agree that the Unit Pricing Code provides an effective framework to assist consumers with making informed decisions about their purchases. The uniform standards provided by the Code assist customers to compare products and sizes, and aids in the understanding of promotions. The presence of the Code also effectively reduces confusion around pricing and, resultingly, the likelihood of disputes and customer complaints to grocery retailers.

We are supportive of the Code and regulations being remade, albeit with some important amendments to improve its operation and effectiveness. The ARA believes that, should the Code not be remade, unit pricing is likely to continue as standard industry practice. However, consistency and broad coverage would likely decrease. The benefits that are extended by a mandatory scheme such as this are multiple,

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however, the primary benefit is the provision of a uniform guide for retailers to practically apply.

Ongoing compliance costs for retailers to maintain unit pricing include liaisons with suppliers, assessments and research into product pricing and unit measures, re-assessments of product pricing and unit pricing when shelf prices change, when new lines are introduced, or when promotions and discounts are applied. Costs are also tied to printing and amending pricing displays in-store, as well as advertising and external communications.

The Code Moving Forward:

Significant changes to the grocery retailing, and broader retail industry, over the last decade, have altered the dynamics within which this Code operate. The rise of online shopping and home delivery services, digital and social media advertising and promotions, increased competition, digitally native retailers and global marketplace players, have all had an effect.

Within the grocery retailing industry specifically, these changes have seen:

- The establishment of meal-kit providers, including MarleySpoon, HelloFresh and others.
- Global marketplace e-commerce sites, including Amazon, which sell groceries on their platforms.

Both of these examples are in the grocery retailing market, yet fall outside of the requirements of the Code, as they do not sell enough of the 'food-based' grocery items to be considered. The ARA and our members view this as an unfair advantage, and an uneven playing field for local industry. We are advocating for online-only retailers, especially marketplaces which sell grocery lines, but not staples, to be brought under the requirements of the Code, should the regulations be remade. The ARA is also advocating for meal-kit services to be brought under the code to encourage price transparency and a level application of these regulations.

Changes to advertising and promotions, including through social media and other digital means also have an effect on the way grocery pricing is communicated. In order to maintain an effective, level playing field, and price transparency, these means should be explicitly included in the Code.

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However, we are not supportive of the Code being altered to extend compliance obligations to smaller stores under 1000 square metres. Smaller grocery retailers and convenience stores do not operate under similar market conditions, lack competitive advantages and pricing leverage with suppliers, and the compliance costs will be disproportionately greater. These stores are likely to rely on a higher relative degree of manual processing to ensure compliance, which comes at a significant resourcing and opportunity cost.

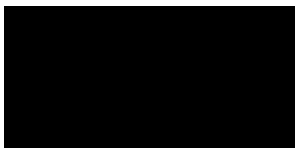
Moreover, it is unlikely that consumers would gain significant benefits from unit pricing in smaller sized grocery retailers, such as convenience stores, as customers do not do the majority of their shopping there.

We are also not supportive of the Code prescribing minimum font sizes, print formats or ticket spacing. Retailers are already obliged to display a range of different kinds of information on their pricing labels, and the cost of amending and re-printing tickets with each change is significant.

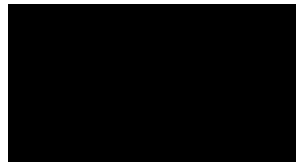
While we are supportive of the Unit Pricing Code continuing to operate, we believe it can be significantly improved, and expanded to include and adapt to changes in the marketplace brought about by digitisation.

Thank you for this opportunity to comment. If you would like to seek further information from the ARA, please contact ARA Executive Director, Russell Zimmerman, [REDACTED]

Kind regards,



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