



**CONSUMERS
FEDERATION
OF AUSTRALIA**

Developing and promoting
the consumer interest

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BACKGROUND

CFA is the peak body for consumer organisations in Australia. CFA represents a diverse range of consumer organisations, including most major national consumer organisations.

CFA advocates in the interests of Australian consumers with and through its members, supports consumer representatives to industry and government processes, develops policy on important consumer issues and facilitates consumer participation in the development of Australian and international standards for goods and services.

CFA is also a full member of Consumers International, the international peak body for the world's consumer organisations.

GENERAL COMMENTS

The introduction of a compulsory grocery unit pricing scheme was an objective of CFA and many of its member organisations for many years before this was provided via the Grocery Unit Pricing Code of Conduct which became fully effective on 1 December 2009.

CFA and many of its members participated in the campaign for unit pricing, made submissions to the ACCC Grocery Inquiry (which recommended that there be a national compulsory grocery unit pricing scheme), and participated in the subsequent consultations undertaken by Treasury prior to the finalisation of the Code.

Many of CFA's recommendations and those of member organisations were not incorporated into the Code. These recommendations were designed to ensure that all unit prices were easy for consumers to notice, read and use and to ensure that there was sufficient information and consumer education to facilitate consumer awareness and use of unit pricing.

Since then CFA has also:

- Made a submission to the 2012 Post Implementation Review.
- In conjunction with members, increased consumer awareness of grocery unit pricing and its many benefits for consumers, the community and the economy.

- Via its membership of a Standards Australia committee, participated in the development of an ISO standard (*ISO 21041:2018 Guidance on unit pricing*)¹ published in December 2018.

Therefore, CFA welcomes the decision to undertake this much needed and long overdue review, and the opportunity to participate in it.

Regarding the Code's impact and its implementation, feedback from CFA members, the results of the Queensland Consumers Association and Choice 2011 online survey² of shoppers at Coles and Woolworths supermarkets, and the national survey³ of consumers conducted by Choice in 2018, show that:

- The unit pricing provided by the Code is used by, and is of great benefit to, many consumers by assisting them to make better informed choices.
- There are many major systemic problems with the unit pricing provided by grocery retailers under the Code and these are causing substantial detriment to consumers, the community and the economy.
- The main problems include: inadequate prominence and legibility of unit prices, non or obscured provision of unit prices, use of inconsistent units of measure, insufficient monitoring and enforcement of compliance, and insufficient consumer education.
- There is great scope and need to obtain even more benefits from grocery unit pricing, by substantially changing the Code, and its implementation and administration.

Choice's 2018 survey also shows clearly that there is very strong support from consumers for non-grocery retailers, such as pharmacies and hardware stores, to be required to provide unit pricing for grocery and non-grocery products.

Therefore, CFA recommends that the key outcomes for this review should be that:

- 1. Specified grocery retailers continue to be required to provide unit pricing and any voluntary providers continue to be required to comply with the same requirements as other providers.**
- 2. Grocery unit prices become much easier for consumers, including those with disabilities and in vulnerable or disadvantaged situations, to notice, read, understand, and use.**
- 3. More grocery retailers be required to provide unit pricing.**

¹ ISO 21041 "Guidance on unit pricing". Available for sale at <https://www.iso.org/obp/ui/#iso:std:iso:21041:ed-1:v1:en>

² Available at <http://consumersfederation.org.au/wp-content/uploads/2011/12/UP-Survey-Report-FINAL.pdf>

³ Available at <https://www.dropbox.com/sh/9twvo3ouqdas7d4/AACbkdWyt5o54EtovmPE3ux9a?dl=0+&preview=Unit+Pricing+Survey+Embargoed+19022019+930AM.pdf>

4. Non-grocery retailers such as pharmacies (for non-prescription items) and hardware stores also be required to provide unit pricing.

RESPONSES TO THE DISCUSSION PAPER QUESTIONS

1. Has the Code helped consumers make informed decisions when purchasing grocery items and improved price competition? How so?

Yes. The Code has greatly helped consumers to make more informed choices between grocery products in fixed measure packages. And, the number of possible choices/uses is much greater than just between pack sizes and brands, for example between types of packing, product forms, and similar/substitute packaged products.

It has also greatly facilitated informed choice between products sold in fixed measure packages and those sold in variable measure packages and loose from bulk. This is due to the trade measurement laws requiring that a unit price also be provided for these products and, importantly, the uniformity of the units of measure (for weight generally kg) required for many products covered the Code and by the trade measurement laws.

The requirement to provide the unit price for products on special offer, not at the regular price, has also greatly assisted consumers to make decisions about whether special offers offer value for money.

By using unit prices in the above ways, consumers have been able to indicate their preferences clearly to both manufacturers and retailers and this has had very positive effects on competition.

Consumers have also been able to achieve considerable savings in shopping time due to not having to calculate unit prices themselves.

However, we wish to emphasise that due to deficiencies with the Code and its implementation and administration, there is still great scope for consumers to use unit pricing to make many more informed choices between grocery products and retailers.

2. If the Code is not remade, what implications would this have on the application of unit pricing in Australia?

It is probable that much less unit pricing covered by the Code would be provided, and, unless any voluntary provision was required to comply with effective and enforced standards the quality of provision and display, and the units of measure used, would vary greatly between retailers.

Consequently, consumer use of unit pricing would to be much lower, as also would be the benefits obtained.

3. What are the typical ongoing compliance costs for retailers to maintain unit pricing?

Given that retailers subject to the Code already have invested in systems and processes to provide unit pricing, continuing to do so should not result in significant additional compliance costs for these retailers.

4. Have there been any changes in the structure of the market influencing the effectiveness of the Code?

Yes. The number of stores selling grocery items but which have a floor area of less than the minimum of 1000 sq m required for the Code to apply has increased. In addition, many bricks and mortar grocery retailers, including some very large ones, and some online grocery retailers do not sell all of the 11 types of food based items specified in the Code as also being a requirement for mandatory provision.

The Code needs to be adjusted to reflect these changes. CFA notes that the initial Code was designed to exempt many smaller retailers selling grocery products. However, this exemption was to be reviewed after 5 years.

Recognising the changes in the structure of markets, [*ISO 21041:2018 Guidance on unit pricing*](#) applies to any retailer including supermarkets, hardware stores, pharmacies and convenience stores. Supermarkets now compete with pharmacies and hardware and other stores on a range of products. Therefore, a unit price system in stores supplying similar products would assist informed decision-making by consumers and facilitate a more equitable and competitive market place.

5. Are there any refinements that could be made to ensure ongoing efficiency and effectiveness of the Code, while also improving outcomes for consumers?

Yes. See responses to other related questions. CFA also considers that the Code should require:

- The display of the unit price every time a selling price is displayed.
- That if a unit price **not** required by the Code is displayed (for example per can for drinks), the unit price required by the Code (per litre for drinks) must also be displayed beside it and the print size used for the required unit price must be larger than that of unit price not required by the Code.
- The display of the unit price on television and internet video advertisements where the selling price is displayed.
- Websites to have functions that allow consumers to search only for defined products and to sort by unit price the results, or a sub set, of such a search.
- Non-grocery retailers such as pharmacies (for non-prescription items) and hardware stores to provide unit pricing.

6. Is the current principles-based approach still appropriate for displaying unit prices?

No. As shown by the consumer surveys mentioned earlier in this submission and in comments regularly made by consumers, it has resulted in far too many unit prices that are insufficiently prominent and/or difficult to read. This reduces consumer trust and confidence and awareness and use of unit pricing which in turn results in substantial detriment to consumers, the community and the economy.

The main reason for these major systemic problems is the Code's principles-based requirements that unit prices be prominent and legible and in close proximity to the selling price which can be, and have been, interpreted differently by retailers and the ACCC.

In this regard CFA notes that a principles-based approach is not adopted by the Code in relation to other important matters that affect the quality of the unit pricing provided, such as the unit of measure to be used or the provision of unit price when a selling price applies to more than one item. Also, a principles-based approach has not been applied to the display aspects of country of origin labelling and quantity statements on packaged products, the legislation for which contains very specific and precise requirements.

Much greater specificity about what constitutes unit pricing that is prominent, legible and in close proximity to the selling price is required so that the quality of display is improved, there is great consistency between retailers, and it is easier for retailers, the ACCC and consumers to assess whether unit pricing is compliant.

More precise display requirements are also required because of the failure of many grocery retailers to give sufficiently high priority to ensuring that unit prices are easy to notice and read. Such requirements would assist retailers to achieve their stated aims of being customer focused, and of providing value and convenience.

Regarding the close proximity to the selling price requirement, currently, especially with special offer labels, the unit price is often not close to the selling price and there may be much other information between the selling and the unit price. This problem could be easily overcome by requiring in the Code, as recommended in *ISO 21041:2018*, that the unit price be below or adjacent the selling price and to avoid mixing the unit price with other text.

Regarding achieving sufficiently prominent and legible unit prices, CFA emphasises the need to meet the needs not only of “average” consumers but also the many with disabilities, such as of sight and mobility, and those in vulnerable and disadvantaged circumstances.

CFA also emphasises the need to ensure that the end result is that **all** unit prices are easy to notice and read, including those on the bottom and top shelves and when the shelf label is vertical not angled to assist the viewer, as well as on the internet and in advertisements.

Ensuring that all unit prices are sufficiently prominent and legible is a crucially important issue for this review. In recent years some research⁴ has been undertaken on what is required to ensure that printed information, including unit pricing information, is prominent and legible.

⁴ Some of this is reported in: Bogomolova S., & Jarratt I. Unit pricing in supermarkets: Review of past evidence from academic and industry studies. Social Sciences Research Network, 2016. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2853977 # and at <http://consumersfederation.org.au/wp-content/uploads/2018/06/MAKING-UNIT-PRICES-EASIER-TO-NOTICE-AND-READ-QCA.pdf>

Therefore, the review should carefully consider and use the results of research on this matter. Also, given the major influence of quality of display on consumer use of, and confidence in, unit pricing, if required, the review should commission new research on display issues.

7. Should there be any changes to alternative units of measurement? Why or why not?

Yes. The standard units of measure for weight and volume should be changed from per 100g and per 100mL to per kg and per litre (as in the situation in the European Union for unit pricing of products in fixed measure packages and with the Australian trade measurement laws for products sold loose from bulk and in variable measure packages), and a new table of alternative units of measurement should be provided for some products.

This would reduce the different units of measure used for products, increase consumer use, and reduce retailer costs.

8. Should smaller retailers (under 1,000 square metres) be required to comply with the code?

Yes. The minimum area should be greatly reduced. This would increase the number of grocery retailers required to comply with the Code.

9. Is the minimum range of goods that must be sold in order for the Code to apply still fit for purpose?

No. The retail market has changed significantly since the introduction of the Code. The minimum number of items sold requirement, that allows the Code to not apply to some retailers, should be greatly reduced. This would increase the number of grocery retailers required to comply with the Code.

Examples include:

- Large bricks and mortar and online retailers who do not sell only of the items in the range, for example fresh fruit and vegetables.
- Retailers who do not sell several of items in the range, for example health food shops which specialise in selling limited range of grocery products, or green grocers who in addition to fresh fruit and vegetables many also sell several products such as milk, bread, canned fruit and vegetables, pasta, etc.

Currently, retailers to whom the Code does not apply are used by consumers who also shop at retailers required to provide unit pricing. This means that, unless the exempt retailer provides unit pricing voluntarily, consumers cannot compare the unit prices of products covered by Code between both types of retailer.

However, they can do so with the unit price of products sold loose from bulk and in variable measure packages covered by the Trade Measurement Regulations because these do not distinguish between retailers on the basis of either store size or range of products sold.

Therefore, requiring more retailers to provide the unit price for products in fixed measure packages covered by the Code would result in a more consistent, transparent and comprehensive unit pricing system across all retailers selling grocery products.

10. Is the list of items currently exempt from the Code still appropriate?

No. The current list of exempt items should be reviewed. The following items should not be exempt: stationery, items for garden or pool maintenance, or for garden or pool decoration, hardware items, and items for motor vehicle maintenance or repair.

11. Do you have any evidence of non-compliance with the Code that has not been raised with or addressed by the ACCC?

Yes. Some CFA members have supplied the ACCC with examples of non-compliance, however generally this does not appear to have resulted in significant changes in retailer practices.

12. What sort of complaints, if any, do retailers receive from consumers about unit pricing?

Insufficient knowledge of the subject to comment.

13. What changes to the regulatory regime, if any, may be required to ensure compliance with the Code?

Less reliance by the ACCC on complaints to identify possible non-compliance.

More proactive, on-going monitoring and enforcement of compliance by the ACCC and public reporting of the results of compliance activities.

Taking great account of the needs of consumers with disabilities, such as impaired vision and reduced mobility, and of vulnerable and disadvantaged consumers.

Providing more specific requirements, in the legislation, or in enforceable guidelines, especially for display.

Providing the ACCC with the power to impose administrative penalties for consistent non-compliance.