

Supermarket Pricing Inquiry

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A non-profit, volunteer organisation,
advocating to advance the interests of
consumers in Queensland

11 April 2024

By email to: spsc@parliament.qld.gov.au

SUBMISSION TO THE QUEENSLAND LEGISLATIVE ASSEMBLY'S SUPERMARKET PRICING SELECT COMMITTEE

RECOMMENDATIONS

1. The Queensland government request that the inquiry into supermarkets currently being undertaken by the ACCC include:

- A. A detailed investigation into, and recommendations on, grocery retailer compliance with the Grocery Unit Pricing Code and the opportunities to increase the effectiveness of the grocery unit pricing system for consumers through changes to the:**
 - current compliance monitoring and enforcement arrangements
 - Code's provisions and associated guidance documents
 - national measurement legislation.
- B. A recommendation that that the scope of the national unit pricing system be expanded to include the provision of unit prices for packaged products sold by relevant non-grocery retailers such as pet supplies stores, chemists, hardware stores, and stationers.**

2. The Queensland Office of Fair Trading continue to promote to Queensland consumers the benefits of grocery unit pricing and to participate in national campaigns to encourage consumers to check the unit prices displayed on supermarket shelves and online to help save money when shopping for groceries.

3. The Queensland government encourage Queensland consumers to complain to the ACCC and grocery retailers about unit pricing for packaged products provided by grocery retailers covered by the Unit Pricing Code administered by the ACCC that is not easy enough to notice, read, understand and use.

INTRODUCTION

The Queensland Consumers' Association (QCA) is a small non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. QCA's members work in a voluntary capacity and specialise in particular policy areas. QCA is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and also works closely with many other consumer and community groups.

QCA has a very strong interest in ensuring high levels of retail grocery price transparency and fairness for consumers and its work in this area has included:

- Coordinating the consumer campaign that in 2009 resulted in the Retail Grocery Industry (Unit Pricing) Code of Conduct (the Code), administered by the ACCC, that requires some instore and online grocery retailers to provide consumers with the unit price (price per standardised unit of measure) for grocery products sold in constant measure packages (for example boxes of breakfast cereals and cartons of milk).
- On-going advocacy for improvements to the Code (and its administration by the ACCC), some other types of retailers to be required to provide unit pricing for packaged products, and for changes to the National Measurement laws in order to increase consistency in the units of measure used to indicate the unit price of products sold in packages and/or loose.

For packaged products, the unit price is the price per standardized unit of measure, for example \$1.41 per 100g for a 765g packet of breakfast cereal costing \$10.80, and is provided by the retailer in addition to the selling price.

Effective unit pricing:

- Greatly increases price transparency and makes it much easier for consumers to compare product values and thus find the best value for money. (Being able to find the best value for money is always important but is particularly so now given the great pressures being felt by so many Queensland consumers due to the high cost of living and declining standards of living).
- Increases competition along the supply chain.

Therefore, QCA welcomes the opportunity to make this submission, which is **only about the provision of unit pricing by supermarkets.**

The submission is relevant to the following Committee objectives:

- examine the causes and effects of increased supermarket prices, and
- identify opportunities to increase transparency in the supermarket sector for consumers and producers.

and the following terms of reference:

- *1a. examine the causes and effects of increased supermarket prices; and*
- *1b. identify opportunities to increase transparency in the supermarket sector for consumers and producers.*
- *2e. improvements to Queensland's policy environment to increase transparency for producers, including what data will reduce information asymmetry, and/or reduce prices for consumers; and*
- *2f. any other reviews or inquiries occurring in Australia regarding this matter, with a view to complement these analyses by focusing on potential Queensland Government responses.*

JUSTIFICATION

Unit pricing is very relevant to the Committee's work because of:

- The need to explore all ways to assist the many Queenslanders struggling with the high cost of living and falling living standards.
- The recognition by previous Queensland governments of the large benefits possible if grocery retailers provide their customers with effective unit pricing. For example, in 2008 the Bligh Government tabled legislation to require the provision of effective unit pricing by grocery retailers operating in Queensland. And, this legislation was not proceeded with only because the Commonwealth government decided to enact national legislation, which commenced in 2009, and which the Queensland government was told would provide Queensland consumers with highly

effective unit pricing. However, unfortunately as illustrated in the photos in the attached Appendix 1, far too much grocery unit pricing is much less effective than it could and should be.

- The Queensland Office of Fair Trading in the Department of Justice promotes to consumers the benefits of grocery unit pricing. And in 2022, it developed materials for, and led a national campaign supported by other jurisdictions to encourage consumers to check the unit prices displayed on supermarket shelves and online to help save money when shopping for groceries.
- The failure of many grocery retailers to ensure that ALL the unit prices for packaged products they provide in Queensland are easy for consumers to notice, read, understand and use.

However, currently, far too many unit prices are not easy enough for Queensland consumers to notice, read, understand and use even though a mandatory federal Code administered by the ACCC requires many grocery retailers to provide unit prices that are prominent, legible, and close on the selling price and to use specified units of measure for unit pricing,

This greatly reduces the number of consumers who use unit pricing, the frequency of use, and the savings obtained.

Effective unit pricing allows shoppers to easily compare the value for money of items and to make significant savings or get more for the same expenditure when prepared to change pack size, brand and whether what they buy is packaged or loose.

This is because:

- Grocery unit prices differ greatly between: pack sizes, brands, loose/packaged products, package type, fresh/frozen/canned products, substitute/alternative products, retailers, etc. and they can be used to make many types of value comparisons.
- Grocery retailers, and others in the supply chain, use very sophisticated marketing and other tactics to influence what consumers buy, so the provision of effective unit pricing reduces the information asymmetry between businesses and consumers and facilitates informed consumer choice.
- Many consumers, especially those on low incomes spend substantial proportions of their income on food and grocery products.

The high levels of difficulty consumers experience using grocery unit pricing are clearly shown by a 2022 national survey¹ commissioned by the Australian Consumers Association (CHOICE) which found that 71% of unit price users in grocery stores and 80% of online users experienced difficulties doing so. It also showed that the main instore and online difficulties were:

¹ Available at <https://www.choice.com.au/unitpricing>

<u>Difficulty experienced using unit pricing</u>	<u>Instore shoppers</u> (% who experienced problems)	<u>Online shoppers</u> (% who experienced problems)
Difficult to read	34	23
Obstructed/covered	31	N/A
Different units of measurement for the same type of products	26	31
Not displayed	35	29
Being unable to sort/search by lowest unit price	N/A	20
Difficult to compare products of interest side by side	N/A	25

Significantly, most of these difficulties were caused by retailers not complying with the Code. And, the levels of difficulty were substantially higher for some types of consumers. For example, unit prices being difficult to read instore was a problem for 47% of retired users compared with 29% of non-retired users and 79% of people with a disability experienced difficulties using unit pricing instore compared with 69% of other users.

Also, in a 2018 Treasury online survey involving 3775 respondents 74% said they had trouble finding and reading the unit price away/often/sometimes.

Importantly, since these consumer surveys were undertaken, some major supermarkets have replaced paper shelf labels with electronic ones which has substantially reduced the prominence and legibility of many unit prices. Therefore, new consumer surveys would likely indicate even higher levels of consumer difficulties finding and reading unit prices.

The main causes of the difficulties consumers experience are that both instore and online: many unit prices are difficult to notice and read (for example the print is often too small and not bold); different units of measure are used for the same type of product (for example some items per 100g and some per each); and unit prices are not always displayed.

To increase consumer usage, increased retailer compliance with the Code is required and that this can be best achieved by increased priority being given to monitoring and enforcing compliance²

Retailer compliance and the ACCC's compliance and monitoring and enforcement activities would also improve if more consumers complained to retailers or the ACCC about inadequate or non-compliant unit pricing. Yet, despite the high levels of consumer dissatisfaction and difficulties with much unit pricing, unfortunately and for a variety of reasons³, few consumers make formal complaints about it.

Consumer use of unit pricing could also be increased if there was more consumer education about what it is and how to use it. This is needed because research has shown that general usage increases when

² This would also make the system fairer and less discriminatory.

³ The reasons include: not knowing where or how to complain; not knowing the legal obligations of retailers to provide unit pricing; the time and effort required to make a formal complaint; and believing that one person's complaint will not be actioned or make a difference.

consumers are provided with educational information and new consumers (including migrants many of whom come from countries where unit pricing is not provided for packaged products) need to be made aware that it is provided in Australia and encouraged to use it.

The extent and frequency of consumer use of grocery unit pricing could also be substantially increased by legislative changes that would result in major benefits for consumers and the community.

The current legislative obstacles to increased consumer use of unit pricing include:

- Some supermarkets and online grocery retailers are not required by the Code to, and do not, provide unit pricing⁴.
- Grocery price comparison websites are not required to provide unit pricing.
- The need to modernise and make fit for purpose the Code's provisions on the units of measure to be used to indicate unit prices, for example to require more products to be unit priced per kg and per litre, to clarify the requirements when different sizes of packaged products are sold by number or on a roll, and to allow the use of per wash load for laundry detergents.
- The Code only requires that unit prices be displayed prominently and legibly and there is no enforceable guidance on how that might be achieved and or on how compliance will be assessed, and there are no penalties for non-compliance.
- Measurement legislation allows the quantity information on many packaged products to indicate either the number of items or the weight and for many products sold loose to be priced per item or per unit of weight. These result in significant inconsistencies in the units of measure retailers use to unit price different items of the same product, or similar products.

Furthermore, non-grocery retailers such as pet supplies stores, chemists, hardware stores, and stationers sell packaged products, and consumers spend large amounts in these stores yet they are not required⁵ to provide unit prices and rarely do so voluntarily.

Yet, consumer surveys have shown that many consumers want unit pricing for packaged products to be provided by more grocery retailers and some non-grocery retailers.

For example, in a national CHOICE survey in 2018: 86% of respondents believed mandatory unit pricing should be extended to shops that are not currently covered by the Code and over 50% believed convenience stores and smaller grocery retailers should also be required to provide unit prices, Also, 66% of participants said unit pricing should be extended to pharmacies and 44% to hardware stores.

Therefore QCA RECOMMENDS that the Committee recommendations include that:

1.The Queensland government request that the inquiry into supermarkets currently being undertaken by the ACCC include:

A. A detailed investigation into, and recommendations on, grocery retailer compliance with the Grocery Unit Pricing Code and the opportunities to increase the effectiveness of the grocery unit pricing system for consumers through changes to the:

- **current compliance monitoring and enforcement arrangements**
- **Code's provisions and associated guidance documents**
- **national measurement legislation.**

B. A recommendation that that the scope of the national unit pricing system be expanded to include the provision of unit prices for packaged products sold by relevant non-grocery retailers such as pet supplies stores, chemists, hardware stores, and stationers.

⁴ Only retailers who sell all of 11 specified categories of grocery products are required to provide unit pricing and the only instore retailers required to provide it are those with more than 1000 square meters of floor space.

⁵ They are required to do so in several EU countries and the UK.

- 2. The Queensland Office of Fair Trading continue to promote to Queensland consumers the benefits of grocery unit pricing and to participate in national campaigns to encourage consumers to check the unit prices displayed on supermarket shelves and online to help save money when shopping for groceries.**
- 3. The Queensland government encourage Queensland consumers to complain to the ACCC and grocery retailers about unit pricing for packaged products provided by grocery retailers covered by the Unit Pricing Code administered by the ACCC that is not easy enough to notice, read, understand and use.**

APPENDIX 1

EXAMPLES OF UNSATISFACTORY GROCERY UNIT PRICING

INSTORE



Unit prices very difficult to read on electronic labels on lower shelves due to small print, non bold font and some labels being vertical



Unit prices very difficult to read on paper labels on bottom shelf due to small non bold print



Unit prices difficult to notice and read on special offer label due to use of small, non bold font and not being close to selling price



Unit price on paper shelf label obscured by edge of label holder



Unit price not provided



Tea bags unit priced per 100g and per bag (all should be the same unit of measure)



Beverages unit priced per 100mL and litre (all should be per litre)



Salmon unit priced per 100g (should be per kg), unit price not prominent even though room on label for larger print size, and unit of measure shown as per 100g \$4.12 not \$4.12 per 100g



Unit price not provided for special offer



Garlic unit priced per 100g (should be per kg)



UP for bean sprouts shown per each but meant to be per 100g and should be per kg



Unit prices on electronic labels for single and double items very difficult to notice and read on bottom shelf even though angled out
















Unit price in very small non bold print and unit of measure 100g (should be per kg for flour)








Unit price not provided

ONLINE






 <p>EVERY DAY</p> <p>Tetley TEA CUP BAGS</p>	 <p>Tetley EXTRA STRONG TEA BAGS</p>	 <p>EVERY DAY</p> <p>Bushells Blue LABEL</p>	 <p>TWININGS English Breakfast EXTRA STRONG</p>
Tetley Tea Bags 100 pack 180g	Tetley Extra Strong Black Tea Bags 100 pack 200g	Bushells Blue Label Tea Bags Teacup 100 pack	Twinings English Breakfast Extra Strong Tea Bags 80 pack 200g
\$3.80 \$0.04 per 1ea	\$4.60 \$0.05 per 1ea	\$4.50 \$4.50 per 100ea	\$13.50 \$0.17 per 1ea
 	 	 	  

Tea bags in 100 bag packages unit priced per ea (bag) and per 100ea (100 bags). All should be per 100ea (bags) or per ea (bag). Unit price should be in larger and bold font to be more prominent.

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	 <p>Free shipping*</p>	 <p>Free shipping*</p>	 <p>Free shipping*</p>	 <p>Free shipping*</p>
\$48.00 \$0.48 / 1EA	\$66.00 \$16.50 / 1EA	\$64.00 \$106.67 / 100EA	\$65.00 \$108.33 / 100EA	\$60.00 \$60.00 / 1EA
Primo Caffe Coffee Espresso Hermetic Capsules 2PK - 50pc	Primo Caffe Ristretto Hermetic Coffee Capsules 50pc 3 + 1	Di Stefano Coffee Capsules 1735 Blend 60pc 54g	Di Stefano Coffee Capsules 1820 Blend 60pc 54g	Di Stefano Decaf Coffee Capsules Decaffeinato 60pc 54g

Coffee capsules unit priced per ea, per 100 ea, and per package. All should be All should be per 100ea or per ea. Unit price should be in larger and bold font to be more prominent.





 <p>\$5.00 \$27.78 / 1KG</p> <p>Sunbeam Strawberry Yoghurt Coated Sultanas 30g X 6 Pack</p> <p>Add to cart</p>	 <p>\$4.50 \$1.13 / 100G</p> <p>Lucky Sultanas 400g</p> <p>Add to cart</p>	 <p>\$5.50 \$1.22 / 100G</p> <p>Sunbeam Sunmuscat Sultanas 450g</p> <p>Add to cart</p>	 <p>\$6.80 \$9.71 / 1KG</p> <p>Lucky Sultanas 700g</p> <p>Add to cart</p>	 <p>Special</p> <p>SAVE \$1.00</p> <p>\$3.00 \$4.60 - \$20.00 / 1KG</p> <p>Ocean Spray Craisins Reduced Sugar 150g</p> <p>Add to cart</p>
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Sultanas unit priced per 100g and per kg. All should be per kg. Unit price should be in larger and bold font to be more prominent.

Product Filters

Brand

- Coca Cola
- Schweppes
- Kirks
- Sprite
- Pepsi
- Fanta
- Sunkist
- Bundaberg
- KIRKS
- Mountain Dew
- Solo
- 7Up
- Diet Rite

 <p>7Up Lemonade Soda 1.25 Litre</p> <p>\$3.40 \$2.72 per 1L</p> <p>Add to Cart</p>	 <p>Bundaberg Brewed Ginger Beer 750 Millilitre</p> <p>\$4.49 \$0.60 per 100mL</p> <p>Add to Cart</p>	 <p>Bundaberg Ginger Beer 10 Pack</p> <p>was \$19.15</p> <p>\$13.60 \$1.36 each</p> <p>Add to Cart</p>	 <p>Bundaberg Sarsaparilla 750 Millilitre</p> <p>\$4.25 \$0.57 per 100mL</p> <p>Add to Cart</p>
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Beverages unit priced per 100mL. per litre and per pack (all should be per litre) and unit price not close to the selling price. Unit price should be in larger and bold font to be more prominent.