



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

*Secretary:
Max Howard
PO Box 261
Corinda Q 4075*

Telephone: 0419 678 395

Contact: Fiona Guthrie ph: 07 3369 7247, email: fionaguthrie@creativesparks.com.au

28th October 2008

James Chisholm
Competition and Consumer Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: unitpricing@treasury.gov.au

SUPPLEMENTARY SUBMISSION TO FEDERAL GOVERNMENT'S UNIT PRICING ISSUES PAPER

Background

Queensland Consumers' Association provided a submission in response to the above paper on 8th October, 2008.

This is a supplementary submission that includes information that has recently come to our attention via one of our members, Ian Jarratt.

Ian is currently travelling in the United States, Canada and New Zealand and has taken the opportunity to investigate supermarket unit pricing in some detail in those jurisdictions. Ian was previously the recipient of a Churchill Fellowship to study unit pricing overseas: a copy of his report was provided separately to Treasury some time ago.

Unit Pricing – Good Practice Presentations

Below are some photographs of unit pricing displays from Massachusetts. The format of the display in this jurisdiction is compulsory. For the most part, the information is clearly presented and easy to read (see specific comments below). The colour background is particularly helpful.

	<p>Regular shelf label – note the coloured background for the unit price information. In our view, this is best practice.</p>
	<p>Price card for a multi-buy</p>
	<p>Shelf label for a price reduction (the unit price of \$2.70 per pound could be larger).</p>

	<p>Shelf label for a multi buy (the unit price could be larger).</p>

WalMart has adopted the Massachusetts/New Jersey format for shelf labels in all of its stores in the USA – in other words, the company uses this format even in states where unit pricing is either not compulsory at all, or where if it is compulsory, the format is not specified. This is an implicit endorsement of the Massachusetts/New Jersey system.

Unit Pricing Overseas

The very strong message from Ian’s investigation is that a poorly designed unit pricing system is of very little value to consumers. In the view of QCA, there is no point in introducing unit pricing, if the format of labelling is to be left to individual retailers. We covered this issue extensively in our first submission. This is borne out by actual practice overseas. The following problems were identified in jurisdictions where the format of unit pricing was not adequately covered in legislation.

Presentation of Unit Pricing Information

- Products displayed on shelves – font sizes are too small, there are variable font sizes used within the same store, there is no coloured background, the unit pricing information varies in position on the label, the information is covered by the label holder when printed at either the top or bottom, unit prices are not provided at all for some sizes and brands within a product range, unit prices are provided for only some packages of fruit and vegetables, even though the weight is on the package
- Special prices on shelf labels – provided for none or only some specials and not all, variable location on the shelf label within store, very small print size.
- Printed advertisements showing price – unit pricing is not shown at all

Units of Measurement

- Very small units of measurement are used throughout the store for all products (eg per gram in Quebec or per oz in some parts of the USA)
- The unit price is often shown as per item, even though the weight/volume is shown on the package

- Unit prices are inaccurate
- Several measurement units are used for the same product in the same store eg liquid washing machine detergent with the unit price shown as per oz (not even fluid oz) and also shown as per quart, and per load
- Showing all unit prices as per oz but for products sold by volume, the correct measure should have been fluid oz
- Showing the unit price per item for some or all products when the package contains several items eg 16 mini swiss rolls, even though the total weight was on the packet

Rounding of Monetary Units

- Unit prices shown to five decimal places for dollars or even cents (Quebec only)

In summary, what happens in jurisdictions that leave the detail to the “market” is that the system does not work. Variations in display, as well as straight up errors, significantly reduce the usefulness of the unit pricing information to consumers.

Other

We note that current state legislation in Australia for unit pricing of random weight packages requires the unit price to be a minimum of 10 mm, if the price is not shown on the package label. This is a useful benchmark in considering unit pricing formats in Australia.

Contacts Overseas

- QCA can provide contact details for regulators in three states in the USA (Massachusetts, New Jersey and Connecticut) if Treasury wishes to speak to their counterparts overseas.
- Appendix 1 of Ian’s report on his Churchill Fellowship includes references for unit pricing legislation in the countries he visited on that trip.