

Additional comments on unit pricing

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Provision of unit pricing in advertisements

Regarding the views expressed at the Conference on whether unit pricing should be provided in advertisements:

- Woolworths seemed to support provision only in printed advertisements.
- Foodstuffs seemed to **not** support provision in any advertisements.

For clarity, I wish to repeat that my position is that a unit price should have to be provided if a selling price is provided visually in **any** advertisement (including on television, in cinemas, on internet video advertisements, and on outdoors advertisements).

As indicated in my submission on the draft report, my reasons for this position are:

- Retailers provide the selling price in grocery advertisements to inform and influence consumers even though there may not be other products advertised there with which to compare selling prices.
- Paragraph 9.150 of the Draft Report notes that: “Even when not directly comparing products and retailers, clear and accurate pricing information can help consumers to develop perceptions of value over time which in turn help them to decide where to shop to best meet their needs.”
- Many consumers are very aware of and use unit prices.
- It is now common for grocery retailers to advertise grocery items in a wide range of ways, including on TV and the internet, and to also display the selling price there.
- The EU Directive, the UK legislation (based in the EU Directive), and the Australian Code require the display of unit prices in print media advertising when a selling price is provided.

Furthermore:

- The cost of including the unit price in advertisements where there the selling price is already provided is likely to be very low.
- Figure F 20 in the draft report indicates that “Good specials” (which are generally the prices displayed in advertisements) was indicated by nearly 30% of respondents as a reason why they shop at their main store.
- Retailers would not display selling prices in grocery product advertisements if this did not influence consumer choice of retailer and/or product.
- The Commission’s online survey and the Ipsos report showed that, that despite the many deficiencies with the current NZ system, consumer awareness and use of unit pricing of packaged products is high. Therefore, a significant proportion of consumers are likely to look at, and take account of, the unit price of packaged products in advertisements of all types and for some the unit price will be of greater interest than the selling price.
- Current advertisements showing the price of products sold loose from bulk provide the unit price.

- Providing the unit price in all advertisements where a selling price is displayed (and ensuring that it is very easy for all consumers to notice and read will substantially enhance consumer awareness and use of the unit price for the advertised product and of unit pricing in general.

Provision of unit pricing on internet selling sites

At the Conference and in my post conference submission, I did not highlight the need for the NZ unit pricing scheme to ensure that online grocery retailers provide effective unit pricing.

This is needed because:

1.Consumer use of the internet to buy groceries has increased greatly during the Covid 19 pandemic and is likely to continue to increase.

2.As I indicated in my submission on the draft report, a weakness of the Australian scheme is that there are:

“No requirements for online retailers to provide effective product search or sort-by-unit price functions. (This is a major and growing problem that greatly reduces the ability of consumers to easily compare unit prices when shopping for groceries online.)”

Therefore, I request that this matter be considered in conjunction with recommendation 10 of my post conference submission

“10.The final report emphasize the need to:

- Ensure that ALL unit prices displayed, including on electronic labels and on the internet, are easy for ALL consumers to notice, read, understand and use.”

especially in relation to consumer **use** of unit pricing.

I particularly emphasize that providing a sort by unit price function (as occurs on one NZ internet selling site) is not enough. The site also needs to allow consumers to select only the products for which they wish to compare unit prices (not all the diverse products that can result from a search).

In addition consumers need help to aware of the existence of and how to use any function that allows selection of products for unit price comparisons and to sort by unit price.

Some websites in Australia have a sort by unit price function but in my experience few consumers are aware of and use this. This is most probably reflects lack of consumer education about the existence of the function and the wide range of different products that can result from many product searches and to which the sort by unit price function can be applied.