

Sent: Wednesday, 16 April 2008 2:23 PM
To: Grocery Prices Inquiry
Subject: Late Submission - Grocery Prices Inquiry

For the last several years I have been in the habit of regularly buying 24-can or 30-can packs of Coca Cola, which have regularly been "on special" at places like Coles, Woolworths, Franklins etc at a price around 50 cents per 375ml can - occasionally more, but the average a bit under 50 cents and rarely (on special) more than 55 cents.

When prices were a bit higher than "normal" specials, usually a competitor would have the price back under 55c or 50c within a week or two.

So a buying strategy of less than 55c generally worked, so long as you kept a small stock in the garage! Stocks were more important ahead of Christmas, because the specials tended to dry up during the school holidays.

That occurred before last Christmas as well, but this year the prices have stayed high.

Even on special, the price of coke in 24- or 30-can boxes now doesn't drop below around 67 cents per can and is usually around 70c or 75c. Non-special prices are significantly higher again.

It may be that this is a reflection of some understanding between the retailers, but assuming that there is no such anti-competitive collusion, it seems to me that this effective price rise must be reflected in very significant price rises at the wholesale level on the part of Coca Cola, and presumably their prime competitors as well.

As for whether the rises might be supported by increasing costs, I find it hard to believe that manufacturing and distribution costs can have risen as much as 40% or more in the space of (say) six months, or even much longer.

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