

## ACCC Supermarkets Inquiry

AMES Australia's response to the ACCC Supermarkets Inquiry | April 2024

AMES Australia (AMES) commends the Australian Competition and Consumer Commission (ACCC) in holding an inquiry (the Inquiry) into pricing and competition in Australia's supermarket sector and how this impacts consumers.

AMES welcomes the opportunity to provide input into the Inquiry. AMES is a long-standing provider of settlement, education, and employment services for multicultural communities, with deep experience working with both newly arrived and established migrant communities. AMES is also a member of the ACCC's Consumer Consultative Committee, representing multicultural communities by providing comment on issues or topics of concern for these consumers.

AMES recognises that new arrivals, particularly refugees, are over-represented and more vulnerable in receiving or being impacted by aspects of Australian life. This includes engagement with services such as supermarkets.

This response has been directly informed by multicultural communities. AMES conducted a focus group and survey with 39 community embedded leaders from newly arrived migrant and/or refugee communities in Melbourne, regional Victoria, Adelaide, and Sydney to discuss and gather key insights into the experiences of consumers with supermarkets and how supermarket practices and changes have impacted their communities.

Communities represented in the focus group included the Karen, East African and Eritrean, Chinese, Afghan, and Indian. In the case of largely refugee communities, survey respondents came from Afghanistan, Syria, Iraq, Myanmar, Iran, Ukraine, Congo, Venezuela, Burundi, Tibet, Ethiopia, South Sudan and Eritrea. Migrant communities consulted were from China, Vietnam, India, Philippines, Nepal, Korea, Malaysia and Sri Lanka.

AMES response to this Inquiry primarily addresses the experiences of multicultural consumers in their engagements with supermarkets (section 2.3 in the Issues Paper). This response highlights the following issues that AMES heard from multicultural communities around their experiences with supermarkets in the last 5 years:

- **Multicultural communities feel disproportionately impacted by the increasing cost of living**, with over 70% of survey respondents reporting that the impact of the rising cost of living was worse in their communities than in the broader community.
- **Supermarket pricing increases are impacting multicultural communities' health and wellbeing** as due to price increases many consumers are choosing to buy cheaper alternatives, which are usually lower quality or have lower nutritional value, resulting in unhealthier outcomes.
- **Misleading, confusing, and deceptive behaviour of supermarkets is impacting multicultural consumers**, for example, increasing instances of shrinkflation noted by the community, resulting in consumers being misled to spend more.
- **Changing in-store experiences in supermarkets, such as the increase in self-serve checkouts and a decline of customer service, are impacting multicultural consumers**, especially those with low English and low literacy levels who find it difficult to shop.
- **The supermarket duopoly is impacting small businesses in multicultural communities** as the demand for specialty stores declines, resulting in economic impacts and closures.

AMES looks forward to the Inquiry's findings and to a changed environment that regulates adverse practices and benefits vulnerable individuals unable to protect their own interests.

**For more information, please contact Catherine Scarth, Chief Executive Officer, AMES Australia on [REDACTED].**

### **Multicultural communities feel disproportionately impacted by the increasing cost of living**

As the Inquiry notes, Australian households' costs have risen faster than usual in recent years "due to complex and related factors". Multicultural communities are commonly disproportionately impacted by this rising cost of living. Fifteen of twenty-one community leaders surveyed by AMES self-reported that the impact of the rising cost of living was worse in their communities than in the broader community.

The survey also found that groceries was one of the main areas where multicultural communities have seen the largest cost rises (along with rent, mortgages, and utilities). A Myanmar community leader said many members of his community were struggling with rising costs. *"A lot of families are struggling and don't really know where to go to find help. They don't have information of the services that may be available to them such as local Food Banks"*.

Multicultural communities have noticed that supermarket price fluctuations have become more frequent and pronounced, with wages not increasing in line with grocery price increases. An Eritrean community member said, *"we used to budget \$250 to groceries for two weeks, now \$250 is only enough for one week"*. Multicultural communities have also noticed large differences in pricing between supermarkets and smaller grocery stores, but not a noticeable difference in the quality of products, or customer service to justify the price difference.

### **Supermarket pricing increases are impacting multicultural communities' health and wellbeing**

Due to price increases at supermarkets in the last 5 years, many consumers are now choosing to buy cheaper alternatives, which are usually lower quality, or have lower nutritional value. Within the Afghan community, rising prices are resulting in the community consuming less red meat, for example lamb and beef, alternatively, purchasing cheaper options such as chicken. A health professional, and recent humanitarian arrival from Afghanistan noted that buying cheaper alternatives, or not being able to afford a variety of foods such as meat, mean consumers are *"missing out on nutrients and a balanced diet, which will have an impact into the future"* on consumers' health.

Supermarket price increases are also impacting multicultural communities' social wellbeing. The Karen community said that the rise in meat prices has impacted opportunities to socialise, as within the Karen community socialising centres around food and cooking. Increasing meat prices mean the community do not hold social events as often, which has flow on impacts to social isolation and broader social cohesion.

Pricing increases have made budgeting and planning grocery shopping more challenging for multicultural communities. Significant disparities in prices for identical items across different stores necessitates careful scrutiny and for consumers to "shop around" to ensure they are getting the best value for money. This has placed a greater burden on consumers in the last 5 years, with an increasing amount of time and energy (on top of cost) taken up for grocery shopping.

### **Misleading, confusing, and deceptive behaviour of supermarkets is impacting consumers, especially multicultural communities**

The misconception that all 'yellow tags' are products on sale is misleading for consumers, and more scrutiny is required by consumers to ensure that the product is on sale. The practice of supermarkets displaying slow moving items into the line of sight is also deceptive, as consumers are more likely to spend more when more expensive products are in front of them. For those with low English levels or low literacy levels, this issue can be more pronounced.

Further, consumers have noticed that the sheer number of brands of the same product have increased in the last 5 years. This can lead to confusion and overwhelm those with low English levels, especially when the difference in quality or product is not easy to determine.

Consumers are also being misled due to increasing instances of shrinkflation, with multicultural communities especially noting shrinkflation in cereal products, meat, and eggs resulting in consumers needing to buy more and buy more often to provide for their families.

Supermarket loyalty programs that collect intricate data of consumers' shopping habits has led to targeted advertising that encourages consumers to spend more than they normally would, for example to receive bonus points. This is misleading, as it is encouraging consumers to spend to 'save'.

### **Changing in-store experiences in supermarkets are impacting multicultural consumers negatively**

Supermarket online shopping and click-and-collect have been taken up by many consumers, with multicultural communities noting that online shopping has hindered consumers' impulse buying compared to when shopping in store. However, shopping in store is still important for older multicultural community members who typically have lower digital literacy and lower English levels that are required for online or click and collect.

Additionally, with the increase of self-serve checkouts and the decline of customer service employees in supermarkets in the last 5 years, multicultural community members can also find it difficult to shop in store. For those with language barriers and/or limited digital literacy, self-serve checkouts also pose difficulties, for example with confusion over the type or variety of produce that consumers are required to identify and choose. This results in consumers inadvertently purchasing the wrong variety and paying more.

The decline of customer service employees and the increase of self-serve checkouts in supermarkets is frustrating for all consumers. An Indian community member noted self-serve checkouts *"should be renamed to a 'self-patience checkout' – when you are just rearranging a bag, and you need to call for assistance, you feel bad for taking time and holding others up when waiting for assistance"*.

### **The supermarket duopoly is impacting small businesses in multicultural communities**

Data collection of purchases through loyalty programs has enabled supermarkets to have complete knowledge of purchasing habits, which has resulted in the two major supermarkets increasingly targeting promotion of specific goods to and stocking products that cater for multicultural consumers. As a result, small businesses in multicultural communities, such as specialty grocers, are suffering. The supermarket duopoly has resulted in a declining demand to visit specialty grocery stores. There is also little room for small businesses to change prices as they try to compete with supermarkets, leading to business closures.

This is not only impacting small businesses but also consumers. Many older multicultural community members, for example the Karen community are more comfortable shopping at small businesses, however with the decline of small businesses available there is little choice for these consumers.