

# Executive Summary: Irregularities in Retail Unit Pricing

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## Overview

The document 'Irregularities in Retail Unit Pricing' presented by CHATO International Pty Ltd. Covers extensive research into discrepancies and potentially misleading practices in unit pricing across major grocery retailers in Australia. With the annual sales in the market sectors reviewed exceeding \$2.7 billion, the findings underscore substantial, across the board consumer impact, particularly during times of cost of living pressures.

## Relevant terms of reference:

- (d) the prevalence of opportunistic pricing, price mark-ups and discounts that are not discounts;
- ((g) improvements to the regulatory framework to deliver lower prices for food and groceries;

## Key Insights

- 1. Lack of Transparency in Unit Pricing:** The ACCC guidelines mandate clear unit pricing to aid consumers in making informed decisions. However, examples like the “canned” salmon and olives below demonstrate significant discrepancies between actual product content and unit pricing advertised, misleading consumers about true costs.
- 2. Consumer Law and Misleading Conduct:** Under the Australian Consumer Law, misleading or deceptive conduct in trade or commerce is prohibited. The practices observed, where unit pricing includes significant quantities of preservatives or carriers (like water), clearly contravene these principles.
- 3. Impact on Consumers:** In times of economic stress, consumers rely heavily on pricing to make cost-effective decisions. The lack of clarity and transparency directly affects their ability to choose wisely and manage budgets effectively, particularly when over 90% of reviewed prices showed irregularities.

## Illustrative Examples

Product	Advertised Unit Price	Actual Content	True Unit Price of fish content	Consumer Impact
Salmon in Springwater	\$15.79/kg	61% salmon	\$26.32/kg	Misleading lower price shown

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Always Fresh Kalamata Olives	\$7.55/kg	50% olives	\$15.10/kg	Doubled cost vs. advertised
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### Examples demonstrating the perceived value discrepancy in pricing.

Price \$	% Fish	% Water	Net content g	"Unit Price"\$ (Net)	Fish content unit price\$
\$1	61	39	100g	\$10/kg	\$16.40/kg
\$1	71	29	100g	\$10/kg	\$14.00/kg
\$1	100	0	100g	\$10/kg	\$10.00/kg

Unit priced based on their total net content without accounting for the actual quantity of the primary ingredient—in this case, fish. Consequently, two cans of the same size, one with a higher percentage of fish and one with a lower percentage (but possibly containing water or other fillers), may be priced similarly, even though their actual content value differs significantly. This can lead consumers to perceive an unfair pricing model, as the can with more filler does not provide the same value in terms of the primary ingredient but costs the same. This could also touch upon the concepts of "transparent pricing" or "value-based pricing," which suggest that prices should align more closely with the product's intrinsic value or composition.

### Conclusion

The data reveals a longstanding issue with transparency in unit pricing that has significant implications for consumer trust and purchase decision-making. It is imperative that these findings be brought to the attention of the Senate enquiry into supermarket pricing. We recommend:

- Immediate review and enforcement of unit pricing guidelines.
- Strengthening regulations to ensure all components of a product are clearly delineated in the pricing.
- Regular audits by regulatory bodies to enforce compliance.

The goal is to restore consumer confidence and ensure fair pricing practices across the

Note: The report reviews, Over 60 samples covering more than 50% of the market offering by manufacturer and segments specifically "Canned" Fish, vegetables, beans and pulses, fruit and cheese in liquid. Woolworths, Aldi and Coles pricing reviewed.

Note Coles and Woolworths catalogues from 2014 have the same irregularities in unit pricing.