

Australian Competition and Consumer Commission – Supermarkets inquiry 2024-25

April 2024



CPRC

The Consumer Policy Research Centre (CPRC) is an independent, not-for-profit, consumer think tank. CPRC aims to create fairer, safer and inclusive markets by undertaking research and working with leading regulators, policymakers, businesses, academics and community advocates.

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Statement of Recognition

CPRC acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past, present and emerging, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia.

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Time to uncover supermarket's unfair pricing and self-preferencing practices

The Australian Competition and Consumer Commission's (ACCC) inquiry into supermarkets in Australia is a welcome opportunity to uncover the specific practices that supermarkets undertake that harm consumers and competitive markets.

The Consumer Policy Research Centre (CPRC) is concerned about how large supermarkets use tactics online to limit options presented to customers and influence the prices they pay. Based on a sample search of Coles and Woolworths' online shopping experience, we are concerned that supermarkets are in some instances steering customers towards their owned brands. For example, when we searched for "carrots" on the Woolworths online store, we were shown products in the following order: Woolworths Australian Grown Carrots, Woolworths pre-packed spinach, other carrot related products.

We also saw significant price variations and limited product availability when looking at the Coles and Woolworths offerings through food delivery platform, UberEats. The pricing and product availability strategy on these apps deserves interrogation from the ACCC to understand how price mark-ups are set and how the limited number of items are chosen for purchase through these platforms. While acknowledging that many companies raise prices on food delivery apps to account for platform charges, these mark-ups for groceries appear to be inconsistent across items.

There also appears to be no indication that any genuine effort is being made to inform consumers that products, pricing and offers may vary depending on which platform is used by the consumer.

The only way to fully uncover how large supermarkets are using online tactics to harm consumers and competition is to use the ACCC's information gathering powers.

We need supermarkets to open-up on their practices

As part of the inquiry we recommend the ACCC use its information gathering powers on supermarkets to disclose the following:

- **Availability:** How is availability of products differentiated between platforms when products are being sourced from the same location (i.e. the same store) but are being accessed via different platforms? Are there caps or other limits on how much can be sold of a product via particular platforms? And if so, how are these limits calculated?
- **Pricing:** How does product pricing vary and how is it set across various platforms (i.e. in-store, online or via third-party platforms including UberEats, DoorDash and other food delivery apps)?
- **Self-preferencing:** How are Coles or Woolworths owned brands presented in relation to other brands when a customer shops online? Does any algorithm or policy influence search results when a customer searches for products through an online store?
- **Consumer data used by supermarkets:** Do supermarkets show different prices to different cohorts of customers (i.e. use techniques such as personalised pricing)? If so, what customer data is used to define different cohorts? How is customer data collected through online purchasing and loyalty programs otherwise used to affect what products are shown to customers?
- **Consumer information:** Are consumers informed that product availability and pricing may differ on different platforms? If so, how are consumers informed of product and pricing differentiations across platforms? If not, why not?

Evidence of variation in product pricing, availability and search

Here are examples identified by CPRC that show evidence of variations across pricing, product availability and search results.

In the comparative examples below, it's the **same time, same supermarket, same search** and in some instances, the **same store**, but the results vary considerably, depending on where you're searching from.

Date: 27 March 2024 | Time: 3:08 PM AEDT | Store selected/noted by platform: Coles Northcote Plaza, Victoria | Search conducted: *peanut butter*

	Coles website (www.coles.com.au)	Coles via UberEATS
Number of results	109	48
Bega Smooth Peanut Butter 470g	On special: \$5.40 (Notes price was \$6.40)	\$7.05
Bega Smooth Peanut Butter 375g	\$4.50 (Notes price was \$5.40 in January 2024)	\$5.95

Date: 28 March 2024 | Time: 1:08 PM AEDT | Store selected/noted by platform: Coles Northcote Plaza, Victoria | Search conducted: *carrots*

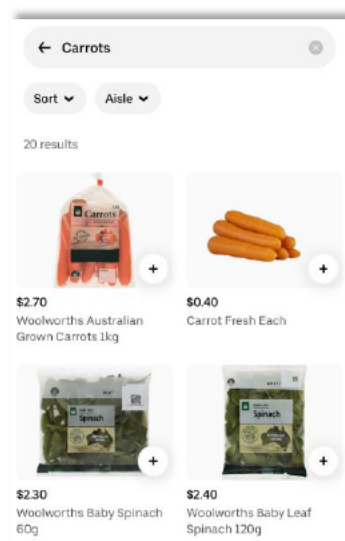
	Coles website (www.coles.com.au)	Coles via UberEATS
Number of results	31	130
Coles Carrots pre-packed 1kg	\$2.40	\$2.65
Coles I'M Perfet Carrots Prepacked 1.5kg	\$2.40	\$2.65

Date: 28 March 2024 | Time: 3:08 PM AEDT | Stores selected/noted by platform: Woolworths Metro Clifton Hill for UberEATS and Woolworths Fitzroy for online website (both stores are located 1.8 km from one another) | Search conducted: *peanut butter*

	Woolworths website (www.woolworths.com.au)	Woolworths via UberEATS
Number of results	161	14
Bega Smooth Peanut Butter 755g	\$7.40 (Noted as a low price)	\$8.15
Bega Crunchy Peanut Butter 470g	\$6.40	\$7.05

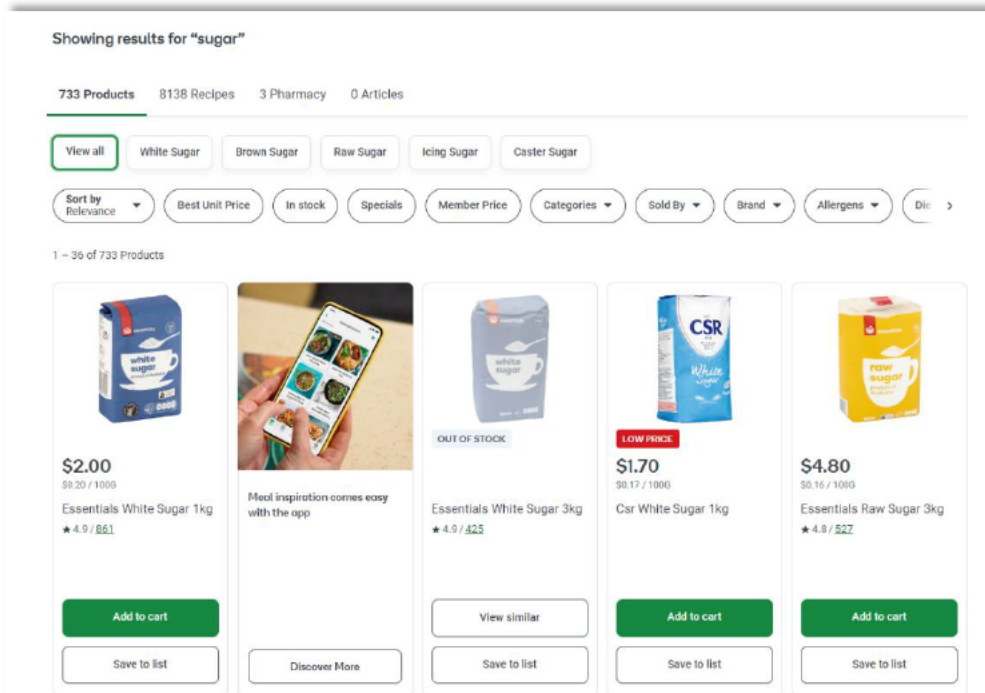
Date: 28 March 2024 | Time: 1:54 PM AEDT | Stores selected/noted by platform: Woolworths Metro Clifton Hill for UberEATS and Woolworths Fitzroy for online website (both stores are located 1.8 km from one another) | Search conducted: *carrots*

	Woolworths website (www.woolworths.com.au)	Woolworths via UberEATS
Number of results	90	20
Woolworths Australian Grown Carrots	\$2.40	\$2.70
Search results	Search results vary between both platforms but Woolworths clearly self-prioritises as it displays pre-packed Woolworths spinach before displaying other carrot-related products from any other brands (see image below).	



Date: 4 April 2024 | Time: 09:14 AM AEDT | Stores selected/noted by platform: Store selected/noted by platform: Woolworths Shepperton | Search conducted: *sugar*

In the example below, Woolworths is clearly self-preferencing as it even lists an out-of-stock Woolworths product before listing other brands.



The need to look closely at supermarket online practices to uncover consumer harms

At no point during any of the transaction processes in the third-party platforms is there any information that the product pricing may vary between those advertised at the supermarkets' own website and those advertised on third-party platforms. There is information on delivery fees, service fees and an additional note, in some cases that additional fees for 'small orders' may also apply but that is the extent of costs that are disclosed. Given the additional fees that a consumer has to pay to use a third-party platform, it is not unreasonable for a consumer to assume or even expect that the cost of the product itself would not vary.

Search results also vary dramatically. Despite even when the store location where the products are being sourced from are the same, there is significant variation in what is displayed to the consumer, often with the supermarket preferencing another product from its own range that is unrelated to the search over products from other brands that are genuinely related to the consumer's search.

It's time for supermarkets to be held accountable for their service and practices for delivering essential products and services for all Australians.