



A non-profit, volunteer organisation,  
advocating to advance the interests of  
consumers in Queensland

Secretary: *Max Howard*



7 April 2024

## **SUBMISSION ON OTHER SUPERMARKET ISSUES TO THE ACCC SUPERMARKETS INQUIRY**

### **BACKGROUND**

The Queensland Consumers' Association (QCA) is a small non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. QCA's members work in a voluntary capacity and specialise in particular policy areas. QCA is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and also works closely with many other consumer and community groups.

QCA has a very strong interest in ensuring high levels of retail grocery price transparency and fairness for consumers.

Therefore, QCA welcomes the opportunity to make this submission on the Issues Paper.

**This is QCA's second submission. The first was only about unit pricing. This is about a range of other issues relevant to the Inquiry's terms of reference.**

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### **INTRODUCTION**

Our views on some other issues that we consider the Inquiry should examine, and where appropriate make recommendations on, are provided below.

#### **Regulatory oversight of the food and grocery sector.**

##### Comments

Given the importance, diversity, complexity and size of the Australian food and grocery market, we consider that, as in New Zealand with the Commerce Commission, there needs to be an ACCC Commissioner with responsibility only for the monitoring and regulation of this market. The Commissioner should also be responsible for administration of the Unit Pricing, Horticulture and Food and Grocery Codes of Conduct.

**The inquiry should investigate and report on this matter.**

**Grocery retailer provision of up to date online information on the selling prices and unit prices of the products they sell instore and online.**

**Comments**

Currently, the prices and unit prices of only two of the three largest supermarket chains are available to consumers online. This greatly reduces price transparency for consumers and the ability of price comparison websites to provide a comprehensive service. Consumers need to be easily and quickly go online to compare the prices and unit prices of products at different supermarkets and they need to be able to do this for more than just special offers and both at home and instore.

All large grocery retailers should be required to provide up to date information about the selling prices and the unit prices of the products sold instore and online to either a publicly accessible government data base or to make such information publicly available themselves.

**The Inquiry should investigate and report on this issue.**

**Retail price impacts of supermarket product specifications for fresh fruit and vegetables.**

**Comments**

There has been some progress on this issue, however, there may be scope to further reduce the retail price of fresh fruit and vegetables by changing the minimum standards of size, appearance, etc. that supermarkets require suppliers to achieve. This would also likely increase consumption of these products and thus deliver significant health benefits.

**The Inquiry should investigate and report on this issue.**

**Impacts of theft on retail prices.**

**Comments**

**The inquiry should examine whether the higher levels of theft of products from supermarkets and the measures taken by supermarkets to reduce the levels are significantly increasing prices and if so whether there are new ways to reduce theft levels and the cost of anti-theft measures.**

**Justification of retail prices.**

**Comments**

Given the cost of living pressures and reduced living standards being experienced by so many households it is essential that all supermarket prices are not any higher than absolutely necessary.

**The inquiry should investigate this issue and publish information about the many factors that influence the prices and unit prices supermarkets charge for a wide range of products (for example for fresh foods sold loose from bulk or pre-packaged; processed foods; laundry and cleaning products.)**

**Justification of the often large and inconsistent differences in the unit price (price per unit of measure) between products sold loose from bulk and pre-packaged, and different package sizes of the same product.**

### Comments

This is very important because many consumers use heuristics (rules of thumb) to assess value for money. For example, many assume that ALL products sold loose from bulk will have a lower price per unit of measure than the same product sold pre-packaged. However, our research shows that this is not the case for many products. Similarly, many people assume that the price per unit of measure will always be lower for the large pack of a particular product. However, our research shows that this is not always the case, especially when the price of the smaller pack size is temporarily reduced. Also, if people cannot afford, or do not need, large packages the much higher unit prices of small packages increases their cost of living.

**The inquiry should investigate this issue and publish information about it. t**

**Pricing policies for stores in different locations (e.g. in metro and regional) and of different sizes, and for online purchases.**

### Comments

At present, it is difficult for consumers to obtain information about supermarket pricing policies for stores in different locations and of different sizes. Consumers need this information to be able to make informed choices, including when shopping instore and there wanting to go online to check prices at other supermarkets. Our research suggests that the prices charged by the three major national chain supermarkets for many products are the same at all locations. However, it appears that the prices charged by one major national supermarket chain in its small format stores are significantly higher than at its large format stores.

**The inquiry should investigate and report on this issue. We consider that all supermarkets should make information about their instore pricing policies for stores in different locations and of different sizes much clearer and more accessible to consumers and indicate clearly and prominently on websites the stores that the online prices apply to.**

**Clarity and accuracy of limited time promotional offers and the advertising of ongoing price reductions.**

### Comments

A large proportion of the prices displayed in many supermarkets are now promotions/special offers to appeal to the positive bias consumers have for offers that might save them money. However, often it is difficult for consumers to assess the value for money of such offers. Also, it is not always clear what the non-promotion price was and when and for how long it was charged. Consumers need to have confidence that the non-promotional price had been charged for a substantial period of time prior to the special offer. A limit is also needed on the how far back a “was” price can be referred to in a special offer. We have seen many examples of price reductions still being advertised years after the reduction occurred. After a specified period of time the reduced price should only be displayed as the regular price.

Supermarkets also need to ensure that price reductions are accurate e.g. that an advertised 25% price reduction actually is 25% lower than the regular price.

**The inquiry should investigate these issues and publish information about them.**

**Influences on prices of policies that limit the amount by which prices are increased or decreased.**

Comments

Many supermarkets seem to have policies that result in the price of most products ending in 9 cents. This is likely based on the assumption that many consumers will regard a price of 99 cents as being substantially less than if the price is shown as \$1 and will therefore be more inclined to buy the product. While we consider that this approach to pricing can make grocery shopping more complex and confusing for consumers than it should be, our main concern is if it reduces the ability of supermarkets to accurately reflect changes in costs when prices are being increased or decreased. For example, does increasing the price of a product only in increments of 50 or 99 cents to ensure that selling prices end in 49 cents or 99 cents result in price increases greater than justified by increased costs?

**The inquiry should investigate and report on this matter.**

**Not indicating sufficiently clearly when the final price of a pre-packaged product or one sold loose from bulk will be determined by a price per unit of weight.**

Comments

This is a problem in some supermarkets with some with some pre-packaged products of variable weight and with some products sold loose from bulk. With the former, the label on each item of the product (for example meat) shows the weight, the price per kg and the total price. However, the shelf label for these items may not always clearly indicate the price per kg that will be used to determine the final price. For example, \$9, not \$9 per kg, may be displayed prominently on the shelf label. And with products sold loose from bulk (for example fruit and vegetables) the price shown prominently on the shelf label may not always clearly indicate that is per kg or per each/item.

This is confusing and potentially misleading for consumers. Supermarkets need to ensure that such shelf labels clearly show not only the amount of money but also any unit of measure that it applies to.

**The inquiry should investigate and report on this matter.**

**Lack of clear information about when the unit price of a product has increased due entirely, or partially, to reducing the quantity in the package.**

Comments

This practice is now often called “shrinkflation” and it has become much more prevalent in recent years because many businesses consider that reducing the quantity rather than increasing the price has a less negative effect on sales and profit margins. Also, some businesses have reduced the quantity and the selling price, but the latter by much less than the former. At present, consumers can only accurately<sup>1</sup> be aware that shrinkflation has occurred by knowing both the previous and the new quantity and the old and new prices.

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<sup>1</sup> Knowing both the previous and the new unit price is not an accurate indicator because the unit price may have increased only because of an increased selling price.

In Europe, we understand that concerns about the extent which shrinkflation has increased unit prices, and the reductions in price transparency and informed consumer choice, have resulted in some governments considering requiring retailers to identify such products for their customers. And, some supermarkets are voluntarily doing this.

**The inquiry should investigate and report on this matter.**

**Non provision by some supermarkets of a full range of products sold loose from bulk as well as pre-packaged.**

Comments

Being able to buy some products loose from bulk allows consumers to choose exactly how much they want to buy; reduces food waste at home; and reduces use of plastic packaging. It may also allow shoppers to pay less per unit of weight. Therefore, for certain products, such as fruit and vegetables, we believe that wherever possible when a product is sold pre-packaged supermarkets should also provide it loose from bulk.

**The inquiry should investigate and report on this matter.**

**Range of products sold by supermarkets.**

Comments

It is important that all consumers have access to a sufficient range of products and brands to enable them to get the best value for money. For example, small format stores of supermarket chains that have their own branded products, which often are the best value for money, should ensure that enough of these products (especially for essentials) are offered for sale and economical pack sizes.

**The inquiry should investigate this issue and publish information about it.**

**Non-provision by some supermarkets of weighing scales near relevant products.**

Comments

Providing accurate weighing scales for use by consumers near products sold loose from bulk or in packages where more than one quantity measurement is displayed is very beneficial for consumers. However, such scales are not provided in some supermarkets. The consumer benefits include that it allows them to:

- Buy the exact amount of a product they want when it is sold loose from bulk.
- Calculate how much they will have to pay for the selected amount a product being sold loose from bulk.
- Compare the unit prices per unit of weight of products sold: loose from bulk in terms of both weight or per item; or in packages where the quantity information on the package may show the weight, the number of items, or no quantity information. Examples of such products include oranges and avocados.
- Compare the weight of various items of products that are usually only priced per each, for example continental cucumbers and cauliflowers.

Therefore, we consider that all supermarkets should be required provide weighing scales near relevant products for use by customers.

**The inquiry should investigate and report on this matter.**

**Policy and implementation when the price at the checkout is higher than indicated on instore labels or online.**

Comments

When checkout scanners were first introduced, there was a voluntary, industry administered national code of conduct on how consumers would be treated if the price at the checkout was higher than that indicated where the product was located and the industry body acted as an arbitrator of disputes. Also, many consumers were aware of the code. Broadly, subject to certain conditions, the policy was that if the scanned price was higher than the displayed price the customer was entitled to the first product free.

However, each supermarket chain now appears to have its own policy and consumer awareness of each policy seems to lower than it could and should be. Therefore, it would be very beneficial for consumers and increase their trust and confidence in the industry if: supermarkets reviewed their policies; there was more consistency between policies; more customers were aware of and understood the policies; and staff were more able to correctly implement the policy. For example, customers and staff need to know clearly whether the first product free provision applies only after or also before payment has occurred.

**The inquiry should investigate and report on this matter.**

**Policy and implementation when products on special are out of stock.**

Comments

Prior to the COVID 19 pandemic the two largest supermarket chains provided a service (commonly referred to as a “raincheck”) which involved a voucher being issued to a customer, guaranteeing that a reduced price item which was out of stock could be purchased on a later date at the same special price. This was very helpful for consumers seeking value for money and very equitable.

However, unfortunately only one major supermarket chain has resumed providing the service post the Covid pandemic. As a minimum, we consider that the supermarket still providing the service should increase customer awareness of the policy and ensure that staff implement it correctly. Ideally, all major supermarkets should provide such a service.

**The inquiry should investigate and report on this matter.**