



# Grocery Unit Pricing in Australia

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# Topics

- ↪ Why Unit Pricing is Important
- ↪ Background to Unit Pricing in Australia
- ↪ 2007 Study of Unit Pricing in USA and Europe
- ↪ Key Features of Australian System
- ↪ Conclusions



# Background to Unit Pricing in Australia

- ↪ Consumer campaign started in 1960
- ↪ Retailers did not provide voluntarily and governments and retailers opposed compulsion
- ↪ ALDI started voluntary system in late 2007
- ↪ Compulsory provision recommended by government inquiry in 2008 and started December 2009
- ↪ Regulated by consumer protection agency, not weights and measures agency

# 2007 Study of Unit Pricing in USA and Europe\*



## USA

- ↪ State not federal matter
- ↪ Compulsory with legislated standards only in a few states
- ↪ Widely provided voluntarily but with limited regulation of voluntary provision
- ↪ Great scope for improvements to benefit consumers

\* Available at: [www.churchilltrust.com.au/fellows/detail/3040/](http://www.churchilltrust.com.au/fellows/detail/3040/)

# 2007 Study of Unit Pricing in USA and Europe



## Europe

- ↪ Compulsory provision in each country in multi-nation European Union
- ↪ Great variations in legislation between countries
- ↪ Variations in exemptions for stores and products between countries
- ↪ Great scope for improvements to benefit consumers

# 2007 Study of Unit Pricing in USA and Europe



## Main Conclusions

- Many consumers **use unit prices despite impediments**
- Much unit pricing **not easy for consumers** to notice, read and use, even when provision compulsory
- **Variable standards** for compulsory provision and variable levels of enforcement of compliance
- Almost **no government standards** or compliance enforcement for voluntary provision
- **Variable exemptions** for retailers and products
- **Great variations** in required/used units of measurement



# Unit Pricing Difficult to Read





# No Unit Pricing







# Wrong Unit of Measure





# Unit Pricing Prominent and Legible



# 2007 Study of Unit Pricing in USA and Europe



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# 2007 Study of Unit Pricing in USA and Europe



## Main Conclusions

- USA - provision often not required in printed adverts and on internet
- USA - provision sometimes only required for regular selling prices
- Variable compatibility of units of measure with requirements for products sold loose from bulk and in random weigh pre-packs
- Lack of consumer education
- Lack of recent research on how to display unit prices, units of measure, consumer needs, awareness and uses, etc.



# Key Features of Australian System

## **Positives for Consumers**

- ↪ Compulsory provision by large grocery stores
- ↪ Applies to in store and internet selling and printed advertisements
- ↪ National system
- ↪ One regulator
- ↪ Requirements specified in legislation
- ↪ Legislation also applies to voluntary provision





# Key Features of Australian System

## Positives for Consumers

- Many units of measure determined by requirements for unit pricing of products sold from bulk or in random measurement packages
- Unit pricing required on printed adverts showing a selling price
- Unit pricing must be provided even if same as selling price
- Unit pricing must be provided for special offers including some multi-buys
- No units of measure based on estimated final product (e.g., milk power)
- Clear rules for price rounding and decimal places



# Key Features of Australian System

## Negatives for Consumers

- Many substantial grocery stores exempt
- Presentation only has to be prominent, legible, unambiguous and close to selling price
- Many unit prices not easy to notice or read
- No requirement for accuracy
- Most products unit priced per 100g or 100mL not per kg or Litre



# Unit Pricing Not Prominent or Legible







# Unit Pricing Cut Off





# Wrong Measure and Inaccurate Unit Pricing





# Ambiguous Unit Pricing – 2 measures





# Key Features of Australian System

## Negatives for Consumers

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# Key Features of Australian System

## Negatives for Consumers

- No need to provide unit prices if selling price is for more than one grocery item
- Unit prices not provided for many multi-buy offers
- Unit pricings not shown on TV adverts showing a selling price
- No ability for regulator to impose admin fines or get enforceable undertakings from non compliant retailers.
- Much non provision by on line retailers



# Key Features of Australian System

## Negatives for Consumers

- ⤿ Insufficient regular monitoring of compliance
- ⤿ Lack of specified monitoring procedures and required levels of compliance
- ⤿ Lack of initial and ongoing consumer education by government and retailers
- ⤿ Many requirements not tested by research



# Key Features of Australian System

## Conclusions

- ↪ High quality unit pricing can produce **major benefits for consumers**
- ↪ Unit pricing is only high quality if easy for most consumers to **NOTICE, READ and USE**
- ↪ High quality unit pricing design and implementation **requires research and involvement of ALL stakeholders**
- ↪ Setting, monitoring and **enforcing standards** very important
- ↪ **Consumer education** very important