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Tēnā koe,

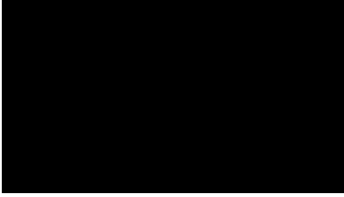
**Mandatory Unit Pricing for Grocery Products – Submissions on May 2022 Discussion Paper**

Thank you for the opportunity to provide feedback on unit pricing in New Zealand supermarkets. We support the adoption of an industry-wide unit pricing regime to ensure unit pricing is as effective as possible for New Zealand consumers, and we welcome the opportunity to share our experience and perspective in response to the discussion paper.

Woolworths New Zealand Limited (**WWNZ**) has proactively displayed unit pricing across our Countdown store network for several years, and we strongly support unit pricing as a valuable tool to help consumers make informed decisions when shopping in our supermarkets. In our experience, the industry will be able to successfully implement unit pricing in conjunction with clear guidelines but will need degrees of flexibility in the way unit prices are communicated in some categories. Overly prescriptive guidelines are likely to be problematic and our view is that a well-defined, principles-based approach will deliver the best outcomes for consumers.

We also believe that unit pricing is most relevant and valuable for consumers when they are comparing products in-store or online, and therefore we do not support the display and communication of unit pricing in locations or in media formats that are away from the purchase location.

Our responses to the questions posed in the Discussion Paper are attached. We look forward to working with MBIE to introduce a unit pricing regime that is pragmatic, easy to understand and execute for both retailers and our customers, and that will provide consumers with helpful information at the right time and place as they make their purchasing decisions.



James Radcliffe  
**General Counsel**  
**Woolworths New Zealand Limited**

What are the potential benefits and compliance costs associated with a mandatory unit pricing regime?

QuestionNo.	Question	Woolworths NZ (WWNZ) feedback
1	Are there any other benefits or costs associated with mandatory unit pricing that are not mentioned above?	Any changes to price tickets incur costs such as printing, materials, and labour costs. If there are significant changes to systems or labelling required because of the unit pricing regime (see Question 3 below), this could equate to significant costs. For example, in our Countdown stores we already calculate and communicate unit pricing on our price tickets. Should there be a change to the way this information is calculated or communicated on a ticket, this could require minor or major systems, technology, or printing changes.
2	Should grocery retailers be required to educate consumers about unit pricing by providing in-store and online pamphlets, posters and/or other guidance?	In our Countdown stores, we have displayed unit pricing for a number of years, and we believe our customers are used to seeing unit pricing and using it as part of their shopping with us. However, with the roll-out of unit pricing more widely, it may be helpful for the government or the appropriate agency to help educate New Zealanders about unit pricing, as this will support consistent and clear messaging to all consumers, no matter where they shop. For our stores specifically, we would be comfortable to undertake further support and education for our customers about unit pricing in our stores if it was needed, which could include information displayed in-store or online.
3	How much do you estimate it will cost to implement unit pricing in grocery stores? Please explain how you have arrived at this estimate.	<p>We have already invested in systems that support unit pricing as unit pricing has been in place across our Countdown store network and online business for several years. To date unit pricing has not been implemented in our SuperValue and FreshChoice franchised stores.</p> <p>If our current approach to unit pricing is consistent with a new unit pricing regime, then we expect that the implementation cost will be minor. However, this will not be the case if we are required to make changes to the unit pricing software / systems, and / or reconfigure our price ticketing templates, as well as updating price tickets across our Countdown store network and online. At a very high level, we would expect the cost to change unit pricing software / systems and/or reconfigure price ticketing templates (if this is required) would be [REDACTED] depending on the size of the change required.</p> <p>As unit pricing has not yet been implemented in SuperValue and FreshChoice franchised stores, more work</p>

		<p>will be required, including updates to all shelf ticketing templates, electronic ticketing and back-end merchandise systems. We would expect this work to cost [REDACTED]</p> <p>These cost expectations are based on our past experience upgrading ticketing systems, including recent upgrades due to the requirements of Country of Origin labelling, which cost [REDACTED]</p> <p>In addition to the cost, consideration should be given to a suitable time for implementation. If it is necessary to upgrade back-end merchandise systems, then this could take 12 months or more.</p>
Which retailers should mandatory unit pricing apply to?		
4	Which grocery retailers should a mandatory unit pricing standard apply to?	<p>In our view, a mandatory unit pricing standard should apply to all retailers, including online grocery retailers, that sell grocery products in line with the definition of a grocery product used by the Commerce Commission.</p> <p>For consumers to obtain the greatest benefit from unit pricing and be able to make accurate comparisons and decisions, as many retailers as possible should be included.</p> <p>Exceptions to this could include (on the basis that the costs to these retailers of complying with the new requirements exceed the benefits to consumers):</p> <ul style="list-style-type: none"> <li>- stand alone, independent retail stores that are unaffiliated with a retail chain, coordinated buying group or cooperative, and with retail floor area below a threshold; and</li> <li>- small online retailers with annual online grocery sales below a threshold</li> </ul>
5	Which of the approaches to threshold requirements (store size, product range, annual revenue) should be used to set the threshold for mandatory unit pricing in New Zealand?	In our view, store size and/or affiliation to a national chain, buying group or cooperative should determine the threshold for mandatory unit pricing for bricks and mortar retailers selling grocery items. For online only retailers, we consider annual sales revenue should determine the threshold for mandatory unit pricing
6	If New Zealand adopts:	
	a) a floor size threshold, what should be the appropriate floor size (in	We do not have a view on this. However, we note a threshold of 1000M2 would ensure that large bricks and mortar retailers are included, but smaller retailers (e.g.

	square metres) for this threshold?	standalone dairies and convenience stores) would be excluded if they are not affiliated to a national chain, buying group or cooperative.
	b) a product range threshold, what products should be included?	Any retailer selling packaged grocery products, and/or fresh foods for consumption at a consumer's home should be included. Retailers should not be excluded because they choose to offer a subset of grocery products or specialise in particular grocery categories.
	c) an annual revenue threshold, what is the appropriate dollar amount for this threshold, and should the threshold be set at group level or store level?	<p>We do not have a view on this. However, we note that if online grocery retailers with annual grocery sales below \$5m were excluded, this would mean smaller grocery retailers are not required to comply during their start-up phase. If a sales threshold is deemed appropriate for bricks and mortar retailers, then the following thresholds may be appropriate:</p> <ul style="list-style-type: none"> <li>- for a standalone, independent retail store the sales threshold should be set at \$5m per annum</li> <li>- for a group of retail stores (e.g. national chain or cooperative), with individual store sales below \$5m per annum, then the sales threshold for the group could be set at \$100m per annum</li> <li>- for grocery retailers that may have a limited NZ presence, but are part of an international group, then the sales threshold could include the sales both in and outside NZ and could be set at the same \$100m per annum level</li> </ul>
Where should retailers display unit pricing?		
7	Where should retailers be required to display unit pricing, and why?	<p>To be most useful for consumers, unit pricing should be displayed on the shelf ticket that is located next to the product being considered by a customer. This will typically be the shelf ticket that also displays information such as the product name, size and price. In the case of online shopping websites, the unit price should be displayed near to the price of the products, near to the product image, and be viewable in search results. In digital interfaces where there is limited display space, e.g. shopping apps used on mobile devices, unit pricing could be displayed on product-detail views, generally accessed via a click through from the initial product image.</p> <p>Unit pricing information is provided to consumers to help make value judgments easier when comparing products prior to making product selections. As such, the key location for the display of unit pricing information is at the location where product selection is taking place.</p>

8	Where the retail price is displayed on a product itself, should the unit price also be displayed on the product?	In our view, if a product has a shelf ticket displayed next to it that includes unit pricing information correctly, then it is not necessary for unit pricing to be displayed on the product itself. The key criteria is that customers can easily see the unit price and make value judgements accordingly.
9	Should grocery retailers be required to have a “sort and/ or filter by unit price” option on their website?	<p>In our view, the ability to sort and/or filter products by unit pricing is a helpful feature for consumers choosing to shop online, but the provision of these features is extremely complex and should not be mandatory.</p> <p>Retailers may choose to provide such features, and if this is important to consumers, then those retailers providing these features will benefit. However, this should not be a prescriptive requirement for retailers.</p>
10	In which forms of advertising should retailers be required to display unit pricing?	<p>Unit pricing information is provided to consumers to help them make value judgments when comparing products prior to making product selections. The key location for the display of unit pricing information is therefore at the location where product selection is taking place, which is at the shelf the product is displayed from, or alongside the product image and price online.</p> <p>Displaying unit pricing as a mandatory requirement in advertising away from the shelf is, in our view, unlikely to provide consumers with significant value, but it will add complexity to advertising and marketing communications. This is especially true with digital media and other advertising media formats that are not controlled by the retailer, and may have unique constraints and policies. If it was deemed appropriate to include unit pricing in advertising, then our recommendation is that it should be restricted to printed material, as this is when the customer will have the ability to make the necessary comparisons to support their decision making.</p>
11	What are the potential costs and benefits of including unit pricing in audio and video advertising formats?	Adding unit pricing to audio and video advertising formats is achievable, but it adds complexity to the development of this media, and this would need to be weighed up with consideration of whether the benefit to consumers is significant enough to warrant this complexity. Unit pricing is most useful to consumers when they are able to compare the value proposition of different products - this can take some time as consumers review and compare the specific details for each product, hence clearly displaying the unit price beside the product at the shelf location in store and online is most important for consumers. There is less value to consumers when unit price information for a product is communicated in isolation from competing

		products and when the media format requires a message content to be short and simple, as is the case with video and audio formats. With audio and video messages, a consumer often does not have the time to process more detailed information about a product offer in the same way that they may in print media, or at the shelf itself. Hence our recommendation is that unit pricing information is not valuable for consumers in audio and video media and should not be required to be communicated in these formats.
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What should be the standard and non-standard unit measurements for unit pricing?

12	a) What should be the standard and non-standard measurements for unit pricing in New Zealand?	The standard measurements used in the Australian standard should be used in the New Zealand regime, with one addition that sees the “sheet” used as the standard measurement unit for products sold by the sheet such as toilet paper, tissues, paper towels. In the case of non-standard measurements for unit pricing, rather than pre-define these, we propose allowing different unit quantum (e.g. litre vs millilitres) when a retailer can demonstrate that the majority of the products in a product segment are sold in a sufficiently unique size (e.g. larger than 1 litre / 1 kg or smaller than 100 millilitres / 100 grams). Retailers can apply these exemptions based on their specific product offerings ensuring that consumers are able to make consistent unit measurement comparisons between similar products. An example where a prescriptive requirement may be problematic, is in the egg category, where the Australian standard is to use weight, but in NZ many egg products are packaged with reference to egg count only, not weight, and as such we have adopted the egg (each) as the unit of measure for the egg category.
	b) Should one litre or 100 millilitres be used as the standard measurement for volume?	In the roll out of unit pricing across Countdown stores, 100 millilitres has been found to be the most practical comparison unit for most grocery items sold by volume, and as such we would recommend 100 millilitres as the standard measure. As outlined in response to Question 12 a) for individual categories or category segments, when the retailer can demonstrate that the majority of competing products are larger than 1 litre or conversely smaller than 100 millilitres then the ability to use an alternative unit (e.g. 1 litre or 10 millilitres) should be allowable.
	c) Should one kilogram or 100 grams be used as the standard measurement for weight?	In the roll out of unit pricing across Countdown stores 100 grams has been found to be the most practical comparison unit for most grocery items sold by weight, as such we would recommend 100 grams as the standard measure. The exception to this is in variable weight fresh foods categories where most products are sold by the kilogram.

		As outlined in response to Question 12 a) for individual categories or category segments, when the retailer can demonstrate that the majority of competing products are larger than 1 kilogram or conversely smaller than 100 grams then the ability to use an alternative unit (e.g. 1 kilogram or 10 grams) should be allowable.
13	Should the same unit of measurement be used for all products within the same product category?	WWNZ supports the principle that similar products should display a consistent unit of measurement but requiring all products within the same category to have the same measurement unit may be problematic, for example, in the broader “beverages” category, it does not make sense to use the same unit price logic for a can of soft drink and a box of tea bags. As such, whilst the principle of consistency within a category is something that WWNZ supports, it will be necessary to allow exceptions, if products, despite being in the same category, are sufficiently different, or the fundamental retail proposition is such, that a unique measurement unit makes more sense for consumers.
What products should be exempt from a compulsory unit pricing standard?		
14	Is the Australian approach to product exemptions appropriate for New Zealand?	In our view the Australian approach to exemptions is suitable for New Zealand.
15	Should mandatory unit pricing apply to tobacco products in New Zealand?	In our view tobacco products should be excluded from unit pricing, as these are merchandised behind closed doors.
16	Should mandatory unit pricing apply to alcohol products in New Zealand?	In our view alcohol products should be excluded from unit pricing, to reduce incentives that may result in irresponsible alcohol purchasing decisions (i.e. purchase decisions that could be based on the lowest price per unit of alcohol).
17	Are there any other products for which unit pricing may not be workable or appropriate? What are these products?	It is possible that grocery retailers (including potential new entrants) may choose to retail products that are not typically part of a consumer's grocery basket. This could include miscellaneous general merchandise, home hardware or restricted pharmacy items. These items should be exempt, but rather than attempt to list these categories specifically, exemptions should be determined based on clear principles that will future proof the unit pricing regime.
How should unit pricing be displayed?		
18	Should New Zealand adopt a principle-based	In our view a principle-based approach to the display of unit pricing is the approach that should be adopted. A



	<p>approach to the display of unit pricing, or should there be more prescriptive requirements around font size, font, contrast, and location?</p>	<p>principle-based approach will be faster to implement and will reduce the risk and potential scale of expensive system upgrades. A principle-based approach will remain relevant and practical, as retailers increasingly migrate to electronic shelf ticketing technologies, and reduce risk in the digital environment, where technology is shared, and not always in the control of the retailer.</p>
19	<p>In your view, what are the most important principles or requirements for the display of unit pricing?</p>	<p>WWNZ supports the display principles outlined in the Australian Unit Pricing Code, as outlined below:</p> <ul style="list-style-type: none"> <li>- A grocery retailer must display a unit price for each grocery item sold by the retailer for which a selling price is displayed, unless the grocery item is exempt</li> <li>- The retailer must ensure that the unit price for a grocery item is displayed prominently and in close proximity to the selling price for the grocery item and is legible and unambiguous.</li> </ul>
20	<p>What should officials keep in mind when considering a more prescriptive option that specifies minimum requirements for the display of unit pricing?</p>	<p>In our view prescriptive requirements increase the risk that existing retail ticketing systems may not have the features necessary to support them. In larger retailers especially, upgrading and / or reconfiguring ticketing systems and templates is a costly exercise. This needs to be weighed up against the incremental consumer benefit that may be achieved.</p> <p>Price ticketing technology is evolving quickly, with electronic shelf labelling an increasingly common feature of retail stores. Prescriptive requirements may become impractical for new technologies such as electronic shelf labelling, whereas well defined principles should have an enduring application irrespective of changes in technology.</p>
<p>What sort of legislative instrument could be used to implement mandatory unit pricing?</p>		
21	<p>Do you have any views on whether mandatory unit pricing should be implemented through a consumer information standard under the Fair Trading Act 1986, or through amendment of the Weights and Measures Act 1987?</p>	<p>In our view a unit pricing standard should be implemented through a consumer information standard under the Fair Trading Act</p>