

Submission on the exposure draft of the Consumer Information Standards (Unit Pricing for Grocery Products) Regulations 2023

Your name and organisation



Name	Aneleise Gawn Consumer Advocate
Organisation (if applicable)	Consumer NZ

Responses

Statistical Information	
1	Do you consider 12 months to be an appropriate transitional period before compliance is mandatory?
	No, we think 9 months should be a sufficient period for grocery stores to comply with the regulations. This should allow time for stores to update unit pricing and allow time for a comprehensive education programme to be developed.
2	Please explain why you think a 12-month transition period is sufficient or not?
	<p>In our view, a 12-month transition period is too long. Given the current cost-of-living crisis, we think it is important to assist consumers to make better informed choices by improving unit pricing as soon as possible. Also, many supermarkets are already displaying unit pricing and should already have the systems in place to comply with the regulations.</p> <p>We acknowledge that some supermarkets – particularly those that don’t currently display unit prices - may require further time to ensure they can comply with the new requirements and consider extensions could be considered on a case-by-case basis.</p>
3	Do you have any comments on the key definitions in regulation 3?
	<p>We think that regulation 3 should include definitions of “video” and “audio medium” because it is unclear what these terms mean. For further information, see our response to question 9, below.</p> <p>Also, we suggest the reference to “a pair of shoes” is amended to “a pair of socks” as shoes are not items that are regularly sold in supermarkets in Aotearoa New Zealand.</p>

4	<p>Do you have any comments on regulation 5?</p>
	<p>We think regulation 5 should be amended as follows to better protect consumers and ensure mandatory unit pricing is displayed in as many grocery stores as possible:</p> <ul style="list-style-type: none"> • Regulation 5(1)(a) and 5(1)(b)(i) – we don't support the wording of these two clauses because they require a store to sell all eleven of the products listed in regulation 5(2) before being captured by the regulations. This has not worked in Australia and may create an incentive for grocery stores to stop selling a product in one of the categories listed to avoid being captured by the scope of the regulations. We think a better approach is to amend these regulations to apply to stores selling eight or more products from the list. • Regulation 5(1)(b)(ii) and 5(1)(c)(ii) – we don't support the proposed floor space threshold of 1,000 square metres. This would mean that many medium sized grocery stores such as Four Square and Fresh Choice would not be captured by the regulations. Many people, particularly those living in more remote and rural areas use these stores for their weekly grocery shop. These consumers should not have to miss out on valuable information that could help them save money. We recommend this threshold is reduced to include smaller stores. If it isn't reduced, it is possible that smaller stores that currently display unit pricing will stop doing so. This would be detrimental to consumers. Also, the regulations should be amended to make it clear that the threshold refers to the total size of the store, not just the size of the retail part of the store. • Regulation 5(2) – we think that “medicine” should be removed as a product category and suggest it is replaced with “cleaning products”. In our view, requiring a store to sell medicines means stores such as Moore Wilson's and other speciality grocery stores would be excluded from the regulations. This is problematic, because Moore Wilson's is a large grocery store that many people in Te-Whanganui-a-Tara (Wellington) visit to do their weekly shopping, but under the proposed wording of the regulations it would not be required to display unit pricing information as it does not sell medicine.
5	<p>Do you have any comments on the “exempt products” set out in regulation 5(3)?</p> <p>Is there anything that you think is missing, or anything that you think should not be exempt? Please provide your reasoning.</p>
	<p>We agree that alcoholic beverages, tobacco, and vaping products should be exempt from the mandatory unit pricing requirements. However, we think that individual items should not be exempt, particularly when they are also available in bulk. For example, if a three-pack of toothbrushes is available to purchase, we think all toothbrushes should be required to display a unit price – whether sold individually or in bulk. We don't think that it makes sense that items sold in bulk would be required to display the price per item, but individually sold items would not. Consistency is important to help consumers understand unit pricing.</p>

6	<p>Do you have any comments on the requirements for where unit pricing must be displayed, as set out in regulation 6?</p>
	<p>We consider unit pricing information should be displayed anytime the purchase price of a regulated grocery product is displayed. So, if the price is displayed on the shelf label, the unit price should also be on the shelf label. If there is also a price sticker on the product itself or on a poster, then the unit price should be on the price sticker or poster too.</p>
7	<p>Do you have any comments on the advertising exemption set out in regulation 9?</p>
	<p>We do not support excluding video and audio advertisements from the requirement to display or include unit pricing. As stated in our previous submission, unit pricing should be included and displayed in all forms of advertising.</p> <p>Also, under the current draft regulations it is unclear what “video” and “audio medium” are. For example, bus stops display electronic advertisements, and there is an increase in the use of electronic billboards. It is also common to see electronic advertisements on social media platforms (such as Instagram), and advertisement banners on websites.</p> <p>Under the current draft regulations, it is not clear whether these types of advertisements would be required to display unit pricing information. We think that they should. In our view, it doesn’t make sense that print advertisement would be required to display unit pricing information, but electronic advertisements wouldn’t. One example that illustrates this inconsistency is that a printed bus stop advertisement would be required to display unit pricing information, but an electronic one may not need to. We think that regulation 9 should be amended to require all forms of advertising to display or include unit pricing information.</p>
8	<p>Do you have any comments on regulation 7?</p>
	<p>We think the drafting of regulation 7 could be improved by making the following amendments:</p> <ul style="list-style-type: none"> • Clarify that “Herbs” are “Dried herbs” and consider a separate category for fresh herbs. • Amend the unit of measurement for “Flavouring essences or food colouring” to ‘Per 10 millilitres’. We don’t think providing unit pricing information per millilitre will be as useful to consumers when packages are usually 50mL or more. This would also be consistent with Australia’s approach as set out in the Competition and Consumer (Industry Codes—Unit Pricing) Regulations 2021. • Amend regulation 7(1) to require that if a product is sold by number of items and the majority of products in that product category contain more than 40 items, the unit of measurement for all items should be per 100. Similarly, if the majority of products in a category contain 40 or fewer items, the unit of measurement should be per item. If this change isn’t made, the unit price will not be useful for consumers because one package could have a unit price per item but another package of the same product will display a unit price per 100 items. For example, if a consumer wishes to purchase Huggies newborn nappies at Countdown (see picture below), they will find one packet containing 28 nappies and another packet containing 54 nappies.

 <p>Huggies Newborn Nappies Boys & Girls Size 1 Up To 5kg</p> <p>28pack \$0.55 / 1ea</p> <p>\$15⁵⁰</p> <p>Add to trolley</p>	<p>Special 2 for \$41.60</p>  <p>Huggies Newborn Nappies Boys & Girls Size 1 Up To 5kg</p> <p>Bulk pack 54pack \$0.53 / 1ea</p> <p>\$28⁵⁰</p> <p>Add to trolley</p>
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In our view, both packets should display the same unit of measurement to help the consumer make an informed decision about whether to purchase a larger quantity (54 nappies) or a smaller quantity (28 nappies).

9 Do you have any comments on the display requirements provided in regulation 8?

In our view, requiring the unit price to be displayed at 25 per cent of the font size of the product's purchase price is not sufficient and will result in the unit price being illegible to many consumers. We strongly recommend that this regulation be amended.

In Australia, the Australian Competition & Consumer Commission recommends retailers use "easy to read font sizes, such as 6mm or bigger, or at least 50% of the height of the selling price."

We support a similar approach and suggest that regulation 8 be amended to require that the unit pricing information must be at least 50 per cent of the size of the purchase price and no larger than the purchase price.

We understand that this is likely to require investment from the supermarkets in new technology but consider it will be a lost opportunity if unit pricing is required but it is so small that it is illegible for many consumers. In our view, any costs in implementing these regulations will be outweighed by the benefits to consumers.

We are also concerned that some stores may choose to display more than one type of unit price, and this may be confusing for consumers. For example, if a store is selling baked bean cans in three packs, it may display the price, the unit price and a per-can price. This is likely to confuse consumers so this should also be addressed in the regulations. In our view, it is preferable that only one unit price should be allowed per product.

We also suggest regulation 8(1)(b) and (c) be deleted and replaced by a requirement for the unit price to be displayed in dollars and cents, regardless of the cost of the item.

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Do you have any general comments regarding the regulations?

We support the introduction of mandatory unit pricing so that it will help consumers make informed purchasing decisions. For mandatory unit pricing requirements to be effective, there will need to be effective monitoring and enforcement to ensure that the system is adequately working and protecting consumers.

We also support an independent review every 2 to 3 years to ensure that system is working effectively. Additionally, we support mandatory unit pricing being introduced for other types of stores, such as chemists, hardware and stationery stores in future.

Finally, we note that the previous consultation raised the issue of whether sort and/or filter by unit price options should be required online. However, this has not been addressed in the regulations. We would like to see the regulations address this issue to ensure consumers shopping online are able to sort and search by the lowest unit price.

Thank you for the opportunity to provide comment.