

26 May 2023

Consumer Policy
Ministry of Business, Innovation & Employment

By email: consumer@mbie.govt.nz.

Exposure draft of the Consumer Information Standards (Unit Pricing for Grocery Products) Regulations 2023

1. Retail NZ is a membership organisation that represents the views and interests of New Zealand's retail sector. We are the peak body representing retailers across Aotearoa, with our membership accounting for nearly 70 per cent of all domestic retail turnover. New Zealand's retail sector comprises of approximately 27,000 businesses and employs around 220,000 kiwis.
2. Retail NZ is supportive of the standardisation of unit pricing, and broadly supports the proposed regulations. Our response should be read in conjunction with Retail NZ's [*submission on the Mandatory Unit Pricing for Grocery Products Discussion Paper*](#) (July 2022).
3. Unit pricing can be useful in assisting consumers to make more informed purchasing decisions at the point of purchase, whether online or in store. However, it is not clear that unit pricing standardisation will act as a lever to improve competition. Instead, it is our view that the focus should be on enabling clear pricing so consumers can make informed decisions on their purchases.
4. The two largest grocery retailers are already displaying unit pricing across most product categories in their supermarkets and support regulation in this area. We support the governments aim to standardise practices in this area and to extend the regulations to smaller retailers that wish to use the new format for unit pricing. However, the specific requirements within the regulations will take some time to implement and we recommend an implementation period of at least 18 months to ensure retailers can comply in all product areas.
6. Overall, our view is that regulations should be flexible, have low costs and allow for continued innovation. We support regulations for unit pricing that are based on principles rather than prescriptive requirements. This will allow retailers to continue to be innovative and keep costs down for consumers. It will also make the regulations them much easier to implement with flexibility around product categories for example allowing retailers to make logical choices when looking at the large and ever-changing range of products available at grocery stores.
7. We welcome further discussions with MBIE on the comments and recommendations provided. No part of this submission should be withheld under the OIA.

Sincerely,



Greg Harford
Chief Executive, Retail NZ

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

Your name and organisation

Name	Greg Harford, Chief Executive
Organisation (if applicable)	Retail NZ

Responses

Statistical Information	
1	Do you consider 12 months to be an appropriate transitional period before compliance is mandatory?
	No – Retail NZ proposes a transitional period of at least 18 months, and ideally 24 months, from the date that the regulations are gazetted before compliance is mandatory.
2	Please explain why you think a 12-month transition period is sufficient or not?
	<p>The largest grocery retailers have proactively displayed unit pricing across most product lines for many years. However, the specific requirements of the new regulations will take time to understand and to implement to ensure full compliance even for large businesses.</p> <p>Currently a lot of in store price information is delivered through technology. Any changes are likely to require software or hardware updates, and this can be complex and time consuming.</p> <p>For some retailers, especially smaller businesses that have 1,000 square meter stores, implementing new unit pricing displays and updating back-end systems will be complex and will take time and investment. Once the precise new requirements for mandatory unit pricing are understood smaller retailers will have to work out if their existing display pricing are able to accommodate this new information and implement systems to comply. This will take significant planning and resource. For these reasons we propose a transition time of at least 18 months and ideally 24 months.</p> <p>It would also be helpful for some guidance for smaller retailers to be produced to assist with the transition. The guidance should be issued as close to as possible to the date the</p>

	regulations come into effect so that businesses don't start making changes before the exact requirements are known.
3	Do you have any comments on the key definitions in regulation 3?
	Retail NZ does not have comments of the key definitions in regulation 3.
4	Do you have any comments on regulation 5?
	<p>Retail NZ supports the store size threshold of 1,000 square meters for retailers that are required to display unit pricing.</p> <p>It is important that the regulations clarify that this area applies to the retail floor area, or the area where consumers are shopping. It should not include back offices, warehouses, carparks, or any other areas not used for retail.</p> <p>We also support the inclusion of online retailers to ensure consumers can access equivalent unit pricing information regardless of store format.</p> <p>Retail NZ is supportive of standardisation of unit pricing across all retailers that sell grocery products regardless of size. If retailers opt in and display unit pricing it should be in a clear and recognisable format to allow consumers to make accurate comparisons and decisions.</p>
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>Retail NZ supports the exclusion of alcoholic beverages, and tobacco and vaping products from the definition of 'regulated grocery products'. Largely alcohol is sold in standardised size packages so unit pricing doesn't offer consumers any benefit. Tobacco products are not displayed at retail at all.</p> <p>Retail NZ also supports the range of logical exclusions within regulation 5(3). However, we are concerned that this is a prescriptive and exhaustive list and suggest that there could be some flexibility built in to accommodate new products and future proof the unit pricing regime.</p>
6	Do you have any comments on the on the requirements for where unit pricing must be displayed, as set out in regulation 6?
	Retail NZ does not support the requirement to display unit pricing on advertising. Unit pricing is only of value to consumers when it can be compared to other similar products. On a print advertisement generally only one product is featured at a time, and therefore these comparisons are not possible. It is hard to see a clear benefit to consumers and, given the cost and complexity of adding this level of detail to advertisements, we do not support this area of the regulations.
7	Do you have any comments on the advertising exemption set out in regulation 9?
	Retail NZ supports the advertising exemption in regulation 9 under which a regulated grocery product advertised for sale using a video or audio medium is not required to display unit pricing.
8	Do you have any comments on regulation 7?

	<p>Retail NZ supports consistent standards unit of measurement to ensure that unit prices are expressed in a uniform manner. We support the standard units of measurements in regulation 7 related to products sold by volume, weight, length and area. We also support the non-standard units of measurements in regulation 7(2) for certain categories of products.</p> <p>However, we are concerned that this area of the regulations may again be too prescriptive and not allow fully for the broad and changing range of products sold at supermarkets. This prescriptive approach may be problematic as it may not make sense to use the same measurement unit for all products within a product category, for example it does not make sense to display unit pricing for tea bags per litre if they were to fall in the beverage category. It is likely that there will be other logical exemptions within other product categories. Flexibility within the regulations to allow for exemptions is required. This will ensure that unit pricing makes sense for consumers. It will also ensure that the regulations will be workable and will endure.</p>
9	<p>Do you have any comments on the display requirements provided in regulation 8?</p>
	<p>Retail NZ broadly supports the display requirements for unit pricing in Regulations 8(1) and (2). An area concern however is that the regulations do not consider the possibility of products having multiple prices, for example the standard price, and a discounted price for loyalty programme members.</p> <p>Retail NZ suggests that unit pricing should only be applied to the price that the majority of customers are paying within that store, and that just one unit price be required on an item. If multiple unit prices are required for a product this could lead to a very confusing and cluttered price display.</p> <p>Retail NZ supports the general display requirements that require the unit price to be displayed clearly and legibly, prominently, and in close proximity to the purchase price. However, we are concerned that the proposed prescriptive requirement of 25% of the products display price may pose some risk in the digital environment, where technology may be sourced from third parties and not always in the control of the retailer. Retailers may not have the features necessary to support the specific font size requirement within existing technologies and it could be costly and difficult to achieve.</p> <p>An alternative is for the regulations to specify that unit pricing should be 25% of the display price where it is reasonably practicable, which would allow for some flexibility where existing systems cannot be easily changed.</p> <p>Further, price ticketing technology is evolving quickly and maybe developed internationally, this prescriptive requirement might be impractical for such new technologies or could risk stifling new innovations.</p>
10	<p>Do you have any general comments regarding the regulations?</p>
	<p>Retail NZ would like to see the regulations explicitly state that unit pricing should only be displayed on products for purchase to retail consumers in store or online. Wholesale businesses should not be required to display unit pricing.</p> <p>Overall, we believe that industry will be able to implement standardised unit pricing in store and online with an adequate transition period and in conjunction with clear guidelines, but it is important to build in some flexibility to allow for exemptions and innovation.</p>