



2 September 2024

SUBMISSION TO SENATE SENATE STANDING COMMITTEE ON ECONOMICS INQUIRY INTO 'BIG BOX' RETAILERS AND LARGE FORMAT RETAILERS

INTRODUCTION

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 price transparency and fairness for consumers and led the national campaign that in 2009 resulted in legislation requiring large instore and some online grocery retailers to provide consumers with the unit price (price per unit of measure) of packaged products.

RECOMMENDATION

In relation to the following of the Inquiry's terms of reference:

- Any other related matters,

we ask the Inquiry to **recommend that** :

'Big box' retailers and large format retailers be required to provide instore, at online selling sites, and in advertisements the unit price (price per unit of measure) of products sold in packages on which the quantity is shown and for which a selling price is displayed.

BACKGROUND

Since 2009, the Grocery Unit Pricing Code administered by the ACCC has required certain instore and online grocery retailers to provide consumers with the unit price (price per standardised unit of measure for example \$1.41 per 100g for a 765g packet of breakfast cereal costing \$10.80) of packaged grocery products in order to facilitate value comparisons; increase informed consumer choice; and increase competition.

Consumer access to, and use of, effective unit pricing of products greatly increases price transparency and therefore the ability of consumers to compare prices, assess value, and save money or get more for the same expenditure. Effective unit pricing also helps consumers to be more resilient when experiencing economic challenges such as the current cost of living crisis. It also greatly helps consumers to notice when

the price per unit of measure of packaged products has increased due to a reduction in the amount in the package (“shrinkflation”), and it increases competition.

Although, as shown in our submission¹ on the Issues Paper for the ACCC’s current inquiry into supermarkets, there is great scope and need to improve the quality of the unit pricing provided by grocery retailers covered by the Unit Pricing Code, it is greatly valued and used by many consumers.

The potential benefits² from increased consumer access to, and use of, unit pricing to compare prices and values of all types of products are very large³.

However, other types of retailers such as pet supplies stores, chemists, hardware stores, and stationers, many of which are also ‘Big box’/large format retailers and large format retailers are not required to provide unit prices for packaged products and rarely do so voluntarily. Also, when unit pricing is provided it is of limited use to consumers due to it not being provided for all items of a product and to inadequate display.

These retailers sell many packaged products, some of which also sold by grocery retailers covered by the Code, and consumers spend large amounts with these retailers. Therefore, there is great potential to increase the provision and consumer use of unit pricing for packaged products sold instore or online and advertised by ‘Big box’/large format retailers.

Many Australian consumers want unit pricing for packaged products to be provided by more retailers. For example, in a CHOICE poll on Unit Pricing conducted in August 2024, 98.9% of the 8219 respondents agreed that all major retailers should be required to display clear and consistent unit prices on products in store and online.

Provision of unit pricing of non-grocery packaged products is required by many retailers in several EU countries and the UK.

To ensure sufficient provision, high levels of quality and accuracy of display, and consistency between retailers, mandatory provision of unit pricing for packaged products, and compliance with standards on quality and accuracy of provision, should also be required in Australia

¹ Available at <https://www.accc.gov.au/inquiries-and-consultations/supermarkets-inquiry-2024-25/issues-paper>

² Other benefits include: increased consumer protection and empowerment, Improved social justice (it is a social justice principle that cost pressures should be eased, particularly for the disadvantaged and vulnerable groups), and increased supply chain competition and efficiency.

³For example, they were the main reason why in the 1970s in response to the economic problems caused by the Oil Price Shocks that several states in the USA become the first places in world to mandate the provision unit pricing by grocery retailers for packaged products. For similar reasons, other countries have also done the same, including Australia in 2009 following a recommendation by the ACCC inquiry into retail grocery prices conducted partly commissioned mainly because of the negative economic effects of the Global Financial Crisis.