



Supplementary Submission to Senate Economics Committee Inquiry into the Unit Pricing (Easy Comparison of Grocery Prices) Bill 2008

Since lodging our initial submission to the Inquiry we have become aware of a report by Insight Partners and Citi Investment Research which outlines the impact of unit pricing on retailers which will be significant in the Committee's deliberations of the Bill.

The report¹, released by Insight Partners and Citi Investment Research states that

“Unit pricing responds to voter concerns and it fits well with the Federal Government's commitment to empowering consumers. [It] is a simple, effective and evidence based policy which reduces inflation. [I]t is a low cost initiative with low political and implementation risks.”

The report also draws attention to past overseas research, which establishes that on average, consumers reduce their spending by one per cent following the introduction of unit pricing.

“[The] implementation of unit pricing [is expected] to transfer about \$810 million of wealth from retailers and suppliers to consumers per year. That is, savings of about \$100 on average per family per year.”

While the report's findings are consistent with our belief that unit pricing will assist consumers save money, we are not sure how well the overseas research on which this conclusion is based will translate into the Australian situation. We suggest that the Committee analyse the underlying methodology of the report and that of the underlying overseas research.

The report also finds that individual consumers could save up to 21% on packaged groceries if they switch from the highest to the lowest unit price package. Consumers could save about another 34% by switching to the lowest unit priced private label product, according to a pricing survey completed by Citi at a Coles and Woolworths major suburban supermarket.

16 July 2008

END

¹ <http://www.ausfoodnews.com.au/2008/07/15/research-establishes-impact-of-unit-pricing-on-retailers.html>
57 Carrington Road Marrickville NSW 2204