

Mandatory Unit Pricing for Grocery Products

Submission by Christians Against Poverty

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Submitted via email: consumer@mbie.govt.nz

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Introduction

Tēnā koe,

Christians Against Poverty (CAP) welcomes the opportunity to provide feedback on the Ministry of Business, Innovation and Employment's discussion paper on mandatory unit pricing for grocery products.

As stated in our submissions to the Commerce Commission regarding the market study into the grocery sector, mandatory unit pricing is essential so customers can make informed decisions when purchasing their groceries. Making informed purchasing choices is particularly important for those in financial hardship that need to stretch their little disposable income as far as possible. The CAP Money course, a money management course that teaches people budgeting skills, supports mandatory unit pricing and encourages participants to check unit pricing to ensure they get the best value for their money. We are encouraged that the Government is addressing this issue.

We look forward to working with you to make constructive changes to the discussion paper. Thank you for the opportunity to provide input, and we welcome any questions.

Nāku noa, nā



Matilda Gaby

Christians Against Poverty

Introduction to Christians Against Poverty

Free debt counselling and money education

CAP's free nationwide Debt Help service has helped thousands of New Zealanders live on a budget, pay off debts, and grow in financial capability over the last 13 years.

When visiting clients' homes, CAP constantly comes face-to-face with the crushing despair and misery created by debt. **Over 65% of clients owe money for utilities and housing.** Anxiety and depression due to debt caused 3 out of 5 clients to isolate themselves. Before coming to CAP, 1 in 4 clients had contemplated or attempted taking their lives.¹

CAP has helped thousands of clients pay off over 38 million dollars of debts and bills and enabled the write-off of over \$30 million of debt through negotiations with creditors and insolvency. The fruits of this work mean that over 2,100 people have become debt-free. Moreover, these numbers have positively transformed the homes of over 2,200 children.

¹ Christians Against Poverty New Zealand. (2020). Below Zero: Living in unmanageable debt in Aotearoa.

In response to the vast need we saw in families struggling in debt, Christians Against Poverty also developed the CAP Money course in March 2009. Over 16,400 people have completed a CAP Money course to learn how to take control of their finances.

Feedback on the Discussion Paper

CAP supports Consumer NZ's submission and reiterates our views below.

Should grocery retailers be required to educate consumers about unit pricing by providing in-store and online pamphlets, posters and/ or other guidance?

Yes. Grocery retailers must use various platforms to educate consumers about unit pricing. Educating consumers both in-person and online is vital to ensure that no digital and social exclusion occurs. For example, some of the whānau CAP works with do not have access to the internet or are not confident in using technology. CAP also encourages the education material to be easily understood by audiences such as tamariki, migrants and those whose English is not their first language. Similarly, retailers should display unit pricing in all forms of advertising so everyone is included and has access to the same information.

Which grocery retailers should a mandatory unit pricing standard apply to?

We would like mandatory unit pricing standards to apply to stores where consumers buy most of their groceries. For example, supermarkets such as New World and Countdown, grocers such as Farro Fresh and Moore Wilson's and convenience stores such as Four Square.

On the other hand, we do not think the standards should apply to stores where consumers generally only purchase a few items. For example, dairies, corner stores and petrol stations. We agree with Consumer NZ that consumers who are shopping at these stores do not expect to be able to choose from a wide range of products and are often shopping for convenience, not to get the best price.

Where should retailers be required to display unit pricing, and why?

As defined in the Discussion Paper, unit pricing is a product's price per unit of measure. Grocery retailers should display unit pricing clearly beside the price, which should be consistent across all products. This will help consumers to compare prices and make informed purchasing decisions easily. If the selling price is displayed on the product itself, the unit price should also be displayed on it.

CAP also supports prescriptive requirements around font size, font, contrast and location in terms of the display of unit pricing. For example, CAP agrees that the font size for the unit price should not be less than 50% of the selling price and that the unit price and selling price should be in bold font. CAP considers that the following picture is an excellent example of displaying unit pricing that is prominent, legible and unambiguous:



Should grocery retailers be required to have a “sort and/ or filter by unit price” option on their website?

Yes. Online grocery shopping is becoming more common, and online consumers must receive the same benefits of mandatory unit pricing standards as those who shop in person. Countdown online shopping allows consumers to filter by unit price; however, the products displayed do not use the same units. For example, some products may be priced per 100g; however, some are priced by quantity. This makes it difficult for consumers to easily compare all products to get the best value for money.

Is the Australian approach to product exemptions appropriate for New Zealand?

CAP agrees that the Australian approach to product exemptions is mainly appropriate for New Zealand. For example, products such as flowers, clothing and electronics should be exempt from the mandatory unit pricing system. However, displaying unit pricing for products such as photocopying paper, stationery and hardware items could benefit consumers.

Conclusion

CAP would like to thank you for taking the time to read our submission supporting Consumer NZ's.

CAP strongly supports the introduction of mandatory unit pricing for grocery products. This will help consumers compare prices, make informed purchasing decisions, and save money. These outcomes are important for those in hardship and poverty that need to stretch funds as far as they will go.

We welcome any further discussion you may wish to have.