

Public Submission to ACCC Grocery Inquiry by Iain Ross Millar on Friday, February 15, 2008.

1 On perusing my "junk mail" I found two advertisements for the same item, to wit, a 500g. tin of Nescafé Blend 43.

The first was a Woolworths catalogue (Reference number WC11028/SA) showing "Specials" for the period 11th – 18th February.

The item is shown on Page 2 with a price of \$16-98, which is alleged to be a saving of \$5-01, giving a "normal price" of \$21-99. (Refer Attachment A.)

The second was a Kmart catalogue (Reference number KC5533-P7/W3/2008) showing various goods for the period 14th – 20th February.

The item is shown on Page 17 with a price of \$13-98, which is alleged to be a saving of \$3-21, giving a "normal price" of \$17-19. (Refer Attachment B.)

I consider the Woolworths advertisement deceptive and misleading.

2 I buy approximately 2 230g jars of BONOX a week (they used to be 250g; the size was reduced but the price remained the same, as they did with bottles of spirits which were reduced from 750ml to 700ml) and the price has risen from around \$4-60 to \$5-19 in a matter of 18 months. I rang Kraft, the manufacturers, but they maintained they had no control over retail prices. I then rang Coles who asserted that the price was related to their purchasing cost. They did (inadvertently?) inform me that the price varies from State to State and in Sydney/Brisbane it costs around \$4-80. Not that I think there is collusion, I prefer to think of it as coincidence, but when the previous price at Coles rose from \$4-82 to \$5-09 I thought I would try Woolworths but, surprise, surprise, their price was exactly \$5-09. There appears to be a lack of competition in regard to low-turnover products but the huge price jumps and the identical prices give me cause for suspicion of some sort of cosy marketing ploy involving the manufacturers and the wholesaler/retailers.

Yours sincerely

Iain Millar

Attachment "A"

Attachment "B"



The advertisement features a collection of products. At the top, there are four items: a box of Extra orange juice, a box of Extra strawberry juice, a can of Extra Liquid Blast, and a pack of Extra toothpaste. A green price tag of \$3.88 is positioned below the first two items, and another green price tag of \$1.95 is below the last two. In the center, a 500g tin of Nescafé Blend 43 is shown next to a red mug filled with coffee. To the left of the tin, the price \$13.98 is displayed in green, with 'save \$3.21' written below it. The product name 'Nescafé Blend 43 500g' is printed in black. At the bottom, a blue-bordered box contains the text: 'For your local store's trading hours: Call 1800 124 125 or visit www.kmart.com.au'.

\$3.88

\$1.95

\$13.98
save **\$3.21**
Nescafé Blend 43 500g

For your local store's trading hours:
Call **1800 124 125**
or visit www.kmart.com.au