

Public Submission to ACCC Grocery Inquiry by Philip Machanick on 1 April 2008

I hope you can take into account this late submission.

I would like to submit two points for consideration: the effect of the trend towards mall shopping, and the value of unit pricing on shelves.

1. Growth of Mall Shopping

A serious inhibitor to competitiveness of smaller traders is aggregation of shopping into malls in which major traders are given preferential consideration for prime spaces. Changing this trend is a matter of town planning. Whether this is within the remit of this enquiry is unclear to me but a change to urban planning oriented to creating more pedestrian space and more local shopping would reverse this trend.

The growth in malls as the main shopping locale reduces competitiveness. If there is one (or at most, two) major supermarket in a mall, competitiveness is reduced, as shoppers who mostly go to that mall will not go out of their way to check prices or other reasons to shop elsewhere, because of the perceived convenience.

As a side effect, creating pleasant safe pedestrian spaces will encourage exercise, addressing the obesity epidemic – again no doubt not part of your remit, but why not do as much good as you can while you are about it?

2. Unit Pricing

An inhibitor to comparison is the fact that like products (even of the same brand) are frequently packaged in sizes that do not bear ready comparison (for example, one product of 340g, another of 510g). Including unit pricing on shelf labels would be trivial to implement as an adjustment to the software that prints the labels.

Supermarkets in South Africa have done this for many years, and I doubt very much that making this change can be beyond the technological capabilities of a developed country.

The only complication in legislating this is ensuring that like produces were in similar units (e.g., one brand may be labelled by volume; a competitor by weight). This difficulty however should not apply to the comparison most consumers would use: comparing different sizes of the same brand.

As an example, a brand of ginger beer I buy is available in various packagings where I buy it: a single 375ml bottle, a single 750ml bottle, a 4-pack of 375ml and a 10-pack of 375ml. The biggest pack is labelled as a bulk economy package but since I can actually do arithmetic, I can easily determine that the 4-pack is in fact the cheapest variant. This is not hard in this case because all the sizes are multiples of 375ml (even if the labelling is misleading). However, where sizes are not amenable to mental arithmetic, unit pricing would be helpful even to those who like to check.