



11 July 2022

Competition and Consumer Policy  
Building, Resources and Markets  
Ministry of Business, Innovation & Employment  
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Dear Sir/Madam

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the *Mandatory unit pricing for grocery products discussion paper*.

Yours sincerely

Katherine Rich  
**Chief Executive**



***Mandatory unit pricing for grocery products discussion paper***

**Submission by the New Zealand Food & Grocery Council**

**11 July 2022**

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## **NEW ZEALAND FOOD & GROCERY COUNCIL**

1. The New Zealand Food & Grocery Council (“**NZFGC**”) welcomes the opportunity to comment on the *Mandatory unit pricing for grocery products discussion paper* (the “**Discussion Paper**”).
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

### **OVERARCHING COMMENTS**

3. NZFGC is supportive of the introduction of mandatory unit pricing for grocery products. We understand Consumers New Zealand has been seeking mandatory unit pricing for over a decade so this opportunity to confirm the arrangements is welcome. The introduction of mandatory unit pricing will help consumers compare prices, search for better deals, make informed purchasing decisions taking into account other factors such as quality and potentially save money. We note that there will need to be adequate monitoring and enforcement to ensure the system is working well and that retailers are being held to account.

### **DETAILED COMMENTS**

4. Our responses to the questions in the Discussion Paper are set out below:

#### **Q1. Are there any other benefits or costs associated with mandatory unit pricing that are not mentioned above?**

5. We agree with the comments set out in the Discussion Paper regarding the benefits and costs associated with mandatory unit pricing.

#### **Q2. Should grocery retailers be required to educate consumers about unit pricing by providing in-store and online pamphlets, posters and/or other guidance?**

6. Yes, grocery retailers are best placed to educate consumers about unit pricing by providing a variety of in-store and online pamphlets, posters and other guidance. Education is essential to ensure all consumers understand unit pricing. As well, as new consumers entering the market, they would benefit from ongoing education about unit pricing.
7. We understand that Australian retailers, although having made commitments to educating consumers on unit pricing, the commitment appears to have been quite limited and short-lived. In a multi-billion dollar industry, New Zealand should aim to do better and retailers should be required to report on efforts annually.

#### **Q3. How much do you estimate it will cost to implement unit pricing in grocery stores? Please explain how you have arrived at this estimate.**

8. NZFGC does not have data on implementation costs but the Health Promotion Agency would have costs relating to consumer education campaigns and this should prove a

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helpful starting point and a useful check to verify industry estimates of the costs to avoid over-estimation.

**Q4. Which grocery retailers should a mandatory unit pricing standard apply to?**

9. NZFGC recommends that all outlets covered by the two major supermarket chains be covered including all their outlets and other facilities depending on the threshold. We do not consider the requirement should apply to smaller retail outlets such as dairies, corner stores and petrol stations. These retailers only supply a limited range of products and are not usually a primary source of grocery products for consumers.
10. Consumers who shop at smaller retail outlets, such as dairies, generally only purchase a few items and don't expect to be able to choose from a wide range of products at these stores. Consumers also often choose to shop at these stores for convenience, not to get the best price.

**Q5. Which of the approaches to threshold requirements (store size, product range, annual revenue) should be used to set the threshold for mandatory unit pricing in New Zealand?**

11. NZFGC does not consider an annual revenue threshold is an appropriate measure to determine which retailers should be subject to mandatory unit pricing as it would be difficult to measure. Also, as the Discussion Paper notes, the information required to monitor and enforce an annual revenue threshold is difficult to collect. We suggest market share could apply from a selected range of products similar to the range proposed for the standalone product range threshold.
12. By taking market share, small mixed businesses outside the major chains and the smaller online offerings will not be captured. Market share data would be available from Scan data.
13. Alternatively, a floor space threshold would cover supermarkets with physical shop fronts and the product range threshold could cover online businesses. However, so as not to capture small to medium sized businesses entering or in the physical or online grocery markets, the floor size and product range needs careful calculation and conditions.

**Q6. If New Zealand adopts:**

**a) a floor size threshold, what should be the appropriate floor size (in square metres) for this threshold?**

**b) a product range threshold, what products should be included?**

**c) an annual revenue threshold, what is the appropriate dollar amount for this threshold, and should the threshold be set at group level or store level?**

14. NZFGC suggests a threshold of 500sqm (internal measurement available to consumers) by each outlet. There are reportedly around 3,000 family-owned and operated dairies in New Zealand varying in size from around 200spm and these are not the target for unit pricing.

**Q7. Where should retailers be required to display unit pricing, and why?**

15. Retailers should be required to display unit pricing at point of sale in store to ensure consumers have access to information and are able to use it to make informed purchasing choices. As well, unit pricing should be applied to advertising in print media or on the internet (excluding video and audio files for reasons set out in the Discussion Paper).

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**Q8. Where the retail price is displayed on a product itself, should the unit price also be displayed on the product?**

16. Yes, if the price is provided more than once, it should be a requirement that the unit price is displayed alongside every price.

**Q9. Should grocery retailers be required to have a “sort and/ or filter by unit price” option on their website?**

17. Yes, this is a useful way for consumers to work out what items are cheaper. However, for this requirement to be effective and useful, all the products displayed in a search must use the same units. This should not be a requirement for implementation at the outset since this might otherwise delay commencement as a result. It should be subject to consideration of a later, prescribed timeframe.

**Q10. In which forms of advertising should retailers be required to display unit pricing?**

18. Unit pricing should be included and displayed in all forms of advertising including print media or on the internet (excluding video and audio files). Restricting the requirements to display unit pricing to only select forms of advertising means that some consumers, such as people with disabilities, may not have the same information about unit pricing.

**Q11. What are the potential costs and benefits of including unit pricing in audio and video advertising formats?**

19. N/a

**Q12. a) What should be the standard and non-standard measurements for unit pricing in New Zealand?**

20. We should reflect the standard measurements applied to Nutrition Information Panels on packaged food under the *Australia New Zealand Food Standards Code*: 100mL or 100gm. Being on all packaged foods with limited exceptions, these should be familiar units to consumers.

**Q12. b) Should one litre or 100 millilitres be used as the standard measurement for volume?**

21. As for Q12. a), we should reflect the standard measurements applied to Nutrition Information Panels on packaged food under the *Australia New Zealand Food Standards Code*: 100mL.

**Q12. c) Should one kilogram or 100 grams be used as the standard measurement for weight?**

22. As for Q12. a), we should reflect the standard measurements applied to Nutrition Information Panels on packaged food under the *Australia New Zealand Food Standards Code*: 100gm.

**Q13. Should the same unit of measurement be used for all products within the same product category?**

23. Yes, this is already the case for the Nutrition Information Panel on packaged food and facilitates easy comparison. If there is no uniformity in the unit of measurement within a product category, this defeats the purpose of having mandatory unit pricing.

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**Q14. Is the Australian approach to product exemptions appropriate for New Zealand?**

24. NZFGC recognises that unit prices will not be helpful for consumers for some items sold in grocery stores. For example, unit prices for plants, flowers or clothing are likely to be of no use. On this basis, we agree it is appropriate to exempt some products. However, we consider there should be as few exemptions as possible.

**Q15. Should mandatory unit pricing apply to tobacco products in New Zealand?**

25. No, tobacco products are not on display so there is little benefit to including unit prices.

**Q16. Should mandatory unit pricing apply to alcohol products in New Zealand?**

26. No, NZFGC does not support mandatory unit pricing for alcohol products. It is not appropriate to provide information that could encourage consumers to make purchasing decisions based only on total volume.

**Q17. Are there any other products for which unit pricing may not be workable or appropriate? What are these products?**

27. NZFGC is not aware of any other products which unit pricing may not be workable or appropriate

**Q18. Should New Zealand adopt a principle-based approach to the display of unit pricing, or should there be more prescriptive requirements around font size, font, contrast, and location?**

28. NZFGC does not support more prescriptive requirements for font size, font, contrast, and location consistent with the position on packaged food labelling, but we do support legibility for the average consumer from the aisle (not with a magnifying glass) in the case of physical retail outlets and equivalent size to price information in print and internet media.

**Q19. In your view, what are the most important principles or requirements for the display of unit pricing?**

29. The display of unit pricing should be prominent, in an easily visible font size, and in colours that consumers with colour blindness, visual impairments, or low vision can read.

**Q20. What should officials keep in mind when considering a more prescriptive option that specifies minimum requirements for the display of unit pricing?**

30. Officials should keep in mind that the minimum requirements for the display of unit pricing needs to cater for as many consumers as possible: the educated and less educated, the able and the disabled and all population age groups who are purchasers.

**Q21. Do you have any views on whether mandatory unit pricing should be implemented through a consumer information standard under the Fair Trading Act 1986, or through amendment of the Weights and Measures Act 1987?**

31. For speed of implementation, we would support implementing the mandatory unit pricing regime by way of a Consumer Information Standard (CIS) under the *Fair Trading Act 1987*.