



MEDIA RELEASE

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INADEQUATE SUPERMARKET UNIT PRICING INCREASES COST OF LIVING PRESSURES

Consumers call for action by supermarkets, the ACCC and the Federal Government to improve the quality of the supermarket unit pricing shoppers need to get value for money.

New research shows that inadequate unit pricing in supermarkets makes it difficult for shoppers to cope with cost of living pressures and to save substantial amounts of money by comparing the unit price (price per unit of measure) of grocery items on which they spend over \$80 billion a year.

The national research covered supermarkets in Queensland, NSW, Victoria, and South Australia and found that far too often the unit price is:

- too difficult to notice or read
- not provided for some items/offers/classes of products
- indicated with the wrong or an inconsistent unit of measure.

Substantial problems were found in supermarkets owned by some of the big chains and in independent supermarkets.

There were several types of problem at the big chains and at most the main one was many unit prices being insufficiently prominent or legible

At the 25 independent supermarkets visited, all had unit prices insufficiently legible or prominent, in 76% unit prices were not provided for some items, and in 68% an incorrect unit of measure was used for some or all items of a product type.

These supermarkets also scored badly in relation to seven¹ categories of unit pricing problems – the average store had four categories of problems and 20% had more than four.

The research was undertaken by the Queensland Consumers Association (QCA) which lead the campaign for compulsory unit pricing in Australia.

The results will be provided to the Australian Competition and Consumer Commission which is responsible for monitoring and enforcing retailer compliance with the federal code of conduct provided by the large supermarkets that are required to provide unit prices, and by supermarkets that provide unit prices voluntarily.

QCA spokesperson Ian Jarratt says “It is completely unacceptable that the quality of the unit pricing in so many supermarkets is still so poor over 4 years after the start of a system intended to allow easy comparison of prices and values.”

Jarratt says that it would not be difficult for efficient, customer-focused supermarkets to fix the problems and this would greatly increase consumer use of unit pricing and produce major benefits for consumers and the economy.

For example, exploratory QCA research on shelf labels shows that the unit price on the bottom shelves, where unit prices are a long way from the eye, are much easier to notice and read when the print is large and located under the selling price, and when the label is angled out.

But currently, the print used for the unit price on bottom shelf labels is not large enough in all supermarkets, in most the unit price is not located below the selling price, and in some these labels are vertical - not angled out.

The UK also has problems with its compulsory unit pricing system. But, as a result of a consumer campaign and pressure from the government, most supermarket chains are voluntarily improving their unit pricing, and the need for legislative change is being looked at.

QCA says supermarkets and the government should follow the UK’s example and give Australian consumers a fair go by substantially improving the quality of the unit pricing provided in supermarkets.

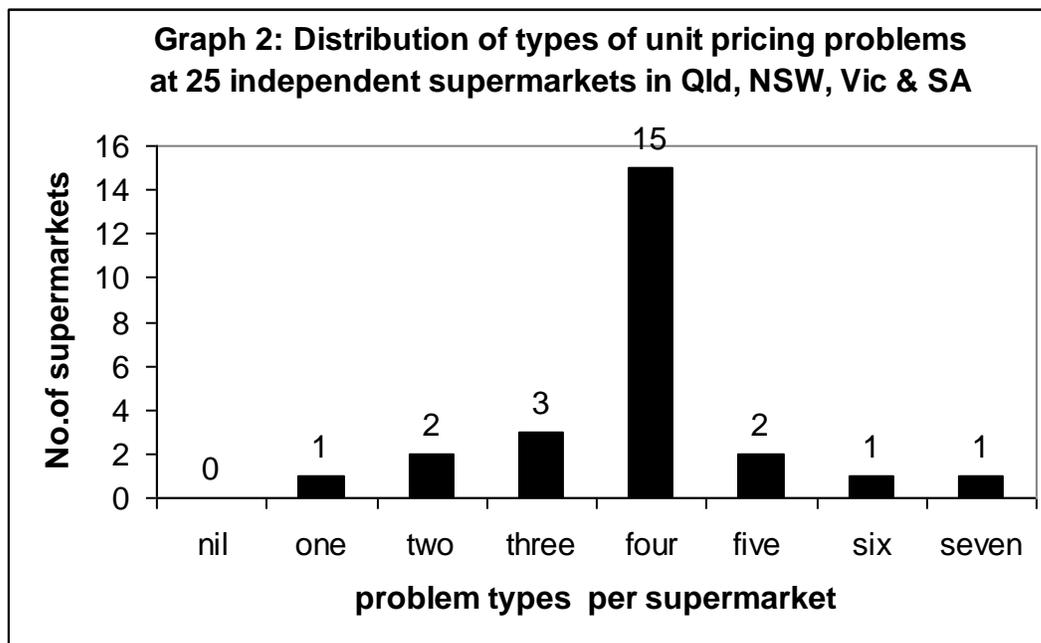
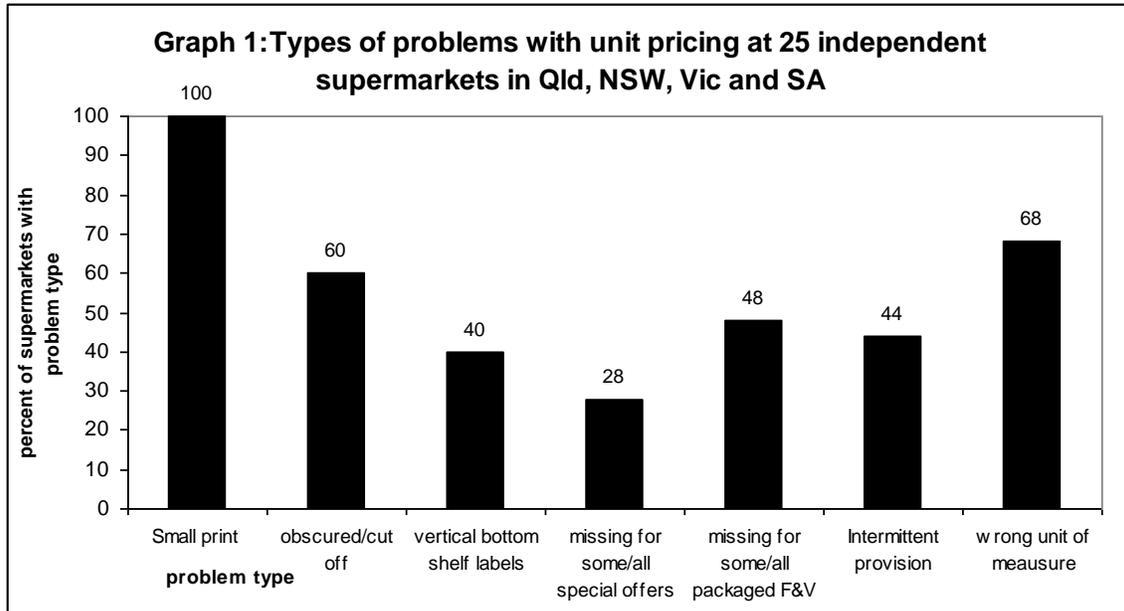
NOTES FOR EDITORS

1. Graphs summarising the results of visits to 25 independent supermarkets are attached.
2. Pictures of examples of unit pricing problems are attached.
3. A 5 page report on an exploratory study of factors influencing the prominence and legibility of unit prices on labels 200 mm from the ground is attached.

¹ Small print, UP obscured/cut off, vertical bottom shelf labels, non provision for some special offers/package F&V/intermittently, and incorrect units of measure

UNIT PRICE PROBLEMS FOR CONSUMERS AT 25 INDEPENDENT SUPERMARKETS PROVIDING UNIT PRICES IN QUEENSLAND, NSW, VICTORIA AND SOUTH AUSTRALIA

SUMMARY GRAPHS



EXAMPLES OF DEFICIENT UNIT PRICING IN AUSTRALIAN SUPERMARKETS

Small print for UP (for special and single sell offers)



UP obscured/cut off (cheese UP cut off and obscured at bottom)



Non provision of UP for special offer



Non provision of UP for packaged f&v (UP not provided for cherry tomato pack)



Intermittent non provision of UP (UP not provided for the olive oil)



Incorrect unit of measure for UP (all drinks should be per litre none per 100ml)



Vertical bottom shelf labels (make UP impossible/very difficult to read)



Calculation error (UP should be \$2 per kg not \$7.98 per kg)





REPORT ON AN EXPLORATORY STUDY OF THE LEGIBILITY AND PROMINENCE OF UNIT PRICES ON SUPERMARKET SHELF LABELS 200MM FROM THE GROUND

6 May 2014 Contact: ijarratt@australiainmail.com

PURPOSE

The purpose of this research was to assess the influence of different factors on the prominence and legibility of unit price information on supermarket shelf labels located 200mm from the ground. The factors assessed were: the print size, print density, location on the label, and viewing angle.

BACKGROUND

- There are substantial differences in how Australian supermarkets display unit prices.
- Unit prices that are not sufficiently prominent and/or legible reduce consumer awareness and use of unit prices.
- Increased consumer use of unit pricing would have substantial positive economic impacts.
- Shoppers probably encounter the greatest difficulties noticing and reading unit prices on shelf labels on the bottom shelf which is usually about 200mm from the ground.
- There is almost no published research on the factors influencing the prominence and legibility of unit prices and none on the influences on labels 200mm from the ground.

METHODOLOGY

5 types of shelf edge labels were created²: 3 with the unit price 6mm, 4mm or 3mm high and under the selling price, and 2 with a 4mm unit price price among or under the product information. Appendix 1 shows the 5 types but with the unit price only in bold font. The same label types were also produced with the unit price in non-bold font, but with new selling and unit prices. Further full sets of labels were also produced, each with new selling and unit prices, to allow label sets to be angled out at 45 degrees or vertical.

For 20 labels, 34 adults indicated³ :

- the 5 labels on which the unit price was most prominent
- whether the unit price was unreadable or readable and, if readable, what it was and how easy or difficult it was to read.

For another 6 labels⁴, 30 of the 34 participants indicated:

² The basic features of the design were based on those used in most Australian supermarkets.

³ All participants were adults, stood upright and up to 1 metre from the labels, and looked at all labels before commencing the tasks.

⁴ Only Types B, D and E – 4mm and bold print .

- how easy or difficult it was to notice the unit price with the unit price in various locations.

MEASUREMENT OF LEGIBILITY AND PROMINENCE

The **legibility indicators** used were whether the unit price could be read:

- easily/very easily
- at all
- accurately.

The **prominence indicators** used were whether the unit price:

- ranked in the top 5 for “standing out”
- could be noticed easily/very easily.

RESULTS

1. Influence of print height and viewing angle

The legibility and prominence of the unit prices, measured by each legibility and prominence indicator, were substantially higher if the labels were angled out rather than vertical to the shelf, and if the print height was 6mm rather than 4mm or 3mm.

Some examples of the differences are shown in the following tables⁵:

Table 1. Legibility: Unit price very easy or easy to read

Label orientation	Percent of observations ⁶					
	UP 6mm		UP 4mm		UP 3mm	
	% Very easy	% Easy	% Very easy	% Easy	% Very easy	% Easy
Angled	91	9	31	45	0	25
Vertical	56	25	0	6	0	0

A very high proportion (91%) of observations that the unit price was very easy to read occurred only with the 6mm print and when the label was angled out. This fell to 56% when the label was vertical and zero when the label was vertical and the unit price was either 4mm or 3mm. The only other very easy to read observations were (31%) for 4mm unit prices on angled out labels.

Table 2. Legibility and Accuracy: Unit price unreadable or read inaccurately

Label orientation	Percent of observations					
	UP 6mm		UP 4mm		UP 3mm	
	% Unreadable	% Read inaccurately	% Unreadable	% Read inaccurately	% Unreadable	% Read inaccurately
Angled	0	0	0	2	2	3
Vertical	0	0	7	16	31	4

With the angled and the vertical labels there were no observations of the unit price being unreadable or being read inaccurately when the unit price was 6mm. However, with the vertical labels there were many such observations for the 4mm and 3mm unit prices - 23% with 4mm print and 35% with 3mm print.

Prominence - the 4 top ranking unit prices for prominence were all 6mm high and those angled out were the top 2 by a very large margin – 32 (bold) and 29 (non bold) observations versus only 14 and 11 for those on vertical labels.

⁵ Refers only to unit prices located under the selling price.

⁶ Percent of the total observations provided for bold and non bold labels per label category.

2. Influence of location relative to selling price⁷

With 4mm high unit prices, having the unit price under the selling price, rather than among or under the product information, substantially increased legibility (measured in terms of ease of reading) and prominence (measured in terms of ease of being noticed).

Some examples of the differences are shown in the following tables:

Table 3. Legibility: Unit price very easy or easy to read

Label orientation	Percent of observations					
	UP under selling price		UP among product information		UP below product information	
	% Very easy	% Easy	% Very easy	% Easy	% Very easy	% Easy
Angled	31	45	10	42	19	40
Vertical	0	6	0	0	0	0

The highest percent of very easy observations (31%) and very easy/easy observations (76%) occurred when the unit price was under the selling price and the label was angled. When the label was vertical almost all of these percentages were zero or close to zero for all unit price locations – demonstrating the large positive impact of label angling on legibility.

Table 4. Prominence: Unit price very easy or easy to notice

Label orientation	Percent of observations⁸					
	UP under selling price		UP among product information		UP below product information	
	% Very easy	% Easy	% Very easy	% Easy	% Very easy	% Easy
Angled	47	43	10	30	17	40
Vertical	13	20	0	0	0	3

The highest percent of very easy observations (47%) and very easy/easy observations (90%) occurred when the unit price was under the selling price and the label was angled. When the label was vertical almost all of these percentages were zero or close to zero for two locations and much reduced for the other location (under the selling price) – demonstrating the large positive impact of label angling on noticeability.

3. Influence of bold and non bold print

Whether the unit price was in bold or non bold print did not influence any of the legibility or prominence indicators.

This may be due to other aspects of the label design, for example all the product information and the selling price being in bold font.

CONCLUSIONS AND IMPLICATIONS

Although this was an exploratory study, the results show very clearly that when unit prices are displayed on shelf labels 200m from the ground, as occurs in most supermarkets in Australia, much higher levels of prominence and legibility are likely to be achieved when the print is 6mm high (not 4mm or 3mm), the label is angled out (not vertical), and the unit price is located under the selling price (not among or under the product information).

However, currently in supermarkets displaying unit prices 200mm from the ground, the print is less than 6mm high, and in some the labels are not angled out. Additionally, in many

⁷ The influence of unit price location was tested only for 4mm high print.

⁸ Observations only for bold print, non-bold print was not tested.

supermarkets the unit price is not located below the selling price but placed elsewhere on the label.

Therefore, the unit prices currently displayed in supermarkets on shelves 200mm from the ground are likely to be much more difficult for shoppers to notice or read and consumer awareness and use of unit prices lower than if they were displayed as suggested above (i.e. Label Type C in Appendix 1, with the label angled out).

Accordingly, the results are relevant for industry, consumers, regulators, and governments in considering the extent to which the unit pricing currently provided on these and other shelf labels in Australian supermarkets is adequate for consumers.

They are also relevant to consideration of: whether supermarkets meet the requirements of the legislation which provides that unit prices must be displayed prominently and legibly; the lack of specificity in the legislation about what constitutes “prominent” and “legible”, and how the regulator (the Australian Competition and Consumer Commission) interprets these terms.

It is hoped that this study will result in more, and better-informed, public debate in Australia about these issues and, where required, for further research on them.

Sub-optimal display of unit prices is also a problem in other countries, so the results of this study are also of international relevance.

APPENDIX 1 – LABEL TYPES

Type A: UP 3mm, bold, under selling price

\$ 8 49	Nestle Drinking Malt 500gram
\$1.70 per 100g	<small>NESTLE DRINKING MALT 500g 07999 24R066 761064</small>

Type B: UP 4mm, bold, under selling price

\$ 8 12	Nestle Drinking Malt 500gram
\$1.62 per 100g	<small>NESTLE DRINKING MALT 500g 07999 24R066 761064</small>

Type C: UP 6mm, bold, under selling price

\$ 7 75	Nestle Drinking Malt 500gram
\$1.55 per 100g	<small>NESTLE DRINKING MALT 500g 07999 24R066 761064</small>

Type D: UP 4mm, bold, among product information

\$ 8 20	Nestle Drinking Malt 500gram
	\$1.64 per 100g
	<small>NESTLE DRINKING MALT 500g 07999 24R066 761064</small>

Type E: UP 4mm, bold, under product information

\$ 8 99	Nestle Drinking Malt 500gram
	\$1.80 per 100g
	<small>NESTLE DRINKING MALT 500g 07999 24R066 761064</small>