

# **UNIT PRICING (PRICING PER UNIT OF MEASURE)**

## **GLOBAL UPDATE – SEPTEMBER 2022**

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### **NEW ZEALAND**

The government has accepted the Commerce Commission's recommendation that a mandatory unit pricing scheme be introduced, and in May the Ministry of Business, Innovation and Employment released a [Discussion Paper](#) for comment.

The Paper said that that mandatory unit pricing for grocery products is aimed at ensuring that grocery retailers display unit pricing in a manner that is clear and consistent, and that consumers are empowered to make informed purchasing decisions. It also said that the scheme should achieve the following outcomes:

- **Legibility and clarity:** The required information should be prominently displayed in a manner that can be easily seen and read, including by consumers who have impaired vision or reduced mobility.
- **Consistency of units of measure:** The unit pricing for a particular product category should be uniformly and consistently expressed in the same unit of measure.
- **Accuracy:** The required information should be accurate and should be displayed accurately.

The Paper sought feedback on:

- the potential benefits and compliance costs of mandatory unit pricing
- who mandatory unit pricing should apply to
- where mandatory unit pricing should apply
- what units of measurement should be used
- what, if any, products should be exempt
- how unit pricing should be displayed.

Submissions on the Paper have not yet been published. They included one by Ian Jarratt and a joint one by Dr Jun Yao (Macquarie University) and Professor Harmen Oppewal (Monash University) who have published many research papers on unit pricing. The Queensland Consumers Association also provided the Ministry with reports on experiments it undertook in 2014 and 2016 on the influence of print size and viewing angle on the legibility and prominence of the unit price on paper shelf labels located 20cm from the ground. This location was chosen to simulate unit prices on labels on supermarket bottom shelves, which can be the most difficult for consumers to notice and read. The unit price print sizes used were: 2, 3, 4, 6, 8 and 10mm. Copies of these submissions and the reports on the experiments are available [here](#)

### **AUSTRALIA**

The cost of living crisis has resulted in numerous media items, etc. advising consumers to make more use of the mandatory grocery unit pricing system to help them compare values and save money.

And, consumer organisations have made complaints about non-compliant grocery unit pricing (see following photos of some small print instore unit pricing) and asked for a national compliance audit. They have also asked the new national government to commission an independent review of the current grocery unit pricing system to determine whether grocery unit pricing can be made more effective and more available to consumers and whether other types of retailers should also be required to provide unit pricing.



Small print UP on shelf label at eye level



Small print UP on shelf labels on lower shelves

In May, the main consumer organisation, CHOICE, investigated unit price provision by three online grocery retailers and [found](#) that some were failing to follow the rules.

### **UNITED KINGDOM**

In August, the UK's main consumer organisation Which? issued a [press release](#) about its recent investigations into the quality of unit pricing provided by grocery retailers and also published an article in its magazine.

The investigations showed that the usefulness to consumers of the unit pricing provided by UK retailers continues to be significantly reduced by: inconsistency in the unit of measure used to show the unit price of different items of the same product, non-provision of unit prices, and inadequate display.

Which? said that "clear, fair and transparent pricing is now key to helping shoppers through the current cost of living crisis and is calling on supermarkets to urgently do more by making unit pricing more prominent, legible and consistent – as well as by displaying it on their promotional offers".

And Sue Davies, Which? Head of Food Policy, said: "At a time when food prices are a huge concern, unit pricing can be a useful tool for shoppers to compare and choose the cheapest groceries but unclear supermarket pricing means the vast majority of people are left struggling to find the best deal.

"Small savings can add up and make a big difference but unless supermarkets make unit pricing much more prominent, legible and consistent – as well as displaying it on their promotional offers – people will continue to risk missing out on getting the best value."

### **MALAYSIA**

Standards Malaysia has started work to develop a national standard for unit pricing to assist retailers considering providing unit pricing voluntarily. It will likely be based on the ISO standard ISO 21041:2018 Guidance on unit pricing.

Ian Jarratt participated in a meeting via video and emphasised:

- The benefits that the provision by retailers of effective unit pricing can provide for consumers, especially those on low incomes struggling with cost of living pressures, and for retailers wanting to meet customer needs, enhance the customer experience, and increase customer loyalty.

- The need for unit pricing systems to cover products sold not only in pre-packages of constant measure, but also in random measure pre-packages and loose from bulk, for example cheese, meat and fish, and fruit and vegetables.
- The extent to which weights and measures laws can influence decisions on requirements, or guidance, for retailers on the provision of unit pricing. Examples include: the quantity information put on packages influences the type of unit of measure that can be used for unit pricing products sold prepackaged; and whether products sold loose from bulk can be sold in terms of quantity using more than one type of measurement.
- The relevance of any existing weights and measures laws that require unit pricing, for example when products are sold in random measure packages or loose from bulk.

### **UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION (FAO)**

In June, the Right to Food section of FAO published an [interview](#) with Ian Jarratt on the relevance of food price transparency, including unit pricing, to consumers' right to food.

### **CANADA**

The relevance of grocery unit pricing to Canadian consumers struggling with the cost of living crisis resulted the Canadian Broadcasting Commission including including a [segment](#) on unit pricing in a recent edition of the weekly COST OF LIVING radio program. The provision of grocery unit pricing is only mandatory in Quebec province.

Further information about unit pricing in Canada is available from an excellent [report](#) prepared for the Consumers Council of Canada in 2019 by Jay Jackson.

### **USA**

The National Conference on Weights and Measures' Packaging and Labeling Subcommittee is developing an e-Commerce Regulation titled "Uniform Labeling Regulation for E-commerce Products". Input is being requested from a broader group of stakeholders to gather further perspective on how this guidance/model regulation can be further enhanced. The current draft includes a section on unit pricing requirements. It is proposed that the provision of unit price information be required for bulk products and random weight packages offered for sale on an e-commerce site, but that provision be optional for standard packages.

### **GERMANY**

In May, a [paper](#) *Same but different - The effect of the unit of measure on the valuation of a unit price* by Prof. Dr Martin Ohlwein at the Department of Marketing and Sales, International School of Management, Frankfurt am Main was published in the in the Journal of Retailing and Consumer Services, Vol 66, May 2022.

The on line experiment reported in the paper investigated bottled beer and found that a large (per 1 L) compared to a small (per 100 mL) size unit of measurement lead to a significant shift of importance towards the product attribute 'price' at the expense of the 'brand'. In addition, consumers reacted more sensitively to price changes.

The paper includes a very comprehensive literature review structured around a cognitive process consisting of: Awareness; Evaluation (comprehension, utilization and behavioural reaction); and Retention. The discussion section makes the important point that more work is needed on unit pricing of unpackaged products - a category of products "largely ignored both in regulations related to and in research on unit pricing".