

# Submission

## Strengthening the Unit Pricing Code

**Thank you for the opportunity to provide feedback on potential improvements to strengthen the *Retail Grocery Industry (Unit Pricing) Code of Conduct*.**

As Australia's national standards body, we collaborate with government, industry and consumers to develop and adopt fit-for-purpose technical standards that aim to ensure products and services are safe, efficient, and benefit the Australian community. As such, we are supportive of Government initiatives that will increase consumer satisfaction, reduce regulatory burdens and promote competition.



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Chief Executive Officer  
**STANDARDS AUSTRALIA**

## Our Observations

### ISO 21041:2018 Guidance on Unit Pricing

The International Organization for Standardization (ISO) standard ISO 21041:2018 *Guidance on unit pricing* was developed to provide guidance on best practices for retailers and government agencies to ensure that consumers are provided with unit price information that is easy to notice, read, understand and use.

At Standards Australia (SA), our priority will always be to adopt international standards, as these are developed through multilateral organisations and demonstrate international best practice.

ISO member countries including Malaysia and Singapore have adopted this international standard, and New Zealand has used it in the development of their 2023 regulations.

At present, few Australian supermarkets meet the requirements of ISO 21041:2018. SA recommends consistency and harmonisation with international standards where possible, ensuring Australian retailers align with international best practice.

Using ISO 21041:2018 references will strengthen the code by improving the accuracy and usability of unit pricing, recognising when it is made available and accessible to consumers it can be an incredibly valuable tool for decision making.

### *Expanding the Grocery Unit Pricing Code*

ISO 21041:2018 not only applies to grocery prices and supermarkets but may be used by non-grocery retailers such as pet supplies stores, pharmacies, hardware stores, and stationers. These retailers sell many packaged products which are also sold by grocery retailers covered by the *Retail Grocery Unit Pricing Code* (the Code). These retailers are not required to provide unit prices and rarely do so voluntarily.

In several countries within the European Union and in the United Kingdom, these types of retailers are required to provide unit prices for packaged products. SA believes it would assist consumers and create a fairer retail market if other retailers were included in the Code.

Furthermore, the categories in clause 11 could be expanded in instances where multiple formats exist, for example dairy alternatives and frozen meals.

## Scope

### *Size and Floorspace*

ISO 21041:2018 recommends broad applicability to ensure consumers can compare prices across formats. Applying the Code to all stores owned by large retailers, regardless of floorspace, could enhance consistency and consumer access to unit pricing. By capturing smaller-format stores that are currently exempt, the Code would be applied on a larger scale, improving transparency without imposing an undue burden on large retailers.

When considering reducing the floor space threshold below 1,000 m<sup>2</sup>, it is important to apply proportionality consideration, as highlighted in ISO 21041:2018.

SA would support further investigation into threshold requirements for online grocery retailers. While there is a floor space threshold for physical stores, no such limit exists for those online. It is important to promote consistency across all retailers and ensure smaller online grocers are not disadvantaged.

### *Minimum Range of Grocery Items*

The current list broadly reflects staple categories but may not fully capture modern supermarket stocks. ISO 21041:2018 supports periodic reviews to ensure standards remain up to date and relevant. Consideration should be given to adding categories such as plant-based alternatives, ready meals, and snack foods.

Including retailers who sell some, but not all of the minimum range should be considered. For example, consumers may find it helpful to compare prices of different brands sold by specialty retailers who sell multiple comparable items. This is consistent with the international standard that encourages inclusivity when unit pricing benefits consumers.

## Display

ISO 21041:2018 provides information on improving legibility and prominence, particularly on lower or higher shelves. This assists consumers who have difficulty reading labels. The standard also provides advice regarding the provision and display of unit pricing online to enable better consumer access.

Current in-store labels are often difficult for consumers to read, particularly elderly or visually impaired consumers. SA recommends proposed best practice for display outlined in ISO 21041:2018, including:

- bold font;
- minimum font size proportional to selling price;
- high contrast (e.g. black on white);and
- clear proximity to selling price.

ISO 21041:2018 supports leveraging technology such as electronic shelf labels (ESLs) and point of sale systems to improve consistency and reduce manual error.

Use of ESLs can increase consumer trust by providing accurate price updates in real time. While technological improvements are welcomed, consideration should be given to associated risks including technical malfunctions and potential price gouging.

### *Consistency of Measurement*

ISO 21041:2018 recommends using only one unit of measure for each product category or class of products. For example, where non-packaged vegetables are sold at a price-per-kilogram, packaged vegetable should also be priced at a price-per-kilogram. Harmonisation across retailers and platforms will enable meaningful comparisons.

SA recommends a tiered list of preferred units to be included in the Code for ease of use. For example, the use of kilograms for produce and litres for liquids.

## **Shrinkflation**

ISO 21041:2018 suggests that unit pricing alone may not alert consumers to size changes. In these instances, Shrinkflation notifications may aid consumers.

According to the standard, notifications should include:

- previous and current unit price;
- percentage change;
- duration of display; and
- Font and format consistent with unit price.

Notifications should be placed adjacent to shelf labels and online product pages for consumer readability. Notifications should be applied on a case-by-case basis, as notifications may be unnecessary when packaging clearly states changes in unit price. This is consistent with ISO 21041:2018, which supports avoiding duplication.

While the fact that few retailers currently provide shrinkflation notifications could be attributed to cost, ISO 21041:2018 suggests that consumer trust benefits outweigh compliance costs.

## **Penalties**

SA supports initiatives that encourage code compliance. ISO 21041:2018 recommends enforcement for:

- Failure to display unit price;
- Misleading or inconsistent units; and
- Non-compliance with display standards.

It is important to ensure penalties are proportionate and take into consideration consistency and intentionality of offences. ISO 21041:2018 supports deterrence without excessive burden and favours education and correction over enforcement.

While penalties may lift compliance rates, they may also deter voluntary participation. Clear guidance for retailers, as proposed in 21041:2018 can provide retailers with the certainty needed to maintain regular engagement.

Overall, SA supports strengthening the Code in alignment with ISO 21041:2018. Enhancing consistency, readability, and transparency will empower consumers and promote fair competition. We encourage the Australian Competition and Consumer Commission (ACCC) to adopt international best practices and provide clear, scalable guidance to retailers.