NEW WORK ITEM PROPOSAL	
Closing date for voting	Reference number (to be given by the Secretariat)
Date of circulation	**ISO/TC COPOLCO** N
Secretariat **COPOLCO**	☒ Proposal for new PC

A proposal for a new work item within the scope of an existing committee shall be submitted to the secretariat of that committee with a copy to the Central Secretariat and, in the case of a subcommittee, a copy to the secretariat of the parent technical committee. Proposals not within the scope of an existing committee shall be submitted to the secretariat of the ISO Technical Management Board.

The proposer of a new work item may be a member body of ISO, the secretariat itself, another technical committee or subcommittee, or organization in liaison, the Technical Management Board or one of the advisory groups, or the Secretary-General.

The proposal will be circulated to the P-members of the technical committee or subcommittee for voting, and to the O-members for information.

IMPORTANT NOTE: Proposals without adequate justification risk rejection or referral to originator.
Guidelines for proposing and justifying a new work item are contained **in Annex C of the ISO/IEC Directives, Part 1.**

☒ The proposer has considered the guidance given in the Annex C during the preparation of the NWIP.

Proposal (to be completed by the proposer)

Title of the proposed deliverable.
(in the case of an amendment, revision or a new part of an existing document, show the reference number and current title)

English title **Guidance on unit pricing**

French title (if available) **Lignes directrices relatives aux prix à l'unité**

Scope of the proposed deliverable.

The unit pricing standard would provide principles and guidance in designing, developing, implementing, maintaining and improving a flexible, responsive and effective and measurable regime for small to large retailers by:

- Establishing best practice for informing consumers of the unit price of goods including what unit prices are and how they can be used.
- Defining a unit pricing scheme and types of labels and promotions to which it may apply.
- Assisting organisations and legislators identify and remedy any deficiencies in their current unit price schemes.

It is proposed the standard would:

- Provide for the manner in which quantity is expressed including weight, measure, count and area.
- Stipulate the prominence and legibility of unit prices.
- Indicate where unit prices should be displayed
- Specify how the unit price should be expressed – e.g. one unit of measure for all sizes of a specific product or one unit per store/district;
- Specify exemptions for some stores, products or prices

Purpose and justification of the proposal*

The purpose of unit pricing guidance standard is to allow consumers to quickly assess the value of products when compared with similar products packaged in a different size and/or a different brand. Consumers have an enormous number of choices to make when deciding what to buy. These choices are influenced by a range of factors including taste, food preferences, health, social or environmental impact considerations, but also and especially, price. Price comparison is made more difficult by the number and variety of items or stock keeping units) which confront consumers in supermarkets and other retail stores.

**The reason for requiring justification statements with approval or disapproval votes is primarily to collect input on market or stakeholder needs, and on market relevance of the proposal, to benefit the development of the proposed ISO standard(s). Any NSB vote in relation to a proposal for new work may result in significant commitments of resources by all parties (NSBs, committee leaders and delegates/experts) or may have significant implications for ISO's relevance in the global community. It is especially important that NSBs consider and express why they vote the way they do. In addition, it is felt that it would be useful for ISO and its committees to have documentation as to why the NSBs feel a proposal has market need and market relevance. Therefore, please ensure that your justifying statements with your approval or disapproval vote convey the reason(s) why your national consensus does or does not support the market need and/or global relevance of the proposal.*

If a draft is attached to this proposal,:

Please select from one of the following options (note that if no option is selected, the default will be the first option):

☐ Draft document will be registered as new project in the committee's work programme (stage 20.00)
☐ Draft document can be registered as a Working Draft (WD – stage 20.20)
☐ Draft document can be registered as a Committee Draft (CD – stage 30.00)
☐ Draft document can be registered as a Draft International Standard (DIS – stage 40.00)

Is this a Management Systems Standard (MSS)?

☐ Yes ☒ No

NOTE: if Yes, the NWIP along with the Justification study (see Annex SL of the Consolidated ISO Supplement) must be sent to the MSS Task Force secretariat (tmb@iso.org) for approval before the NWIP ballot can be launched.

Indication(s) of the preferred type or types of deliverable(s) to be produced under the proposal.

x International Standard ☐ Technical Specification ☐ Publicly Available Specification ☐ Technical Report

Proposed development track ☒ 1 (24 months) ☐ 2 (36 months - default) ☐ 3 (48 months)

Known patented items (see ISO/IEC Directives, Part 1 for important guidance)

☐ **Yes** **x No** **If "Yes", provide full information as annex**

A statement from the proposer as to how the proposed work may relate to or impact on existing work, especially existing ISO and IEC deliverables. The proposer should explain how the work differs from apparently similar work, or explain how duplication and conflict will be minimized.

Currently there is no existing ISO or IEC work of a similar nature. The proposal was fully discussed and endorsed by ISO COPOLCO and no indication of similar work or duplication was raised by member countries.

A listing of relevant existing documents at the international, regional and national levels.

Unit Pricing – New Work Item Report to COPOLCO May 2014

Unit pricing: An effective tool? Report conducted by Option consommateurs and presented to the Industry Canada's Office of Consumer Affairs , Canada June 2010

US National Conference on Weights and Measures. No date. *A Guide to U.S. Retail Pricing Laws and Regulations*

EU Council Directive 79/112/EEC of December 18, 1978 on the harmonization of laws of member states regarding the labelling, presentation and advertising of foodstuffs for the final consumer

Unit pricing: a guide for grocery retailers - Australian Competition and Consumer Commission 2010

A simple and concise statement identifying and describing relevant affected stakeholder categories (including small and medium sized enterprises) and how they will each benefit from or be impacted by the proposed deliverable(s)

Large and small retailers, government agencies, consumers, food packers

Liaisons:

A listing of relevant external international organizations or internal parties (other ISO and/or IEC committees) to be engaged as liaisons in the development of the deliverable(s).

OIML
Consumers International
Malaysian Association of Standards Users
National Assoc. of Consumer Agency Administrators, US

Joint/parallel work:

Possible joint/parallel work with:

☐ IEC (please specify committee ID)
☐ CEN (please specify committee ID)
☐ Other (please specify)

A listing of relevant countries which are not already P-members of the committee.

Preparatory work (at a minimum an outline should be included with the proposal)

☐ A draft is attached ☒ An outline is attached ☐ An existing document to serve as initial basis

The proposer or the proposer's organization is prepared to undertake the preparatory work required ☐☒ Yes ☐ No

Proposed Project Leader (name and e-mail address)

John Furbank
johnfurbank@internode.on.net
c/o Standards Australia
Ms. Alison Scotland
alison.scotland@standards.org.au

Name of the Proposer
(include contact information)

ISO COPOLCO Secretariat
copolco@iso.org

Supplementary information relating to the proposal

☐ This proposal relates to a new ISO document;

☐ This proposal relates to the adoption as an active project of an item currently registered as a Preliminary Work Item;

☐ This proposal relates to the re-establishment of a cancelled project as an active project.

Other: This proposal relates to a COPOLCO resolution 15/2014 which approves the development of a NWIP proposing the development of a guideline standard on unit pricing at Annex 3 to COPOLCO 18/2014.

Annex(es) are included with this proposal (give details)

☒ Annex 1 Outline of proposed standard

Annex 1 Unit Pricing - Outline

Definitions

Pre-packed means a single item that consists of the product and packing material made up ready for retail sale.

Unit price means the price based on a standard unit of quantity including weight, volume, length, area, number or a unit of quantity which is widely and customarily used in the marketing of specific products (e.g. 'number of washes').

Unit pricing means displaying the unit price of an item adjacent to the selling price. The unit price may be marked on the shelf adjacent to the goods or, where the selling price is on the package, on the package. Unit pricing also includes stating the unit price in printed catalogues, in-store promotional material and on-line advertising.

UNIT PRICE = PRICE OF ARTICLE
QUANTITY

Shelf label from New York State, USA.

Introduction

The purpose of a unit price is to allow consumers to quickly assess the value of products when compared with similar products packaged in a different size and/or a different brand.

Consumers have an enormous number of choices to make when deciding what to buy. These choices are influenced by a range of factors including taste, food preferences, health, social or environmental impact considerations, but also and especially, price. These choices are made more difficult by the number and variety of items or stock keeping units (SKUs) which confront consumers in supermarkets and other retail stores.

It is difficult to establish the average number items or SKUs in supermarkets. However an indication of the numbers involved is provided by recent Canadian and Australian industry reports. In 2012 the average number of items carried in a Canadian

supermarket was 42,686[1] and in Australia a major supermarket chain carried 55,000 items[2]. These figures show consumers have an enormous number of choices to make when deciding what to buy.

Use of unit pricing

In a media release issued in July 2013 the UK consumer organization '*Which*' stated[3] that eight in ten (78%) people shopped around for the best price for their groceries and around four in ten (43%) compared prices when shopping in supermarkets, more than there were previously.

In 2009/10 the Canadian Association *Option consommateurs* conducted a survey[4] to show how well Canadian consumers understood and used unit pricing. The survey found, while quality and taste of the product was the factor that influenced the choice of 37% of Canadians, 23% were influenced by price. They also found that cost consciousness increased dramatically in households with a family income of less than $25,000 (37%) compared to only 9% in families with incomes higher than $120,000.

With regard to the use of unit pricing in purchasing decisions *Option consommateurs* found a high proportion of those consumers who had noticed unit pricing always (23%) or usually (31%) use it. When consumers had access to unit pricing and understood it, they used it extensively. Only one in twenty stated that they had never consulted unit pricing. The report concluded that this demonstrated the great popularity of unit pricing, once assimilated.

Is information provided by unit pricing useful?

Unit pricing has been supported by consumer organizations and some retailers because it reduces time spent comparing brands, eliminates confusion relating to price calculations and ultimately allows shoppers to save money at the checkout. Unit pricing enables consumers to rationally evaluate the most economic package size and brand. The time spent determining the most economic purchase is shortened substantially, errors in product price comparisons are significantly reduced and importantly, lower grocery shopping expenditure is attained.

This view was neatly expressed by the then Australian Minister for Competition and Consumer Affairs, Dr. Craig Emerson introducing the mandatory Australian Unit Price Code In 2009, when he declared: "Unit pricing is a valuable tool that enables consumers to seek better value for money when shopping for groceries.

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[1] Canadian food marketing institute

[2] Deloitte Access Economics Analysis of the Grocery Industry 2012

[3] Supermarkets commit to 'Price it Right' Which UK Media Release July 2013

[4] [4] Précis of Unit Pricing requirements stated in Unit pricing: An effective tool? Report conducted by Option consommateurs and presented to the Industry Canada's Office of Consumer Affairs , Canada June 2010

History of unit pricing

Since the 1980's many countries have reduced or removed the requirement for specific goods to be sold in prescribed quantities, and packers and retailers, focussing on competitive price points and methods of production, moved to non-uniform package sizes. This resulted in a huge number of package sizes which made it difficult for consumers to compare prices of many consumer items.

As a result of campaigning by consumers and to help consumers compare values, retailers decided to voluntarily, or were required in some states of the USA, to display the unit price of pre-packed goods in addition to the selling price.

Subsequently, the provision of unit prices for grocery products became compulsory in several Nordic countries and the European Union which made the provision of unit pricing for grocery, and other, products compulsory in all member countries by Directive 98/6/EC passed in 1998.

Legislative and voluntary unit pricing

In countries that have introduced legislation the legislation varies in relation to requirements for manner of display, categories of goods or businesses and/or size of businesses required to display unit prices. Other legislation provides for a broader range of goods and/or businesses. In other countries, for example New Zealand grocery retailers provide unit pricing on a voluntary basis. In South Africa two of the many national supermarket chains provide unit pricing on shelf prices (not in advertising) on a voluntary basis.

Some South American countries including Argentina, Chile and Costa Rica have mandatory schemes.

Deficiencies associated with current unit pricing practices

The two main areas of concern for consumers relating to current voluntary or mandatory unit pricing is legibility and prominence and different values for displayed unit of measurement.

Legibility and prominence

In the CHOICE/Queensland Consumers Association survey 61% of all respondents either agreed or strongly agreed that unit prices on the shelf labels would be more helpful me if the unit prices stood out more and only 10% disagreed or strongly disagreed. When asked if*: 'The unit prices on the shelf labels would be more helpful to me if the print size was bigger'* 60% of all respondents either agreed or strongly agreed with the statement and only 11% disagreed or strongly disagreed with it.[5]

The *Option consommateurs* survey[6] also established that one in four respondents found the unit pricing information very or somewhat unclear. The survey did not indicate the reason for this, but, the report states it *'shows clearly that this information seems not to be understood by everyone and it is not perceived as being very clearly presented'*. Only 22% of respondents said that the unit price labelling on most items

[5] Unit pricing still has room for improvement Australian Consumers Association (Choice) Dec 2011

[6] Option consommateurs

was very clear. The report concluded that it was presumably due to the lack of clarity in unit pricing today that a vast majority of Canadians surveyed want the government to make unit pricing mandatory.[7]

A problem area for consumers, particularly elderly or infirm consumers is the legibility and prominence of labelling on the top or bottom shelf where goods are displayed. In an exploratory study Queensland Consumers' Association interviewed a cross section of consumers on price print height, print density, location of the unit price on label, and viewing angle of unit prices on shelf labels located 200mm from the ground.

The Survey found the legibility and prominence of the unit prices, measured by each indicator of legibility and prominence, were substantially increased if the labels were angled out rather than vertical to the shelf, and if the print height was 6mm rather than 4mm or 3mm. It also found that prominence and legibility were increased if the unit price was under the selling price not amongst or under the product information. [8]

Different values of unit of measurement

Due to historical or customary factors related to weights and measures legislation (legal metrology) modern unit pricing codes may use different measurement values for different products in the same store. These different values are detrimental to a consumer's ability to compare prices.

In supermarkets and street markets in the Netherlands very often the unit price is indicated per 500g. It is understood that this practice developed because consumers were familiar with "a pound of ..." (where the historical term "pound", although not a legal unit, is an approximate equivalent to 500g) and consumers are subtly persuaded into thinking that the price of a product was not so high.

Why develop an ISO unit pricing standard?

The purpose of unit pricing guidance standard will be to facilitate the clear, prominent and unambiguous display of the unit price of pre-packed food and general household items in retail stores by showing the price per unit measure of like products. The standard could also provide technical guidance and practical examples for interpreting broad statements like 'the unit price must be unambiguous, easily identifiable and clearly legible'.

A unit pricing standard would be of value to, and likely to be used by, consumers, industry, market surveillance organizations and legislators.

This proposal is to develop a guidance standard providing principles for the development, implementation and maintenance of an effective unit price labelling scheme for small and large retailers, and packers where a price is stated. The principles would be intended to help organizations identify and remedy any deficiencies in their unit price schemes.

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[7] Option consommateurs

[8] Queensland Consumers Association January 2014 - forthcoming

The standard would provide principles and guidance in providing a flexible, responsive and effective and measurable regime for small to large businesses.

Without limiting or defining the proposed standard the COPOLCO recommends the scope of the standard would:

- Establish best practice for informing consumers of the unit price of goods including what unit prices are and how they can be used.

- Define a unit price scheme and types of products to which it may apply e.g. shelf labelling, package labelling, printed catalogues and in-store promotional material and electronic advertising.

It is proposed the standard would address:

- Method in which quantity is expressed including weight, measure, count and area.
- Prominence and legibility of unit prices.
- Location of unit prices.
- How the unit price should be expressed – e.g. one unit of measure for all sizes of a specific product or one unit per geographical area.
- Exemptions for some products, prices or practises.
- Rounding of unit price (for example) $1.238 per 100g to $1.24 per 100g.
- Consumer and staff education and awareness.

The guidance standard, for clarity and owing to the technical nature of the subject, is likely to contain some specific detail. Under each principle it could, for example, contain some essential activities/outcomes that an effective unit price regime should have in its menu of activities and which an organization could employ to satisfy the principle (The Australian Standard on Compliance Program AS 3806 serves as a good template).

Template

Proposal for new work

ISO COPOLCO

GUIDANCE

	SECTION & TITLE	GUIDE
1	Proposer's details	*Provide Proposer's contact details and associated national standards body/organization for use in correspondence.* Varant Meguerditchian National Sector Manager Standards Australia
2	Description of problem	*What is the problem/need?* *What is the evidence?* *Is it generic or sector specific?*
3	Need for standard	*Why is an international standard the best way to address the problem (rather than public education, regulation, or others)?*
4	Benefit to community	*What is the added value of the work?* *Is it within COPOLCO's terms of reference?*
5	Alignment within ISO	*Are any existing standards and technical committees relevant to the proposed area of work?* *Which COPOLCO working group(s) should be involved?*
6	Personnel & resources	*Who is working on the proposal?* *Who is taking the lead on the proposal's development?* *(Indicate the key persons, consumer representatives, technical experts or national standards bodies who have agreed to conduct the necessary work.)* John Furbank, Consumers Federation of Australia (Chair of Standards Australia COPOLCO Mirror Committee has agreed to be the Key Person. This work is supported by Australia, Korea, South Africa and Norway. Australia and …? has expertise in this area.
7	Timeline	*What type of tasks are necessary (e.g. research, monitoring, liaison)?* *Research into existing codes and legislation and how these work in practice,* *How much time is required to complete the work?*

A. Complete a pre-submission check to ensure that:
   - ✓ All sections of the form are complete.
   - ✓ The need for standard and benefit to community is fully articulated and, where possible, quantified.
   - ✓ The personnel, resources and timeline have been completed.
   - ✓ The declaration is complete.
   - ✓ Any supporting documentation is attached to the proposal.

B. Seek guidance from the ISO/COPOLCO Chair's Group to ensure that all sections of the template have been completed in accordance with requirements.

C. Submit completed proposal along with all supporting documentation by email to the ISO/COPOLCO Secretariat or the ISO/COPOLCO Chair's Group.

TEMPLATE

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1 Proposer's Details

Name: John Furbank
Email: johnfurbank@internode.on.net
Telephone: M +614 23 515 134
Associated NSB/Organization: Consumer Federation of Australia, Standards Australia

2 Description of the Problem

Resolution 16/2013 At COPOLCO 2013 COPOLCO noting that unit pricing is not a counterfeiting issue but, at the same time, an important consumer issue, invites the working group, *Consumer protection in the global marketplace* to study the feasibility of developing a New Work Item Proposal for a guideline standard on unit pricing, in cooperation with OIML, and report back to the 2014 plenary meeting.

Unit Pricing means displaying the price of a prepacked grocery item as a standard unit of measurement adjacent to its selling price. For example 500ml of milk offered at $2.00 the unit price would be $4 per litre.

There is a demonstrative need for unit pricing because the multitude of pack sizes for grocery items makes it difficult for consumers (particularly vulnerable consumers) to know the quantity in relation to the price. Unit pricing would provide consumers with a base price with which to compare like items (e.g. different sizes and brands of prepacked goods) and substitute/alternative items (e.g. frozen/canned/loose vegetables). Unit pricing would assist consumers to get the best value for their money. The market share of packaged food and other packaged products is increasing very rapidly in most countries and is very high in many.

The level of risk to consumers is an economic one because of their inability, where countries do not have unit pricing, to ascertain which item is the best value for money. However even in countries that have unit price legislation (EU countries, USA, Australia) a standard could also be beneficial because parts of the standard could be voluntarily adopted by retailers to improve the quality of unit pricing and could act as a catalyst for changes to improve any legislation/guidelines.

3 Need for Standard

Discussion at COPOLCO indicated that unit pricing is an international problem. An international standard/guide would enable consumers to ascertain which item is the best value for money. An international standard could be used by many counties where pre-packaged goods are sold. EU countries, USA, Australia and others already have legislation for unit pricing, but an improvement to these could be achieved through the establishment of an International Standard. Many retail chains operate across national boundaries and use the same system for marking prices in all their stores. An International Standard will promote the alignment of future regulatory requirements for unit pricing, which will be of benefit to suppliers.

4 Benefit to Community

The objective of a standard or guide would be to :

- Define a unit price scheme and types of products to which it may apply.
- Stipulate the prominence and legibility of unit prices.
- Use one standard unit only to show unit prices for products sold by weight or volume (e.g. per kg and per litre, not per 100g and kilogram for the same product category in the same store/country.
- Develop information and education for consumers about what unit prices are and how they can be used.

5 Alignment within ISO

EU countries, USA, and Australia currently have legislation for unit pricing. Not aware of any national standards for unit pricing.
The Consumer Protection in the Global market Place WG is the appropriate WG for this project.

6 Personnel & Resources

John Furbank, Consumers Federation of Australia (Chair of Standards Australia COPOLCO Mirror Committee has agreed to be the Key Person. This work is supported by Australia, Korea, South Africa and Norway. No specific funding is required at this time.

7 Timeline

COPOLCO agreed (see Resolution 16/2013 above) to propose a new area of work for ISO to study the feasibility of developing a New Work Item Proposal for a guideline standard on unit pricing, in cooperation with OIML. Research should be conducted and presented in a report to the 2014 plenary meeting.

Recommendation by Chair's Group

Date submitted: _____

Date of initial review: _____

Date of recommendation: _____

Unit Pricing – New Work Item Report to COPOLCO May 2014

Preface
The purpose of this report is to seek COPOLCO's support for a New Work Item (NWI) to develop a guidance standard on unit pricing.

Background
At the COPOLCO Plenary held in Malta May 2013 delegates passed the following resolution:

'*COPOLCO 2013* ***Resolution 16/2013***
COPOLCO
noting that unit pricing is not a counterfeiting issue but, at the same time, an important consumer issue, invites the working group, Consumer Protection in the Global Marketplace to study the feasibility of developing a New Work Item Proposal for a guideline standard on unit pricing, in cooperation with OIML, and report back to the 2014 plenary meeting.'

A new activity proposal template for unit pricing was completed and presented at the Chairs Group Meeting held in Geneva in November 2013, and participants agreed to establish a Unit Pricing Task Group to produce a report for the ISO COPOLCO May 2014 meeting. The report would recommend support for a NWI to develop an ISO guidance standard on unit pricing.

John Furbank (CFA/SA Australia) was appointed Task Group Leader.

Acknowledgements
I wish to thank the Unit Price Task Group, Ian Jarratt, Queensland Consumers Association and Bill Dee, Coordinator Protection in the Global Marketplace Working Group for their assistance provided in putting this document together

John Furbank Task Group Leader

Executive Summary and recommendations

Unit Pricing means displaying the price of a prepacked commodity as a standard unit of measurement adjacent to its selling price. For example for a 500ml carton of milk offered at $2.00 the unit price would be $4 per litre.

The focus of this report is in relation to goods sold in retail stores. A unit pricing standard could assist consumers in many different retail sectors where consumers are offered pre-packed items including such diverse items as hardware stores selling pre-packed nails, screws, paint or similar

There is a need for unit pricing because the multitude of pack sizes for commodities makes it difficult for consumers (particularly young, elderly, disabled and non native speaking or non- reading consumers) to compare the quantity in relation to the price with similar commodities.

The market share of pre-packed food and non-food products is very high in many counties and is increasing very rapidly in many others.

Unit pricing provides consumers with a base price with which to compare like items of different sizes and brands and consider an alternative item (e.g. frozen, canned or loose vegetables). Unit pricing would assist consumers to obtain the best value for their money.

In countries that do not have unit pricing the level of economic risk to consumers is high because of their inability to determine which item is the best value for money. However even in countries that have unit price legislation (EU countries, USA, Australia) a standard could also be beneficial as parts of the standard could be voluntarily adopted by retailers to improve the quality of unit pricing and could act as a catalyst for changes to improve any legislation/guidelines.

Discussion at COPOLCO indicated that unit pricing is an international issue. An international standard/guide would assist consumers in deciding which item is the best value for money. An international standard could be used by many counties where pre-packaged goods are sold.

Many retail chains operate across national boundaries and use the same system for marking prices in all their stores. An international standard will promote the alignment of future regulatory requirements for unit pricing, which will be of benefit to both consumers and suppliers.

Even where legislation is in force surveys show that weaknesses occur in the presentation of the information or the use of different quantity formats. Weaknesses also occur in educating consumers in the use of unit pricing. These weaknesses could be addressed through the establishment of an international standard which would also highlight the global need for consumer awareness and education.

The proposed standard would provide principles and guidance in designing, developing, implementing, maintaining and improving a flexible, responsive and effective and measurable regime for small to large traders by:

- Establishing best practice for informing consumers of the unit price of goods including what unit prices are and how they can be used.
- Defining a unit price scheme and types of products to which it may apply e.g. shelf labelling, package labelling, printed catalogues and in-store promotional material and non-print advertising.
- Assisting organisations and legislators identify and remedy any deficiencies in their current unit price schemes.

It is proposed the standard would:

- Provide for different manner in which quantity is expressed including weight, measure, count and area..
- Stipulate the prominence and legibility of unit prices.
- Indicate where unit prices should be displayed
- Specify how the unit price should be expressed – e.g. one unit of measure for all sizes of a specific product or one unit per store/district;
- Specify exemptions for some stores, products or prices

Recommendation:
That COPOLCO supports a New Work Item (NWI) to develop a guidance standard on unit pricing.

Definitions

Pre-packed means a single item that consists of the product and packing material made up ready for retail sale.

Unit price means the price based on a standard unit of quantity including weight, volume, length, area, number or a unit of quantity which is widely and customarily used in the marketing of specific products (e.g. 'number of washes').

Unit pricing means displaying the unit price of an item adjacent to the selling price. The unit price may be marked on the shelf adjacent to the goods or, where the selling price is on the package, on the package. Unit pricing also includes stating the unit price in printed catalogues, in-store promotional material and on-line advertising.

UNIT PRICE = PRICE OF ARTICLE
QUANTITY

Shelf label from New York State, USA.

Introduction

The purpose of a unit price is to allow consumers to quickly assess the value of products when compared with similar products packaged in a different size and/or a different brand.

Consumers have an enormous number of choices to make when deciding what to buy. These choices are influenced by a range of factors including taste, food preferences, health, social or environmental impact considerations, but also and especially, price. These choices are made more difficult by the number and variety of items or stock keeping units (SKUs) which confront consumers in supermarkets and other retail stores.

It is difficult to establish the average number items or SKUs in supermarkets. However an indication of the numbers involved is provided by recent Canadian and Australian industry reports. In 2012 the average number of items carried in a Canadian supermarket was 42,686[1] and in Australia a major supermarket chain carried 55,000 items[2]. These figures show consumers have an enormous number of choices to make when deciding what to buy.

[1] Canadian food marketing institute

[2] Deloitte Access Economics Analysis of the Grocery Industry 2012

History of unit pricing

Ancient artefacts and paintings of the Egyptian and Sumerian civilisations showing early forms of weighing and measuring equipment demonstrate that the concept of a unit of measure to be used in trade transactions has been known for centuries. An early legal consumer protection measure '*There shall be but one Measure throughout the Realm" "One measure of Wine shall be through our Realm, and one measure of Ale, and one measure of ..... "* was introduced under the English Magna Carta[3].

In 1812 the French Emperor Napoleon Bonaparte passed legislation introducing traditional units of measurement for retail trade which laid the foundations for the definitive introduction of the metric system across Europe in the middle of the 19th century.

During the 20th century with the introduction of goods already pre-packed for sale specific goods were required to be sold at a price per unit of measure under national weights and measures legislation (legal metrology). Weights and measures regulations contained requirements that pre-packed goods be sold in prescribed quantities e.g. 250g, 500g and 1kg. Sellers were permitted to sell pre-packed items in non-prescribed quantities (e.g. 350g) providing the goods were accompanied by a sign stating the unit price.

Since the 1980's many countries have reduced or removed the requirement for specific goods to be sold in prescribed quantities and, packers and retailers focussing on competitive price points and methods of production, moved to non-uniform package sizes. This resulted in a huge number of package sizes which made it difficult for consumers to compare prices of many consumer items.

As a result of campaigning by consumers and to help consumers compare values, retailers decided to voluntarily, or were required in some states of the U.S.A, to display the unit price of pre-packed goods in addition to the selling price.

Subsequently, the provision of unit prices for grocery products became compulsory in several Nordic countries and the European Union which made the provision of unit pricing for grocery, and other, products compulsory in all member countries by Directive 98/6/EC passed in 1998.

In Canada, Quebec province introduced compulsory unit pricing in 2001. In Australia, since December 2009, after a very long campaign by consumers, grocery retailers with large stores or selling on the internet have been required to provide unit prices for most products sold.

Current legal and voluntary requirements

In countries that have introduced legislation the legislation varies in relation to requirements for manner of display, categories of goods or businesses and/or size of businesses required to display unit prices. Other legislation provides for a broader range of goods and/or businesses. In other countries, for example New Zealand grocery

[3] English Magna Carta (1215)

retailers provide unit pricing on a voluntary basis. In South Africa two of the many national supermarket chains provide unit pricing on shelf prices (not in advertising) on a voluntary basis.

Some South American countries including Argentina, Chile and Costa Rica have mandatory schemes.

United States

The cities, counties and states of the North-eastern United States implemented unit pricing systems in the late 1960s. Regulations requiring display of unit prices in the U.S. has been promulgated primarily through regional governments (cities and states) and, consequently, it has developed a diversity of approaches with no common basis.[4]

Today, twenty states and three territories have laws or regulations on unit pricing. Of these, eleven require mandatory display: Connecticut, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Oregon, Puerto Rico, Rhode Island, Vermont, Washington DC and the Virgin Islands.[5]

Model unit price requirements are published in the National Institute of Standards (NIST) and Technology Handbook 130, "Uniform Laws and Regulations by the US National Conference on Weights and Measures (NCWM).

The handbook specifies:

- *The metrological terms to be expressed for weight, volume, count and area.*
- *Exemptions including small packages, single Items, infant formula and variety and combination packages*
- *That the unit price may be displayed by means of a sticker, stamp, sign, label, or tag affixed to the shelf upon which the commodity is displayed, or by means of a sticker, stamp, sign, label, or tag affixed to the consumer commodity.*
- *Where a sign providing unit price information for one or more sizes or brands of a given commodity is used, that sign shall be displayed clearly and in a non-deceptive manner in a central location as close as practical to all items to which the sign refers.*
- *That a sign or tag shall contain the identity and the brand name of the commodity, the quantity of the packaged commodity, the total retail sales price; and the price per unit.*
- *Where different brands or package sizes of the same consumer commodity are expressed in more than one unit of measure (e.g., soft drinks are offered for sale*

[4] Unit pricing: An effective tool? Report conducted by Option consommateurs and presented to the Industry Canada's Office of Consumer Affairs , Canada June 2010

[5] National Conference on Weights and Measures. No date. *A Guide to U.S. Retail Pricing Laws and Regulations* [(Consulted March 3, 2010 Research Report □Option consommateurs).

> *in 2 L bottles and 12 fl oz cans), the retail establishment shall unit price the items consistently.*[6]

Since 2012 NIST, in collaboration with NCWM and a broad based working group, has been working to develop a guide to best practices expected to be completed in 2014.

In addition to the states and territories cited above the City of Seattle Municipal Code on unit pricing states that in grocery stores and grocery departments –

> '*It is unlawful for any grocery store, grocery department, or seller therein, who or which sells, offers for sale, or displays for sale consumer commodities designated in Section 7.12.030 to fail to disclose to the consumer the appropriate unit price for such commodities as provided by this chapter. The price disclosed shall be the price at which the consumer commodity is being sold at the time of purchase, and shall be referred to in any advertising or other display as the unit price..*[7]

Canada

In Canada, the federal food labelling standards apply to all provinces and territories. Every province has the right to regulate commerce carried out on its territory and, therefore, food labelling is a jurisdiction shared between the federal and provincial governments**.**

Quebec is the only province that has regulations on displaying the unit price of packaged goods. Retailers in other provinces do so only on a voluntary basis. The Quebec *Consumer Protection Act* and *Regulation* covering unit pricing requires the trader to post a price on each item offered in his establishment.

Unit prices in Quebec are prescribed in the *Consumer Protection Act* and *Regulation* which states, in effect:[8]

> *A merchant must indicate the sale price clearly and legibly on all the goods or, if the goods are wrapped, on the wrapping of all the goods offered for sale in the establishment.*
>
> *A label containing the price per unit of measurement in addition to the price of the item shall be affixed to each item of food sold in an establishment. Where the item is sold on a shelf, the label prescribed under the first paragraph shall be affixed next to the product on the shelf.*
>
> *In all cases, the price on the label must be in at least 28-point bold type print and the other information in at least 10-point type print. Where the item is sold on a*

[6] Précis of Unit Pricing requirements stated in Unit pricing: An effective tool? Report conducted by Option consommateurs and presented to the Industry Canada's Office of Consumer Affairs , Canada June 2010

[7] City of Seattle Legislative Information Service December 2013

[8] Summarised from Option consommateurs IBID

shelf, the label prescribed under the first paragraph shall be affixed next to the product on the shelf and measure.

Europe

In the late seventies, an acute need for harmonisation of regulations was felt among the member States of the European Community with regards to labelling. Consequently, the European Community implemented *Directive 79/581/EEC on Consumer Protection in the Indication of Prices of Foodstuffs*. The creation of the European Union and the single market heightened the need for harmonization. The fundamental objectives *of Directive 79/581/EEC* were to ensure consumers had access to all necessary factual information and to protect consumers from misleading information. [9]

The Community rules established the obligation for all foodstuffs sold to European consumers to be accompanied by a label including information on a number of characteristics of the foodstuff in question (including the name of the product, ingredients, expiry date , etc.).[10]

Directive 98/6/EC requires the selling price and price per unit of measurement of products offered by traders. In the case of non-food products members may establish a list of products or product categories to which the unit price obligation applies. The unit price is based on the final price including value added tax (VAT) and other taxes. The unit of measure shall be in metric but may be in a unit which is widely and customarily used. The obligation may be waived where it would not be useful or cause confusion. For a transitional period the obligation exempted small businesses where to indicate the unit price would constitute an excessive burden. The exemption was based on the number of products on sale, nature of premises and where product was not directly accessible.[11]

The Directive also required that the selling price and unit price must be unambiguous, easily identifiable and clearly legible. Member states may provide that the maximum number of prices to be indicated be limited.[12]

However some anomalies do occur. The EC Consumer Law Compendium regarding the transposition of Directive 98/6 states in the United Kingdom the price for certain products must be indicated by quantities which are different from the ones listed in Directive. The price for products which are indicated in Schedule 1 of the UK Price Marking Order 2004 (e.g. food colouring, spices, coffee, fruit juices and soft drinks) must be indicated by a specified amount of grams; concerning products sold by weight or for a specified amount of millilitres concerning products sold by volume. Furthermore, in respect of products which are sold by number, the price must be indicated for an individual item of that particular product. Similar provisions exist in Cyprus. The Hungarian legislator limited the possibility to indicate the price for one different unit of quantity so it could only be done

[9] Option consommateurs IBID

[10] Council Directive 79/112/EEC of December 18, 1978 on the harmonization of laws of member states regarding the labelling, presentation and advertising of foodstuffs for the final consumer (, 1979), as amended Option consommateurs IBID

[11] Option consommateurs IBID

[12] Option consommateurs IBID

for products which are sold by number and where, therefore, the price can be indicated individually for each individual piece of that product.[13]

In a media release issued in July 2013 UK consumer organisation '*Which*' stated[14] that four of the UK's biggest supermarkets had listened to the thousands of people who had supported *Which's* 'Price it Right' campaign for simpler, clearer and consistent pricing.

UK supermarket chains Aldi, The Co-operative and Waitrose committed to improve food labels in their stores to help shoppers compare the price of products more easily. Morrisons publicly signed up to *Which's* 'Price it Right' campaign when it was launched in September last year and had introduced new labels in many of its shops.

New research from *Which* showed eight in ten (78%) people shopped around for the best price for their groceries and around four in ten (43%) compared prices when shopping in supermarkets, more than they were previously.

Of the six other UK major supermarkets, Sainsbury's had been working on transparent pricing over the last 18 months and Lidl and Tesco were making active steps towards simpler pricing. Asda said it would look at improving its labelling but Iceland and Marks and Spencer had still yet to take any action.

Australia

Following a campaign by Australian consumer organisations since 1 December 2009 particular Australian supermarkets must provide consumers with the unit price of all grocery items sold in constant measure packages, unless an item is exempt. The unit price is provided in addition to the selling price.

The Australian Unit Pricing Code is a mandatory industry code under the *Competition and Consumer Act 2010* which applies to grocery retailers with a floor area of more than 1000 square metres and which sells a prescribed minimum of food items. The Code also applies to online retailers who sell the minimum range of food-based grocery items.

The unit prices are based on the most appropriate unit of measurement, which is found on the grocery item's packaging.

Unit pricing must be displayed on all grocery items where a selling price is displayed including labels and promotional signs, print advertisements where a selling price is listed and online store price lists. Information must be prominent, proximate (positioned close to the selling price for the grocery item), legible and unambiguous.

Unit pricing doesn't apply to non-print advertising, such as television, radio or online audio or video advertising and does not include goods sold at a reduced price due to damage or their perishable nature, offered for sale as a bundle of different types of items for a single price and discontinued items. [15]

[13] EC Consumer Law Compendium Comparative Analysis for Price Indication Directive (98/6) February 2008

[14] Supermarkets commit to 'Price it Right' Which UK Media Release July 2013

[15] Source: ACCC: Unit pricing: a guide for grocery retailers

Is information provided by unit pricing is useful?
Unit pricing has been supported by consumer organisations and some retailers because it reduces time spent comparing brands, eliminates confusion relating to price calculations and ultimately allows shoppers to save money at the checkout. Unit pricing enables consumers to rationally evaluate the most economic package size and brand.http://en.wikipedia.org/wiki/Unit_pricing - cite_note-10 The time spent determining the most economic purchase is shortened substantially, errors in product price comparisons are significantly reduced and importantly, lower grocery shopping expenditure is attained.

This view was neatly expressed by the then Australian Minister for Competition and Consumer Affairs, Dr. Craig Emerson introducing the mandatory Australian Unit Price Code In 2009, when he declared: "Unit pricing is a valuable tool that enables consumers to seek better value for money when shopping for groceries.

Surveys have shown there can be considerable price differences between similar products and unit pricing assists consumers to make on informed choice.

In 2009/10 the Canadian Association *Option consommateurs* conducted a survey[16] to establish whether there was a significant difference between the prices of similar products. In a comparison of prices and sizes of orange juice advertised as being on special offer in circulars distributed by major supermarkets *Option consommateurs* found the price difference of approximately 20% between two containers of orange juice. They also found that the larger size of the same brand was more expensive than the smaller sizes. The report also revealed that house brands were not automatically less expensive.

In a second exercise aimed at demonstrating the usefulness of unit pricing *Option consommateurs* noted the difference between the prices and sizes of a dozen similar commodities in order to check the variation in unit price. They found a large variation in unit price for different products including natural spring water prices of which ranged from 3¢ to 40¢ per 100ml and raspberry jam where the price more than doubled.

In a recent independent Australian survey of the variation between tinned sardines on offer in one supermarket the unit price of six brands in five different sizes varied from $6.32 to $29.53 per kilogram. See table 1 below:

Table 1

Brand	Size	Price	Price/Kg
A	125g	79c	$6.32
B	105g	$3.08	$29.53
C	106g	$1.58	$14.91
D	120g	$1.54	$12.87
E	125g	$1.45	$11.60
F	110g	$2.49	$22.64

[16] Option consommateurs IBID

The results of a survey of consumers conducted by Queensland Consumer Association, Queensland shows examples of the savings possible when using unit prices to compare the value of different products, brands and package sizes, as well as of packaged and unpackaged items and different types of packaging. [17] See Table 2 below:

Table 2

Product	Percent saving* by buying the lowest unit price	Supermarket unit prices	Type of comparison
Green beans fresh	**44% saving**	Loose - $5.98 per kg vs. 375g pack -$10.61 per kg	Between loose and prepack, for same product
Corn flakes	**31% saving**	Brand A 800g pack - 38c per 100g vs. Brand B 725g pack - 55c per 100g	Between brand for similar pack size and product
White sugar - 2kg bag	**44% saving**	Brand C - 10c per 100g vs. Brand D - 18c per 100g	Between brand for same pack size and product
Tasty Cheddar Cheese Brand E	**83% saving**	1 kg block - $6.70 per kg vs. 100g pack of mini cubes - $40 per kg	Between pack size and packaging with some processing, for same product
Mushrooms fresh	**50% saving**	Loose - $5.98 per kg vs. 200g pack sliced - $19.90 per kg	Between loose unprocessed and prepacked slightly processed
Paracetamol tablets - pack of 24	**79% saving**	Brand F - 3c per tablet vs. Brand G - 14c per tablet	Between brand for same pack size and product
Antacid liquid Brand H	**24% saving**	500mL - $1.89 per 100mL vs. 200mL - $2.50 per 100mL	Between pack size for same product and brand

* Saving is on the unit price not the selling price.

Use of Unit Pricing

Option consommateurs also organised a survey[18] to show how well Canadian consumers understood and used unit pricing. The survey found, while quality and taste of the product was the factor that influenced the choice of 37% of Canadians, 23% were influenced by price. They also found that cost consciousness increased dramatically in households with a family income of less than $25,000 (37%) compared to only 9% in families with incomes higher than $120,000.

With regard to the use of unit pricing in purchasing decisions *Option consommateurs* found a high proportion of those consumers who had noticed unit pricing always (23%) or usually (31%) use it. When consumers had access to unit pricing and understood it, they used it extensively. Only one in twenty stated that they had never consulted unit

[17] Source :Queensland Consumers Association Aug 2013

[18] Option consommateurs IBID

pricing. The report concluded that this demonstrated the great popularity of unit pricing, once assimilated.

In Australia, where legislation requires that the unit price is provided in addition to the selling price, the Australian Consumers Association (CHOICE) and Ian Jarratt, Queensland Consumers Association, commissioned a market research company to survey consumers about their awareness, use, and requirements of grocery unit prices at Coles/BiLo and Woolworths/Safeway supermarkets.[19]

There were very few statistically significant differences between the separate results for Coles/BiLo and Woolworths/Safeway supermarkets. The survey found 80% of all respondents were using the unit prices. 15% had seen the unit prices but were not using them and 5% had not seen the unit prices. 72% of all respondents found the unit prices very helpful and 18% found the unit prices moderately helpful.

When analysed by reference to employment and age results showed significant differences for sub groups of respondents where 19% of full time workers had seen the unit prices but were not using them and 10% of respondents aged 18-24 had not seen the unit prices.

Deficiencies associated with current unit pricing practices

The two main areas of concern for consumers relating to current voluntary or mandatory unit pricing is legibility and prominence and different values for displayed unit of measurement.

Legibility and prominence

In the CHOICE/Queensland Consumers Association survey 61% of all respondents either agreed or strongly agreed that unit prices on the shelf labels would be more helpful to me if the unit prices stood out more and only 10% disagreed or strongly disagreed. When asked if*: 'The unit prices on the shelf labels would be more helpful to me if the print size was bigger'* 60% of all respondents either agreed or strongly agreed with the statement and only 11% disagreed or strongly disagreed with it.[20]

The Canadian survey established that one in four respondents found the unit pricing information very or somewhat unclear. The survey did not indicate the reason for this, but, the report states it *'shows clearly that this information seems not to be understood by everyone and it is not perceived as being very clearly presented'*. Only 22% of respondents said that the unit price labelling on most items was very clear. The report concluded that it was presumably due to the lack of clarity in unit pricing today that a vast majority of Canadians surveyed want the government to make unit pricing mandatory.[21]

A problem area for consumers, particularly elderly or infirm consumers is the legibility and prominence of labelling on the top or bottom shelf where goods are displayed. In an exploratory study Queensland Consumers' Association interviewed a cross section of

[19] Unit pricing still has room for improvement Australian Consumers Association (Choice) Dec 11

[20] Unit pricing still has room for improvement Australian Consumers Association (Choice) Dec 2011

[21] Option consommateurs IBID

consumers on price print height, print density, location of the unit price on label, and viewing angle of unit prices on shelf labels located 200mm from the ground.

The Survey found the legibility and prominence of the unit prices, measured by each indicator of legibility and prominence, was substantially increased if the labels were angled out rather than vertical to the shelf, and if the print height was 6mm rather than 4mm or 3mm. The Survey also found that prominence and legibility was increased if the unit price was under the selling price not among/under the product information. It also found that prominence and legibility was increased if the unit price was under the selling price not amongst or under the product information. [22]

Different values of unit of measurement

Due to historical or customary factors related to weights and measures legislation (legal metrology) modern unit pricing codes may use different measurement values for different products in the same store. These different values are detrimental to a consumer's ability to compare prices.

In supermarkets and street markets in the Netherlands very often the unit price is indicated per 500g. It is understood that this practice developed because consumers were familiar with "a pound of ..." (where the historical term "pound", although not a legal unit, is an approximate equivalent to 500g) and consumers are subtlety persuaded into thinking the price of a product is not so high.

When the mandatory unit price code was initially discussed Australian consumer advocates campaigned for one unit of measurement (e.g. price per kilogram and price per litre) based on the current weights and measures legislation. However following lobbying by the major grocery retailers Australia now has a mixed system where some pre-packed articles such as meat, fish, fruit and vegetables are unit priced at a price per kilogram and the majority of grocery items are displayed at a price per 100 gram or 100 millilitres.

Other deficiency issues

Surveys indicate that other issues of concern include consumer awareness and education, standardisation of format and rounding of the unit price displayed.

Consumer education and awareness are important in consumers, use of unit pricing. The Option consommateurs report[23] stated with regard to consumer awareness that the majority of Canadian consumers who were not familiar with unit pricing tended to choose products on sale to get a better price in terms of quantity, while those familiar with this tool based their choice mainly on the better unit price. The report said the distinction in terms of consumer behaviour was striking on account of the great difference between the two categories of consumers: those who are familiar with unit pricing and those who are not.

The variety of layouts of and amount of information on shelf labels can affect consumers' ability to quickly indentify and compare unit prices.

[22] Queensland Consumers Association January 2014 - forthcoming

[23] Option consommateurs IBID

Why develop an ISO Unit pricing Standard?

The purpose of unit pricing guidance standard will be to facilitate the clear, prominent and unambiguous display of the unit price of pre-packed food and general household items in retail stores by showing the price per unit measure of like products. The standard could also provide technical guidance and practical examples for interpreting broad statements like 'the unit price must be unambiguous, easily identifiable and clearly legible' .

A unit pricing standard would be of value to, and likely to be used by, consumers, industry, market surveillance organisations and legislators.

This proposal is to develop a guidance standard providing principles for the development, implementation and maintenance of an effective unit price labelling scheme for small and large retailers, and packers where a price is stated. The principles would be intended to help organisations identify and remedy any deficiencies in their unit price schemes.

The Standard would provide principles and guidance in providing a flexible, responsive and effective and measurable regime for small to large businesses.

Without limiting or defining the proposed standard the Task Group recommend the scope of the standard would:

- Establish best practice for informing consumers of the unit price of goods including what unit prices are and how they can be used.

- Define a unit price scheme and types of products to which it may apply e.g. shelf labelling, package labelling, printed catalogues and in-store promotional material and electronic advertising.

It is proposed the standard would address:

- Method in which quantity is expressed including weight, measure, count and area.
- Prominence and legibility of unit prices.
- Location of unit prices.
- How the unit price should be expressed – e.g. one unit of measure for all sizes of a specific product or one unit per geographical area.
- Exemptions for some products, prices or practises.
- Rounding of unit price (for example) $1.238 per 100g to $1.24 per 100g.
- Consumer and staff education and awareness.

The guidance standard, for clarity and owing to the technical nature of the subject, is likely to contain some specific detail. Under each principle it could, for example, contain some essential activities/outcomes that an effective unit price regime should have in its menu of activities and which an organisation could employ to satisfy the principle (The Australian Standard on Compliance Program AS 3806 serves as a good template).

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