

Unit Pricing: Time for a National Approach?

May 2019



CONSUMERS COUNCIL OF CANADA

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Unit Pricing is the act of displaying the price of a commodity at a standard unit of measurement adjacent to its selling price on retail store shelves (currently mostly prepackaged food products) and online. For example, the unit price representation of a 500 ml carton of milk offered at \$2.00 is “\$4 per litre”; the unit price representation of a 2-litre carton of milk offered at \$7.00 is “\$3.50 per litre”. Unit pricing is also known as comparative pricing. This report reveals consumer views on the value of unit pricing as a factor in promoting consumer interests, gauges receptivity to adopting national systems such as those being implemented in other countries, and discusses the challenges and barriers to adopting similar systems in Canada.

Keywords: unit pricing, price label, price advertising

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Acknowledgements

Consumers Council of Canada greatly appreciates the participants who responded to requests to be interviewed to assist this research. This includes survey and focus group respondents and individuals from business, the ISO international standards community, and academia – in particular, Dr. Clinton Weeks, Queensland University of Technology. The project’s research methodologist Dr. Derek Ireland provided valuable insights.

The author of this report is Jay Jackson.

Consumers Council of Canada received funding from Innovation, Science and Economic Development Canada’s Contributions Program for Non-profit Consumer and Voluntary Organizations. The views expressed in this report are not necessarily those of Innovation, Science and Economic Development Canada or the Government of Canada.

Executive Summary

“Hostess has to reveal the amount of fat in a Twinkie. So why shouldn’t sellers be required to disclose how much customers really pay for their products.”

MIT Sloan Management Review 2003 “In Praise of Honest Pricing”

Background

Unit Pricing is the act of displaying the price of a commodity at a standard unit of measurement adjacent to its selling price on retail store shelves (currently mostly prepackaged food products) and online. For example, the unit price representation of a 500-ml carton of milk offered at \$2.00 is “\$4 per litre”; the unit price representation of a 2- litre carton of milk offered at \$7.00 is “\$3.50 per litre”. Unit pricing is also known as comparative pricing.

Widespread introduction of unit pricing labelling practices in most advanced globalized economies took place more than 40 years ago, yet the majority of Canadian consumers still do not have access to standardized, reliable unit pricing information to assist them in making informed decisions. Quebec is the only province in Canada that regulates unit pricing. Retailers in other provinces and territories provide unit pricing information voluntarily, or not at all.

Research and discussion forums conducted by Canadian consumer groups as well as media reports have recommended a national approach to ensuring all

Canadians have access to standardized, accurate and informative unit pricing information. However, no efforts appear to be forthcoming from retailers or governments to institute a national system.

Methodologies Used in the Research

Research conclusions were reached through the use of a national web panel survey of adult Canadians, six focus group panels, a literature search and key informant interviews. The research was conducted under the guidance of a research methodologist.

National Web Panel Survey

Researchers used an online quantitative survey conducted by national research firm Environics Research Group to directly collect the views of 2,000 adult consumers. The survey assessed: consumer views on the importance of being able to discern the lowest price when comparing consumer prepackaged goods; price comparison behaviours when seeking the lowest prices within and between brand offerings; the adequacy of current unit pricing retail practices; expanding unit pricing information to apply to non-food prepackaged goods (e.g., pet food, cosmetics, household cleaning supplies); and, displaying unit pricing in online store flyers and catalogues. Consumers were also asked whether unit pricing should be required by law in all provinces and, if so, their willingness to pay slightly higher prices or slightly higher taxes to ensure consumers are well informed about how to use unit pricing and have access to standardized, uniform and accurate unit pricing across Canada.

An online quantitative survey is a non-probability method of quantitative research. This survey was sampled to be representative of Canada's general population 18 years of age or older based on age, gender and region from the 2016 Census. Demographic questions were included, allowing examination of responses to specific issues and concerns of different demographic groups (gender, age, region of the country, etc.).

Respondents – often referred to as panelists for online quantitative studies – were recruited primarily through social media, online advertising and via telephone. This approach was designed to optimize the probability that the panel reflects the overall composition of the target online population.

In order to gain entry and remain on the panel, panelists needed to clearly and actively have indicated an intention to join; received an invitation with the opportunity to opt out; were not a duplicate of another panelist; possessed confirmed validated demographic data matched to postal address files and correct geographic assignment; had been assigned a unique panelist ID, their identifier used for de-duplicating, re-contacts, and post-survey analysis if needed; understood that survey participation was not to be a means to supplement their income; and agreed to keep information confidential.

Telephone Focus Groups

Six telephone focus groups were conducted by Environics Research Group, in Montreal (one in English, one in French), Toronto area (two in English), and Alberta (two in English).

The focus groups provided researchers with deeper insight into some of the key questions asked in the National Web Panel Survey. Participants were asked to expand on views regarding the accessibility, readability, accuracy and overall quality of unit price labelling. They provided additional information on how they find the lowest price option in the absence of unit pricing, the desirability of uniform national laws or voluntary standards and who should pay for them, and who should bear the responsibility for ensuring that consumers have an adequate understanding of how to use unit pricing to determine the lowest cost items.

Literature Review

Literature reviews added the perspectives of:

- other relevant and recent research.

- the success of voluntary versus mandatory unit pricing schemes in Canada and other countries.
- viable alternatives to unit pricing such as standard container size regulations.
- the relevant legislation in Canada, Australia, the European Union and the United States.
- the prevalence of unit pricing practices in European and other modern economies.
- relevant initiatives such as publication of an ISO international standard on unit pricing and the U.S. National Institute of Standardization's guidance document on unit pricing.

Key Informant Interviews

A key goal of the structured interviews with stakeholders was to gain insights into reasons why national adoption of unit pricing has never occurred and how the challenges to doing so can be overcome.

Structured one-on-one interviews were sought with numerous participants, including:

- Canadian representatives from the OECD Committee on Consumer Policy.
- appropriate provincial government officials (i.e., members of the Consumer Measures Committee).
- the Retail Council of Canada).
- academics.
- national and international standards organizations.
- national and international legal metrology officials.
- other consumer and industry thought leaders.

Summary Conclusions

Consumers Use UP When Available, but Are Conditioned Not to Rely on It

Consumers find unit pricing to be a desirable feature to help them make informed choices. However, due to sporadic and unreliable retail practices they will not hesitate to default to personal “back-up” methods to find the lowest prices. They believe governments and retailers should use their existing resources to ensure that reliable, standardized unit pricing information is provided. They would not agree to small increases in taxes or grocery prices for governments or retailers to make these improvements. As discussed below, this is likely because consumers recognize that retailers would be the major beneficiaries of improved unit pricing information and practices.

Consumer Education a Key Factor

Effective unit pricing programs depend on strategic consumer education to reach intended objectives. It is inefficient to provide unit pricing shelf labelling, voluntarily or otherwise, unaccompanied by effective consumer education and monitoring.

Low Income Consumers Benefit from UP

Consumers of all income levels respond well to minimal but continuous training on how to use unit pricing to find the lowest prices. Low income consumers may be the greatest beneficiaries (Weeks et al. 2019).

Something is Better than Nothing

Deficiencies in terms of accuracy and legibility appear to be prevalent whether unit pricing programs are mandatory or voluntary. The key benefits of mandatory programs appears to be that a wider array of food and non-food

products will bear unit pricing, and there is greater government and business accountability. Given the unwillingness of governments to introduce regulation in this area, voluntary unit price information is better than no information.

Governments, Retailers Appear Indifferent to UP's Value to Consumers

High levels of non-compliance where unit pricing is mandatory (Quebec and other countries) indicates that governments place a low priority on compliance and enforcement in this area. There appear to be no initiatives by provincial or federal consumer ministries to encourage unit pricing. Retailers appear to be indifferent to providing standardized voluntary unit price labelling, though some offer better signage than others.

A National UP Approach Does Not Automatically Mean Harmonized Provincial Regulation

The fact that many retailers voluntarily provide unit price labelling indicates that they have the desire and technical ability to provide greater price transparency. This bodes well for further initiatives on the part of retailers, possibly in collaboration with governments and consumer organizations, to take the next step to voluntary standardization on a national level.

Guidance for Retailers and Governments for Implementing an Effective UP Program is Readily Available

A wealth of literature exists supporting the benefits of unit pricing for consumers, retailers and policy makers. In addition, there exists well-researched, up-to-date, guidance materials and best practice recommendations from credible standards organizations, which retailers and governments can access should they wish to implement effective, standardized unit pricing programs across the country.

Key Recommendations

1. Federal and provincial governments should consider collaborating with Canadian retailers to explore methods to help ensure consumers have unit pricing information available, and that they understand how to use the information to make informed purchasing decisions.
Implementation of the *Scanner Price Accuracy Code* demonstrated that governments can work in tandem with a variety of stakeholders to implement programs designed to improve price transparency and accuracy.
2. Provincial consumer ministries can contribute to better consumer access to unit pricing by mandating it (as in Quebec), implementing mandatory codes of conduct, and providing consumer education. In the absence of or in addition to provincial government initiatives, the federal Competition Bureau and Measurement Canada can provide assistance in assuring unit price labelling is accurate and not misleading.
3. Recent research, including the research in this report, indicates that retailers have everything to gain by implementing uniform, transparent and accurate unit price shelf and online labelling and educating its consumers how to use it. Retailers should consider adopting a national standard code of practice for unit price labelling to ensure predictable, accurate and uniform shelf labelling for both food and non-food retail consumer products and for e-commerce advertising.
4. In the absence of regulations or the adoption of voluntary guidance/best practice standards, retailers, through their representative organizations, can take it upon themselves to design and implement a self-regulatory program based on a “price accuracy and transparency code of conduct”. The objective would be to reduce misleading and false pricing representations in the industry, maintain consumer confidence and

trust, and provide consumers with the pricing education they need to make better informed decisions.

5. With appropriate funding, consumer groups, anti-poverty groups and other consumer-facing non-government organizations could provide assistance to governments and other stakeholders in informing consumers about the utility of unit price shelf and online labelling. Many of these groups that counsel low income consumers and/or provide credit and budgeting advice already distribute guidance materials on this subject.

Introduction

Unit pricing is where the rubber hits the road in terms of cost savings

For the purposes of this study, unit pricing is the act of displaying the price of a commodity at a standard unit of measurement adjacent to its selling price on retail store shelves. The following is an example of a typical shelf label with unit price information.



Access to information such as this on unit pricing can make a great difference in how a consumer discerns which offering of a similar product is the least expensive without having to resort to mathematical calculations or heuristics (rule of thumb or guessing). For example, the consumer that wants to purchase this drink powder can ascertain that the price per standard unit, in this case 100 grams, is \$1.95. The consumer can now compare the price of this drink powder with the price of another Acme brand drink powder in 600-gram, 950-gram or 1.5-litre sizes, or with another brand of similar drink powders, simply by referencing the unit price for those products. Recent research in Australia demonstrated that when consumers are educated about

unit pricing they can initially realize 17-18% in savings on their grocery bills (Mortimer and Weeks 2019).

The widespread introduction of unit price labelling practices in most advanced globalized economies took place more than 40 years ago, yet the majority of Canadian consumers still do not have access to reliable unit pricing information to assist them in making informed decisions. Quebec is the only province in Canada that regulates unit pricing. Retailers in other provinces and territories provide unit pricing information voluntarily, or not at all.

Canadian and international organizations such as the Consumers Council of Canada, Option consommateurs, Consumers International, the U.S. Consumers Union and Consumer Reports, the U.S. National Institute of Standards and Technology (NIST), the International Organization for Standardization (ISO), and the International Organization for Legal Metrology (OIML), have sought to ensure that consumers have access to accurate, standardized and informative unit pricing information.

In addition, research and discussion forums conducted by Canadian consumer groups as well as media reports have recommended a national approach to ensuring all Canadians have access to standardized, accurate and informative unit pricing information. However, no efforts appear to be forthcoming from Canadian retailers or governments to institute a standardized system by means of regulation, voluntary code or other policy instruments.

A 2010 study by Option consommateurs: “Unit Pricing: an effective tool?” (Decary-Gilardeau 2010) recommended federal and provincial governments ensure unit pricing is available to all Canadians. Currently, Quebec is the only province that regulates unit pricing by law.

A 2013 report from the Consumers Council of Canada’s multi-stakeholder working group response (“Food Product Information Labelling and Advertising – Canadian Consumer Group Issues and Solutions” 2013) to the Canadian Food Inspection Agency’s Food Labelling Modernization Initiative made similar recommendations for nationally mandated unit pricing. The

Group noted that the government was allowing producers to move away from standardized container sizes due, in part, to greater consumer access to unit pricing information at retail point of sale.

A September 2016 CBC online news article “Top 5 ways to save big bucks on groceries” stated focusing on price per unit is “... where the rubber hits the road” in terms of cost savings. (Armstrong 2016)

There is extensive literature on unit pricing, much of it suggesting that consumers are often challenged by lack of cognitive skills and related consumer literacy and numeracy skills or by behavioural biases that prevent them from easily and accurately determining the lowest priced consumer goods when there are a variety of sizes to choose from (see also Delsys Research 2009a and 2009b). The introduction of unit pricing in retail grocery stores over 40 years ago was therefore a welcome addition for retail consumers. However, literature also reveals persistent consumer complaints about the lack of readability (type height too small, lower prominence of unit price compared to price), inaccuracies, use of inappropriate units of measure, and a lack of consumer awareness and understanding of how to use unit pricing information.

There is ample guidance material for retailers and regulators who wish to implement standardized unit pricing systems in Canada. NIST (the National Institute of Standards and Technology in the United States) introduced a technical publication document “Unit Pricing Guide: A Best Practice Approach to Unit Pricing” (Sefcik 2017). The Standards Council of Canada recently participated in the development of an international standard ISO 21041:2018 “Guidance on Unit Pricing” (“ISO 21041:2018” 2018). This standards outlines principles and best practice guidelines for unit pricing displayed by written, printed or electronic means.

Price efficiency is still the driving force behind most consumer transactions. Current and developing government programs designed to promote sustainable consumption and healthy food choices can be undermined by

inadequate pricing policies that make price comparisons more difficult for consumers.

Federal and provincial consumer protection agencies and central government agencies in Canada engage in discussions on preventing trade barriers between provinces such as the Canada Free Trade Agreement, yet do not typically come together to promote the development of pro-active measures to help make important consumer protections in a few provinces available to all Canadians. This report opens the door to public discussions regarding the policy instruments (codes of conduct, standards, regulations, and other instruments) that could be implemented to attain this objective.

This report reveals consumer views on the value of unit pricing in their shopping experience and their recommendations regarding the desirability for governments and/or retailers to address some of the persistent complaints that challenge them in making informed decisions about the prices of the goods they buy. Is it time Canada introduced a national approach to providing standardized, meaningful, and accurate unit pricing information to consumers?

Methodologies Used in the Research

National Web Panel Survey

Information was gathered from consumers directly through an online quantitative survey conducted by the national research firm Environics Research Group, which included results from 2,000 respondents in both English and French.

This survey used a non-probability method of quantitative research. It was administered in English and French and the population sample was designed to be representative of Canada's general population, 18 years of age or older, based on age, gender and region from the 2016 Census. Demographic questions are included on every custom omnibus study allowing examination of responses to specific questions of different demographic groups (gender, age, region of the country, etc.)

Respondents were recruited primarily through social media (Facebook, Instagram, etc.), online advertising and via telephone. This approach was designed to optimize the probability that the panel reflects the overall composition of the target online population.

In order to gain entry and remain on the panel, panelists must have clearly and actively indicated an intention to join; have received an invitation with the opportunity to opt out, not be a duplicate of another panelist; possess

confirmed validated demographic data matched to postal address files and correct geographic assignment; be assigned a unique panelist ID whereby their identifier is used for de-duping, re-contacts, and post-survey analysis if needed; have understood that survey participation will not be a means to supplement their income; and have agreed to keep information confidential.

The survey focused on consumer attitudes and experiences with using unit pricing information to compare prices. It explored: the approaches consumers use to compare prices and find the lowest prices whether or not unit pricing information was available; how brand loyalty impacts price considerations; consumer satisfaction with voluntary unit pricing systems in-store and online; and whether unit pricing displays should be extended to non-food consumer products. It also sought consumer views as to whether unit pricing accompanied by consumer education should be mandatory and, if so, who should pay for these programs.

Telephone Focus Groups

The conduct of the telephone focus groups involved recruiting individuals to take part in a conference call where they shared their perspectives on unit pricing. The focus groups were held after results of the survey were collected and tabulated, and assisted researchers to look deeper into some of the key trends that emerged in the survey.

Six telephone focus groups were held in Montreal (1 English, 1 French), Ontario (2 English), and Alberta (2 English), and were conducted by experienced MRIA certified Environics interviewers. Each group had 6-7 participants and the interviews lasted 90 minutes per group.

The focus groups concentrated on determining consumer attitudes and experiences with unit pricing (primarily in physical retail establishments but also online and involving distant purchases.) Researchers sought to learn more about the approaches consumers have used to make price comparisons, why those approaches were taken, and their satisfaction with the outcomes. Researchers also explored the panelists' knowledge of unit pricing, their views

on its utility, whether mandatory disclosure (retail and online) would serve them better than voluntary schemes, and whether unit pricing requirements should be extended to non-food consumer products (i.e., household products and personal care items). Researchers also had robust discussions with the panelists about who should pay for pan-Canadian adoption of unit pricing laws or alternative policy instruments to ensure that all Canadians have the benefits of at-a-glance price comparison information.

Literature Review

Literature reviews added the perspectives of other relevant research done; the success of unit pricing programs in the U.S., Australia and Europe; the potential benefit of standards for jurisdictions that do not already have unit pricing laws; and current research on consumer preferences and buying patterns when unit pricing is or is not available.

Key Informant Interviews

A key goal of the structured interviews with stakeholders was to gain insights into reasons why national adoption of unit pricing has never occurred and how the challenges to doing so can be overcome.

Structured one-on-one interviews were sought with numerous participants, including: the Retail Council of Canada, Office of Consumer Affairs, ISO (international and national members of unit pricing project committee PC 294), consumer advocacy organizations (Consumers Council of Canada's Consumer Representatives in Standards Committee, Option consommateurs), NIST, and selected academics of the Public Policy Oriented Consumer Interest Research Committee, and other national and international consumer, government and industry thought leaders.

IV

Summary of Consumer Survey Results

Consumers Actively Compare Prices Seeking Low Prices

Consumers believe it is important to pay the lowest price for their prepackaged consumer food products (51% very important/44% somewhat important) and most (87%) will buy a variety of brands or generics depending on price. Brand loyal consumers will still actively compare prices between size offerings within the brand and choose the lowest priced offering (60%) or will choose a different size within the same size if it is on sale (35%). Only 5% surveyed indicated that they will choose the same size of the same brand regardless of price.

These results indicate that Canadian consumers are very active in comparing prices whether or not they are brand loyal.

Consumers Use a Variety of Techniques to Compare Prices

About half of those surveyed said they do the math mentally to compare prices and the other half said they use unit-price shelf labelling. Interestingly, Quebec respondents were very close to the national average on using unit pricing (54%) though it is required by law in Quebec. New Brunswick, Manitoba, Alberta and British Columbia respondents – all from provinces

without mandatory UP laws – showed significantly higher reliance on UP shelf labels (58-59%) to compare prices.

Other methods of price comparison cited included: using a calculator; applying rule of thumb (e.g., largest size is usually cheaper); and assuming sale products are always cheaper.

Most Consumers Find UP Labels Helpful and Want Retailers to Provide Them ...

A very large share of consumers (96 percent) agree that UP shelf labels are very helpful (63%) or somewhat helpful (33%) when made available by retailers, and the majority (91%) believe that all consumers should have access to UP labelling.

... But They Don't Want to Pay for This Labelling

When asked about the likelihood they would agree to pay slightly more for their prepackaged products to have UP information made available, only one-third of the respondents said they were somewhat or very likely to agree. This may reflect some self confidence among consumers of their ability to determine the lowest price through other means (calculator, mental math, etc.) when the easier choice to reference a UP shelf label is unavailable. Researchers sought views about this in more depth during the later focus interviews.

Consumers Would Like to See Unit Pricing Apply to Common Non-Food Packaged Products and Online Ads and Catalogues

More than 90% of consumers agree or somewhat agree that UP shelf labelling should be available for non-food products such as pet food, household cleaning supplies, bathroom and facial tissue, and automotive/hardware supplies. A similar percentage agree or somewhat agree that

advertisements and catalogues displaying product information for online sales should also provide UP information. Strong support clearly exists for expanding the provision of UP information where it can help consumers the most and as many transition to online shopping.

Other Provinces and Territories Should Adopt Unit Pricing Laws Similar to Quebec’s Law

Consumer sentiment to see UP laws applied universally throughout the country as it is in Quebec was high (79 percent). But it is not clear that this reflected a desire for actual regulations or simply some form of universal access to standardized unit pricing. Focus group commentary tended to favour universal access and standardized formats, but not necessarily regulation.

Consumers Believe Federal and Provincial Governments Have a Role in Encouraging Retailers to Offer Unit Pricing

Consumers seem to be more comfortable with some form of government involvement in encouraging or incentivizing Canadian retailers to introduce UP systems where appropriate and practical. Close to 90% surveyed agreed that federal and provincial governments should encourage retailers to follow pricing information standards to help ensure that all Canadians have access to UP information in a uniform and accurate manner.

Consumers Are Undecided About Who Should Provide Them with UP Education

Several studies have concluded that UP labelling is more effective when consumers are informed and encouraged to use UP as a valuable resource for making simple, at-a-glance price comparisons, and that more low income consumers would use the service if given minimal instruction. In response to the question: “Assuming there is agreement that unit pricing is a valuable tool

for consumers, who should be responsible for educating consumers?” only 25% agreed government organizations should take on the task with about an equal amount (24 per cent) suggesting that non-government or consumer organizations do it. Other respondents believed that retailers (22 percent) and “others” (4 percent) should provide those services. A full 25% did not agree there was a need for consumer education in this area.

Summary of Telephone Focus Group Results

Confusion and Dissatisfaction Exists with Current Unit Pricing

The majority of respondents were users of UP and agreed that the variety of size offerings among and between brands and sales items makes it difficult for consumers to compare prices and that UP helps cut through the confusion. There were many comments on the method of presentation: “not clear”, “sloppy”, “inaccurate”, “print is too small” (one respondent takes a magnifying glass to read the unit price), and inconsistent in price comparisons – sometimes by weight, sometimes by volume, metric or Canadian/Imperial units of measure.

Other consumer respondents reported that they are brand and store loyal. One comment was that “prices are always cheaper in store X so that is where I shop”. Another outlier comment was that price comparisons by weight or volume do not help consumers understand value. For example, the price per unit measure of a concentrated product may be quite high compared to the price per unit of a reconstituted product, but the number of servings or uses would be the best measure of value – cost per serving or per use.

Respondents were shown examples of unit pricing shelf labels taken from existing guidance documents on best practice unit price labelling. There was general acceptance of, and appreciation for the examples where there was distinct colour and size contrasts between the price and unit price declarations. Some expressed dismay at some retailers that would go to the trouble of providing accurate unit pricing information, yet hide it with very small print or mix it in with other coding on the shelf label.

Consumer Ease with Determining Unit Price Varies

To assess how consumers cope with comparing prices when unit pricing is not available, they were given the following scenario.

“A 2.5-litre bottle of Acme brand laundry detergent costs \$7.62. It is also sold in a 1.5-litre size for \$4.85. Which size is cheapest?”

All answered correctly but in each group there was a leader who was obviously good at math. Some of the group members who were weaker in math skills may have stepped back and joined in by consensus. However, each could explain how they reached an answer: some had a calculator with them, some calculated with pen and paper, some estimated by doubling the price of the lower size and then deciding if the bigger size had more value, and some guessed that the larger size was cheaper because “they usually are”. These responses followed very closely the findings in the literature on consumer behaviour and unit pricing.

Good UP Presentation May Create Competitive Advantage

To continue the conversation on the various tools for price comparison, the panelists were asked how they compare prices when they are in the grocery store, whether or not there is unit pricing. Responses were varied and interesting. Most mentioned that they will use unit pricing signage if available. Some will use calculators on their phones, look at prices of similar products of

different brands, or assume the largest size is the cheapest. A few respondents noted limiting their use of unit pricing due to its unreliability. One respondent explained: “I learned to calculate it myself because it was too frustrating trying to read the small print size and the unit price was often inaccurate anyhow”. Respondents also seemed to have a keen awareness of which retail outlet in their shopping area does the best, and worst, job of displaying unit pricing.

Unit Pricing Favoured, for Various Reasons

To dig deeper on the question of universal standardized unit pricing for Canadians raised in the national panel survey, researchers asked panelists to provide more reasons why they think this may or may not be a good policy. There was general consensus that all retail stores should display unit pricing but reasons varied. There was agreement that voluntary systems are desirable for people who are less familiar with basic math or are simply time pressured. However, there were concerns that the retailer’s lack of accountability in providing voluntary programs and information leads to sloppy practices such as lack of clarity of presentation and inaccurate calculations – thus giving consumers a false sense of confidence. Some mentioned that mandatory labelling is the only way to ensure accuracy and consistency while others viewed unit pricing as a store “courtesy” or value-added feature to assist shoppers in making informed decisions and that budgeting and finding the lowest prices are the responsibility of the individual consumer, not the retailer.

Consumers Cut Retailers No Slack – Unit Price Right, Absorb the Cost

Most panelists were emphatic that they would not be willing to pay even slightly higher prices for products or taxes to ensure UP was introduced in all provinces by voluntary agreement or regulation. One respondent stated: “Nutritional labelling is very important but math skills to figure out the lowest prices are the responsibility of individual consumers”. Another noted that the

value of UP for consumers is unquestionable so retailers should up their game to demonstrate respect for their consumers and potentially gain market advantage in a very competitive sector. Some mentioned that irregular, inaccurate and poorly presented provision of UP labelling could be improved by consumer organizations that regularly monitor and blow the whistle on retailers.¹

There was only some support among panelists for mandatory government programs or a national standard but general agreement that government and consumer groups can play a role in encouraging retailers to provide UP and education programs for consumers.

Private-sector Methods Favoured to Keep Down Costs of Good UP

General agreement existed that given the serious priorities and issues governments now face, introducing unit pricing regulations should not be considered a high priority.

Strong agreement for standardization in some form was expressed due to the varieties of practices that differ from store to store, but respondents generally did not seem to have a good understanding of the voluntary standards system and how standards could be incorporated by business or governments. Also, general agreement existed that if standards were to be introduced, government involvement in some way would ensure they would be enforced. Some raised the example of the Scanner Price Accuracy Code that was instigated by the federal government's Competition Bureau in collaboration with Canadian retailer stakeholders and is now administered by the Retail Council of Canada ("Scanner Price Accuracy Code" n.d.).

¹ Note: While there is little evidence that consumer groups routinely monitor pricing practices in retail grocery stores, some U.S. state and local weights and measures authorities do price verifications while on inspection visits to verify the accuracy of retail scales and the net weight/volume of store packed products. Measurement Canada has responsibility for verifying measuring device accuracy and the net quantity of certain commodities in Canada.

One respondent noted that retailers already have the technical infrastructure in place through universal product code inventory systems and that it would be relatively cost-free to implement a standardized unit pricing system. The fact that most respondents were from jurisdictions where unit pricing is voluntary, yet they still had access to unit pricing information, gives some weight to that observation.

Others noted that costs would inevitably be higher if governments were involved and that a retailer initiative would be more cost effective, and would demonstrate responsiveness to consumer demand with the impact of “driving consumers in” instead of driving them away to competitors.

Discussion took place among some of the groups about the need to apply exemptions for very small businesses and specialty stores. In fact, exemptions of this sort are allowed in most jurisdictions where unit pricing laws are in effect.

Consumers See Benefit from UP of Non-food Items

General agreement was expressed that non-food UP would be beneficial for common consumer items such as bathroom tissue, household supplies and pet food. Some national chain retail grocery stores voluntarily provide unit pricing for personal care products in their pharmacy sections. Respondents were cautious in this discussion and wanted to emphasize that unit pricing should be applied where it makes sense.

Unit Pricing is Important to Online and Offline Shoppers

Most panelists agreed that unit pricing is equally important when doing online grocery shopping. One noted that it is even more important because the consumer cannot see, touch, or compare the products in person to assess issues such as where to store the product (fridge not big enough) in the home and portability (carrying it into and around the house). Several respondents recommended UP should be stated in store flyers. One panelist mentioned that

it would only require “one line of code” but could make a difference in ease of price comparison.

Retailers Should Educate the Consumer About UP

Most panelists believed the retailer should be responsible for explaining their labelling and information practices by means of in-store signage and pamphlets, etc., as long as unit pricing remains voluntary. Some discussed a potential role for governments and consumer organizations; and one respondent mentioned that effective price comparison tools and techniques should be part of high school home economics or career and life curricula.

Fear of Regulation Thought Likely to Cause Retailers to Improve UP Presentations

Some mentioned that fear of regulation would be enough to motivate retailers to consider better UP programs. In this regard, several panelists mentioned the Scanner Code of Price Accuracy which is currently administered by the Retail Council of Canada and was initiated by the Competition Bureau as a motivator for retailers to avoid regulatory action against price misrepresentation. Others felt that the costs to implement standardized unit price shelf labelling in all provinces for national chains would be minimal given that it is already required of national chains that operate in Quebec.

The Case for Unit Pricing

Consumers Like It and Use It – But Not Always

Unit pricing in North America appeared on grocery shelves in the early 1970s as consumer groups, retail chains and policy makers worked together to help consumers deal with finding the lowest prices among an ever-increasing number of size offerings as well as brand and product offerings. At this time, standardized container size regulations came into effect in Canada, with new packaging and labelling legislation (Consumer Packaging and Labelling Act). This legislation has the objective of making it easier for consumers to compare prices for commodities typically sold in a large variety of size offerings.² This was also a time when accelerating inflation rates were making consumers more price sensitive and the introduction of the Metric System of Measurement raised pricing issues as conversion began (e.g., suspicions that a gallon of milk, which is 4.54 litres, was being “metric sized” to 4 litres without equivalent price reductions).

Consumers who know about unit pricing claim that they tend to use it. A 2016 Field Agent survey of 500 consumers found that 76% of shoppers polled reference unit pricing (“Do Shoppers Really Look at Unit Prices on Shelf Tags?”

² Most standard container size restrictions under this legislation were repealed in the late 1980s due, in part, to the increasing availability of unit price shelf labels.

n.d.). The U.S. - based Consumer Reports estimates that 8 in 10 consumers rely on unit price shelf labelling to find the lowest prices (“Unit Price Labels Can Be Confusing” 2015). But a recent study by the University of South Australia delivers some alternative views.

“The bad news is that consumers largely overestimate how much they use the unit price information when making grocery choices. This is because of their generally poor ability to notice and recall their own behaviour, especially when the activity is as mundane as grocery shopping. This is a classic challenge of social marketing: positive attitudes do not necessary lead to a change of behaviours. This is particularly true because consumers do not realise that they use the unit pricing far less often than they think they do” (Louviere and Bogomolova 2012).

A 2003 study on consumer awareness and use of unit pricing (Mitchell 2003) raised similar observations:

“The debate continues over whether prescribed quantities or unit pricing offers the best method to enable consumers to make value-for-money comparisons. In theory, the 'informed' consumer should benefit from being given unit-price information to identify optimum purchases; in practice, however, it would appear that many consumers do not use the data. Although unit pricing can reduce the level of confusion caused by large product ranges and large numbers of unique size-price combinations, results of a survey of over 1,000 people showed that: 31% of the sample did not understand how unit pricing was meant to help them compare products; 35% could not be bothered to look at unit prices and 28% stated that unit pricing was too difficult to use.

The research investigated why consumers do not use unit-price information and found: some consumers do not possess the cognitive ability to process the information and feel unit pricing is too complicated to use; some products are not comparable, which makes unit prices misleading; many shops do not provide unit-price information; unit-price information was felt unnecessary when evaluating products with few or no alternative sizes or brands; unit-price comparisons take too much time; consumers use simpler strategies for getting value for money, e.g. volume discount heuristic, own brands, special offers, x% free, reward points, etc.”

It would be incorrect to believe that consumers rely on unit pricing solely or consistently as their source of pricing information. There is ample research to indicate that consumer behaviour factors such as time pressure (the hurried consumer), package size, availability of sale products or the consumer’s

“cognitive load” (Yan, Sengupta, and Wyer 2014) impact their price calculations.

Our survey and focus group interviews for this report confirm that Canadian consumers understand the advantages of unit pricing. The research demonstrated that some consumers understand that for the most part retailers in Canada offer it as a voluntary “value-added” service to their customers to help them make price comparison decisions. The frustration arises when retailers do not take their own “value added” service seriously and allow cluttered, inconsistent, inaccurate and difficult-to-read shelf labels and fail to provide basic education on unit pricing to their consumers. This appears to be the case whether the programs are operated voluntarily or are regulated, as is the case in Quebec. Research by the Quebec consumer group Option consommateurs concluded that Quebec retail stores fared only slightly better than Ontario retailers in terms of providing acceptable and appropriate unit price shelf labelling (Decary-Gilardeau 2010). However, it should be noted that unit pricing is available to Quebec consumers in a far greater array of retail settings in that province such as liquor stores and chain convenience stores.

Canadian consumer organizations – the Consumers Council of Canada and Option consommateurs – have made recommendations for the national implementation of a unit price labelling program (“Food Product Information Labelling and Advertising – Canadian Consumer Group Issues and Solutions” 2013). Several U.S. reports point to similar inaccuracies and inconsistencies that serve to put consumers on their guard to find their own reliable back-up systems, or unreliable “rule-of-thumb” systems. A 2014 article in *Lifehacker* magazine details multiple issues of inaccuracies and concludes that consumers are much better off making their own calculations (Pinola 2014). After studying a variety of practices across the U.S., *Consumer Reports* called for universal standardized implementation in the United States (Unit Pricing Helps You Save n.d.).

Our focus groups revealed that consumer reactions to these frustrations are predictable. They will default to more complex or, in some cases, less demanding strategies, (Mitchell, Lennard, and McGoldrick 2003) which could include: buying sale price items only, using a mobile phone app or calculator, doing a mental calculation, carry magnifying glasses to read unreasonably small print of UP declarations, using rule of thumb estimates, guessing, doing nothing, purchasing known brands, buying the largest size, or shopping at a store that offers the level of price transparency that gives them the confidence of knowing when they get the lowest price among the product offerings they consider.



This shelf label is just wrong in so many ways.

Current Research Supports UP Both Consumers and Retailers

A great deal of research exists on unit pricing and consumer behaviour, as well as the benefits and challenges unit pricing presents for consumers who are seeking to compare prices within and between brands of similar types of products in various size offerings. Much of the research concentrates on consumer awareness, the actual usefulness of unit pricing to find lower priced goods, and the practicalities of optimum presentations (type height, readability, contrast, accuracy, appropriate units, etc.).

Some of the more current research focuses on benefits that can accrue to retailers that turn their attention to providing accurate and prominent unit pricing shelf displays. An apparent point of convergence arises between retailers and policy makers advocating for unit price regulation or voluntary codes. Roth and Himbert (2016) demonstrated that the availability of prominent unit pricing makes it easy for consumers to compare prices, increases their confidence in making informed choices, and increases the retailer's store price image. Weeks and Mortimer (2016) explore the advantages of unit pricing consumer education to improve consumers' ability to seek and find the lowest priced goods and the competitive advantage that may be gained by retailers who display unit pricing and offer consumer education. Sands and Oppewal (2015) report retailer education-focused events satisfy task-oriented consumers and improve retailer image. Yao and Oppewal (2016) suggest that time-pressured consumers benefit from unit pricing because it helps them find the lowest priced items faster, lowers the amount of time spent shopping, while retailers benefit from increased customer satisfaction and enhanced store image. Weeks (2018) shows that a range of factors drive choice decisions and that unit pricing is an important factor when consumers seek value. However, unit pricing does not ensure that consumers always buy the lowest cost items. Clear and effective unit price

information allows consumers to assess unit price ranges and, depending on several other variables, to choose the product that they believe yields the best value. Contrary to commonly held beliefs, consumers will often select mid-range unit priced products and re-invest savings back into their weekly grocery budget.

Policy Makers Endorse UP – Except in Canada

Apart from the unit pricing regulations administered and enforced by the Quebec Office de la protection des consommateurs, Canadian federal and provincial regulators and policy makers are silent on the subject except to mention unit pricing in communications products such as tip sheets on saving money on grocery shopping. Canadian retailers, governments and consumer organizations have done little to raise the profile of unit pricing as a cost saving measure or instruct them on what to look for and how to read the shelf labels, despite sound evidence that shoppers from all income levels that received unit pricing consumer education display progressively higher levels of savings (Weeks, Mortimer and Page 2016).

There is scope for the federal government to become more engaged in encouraging standardized and accurate unit pricing in Canada. As noted earlier, the federal Competition Bureau was engaged in grocery shelf pricing matters in the 1990s by sponsoring an industry voluntary code on scanner price accuracy. This voluntary code provides a mechanism for consumers to seek redress if they find the shelf price sticker is lower than the scanned price at checkouts. The Scanner Price Accuracy Voluntary Code is now administered by the Retail Council of Canada in collaboration with the Neighbourhood Pharmacy Association of Canada and the Canadian Federation of Independent Grocers, and is endorsed by the Competition Bureau (“Scanner Price Accuracy Code” n.d.). The stated purpose of the code is to: demonstrate retailer commitment to scanner price accuracy; provide retailers with a consistent national framework for dealing with scanner price accuracy issues; and provide the retail industry with a formal redress mechanism to deal with

scanner price accuracy consumer complaints. While the Code is an important example of the potential for government and multi-stakeholder engagement to improve pricing accuracy and transparency on a national level, it would be a less-than-ideal model to follow to improve unit price accuracy. The Code puts the onus on time-pressed consumers to note the shelf price and watch the scanner price at checkout to discern discrepancies between the shelf price and scanner read-out for each product scanned. The consumer also has to be aware that the store is a member of the RCC code program and has to be well informed of redress options. The RCC does not report on the effectiveness of the Code (numbers of incidents, results of monitoring and oversight, monetary value of consumer redress) and it is unclear what the endorsement by the Competition Bureau implies in terms of compliance and oversight.

There is also potential for Measurement Canada to engage more heavily in price accuracy surveillance. In several U.S. states price accuracy verification is carried out by weights and measures authorities while doing cyclical inspections in retail stores to verify retail scale accuracy and the accuracy of net quantity declarations on packaged products.

Unit pricing has been regulated by the Australian Competition and Consumer Commission (ACCC) since 2009 (“Unit Pricing Code” 2012). The largest Australian consumer organization CHOICE was instrumental in advocating for the regulations and are currently active in consumer education, monitoring compliance and ensuring the ACCC stays aware of retail industry compliance performance (“Be a Unit Pricing Champion” n.d.). The Australian academic community has been strongly engaged in the assessment of consumer and retailer behaviour as related to unit pricing programs.

The 1998 European Union directive imposed a general obligation on EU member states to indicate the selling and unit price, with the rationale that it “... contributes substantially to improving consumer information, as this is the easiest way to enable consumers to evaluate and compare the price of products in an optimum manner and hence make informed choices on the

basis of simple comparisons”.³ The obligations are general in nature and allow member states a number of flexibilities on matters such as the types of products to be unit priced and the retail establishments that may be exempted due to their nature or size.

Currently, in the United States, 19 states and two territories have unit pricing laws or regulations in force. Eleven of these states have mandatory unit pricing provisions. In 2011 the National Institute of Standards and Technology (NIST) developed a uniform best practices guideline to assist retailers working with voluntary or mandatory UP systems. NIST (Sefcik 2014) also works with regulators and consumers to update the guideline, track states that have incorporated the guideline into their unit price regulations. NIST also publishes a guide to U.S. pricing laws and regulations by state (Chavez 2010).

³ Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on Consumer Protection in the Indication of the Prices of Products Offered to Consumers the Indication of the Prices of Products Offered to Consumers,

VII

Time for a National Approach?

Whether UP systems are mandatory or voluntary, common and persistent problems that threaten the effectiveness of UP are lack of retailer accountability, leading to unclear, inconsistent and, at times, misleading representations. The most serious issues are inaccurate information and lack of consumer education – two critical elements requiring correction in order to optimize effectiveness and gain consumer confidence.

Little appetite has been demonstrated by Canadian governments or retailers to implement a national approach towards improving the quality of UP systems, to enhance the benefits realized by consumers and business from marketplace fairness (increased price accuracy) and efficiency (consumers making more informed choices).

With adequate funding, consumer groups could be important stakeholders in a comprehensive national approach by working with other grassroots organizations to help develop and deliver educational materials for vulnerable consumers. They could play an important role in monitoring retail pricing trends and promoting best practices.

Based on the survey conducted as part of this research, focus group interviews and literature searches, some options for a path forward may include the following.

A Canadian Federal-Provincial Approach Based on Standards

Pricing policy in Canada is the domain of provinces but price accuracy is a shared responsibility among the provinces and federal agencies such as the Competition Bureau and the Canadian Food Inspection Agency. All provincial consumer protection agencies and certain federal agencies are members of the Consumer Measures Committee (CMC), led by Innovation, Science and Economic Development Canada, which is the de facto federal consumer ministry and permanent co-chair and secretariat of this committee. The following is a brief description of its duties and functions:

“The Consumer Measures Committee (CMC) provides a federal-provincial-territorial (FPT) forum for national cooperation to improve the marketplace for Canadian consumers. The committee is made up of representatives from the federal government as well as every province and territory. They work on harmonizing laws, regulations and practices, as well as raising public awareness on consumer protection issues.

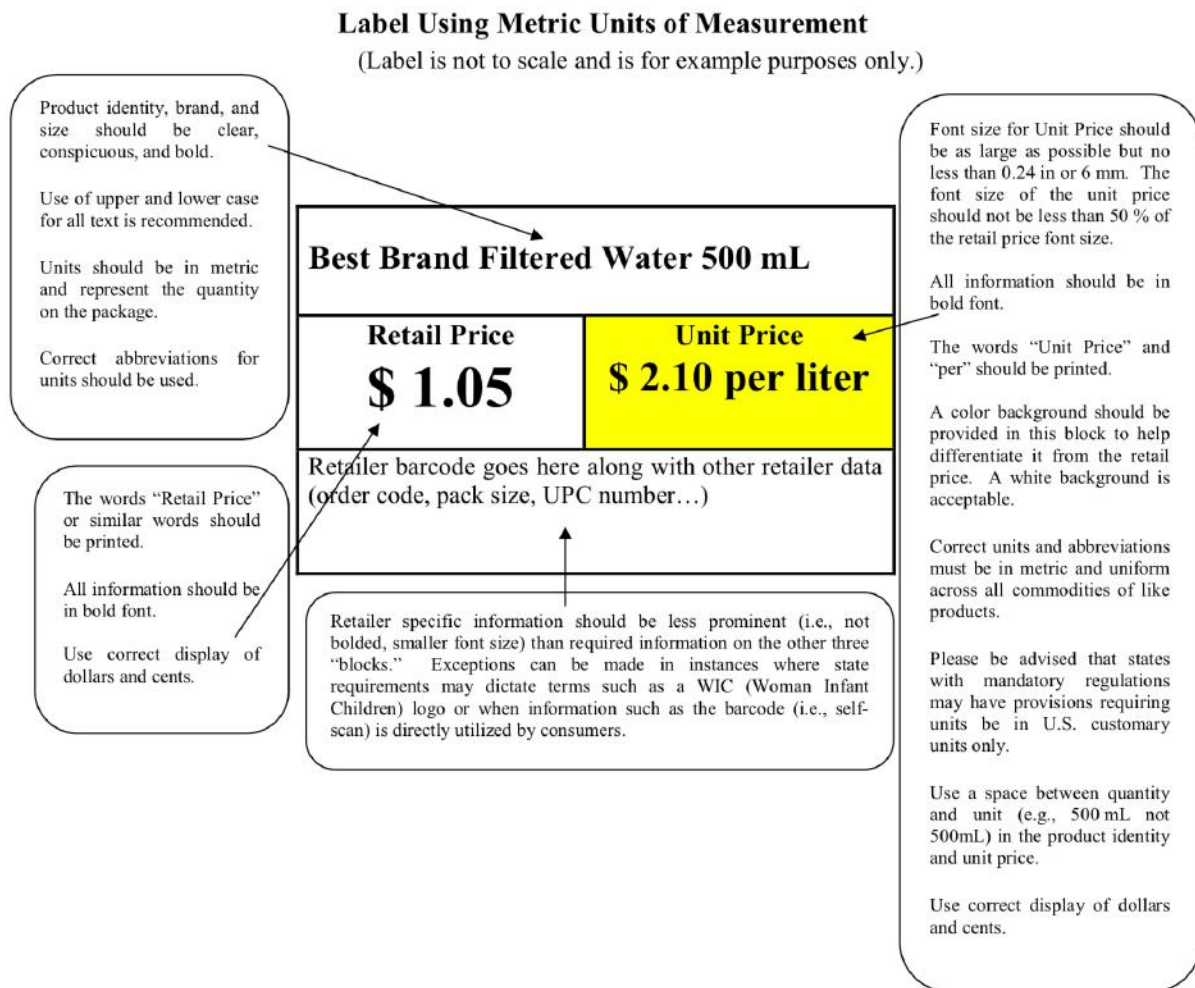
The CMC was originally created under the 1995 *Agreement on Internal Trade* (1995 AIT) to cooperate and improve efficiencies for consumers. On July 1, 2017, the [Canadian Free Trade Agreement](#) (CFTA) replaced the 1995 agreement.”

A federal/provincial initiative to develop a general national approach to promoting harmonization and standardization of unit pricing for all Canadians would appear to be well within the remit of the CMC.

In addition to this, the Standards Council of Canada participated in the development of an international ISO standard on unit pricing that was recently published in 2018 (Naden 2018). The standard, ISO 21041:2018 “Guidance on Unit Pricing” is intended to improve the accuracy and usability of unit pricing for consumers. It offers retailers, policy makers and other stakeholders guidance on best practices for providing and displaying unit pricing for products. A document of this nature, in combination with other guidance standards such as the U.S. National Institute of Standards and Technology (NIST) special publication SP1181 “Unit Pricing Guide – A Best

Practice Approach to Unit Pricing” (2015), would form a solid foundation of resource material for any national approach contemplated by the CMC.

The graphic below from NIST describes where and how unit prices can be displayed in a clear, prominent, conspicuous and non-deceptive manner. Shelf labels displayed in this manner would conform with NIST and ISO voluntary standards.



Do Nothing

Despite the fact that only one province in Canada regulates unit pricing, our survey and focus groups found that major retailers implement some form of

unit pricing on a voluntary basis across Canada. This indicates that retailers have invested in and have access to the core technology and best practices needed to provide unit pricing for their customers. Research in this report and other sources indicate that consumers will use unit pricing when it is offered in clear, concise, readable format and when they understand how to apply it. But when there is a high degree of mistrust regarding accuracy and there is lack of clarity or transparency on the shelf label, they revert to their default behaviours to find the lowest prices as part of their decision-making process. Maintaining the status quo is a suboptimal option for retailers which are not achieving maximum benefits (customer satisfaction and loyalty) from their investment in unit pricing (including in particular retailers that are employing unit pricing best practices), and for consumers whose default behaviour may be no better than guessing the lowest price.

Promote Consumer Awareness and Improve Accuracy of Information

Consumers may more successfully navigate current shortcomings resulting from lack of uniformity and confusing presentation if they understand how to use unit pricing and have some confidence that shelf labelling representations are accurate. Studies cited in the previous chapter (Weeks 2016) indicate that consumers can save significant amounts of money through minimal training on how to read and understand unit pricing. Canadian consumer organizations, retailers and governments can all play a role in raising the profile of unit pricing as an aide in making informed decisions by providing short training programs.

Building consumer confidence that unit price shelf labels are accurate is somewhat more complex. The previously mentioned Retail Council of Canada's Scanner Price Accuracy Code, which was designed, in part, to build consumer confidence in scanner price accuracy, might be a model for helping to ensure accuracy of unit price representations. However, the Code's

procedures place the onus on consumers to double-check pricing accuracy, report the error and seek redress. It is overly time consuming and impractical as a measure to support unit price label accuracy. A more practical approach might be a partnership with consumer organizations and federal/provincial consumer protection agencies to be watchdogs for price misrepresentation. The Australian consumer organization CHOICE “Be a Unit Pricing Champion” (“Be a Unit Pricing Champion” n.d.) initiative could provide a best practice model to consider as a means of encouraging retailers to be more vigilant in unit price label accuracy. Ultimately, material misrepresentations are enforceable by provincial and federal consumer protection laws. Some types of price representations that result in overcharges to consumers may be examined under the federal *Competition Act* enforced by the Competition Bureau. The Bureau regards retail scanner price accuracy as an important element in maintaining consumer confidence but has not offered its views specifically on the accuracy of unit price representations at either specific retailers or across Canada (“Price-Related Representations” 2005).

U.S. Approach (regulation, voluntary, semi-standardized NIST)

The Canadian retailer approach to unit pricing is much the same as the U.S. one, in that most retailers implement voluntary programs, but some must comply with state regulations. Like Canadian retailers, U. S. retailers with national operations may base their voluntary programs on criteria required for their operations in states that mandate unit pricing. However, U.S. governments take extra steps to provide best practice guidance and help states interested in mandatory UP regulations to incorporate model laws by reference using the NIST guidance materials (Sefcik 2017). In addition, many state weights and measures authorities verify price accuracy in retail grocery stores in addition to their duties verifying scale accuracy and the accuracy of net quantity statements on store-packaged commodities.

Canadian weights and measures regulators (Measurement Canada inspectors or authorized service providers) limit their inspections to checking scale and measuring device accuracy (“Accuracy: It’s Your Responsibility” n.d.). Canadian Food Inspection Agency inspectors may verify the accuracy of net quantity statements on retail packaged products. Because these two agencies still maintain a presence in retail grocery stores, they would be the most logical entities to carry out price accuracy verification (unit pricing representations and scanner code accuracy) should pricing accuracy become a priority of the federal government.

Australian Approach (regulation, consumer organization oversight)

Australia is perhaps the most vigilant of all advanced economies in regulating unit pricing and monitoring its effectiveness. Since the unit pricing mandatory code of practice came into effect in 2009, government and consumer organizations have monitored implementation and found shortcomings similar to those in other jurisdictions where unit pricing is provided voluntarily. A 2018/19 review of the Code is underway with some consumer organizations (“Consumers’ Federation of Australia” 2019) recommending expansion of the requirements and its application to a greater number of retail stores, such as pharmacies and non-food retailers (hardware, pet food).

Such a model would be challenging to implement in Canada. No national authority exists to require an all-provincial and territorial adoption of a unit pricing law. In addition, most jurisdictions are focusing on de-regulation and ‘red-tape’ reduction. Recommending unit pricing regulations at this time may seem to some at cross purposes to these objectives, even though it could reduce complexity for retail consumers. However, the desire to keep things simple for business need not preclude government, retailer and consumer organization collaboration to encourage improvements in voluntary programs,

improve consumer education or promote consumer expectations for good quality service by retailers.

Australia's progress in promoting unit price shelf labelling through research, consultations, rules and advocacy is worth considering as a supplement to the knowledge base provided by existing best practices laws and guidelines.

EU Approach (general directive with maximum flexibility)

The 1998 European Union directive imposed a general obligation on EU member states to indicate the selling and unit price, with the rationale that it "... contributes substantially to improving consumer information, as this is the easiest way to enable consumers to evaluate and compare the price of products in an optimum manner and hence make informed choices on the basis of simple comparisons".⁴ The obligations are general in nature and allow member states a number of flexibilities on matters such as the types of products to be unit priced and retail establishments that may be exempted due to their nature or size.

This general approach of setting principles and guidelines and benchmarking best practices would be a reasonable approach for Canada, because it allows jurisdictions the flexibility of introducing unit pricing in ways that take into account consumer and retailer preferences unique to the region. Unlike the EU, there is no political or legal mechanism in Canada to allow issuance of directives on pricing practices that would require provincial/territorial adoption. Nonetheless, the potential to create and promote adoption of a national standard on unit pricing within Canada is well within the remit of federal and provincial consumer agencies.

⁴ Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on Consumer Protection in the Indication of the Prices of Products Offered to Consumers

VIII

Answers to the Research's Key Questions

What are consumer attitudes and experiences related to unit pricing on purchases, particularly on in-store transactions but also e-commerce transactions?

This research, as well as past and current literature, demonstrate that there is strong consumer preference for unit pricing in-store and for e-commerce if it is available in a format that is clear, distinct, accurate, and expressed in units that are meaningful and relevant. There is evidence that a certain amount of consumer training is needed to ensure all consumers understand how to find unit price information and use it to compare prices. Recent literature demonstrates that consumers will reward retailers who display the unit price prominently, and that consumers will add the unit price information to other information to make a purchasing decision that may or may not result in them buying the lowest cost item.

How do they compare prices within and between brands in the absence of unit pricing labelling?

Consumers employ a variety of tools to compare prices in the absence of unit price labelling including: using calculators, phone apps, pen and paper

calculations, buying on-sale items only, buying the larger size, choosing the lowest priced item (usually the smallest size), and simply guessing. The focus groups revealed that consumers employ these techniques regularly even when unit pricing is available if they have low confidence in the store's ability to provide accurate, readable information.

What are the resolutions to lack of universal access to unit pricing?

Canadian consumers from across the country felt comfortable commenting on the quality and effectiveness of unit pricing labelling in their jurisdictions. From this reaction one could easily assume that unit pricing is already accessible to Canadians – at least in areas serviced by national grocery chain stores. Nonetheless, consumers believe that efforts should be made by retailers and governments to ensure all Canadian consumers have access to unit pricing in a format that is readable, clear and accurate. Resolutions include: consumer education (delivered mostly by retailers but with assistance from governments and consumer groups) to help consumers understand unit pricing and how to apply it; retailer and government focus on accuracy of price representations; governments promoting a national standard for unit pricing based on existing NIST or ISO best practices guidance documents, and; provincial consumer ministries introducing unit price regulations.

How satisfied are they with voluntary pricing policies (access, accuracy, prominence, readability)?

Consumers express a high degree of satisfaction when accurate unit pricing is available but are often dissatisfied with the manner in which the information is presented – whether the representations are made voluntarily or due to regulatory requirements (Quebec). This may be a strong indicator

that the monitoring and quality control of unit price representations is a low priority for Canadian retailers and governments alike.

What demographic information influences those answers?

Quebec respondents demonstrated slightly stronger satisfaction with unit pricing in the National Panel survey. This could be due to the fact that unit pricing is required by law in Quebec and that a wider array of consumer food and other products such as alcohol and pharmacy products bear unit price representations. However, Quebec English and French focus group panelists expressed very similar responses as panelists from other provinces with regard to their dissatisfaction with retailers who make little effort to ensure the information is prominent, clear and accurate.

More generally, responses in the national web panel survey did not vary greatly across demographic groups based on age, education, income, province/region and other personal characteristics. The one exception that could be important to the design of unit pricing improvements and related consumer education programs is younger people between the ages of 18 and 24 who: (i) reported somewhat less sensitivity to prices, and greater use of rules-of-thumb, compared with other age groups; (ii) placed somewhat less importance on retailers following unit price information best practices and following a pricing information standard/voluntary code of conduct, for unit pricing; and (iii) reported somewhat less interest and support for unit price information on online sales and extending unit pricing laws and regulations to the other nine provinces.

How do other advanced economies address unit pricing?

Unit pricing practices in other advanced economies in Europe, the United States and Australia pay greater attention to encouraging uniform standards

for unit pricing by means of regulations or voluntary programs that follow best practices guidelines. European countries and Australia have a much higher degree of consumer and government engagement in initiatives to encourage accurate and clear unit price representations. More detail on specific programs can be found within this report.

Are there viable alternatives to at-a-glance unit pricing shelf and advertising information?

Focus group panelists discussed various 'back-up' systems they use to find the lowest cost items (i.e, rules-of-thumb, buying on-sale or the largest sized item, mental math, etc.) but none reported alternatives that matched the convenience of seeing the shelf label with unit price representation in close proximity to the price and product description. While panelists were not asked directly about alternatives, some did note that unit pricing is not a satisfactory method of price comparison in all cases – in particular when comparing concentrated products (e.g., concentrated orange juice or concentrated laundry detergent) with reconstituted or un-concentrated products in the same category. The seeming impossibility for retailers to provide useful unit pricing for bathroom tissue was mentioned by panelists at every focus group session. The subject of reframing price labelling to provide consumers with more useful comparative information has been raised by researchers and some consumer organizations. Some consumer groups have called for more 'usage-based' unit pricing which allows consumers to compare prices based on price-per-serving, or price-per-recommended use (Shirai, 2017).

How are voluntary programs monitored and performance assessed?

Researchers for this report were unable to find evidence that voluntary unit pricing is routinely monitored and its effectiveness assessed. Findings from

the survey and focus group interviews indicate that consumers strongly support and appreciate the voluntary programs, but have concerns about accuracy and the manner in which unit pricing is shown. There are many indicators that monitoring and performance assessment of unit pricing representations is a low priority for retailers and governments. Vigilant consumers appear to be prepared to apply alternative means to find the lowest prices if they mistrust the shelf label, but this works less well for the time-pressed (hurried) and more vulnerable consumers who will tend to default to rule of thumb or other unreliable methods.

What technical, cost, administrative challenges do retailers face on implementing a unit pricing system?

Researchers for this report found no evidence of cost breakdowns by Canadian retailers or the Quebec Government for implementing voluntary or mandatory unit pricing systems, nor is there evidence of cost-benefit analysis and performance measurement of either voluntary or mandatory systems.

The most recent benchmark to indicate potential costs and benefits is the experience of Australia's implementation of the mandatory Retail Grocery Industry (Unit Pricing) Code of Conduct prescribed under the *Competition and Consumer Act, 2010* (CCA) and administered by the Australia Competition and Consumer Commission ("Unit Pricing Code" 2012). The Code's performance was reviewed in 2012 and a recent review was launched in November 2018 to determine its effectiveness and whether it would continue to be in force ("Review of the Retail Grocery Industry (Unit Pricing) Code of Conduct" 2018). The Code is scheduled to sunset on 1 October 2019 unless legislative action is taken to continue its operation.

Estimated total cost of implementation of in-store and online unit pricing during the post implementation assessment (2010-2012) for major retailers representing 87% of the market share was \$27 million. Ongoing compliance costs were expected to be low. However, the report also notes that: "While

there were some costs for some businesses in order to implement the unit pricing requirements, some grocery retailers had already implemented, or were in the process of implementing unit pricing schemes prior to its formal introduction. The mandatory scheme ensured that unit pricing had been implemented consistently and created a mechanism for that consistency to be enforced.” In sum, for many Australian retailers, investments in unit pricing were seen as a normal cost of doing business and remaining competitive with other retailers.

What are the implications of voluntary systems versus mandatory systems on consumers?

The key benefits and expected results of mandatory systems are that the terms and conditions are standardized (regarding e.g., which retailers are subject to or exempt from the requirements, the type of products subject to labelling, and the method of display and presentation), and there is greater incentive to employ compliance monitoring and consumer training. However, retailers, governments and consumer organizations could work together to develop a national code of practice based on existing standards (Quebec’s current law, the Australian Code, ISO or NIST standards) with potentially the same impact, but at a lower cost to consumers and taxpayers.

What efforts are made by government and retailers to inform consumers on how to read unit pricing information?

Researchers for this report found no evidence of specific programs sponsored by Canadian retailers or governments to provide detailed information on where to find, and how to use unit pricing information. Non-government organizations and consumer groups offer the most detailed information – most frequently in education programs on budgeting.

What are the important considerations for policymakers?

Apart from the Province of Quebec, Canadian policymakers are silent on the matter of government involvement in promoting mandatory or voluntary unit pricing. This is in contrast to governments mentioned in this study – the United States, the European Union and Australia, where governments are actively engaged in either regulating or developing best practice standards. Researchers for this project attempted to contact federal and provincial consumer ministries via the Consumer Measures Committee which is coordinated by the Office of Consumer Affairs to discuss unit pricing policies, but received no response. Likewise, the Retail Council of Canada which represents the majority of grocery retailers in Canada declined to discuss this matter with the researchers.

What would be required to introduce mandatory standards or regulations to ensure consumers have ready access to unit pricing?

This research revealed that there is strong consumer preference for unit pricing and that consumers believe governments and retailers need to do a better job of providing standardized and accurate representations. However, consumers also expressed consistent views that this should not be a government priority and that they would not be willing to pay even slightly more for grocery prices or taxes to ensure governments and retailers simply 'do their jobs' and provide the information needed to help them make informed pricing decisions. It would be difficult to conclude that optimal conditions exist for mandatory regulations in this environment where governments and retailers appear to be indifferent and consumers who want better service are willing to discipline retailers that do not provide it.

What are the challenges and arguments against making those changes?

Canada is out of sync with other advanced economies on requiring and/or promoting standardized and accurate unit pricing information. The greatest challenge to making changes appears to be government and retailer inertia and indifference. To their credit, large retailers do voluntarily provide some form of unit pricing information, but appear to be reticent to go all the way to adopting standards of presentation and accuracy that provide the most benefit to their consumers. Governments, except for the Province of Quebec, demonstrate no appetite to provide incentives for better unit price representations through policy alternatives such as consumer education, promoting industry codes of conduct, or drafting regulations.

Consumers continue to be price sensitive and prefer to have standardized unit pricing information available to them. Nonetheless, focus group responses in this study reveal that many consumers have come to somewhat accept current low retail pricing standards and inconsistencies which force them to adopt alternative, albeit more time-consuming, methods of finding the lowest price.

These challenges may be overcome through recognition that consumers, retailers and governments can all gain practical benefits from standardized unit pricing. Consumers will become more confident with their price evaluations and save time shopping. Retailers can gain consumer loyalty through improved store price image. Policymakers that promote and provide incentives for unit pricing may be assisting vulnerable consumer populations who are highly price conscious and rely on unit price prominence (Roth, 2017).

Conclusions

Consumers Use UP When Available, But Are Conditioned Not to Rely on It

Consumers make price comparisons using a variety of methods. Those methods (using a calculator, phone app, applying rule of thumb, always buying sale items, assuming largest size is always cheaper, guessing) will always be less convenient and often less reliable than an at-a-glance readable, accurate shelf label provided by the retail store. Consumers find unit pricing to be a desirable feature to help them make informed choices.

However, due to sporadic and unreliable retail practices they will not hesitate to default to personal “back-up” methods to find the lowest prices. They believe governments and retailers should use their existing resources to ensure that reliable and standardized unit pricing information is provided. They would not agree to small increases in taxes or grocery prices for governments or retailers to make these improvements.

Consumer Education A Key Factor

Effective unit pricing programs depend on good consumer education to reach intended objectives. Providing unit pricing, voluntarily or otherwise, unaccompanied by good consumer education is inefficient. Even simple, one-

page consumer education notices such as the one below can make a difference (Source of graphic and text below from C.S. Weeks et al. 2016).

“In the example (below), the two products look very similar on the shelf and have very similar overall shelf prices. Looking at the unit prices shows that the bottom one represents better value, with a cost saving of 13%. This information can help to inform the way you shop for groceries.”

Unit price shows this packet costs \$1.70 per 100grams

\$2⁹⁸

**Doritos Corn Chips
Supreme Cheese
175gram**

\$1.70 per 100g

787 9934
12 70 1335

\$2⁹⁵

**CC's Corn Chips
Nacho Cheese
200gram**

\$1.48 per 100g

800 6780
12 14 1335

Unit price shows this packet costs \$1.48 per 100grams

Consideration needs to be given to how a consumer education program could be conducted and implemented. One approach would be to contract a consortium of consumers associations to prepare the program under the auspices of the federal/provincial Consumer Measures Committee (CMC) and the Retail Council of Canada, with joint funding from the public and private sectors. The CMC and consumer groups would then have joint responsibility

for oversight and monitoring of consumer education implementation by retailers and other parties such as federal and provincial consumer agencies.

Low Income Consumers Benefit from UP







Consumers of all income levels respond well to clear, accurate unit pricing and minimal but continuous training on how to use unit pricing to find the lowest prices. Low income and other more vulnerable consumers may be the greatest beneficiaries (Weeks et al. 2019 and Isakson and Maurizi 1973).

Something is Better Than Nothing

Deficiencies in terms of accuracy and legibility appear to be prevalent whether unit pricing programs are mandatory or voluntary. A survey commissioned by the Australian Competition and Consumer Commission covering 400 stores with 100 mystery shoppers revealed that 47% of online retailers were not complying with the government's mandatory Code of Conduct for unit pricing, and that shoppers found various errors in stores including use of incorrect unit items, inaccurate unit price representations and lack of prominence and legibility (Bogomolova and Jarratt 2016). See examples below of some Canadian online retail product and price displays.

The key benefits of mandatory programs appears to be that a wider array of food and non-food products will bear unit pricing, and there is greater government and business accountability. Given the unwillingness of Canadian governments to introduce regulation in this area, voluntary unit price information is better than no information.

Unit Pricing: Time for a National Approach?: Conclusions

 <p>PRICE DROP</p> <p>QUAKER INSTANT REGULAR OATMEAL</p> <p>☆☆☆☆☆</p> <p>\$3²⁹ / Pkg of 12</p> <p>ADD TO CART</p>	 <p>PRICE DROP</p> <p>QUAKER INSTANT OATMEAL 5 FLAVOUR VARIETY PACK</p> <p>☆☆☆☆☆</p> <p>\$3²⁹ / Pkg of 10</p> <p>ADD TO CART</p>	 <p>BOBS RED MILL 5 GRAIN ROLLED CEREAL WITH FLAXSEED</p> <p>☆☆☆☆☆</p> <p>\$3⁶⁹ / 453g</p> <p>ADD TO CART</p>
 <p>NATURE'S PATH ORGANIC APPLE CINNAMON HOT OATMEAL</p> <p>☆☆☆☆☆</p> <p>\$4⁹⁹ / 400g</p> <p>ADD TO CART</p>	 <p>MCCANN'S QUICK COOKING IRISH OATMEAL</p> <p>☆☆☆☆☆</p> <p>\$6⁴⁹ / 454g</p> <p>ADD TO CART</p>	 <p>QUAKER QUICK OATS</p> <p>☆☆☆☆☆</p> <p>\$4⁴⁹ / 1kg</p> <p>ADD TO CART</p>

Canadian online retailer Grocery Gateway's inconsistent units of measure

Unit Pricing: Time for a National Approach?: Conclusions



Sponsored ⓘ

365 Everyday Value Organic Instant Oatmeal Original, 1.41 oz, 8 Count

★★★★★ ~ 6

CDN\$5⁶⁹ (CDN\$ 0.50/Ounce)

Save 5% more with Subscribe & Save

✓prime Get it by **Tomorrow, May 23**
FREE Shipping on orders over CDN\$ 35 shipped by Amazon



Sponsored ⓘ

365 Everyday Value Organic Old-Fashioned Rolled Oats

★★★★★ ~ 16

CDN\$7⁹⁹ (CDN\$ 0.19/Ounce)

✓prime

FREE Shipping on orders over CDN\$ 35 shipped by Amazon
Usually ships within 1 to 2 months.



Instant Quaker Oats Quaker Protein Triple Berry Instant Oatmeal, 228g

★★★★★ ~ 15

CDN\$2⁹⁹ (CDN\$ 0.01/Grams) €DN\$3-99

Add-on item Add to a qualifying order to get it by **Tomorrow, May 23**
FREE Shipping on eligible orders



365 Everyday Value Organic Old-Fashioned Rolled Oats, 18 oz

★★★★★ ~ 22

CDN\$4⁹⁹ (CDN\$ 0.28/oz)

Save 5% more with Subscribe & Save
Add-on item Add to a qualifying order to get it by **Tomorrow, May 23**
FREE Shipping on eligible orders

Amazon Canada's inconsistent presentation of units of measure

Unit Pricing: Time for a National Approach?: Conclusions



Quaker Apples & Cinnamon Instant

18 x 33g; 594G

★★★★★ 2 Reviews

80¢/100g

\$4.78



Nature's Path Qi'a Hot Oats Creamy Coconut

6 Packets

★★★★★ 2 Reviews

\$1.74/100g

\$3.97



Robin Hood 100% Whole Grains Quick Oats 1kg

1 Kg

★★★★★ 1 Review

30¢/100g

\$2.97



Cream of Wheat Stove Top 3 Minute Original Hot

800 g

★★★★★ 1 Review

1¢/each

\$2.97

Walmart Canada's online mix of unit-measure and -serving pricing

Governments, Retailers Appear Indifferent to UP's Value to Consumers

High levels of non-compliance where unit pricing is mandatory (Quebec and other countries) indicate that governments place a low priority on compliance in this area. No initiatives by provincial or federal consumer ministries appear to exist to encourage unit pricing. Retailers appear to be indifferent to providing standardized voluntary unit price labelling, though some offer better signage than others.

This research demonstrates that governments and retailers are out of sync with consumer needs and expectations. Many consumers are choosing ways to shop that offer choice and information about product characteristics and prices. An efficient use of retailer and government time and effort would be to do whatever may be necessary to support their purchasing decisions.

A National UP Approach Does Not Automatically Mean Harmonized Provincial Regulation

This research demonstrates that Canadian consumers express unwillingness to pay extra in taxes or grocery prices to receive more accurate and standardized unit pricing information, but believe that governments and retailers should do more using existing resources to ensure it is provided in standardized format across the country. The fact that many retailers voluntarily provide unit price labelling indicates that they have the desire and technical ability to provide greater price transparency. This bodes well for further initiatives on the part of retailers, possibly in collaboration with governments and consumer organizations, to take the next step to voluntary standardization on a national level.

Guidance for Retailers and Governments for Implementing an Effective UP program is Readily Available

There is a wealth of literature supporting the benefits of unit pricing for consumers, retailers and policy makers. In addition, there exist well-researched, up-to-date, guidance materials and best practice recommendations from credible standards organizations that retailers and governments can access should they wish to implement effective, standardized unit pricing programs across the country.

Recommendations

Intergovernmental Cooperation

Federal and provincial governments should consider collaborating with Canadian retailers to explore methods to help ensure consumers have unit pricing information available, and that they understand how to use the information to make informed purchasing decisions. Implementation of the Scanner Price Accuracy Code demonstrated that governments can work in tandem with a variety of stakeholders to implement programs designed to improve price transparency and accuracy.

Better Use of Existing Powers and Infrastructure

Provincial consumer ministries can contribute to better consumer access to unit pricing by direct regulation (as in Quebec), implementing mandatory codes of conduct, and providing consumer education. In the absence of, or in addition to, provincial government initiatives, the federal Competition Bureau and Measurement Canada can provide assistance in assuring that unit price labelling is accurate and not misleading. The Competition Bureau initiated the *Scanner Code of Price Accuracy* and can engage itself again to provide its assistance in a multi-stakeholder approach to encouraging accurate and effective unit price labelling throughout Canada. Measurement Canada has jurisdiction over accurate price representations as they relate to the quantity

of product under the *Weights and Measures Act*. Its inspectors who verify the accuracy of retail scales and net quantity declarations on certain retail commodities during regular inspections, can enter into agreements with other government ministries to monitor unit price shelf labelling and scanner code price accuracy.

Retailers

Recent research, including the research in this report, indicates that retailers have everything to gain by implementing uniform, transparent and accurate unit price shelf and online labelling and educating their consumers how to effectively use unit pricing information.

National Standard

Retailers should consider adopting a national standard code of practice (see NIST and ISO examples) for unit price labelling to ensure predictable, accurate and uniform shelf labelling for both food and non-food retail consumer products and for e-commerce advertising.

Industry Self-regulation

In the absence of regulations or the adoption of voluntary guidance/best practice standards, retailers, through their representative organizations, can take it upon themselves to design and implement a self-regulatory program based on a “price accuracy and transparency code of conduct”. The objective would be to reduce misleading and false pricing representations in the industry, maintain consumer confidence and trust and provide consumers with the pricing education they need to make informed decisions.

Non-Government Organizations

With appropriate funding, consumer groups, anti-poverty groups and other consumer-facing non-government organizations could provide assistance to governments and other stakeholders in informing consumers about the utility

of unit price shelf and online labelling. Many of these groups that counsel low income consumers and/or provide credit and budgeting advice already distribute guidance materials on this subject.

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XI

Appendices

Appendix A

Public Survey Questions

SCREENING QUESTIONS

Thank you for agreeing to participate in our online survey. Please be assured that all information you provide here will be kept entirely confidential. This survey will take approximately **10** minutes to complete and your opinions on the matter are highly appreciated!

The survey is best completed on a computer or a tablet. If you are completing this survey on a smart phone, please turn the device to landscape (horizontal/sideways) mode so that all questions display correctly.

Please proceed (or CONTINUE button)

DOB1. What is your year of birth?

Select one response

Select Year (drop down _1917 ... _2010)

If 18yrs+ continue, otherwise thank and terminate

37. What is your province of residence?

01 Newfoundland and Labrador [Allow English only]

02 Prince Edward Island [Allow English only]

03 Nova Scotia [Allow English only]

04 New Brunswick [Allow English or French language of interview selection]

- 05 Quebec [Allow English or French language of interview selection]
- 06 Ontario [Allow English or French language of interview selection]
- 07 Manitoba [Allow English or French language of interview selection]
- 08 Saskatchewan [Allow English only]
- 09 Alberta [Allow English only]
- 10 British Columbia [Allow English only]
- 11 Other

**IF SELECTED A PROVINCE (CODES 01 - 10 AT Q.37) CONTINUE,
OTHERWISE TERMINATE**

J. Do you identify as male or female?

Select one response

Male 1

Female 2

IND. Is anyone in your household employed in any of the following areas:

Select one response for each

Randomize		Yes	No
<input type="checkbox"/>	Food Retail	0	0
<input type="checkbox"/>	Provincial Government	0	0
<input type="checkbox"/>	Federal Government	0	0
<input type="checkbox"/>	Retail general merchandise (non-food)	0	0
<input type="checkbox"/>	Food and Consumer Products Associations	0	0
<input type="checkbox"/>	Internet and Communications Technologies	0	0
<input type="checkbox"/>	Research/Academics	0	0
<input type="checkbox"/>	Manufacturing	0	0

continue TO SURVEY...

SECTION 1: UNIT PRICING STUDY
GEN POP (18 YRS+) [N of 2000]
NATIONAL

A unit price is the price of the product declared at a standard unit of measurement (e.g., price per 100 grams or price per 100 millilitres).

Canadian consumers will see unit prices displayed on some grocery store shelf labels below the product display. These shelf labels also declare the retail price and weight declaration of the packaged food product.

This information gives the consumer the ability to immediately compare prices when there are several sizes of the same type of packaged food products offered for sale. For example, when consumers see the unit price (e.g., \$0.48 per 100g) they will know immediately, without having to do a calculation, whether the price of the product is higher or lower by comparing it with the unit price of other similar products.

Here are examples of common shelf labels displaying unit price information.



Widespread introduction of unit pricing labelling practices in most advanced economies took place over 40 years ago, yet the majority of Canadian consumers still do not have access to reliable unit pricing information to assist them in making informed purchasing decisions.

Quebec is the only province in Canada that requires unit pricing by regulation. Retailers in other provinces and territories provide unit pricing information on a voluntary basis, or not at all.

This section addresses consumer attitudes and experiences related to unit pricing on purchases, particularly on in-store transactions but also e-commerce transactions.

Q1 How important is it to you to get the lowest price when you buy prepackaged food products in your grocery store?

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:
1) SHOW ORDER FROM 'NOT AT ALL MPORTANT' TO 'VERY IMPORTANT (1-4)
2) SHOW ORDER FROM 'VERY IMPORTANT' TO 'NOT AT ALL IMPORTANT' (4-1)

- Not at all important
- Not very important
- Somewhat Important
- Very important

Q2 Do you always buy the same brand or do you vary brands or choose generic (no brand name) packaged food products according to price?

Select one response

- Always buy same brands regardless of price
- Buy a variety of brands or generics depending on price

Q3 Do you actively compare packaged food prices within the same brand? For example, a500 ml, 750 ml and 1 litre bottles for the same brand of ketchup.

Select one response

- Always choose the same size of the same brand regardless of price

- Will choose a different size within the same brand if it is on sale
- Will compare prices between sizes within the brand and choose the lowest priced offering

Q4 Do you actively compare prices of the same prepackaged product type between brands? For example, a 500 ml, 750 ml and 1 litre bottles of several brands of ketchup. You are most likely to:

Select one response

- Always choose the same size regardless of the brand or price
- Will choose a different size than usual if it is on special and it is obvious it is a much better price than the others
- Will compare prices between sizes and brands of the same product type and choose the lowest priced offering.

Q5 When you compare prices, how do you determine which size is the lowest price?

Select all that apply

Randomize

- Rule of thumb (e.g., largest size is nearly always cheaper, or the largest size of my preferred brand is always cheaper)
- Products on sale are always the lowest price
- Use a calculator to divide the price by the size to determine the unit price (e.g., \$4.89 divided by 750 ml = \$0.00652 per ml, or \$0.65 per 100ml).
- Do the math mentally
- Read the shelf label if it displays a unit price for each size offering
- Don't care about the price [SHOW LAST – EXCLUSIVE]

Q6 When information on unit pricing labelling is available, do you find that this information is:

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

1) SHOW ORDER FROM 'VERY HELPFUL' TO 'UNHELPFUL AND CONFUSING' (1-4)

2) SHOW ORDER FROM 'UNHELPFUL AND CONFUSING' TO 'VERY HELPFUL' (4-1)

- Very helpful
- Somewhat helpful
- Not helpful
- Unhelpful and Confusing.

Q7 [IF MENTIONED UNHELPFUL AND CONFUSING (CODE 4 AT Q.6); ASK:] You answered Unhelpful and Confusing, please indicate the major reasons for your answer.

Type response below

This section addresses unit pricing policies practiced by retail grocery stores and governments.

Q8 Retail stores that display unit pricing of packaged food on their shelf labels make it easier for consumers to compare prices within and between brands. Should all grocery stores follow this practice?

Select one response

- Yes, consumers should have access to this information without having to do a calculation to determine which size is the lowest price
- No, consumers can figure this out for themselves
- Don't know

Q9 [IF 'YES' AT Q.8; ASK:] How likely would you be to pay slightly more for your packaged food products to have unit pricing information made available to you?

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

1) SHOW ORDER FROM 'VERY LIKELY' TO 'NOT AT ALL LIKELY' (1-4)

2) SHOW ORDER FROM 'NOT AT ALL LIKELY' TO 'VERY LIKELY' (4-1)

- Very likely
- Somewhat likely
- Not very likely
- Not at all likely

Q10 Some consumers are also known to compare prices of different sizes of similar non-food products (e.g., pet food, household cleaning supplies, bathroom and facial tissue, automotive and hardware supplies). How much do you agree or disagree that all retailers should follow the practice of providing unit pricing information for these types of products as well?

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

1) SHOW ORDER FROM 'COMPLETELY AGREE' TO 'COMPLETELY DISAGREE' (1-4)

2) SHOW ORDER FROM 'COMPLETELY DISAGREE' TO 'COMPLETELY AGREE' (4-1)

Completely agree	Somewhat agree	Somewhat disagree	Completely disagree
0	0	0	0

Q11 Several retail businesses now offer packaged food and non-food consumer products for sale online. How much do you agree or disagree that advertisements and catalogues displaying product information for online sales should also provide unit pricing information?

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

1) SHOW ORDER FROM ‘COMPLETELY AGREE’ TO ‘COMPLETELY DISAGREE’ (1-4)

2) SHOW ORDER FROM ‘COMPLETELY DISAGREE’ TO ‘COMPLETELY AGREE’ (4-1)

Completely agree	Somewhat agree	Somewhat disagree	Completely disagree
0	0	0	0

Q12 Currently, Quebec is the only province in Canada that requires retail stores to display unit pricing for packaged food products. Should unit pricing be required by law in other provinces and territories as well?

Select one response

- Yes
- No
- Don't know

Q13i [IF ‘YES’ AT Q12, ASK:] How much do you agree or disagree with the following statement:

I would be willing to pay slightly higher prices for packaged products to allow retailers to introduce unit pricing systems.

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

1) SHOW ORDER FROM ‘COMPLETELY AGREE’ TO ‘COMPLETELY DISAGREE’ (1-4)

2) SHOW ORDER FROM ‘COMPLETELY DISAGREE’ TO ‘COMPLETELY AGREE’ (4-1)

- Completely agree
- Somewhat agree

- Somewhat disagree
- Completely disagree

Q13ii [IF 'YES' AT Q12, ASK:] How much do you agree or disagree with the following statement:

Governments should use a portion of ~~your~~ tax revenues ~~money~~ to design, implement, and enforce unit pricing regulations

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

- 1) SHOW ORDER FROM 'COMPLETELY AGREE' TO 'COMPLETELY DISAGREE' (1-4)**
- 2) SHOW ORDER FROM 'COMPLETELY DISAGREE' TO 'COMPLETELY AGREE' (4-1)**

- Completely agree
- Somewhat agree
- Somewhat disagree
- Completely disagree

Q14 How much do you agree or disagree with the following statement:

The federal and provincial governments should encourage retailers to follow a pricing information standard to help ensure that all Canadians have access to unit pricing information in a uniform and accurate manner.

Select one response

SPLIT SAMPLE INTO TWO SEQUENCES:

- 1) SHOW ORDER FROM 'COMPLETELY AGREE' TO 'COMPLETELY DISAGREE' (1-4)**
- 2) SHOW ORDER FROM 'COMPLETELY DISAGREE' TO 'COMPLETELY AGREE' (4-1)**

- Completely agree
- Somewhat agree
- Somewhat disagree
- Completely disagree

Q15 Several studies have demonstrated that unit pricing is most effective when accompanied by a consumer education program. Assuming there is agreement that unit pricing is a valuable tool for consumers, who should be responsible for educating consumers?

Select one response

Randomize

- Retail businesses
- Government organizations
- Non-government organizations such as consumer groups
- Other specify _____ [SHOW 2ND LAST]
- Do not agree that there is a need for consumer education in this area [SHOW LAST]

Continue with next section

DEMOS

ASK EVERYONE

Now, just a few final questions to help classify your responses...

B. Please select the highest level of schooling you attended or completed.
Select one response.

No formal schooling 01

Some Public/Grade school 02

Completed Public/Grade school 03

- Some Secondary school 04
- Completed Secondary school 05
- Some College/CEGEP 06
- Completed College/CEGEP 40
- Some University/post graduate 07
- Completed University/post graduate 08
- Other 98

N. Please check your annual household income from all sources before taxes.

[Dropdown list]

Select one response.

Less than \$50,000	1
\$50,000 to less than \$75,000	2
\$75,000 to less than \$100,000	3
\$100,000 to less than \$150,000	4
\$150,000 or more	5
PREFER NOT TO ANSWER	97
DON'T KNOW	99

R. In order to categorize your responses please enter your 6-digit postal code.

____ _ - ____ _
 999-999 - DON'T KNOW

**THIS CONCLUDES OUR SURVEY.
 THANK YOU FOR YOUR PARTICIPATION.**

Appendices: Public Survey Questions

Appendix B

Focus Group Questions

Unit Pricing Focus Group Discussion Guide

1.0 Introduction to research process (10 minutes)

My name is XXX and I work for Environics Research and on behalf of the Consumers Council of Canada I would like to welcome you all to this round-table focus group with consumers who have extensive experience in grocery shopping.

We are conducting a series of six telephone focus group sessions – 2 each in Ontario, Alberta and Quebec.

I do not work for the Consumers Council of Canada and so I have no ‘vested interest’ in anything we discuss here. My role is to lead and animate the group discussion and summarize what is said.

We want to hear your opinions. Feel free to agree or disagree. Even if you are just one person around the table taking a certain point of view, you could represent many other members who feel the same way as you do. You don’t have to direct all your comments to me; you can exchange ideas and opinions with each other too.

Since this is a conference call and we can’t see each other, please try to say your name before you speak so that we can keep track of who is speaking.

We are taping the session to help me write my report but whatever you say is totally confidential and anonymous and will not be attributed to you as an individual. We are interested in what you all think as a group. You will be mailed your incentives in the next week or two.

1.1 Introduction to the Subject

Getting the best price for a product is still the driving force behind most consumer transactions. But it is not always easy to tell which product is the least expensive.

Many Canadian grocery retailers have introduced unit pricing to help make price comparisons easier. We sent you examples of unit price shelf labelling for packaged products by e-mail prior to this session.

These shelf labels ensure that you know how much the product costs per standard unit. For example, the brown sugar in the example is 48 cents per 100 grams. If you see another package of brown sugar on the shelf that is 30 cents per 100 grams you will know, all things being equal, that that package of brown sugar is cheaper.

The unit price shelf label only relates to price. It does not address the quality or performance of the product, the brand, or any other desirable characteristics that may cause you to purchase it. But at the very least, by referring to the unit pricing information you will know whether the packaged product you want is cheaper or more expensive than the others you are considering.

In Canada, Quebec is the only province that makes unit price declarations a requirement by law. If you see unit pricing declared in grocery stores in other provinces it is because the retailer has decided to post it voluntarily.

This research will assess the value of unit pricing as an element of consumer choice and assess the desirability, challenges and barriers of adopting a national system so that all Canadian consumers can have access to accurate and reliable unit pricing information.

We would like to know your experiences with price comparison in grocery stores and get your views and recommendations concerning unit pricing as a tool to help consumers make informed choices.

2.0 Experiences grocery shopping and price comparison

(40 minutes)

1. Let's go around the table so that each of you can tell us your name and a little bit about yourself, such as where you work, how many times

a week you shop for groceries and whether you consider yourself an experienced, informed shopper.

2. We want to get a feel for how you shop for groceries and compare prices. Do all of you actually compare prices between different brands and sizes of packaged products? For example, when you shop for orange juice do you compare prices of different sizes of orange juice (500 mL, 750 mL, 1 litre etc.) and among different brands? Or, do some of you typically choose the same brand and size of packaged product time and time again without comparing prices with other brands? For example, brand loyal consumers may pick the same size and brand of peanut butter every time they shop for it, regardless of price.

3. I gave you a brief introduction about unit price shelf labels during the introduction. To what extent do you think that having unit pricing information available to allow consumers to make easier informed decisions on price comparisons is an important matter and why?

4. Please tell me which size of liquid laundry detergent is the cheapest in this example. You may need a pen and paper for this. A 2.5 litre bottle of Acme brand laundry detergent costs \$7.62. It is also sold in a 1.5 litre size for \$4.85. Which size do you feel is cheapest? There are no wrong answers to this exercise. I'd like to understand why you give the answer you do. I'll give you a few minutes to answer. If you would like me to repeat the question, please let me know.

- How many said the 2.5 litre bottle is the cheapest?
- How many said the 1.5 litre bottle is the cheapest?
- How did you arrive at your decision?
- *Answer:* The 2.5 litre bottle is the cheapest.
 - the unit price for the 2.5 litre bottle is \$3.05 per litre (\$7.62 divided by 2.5 L = \$3.05 per litre)
 - the unit price for the 1.5 litre bottle \$3.23 per litre (\$4.85 divided by 1.5 L = \$3.23 per litre)

5. When you do compare prices, for example trying to figure out the cheapest offering among the 375 mL, 750 mL, or a 1 litre bottles of ketchup – what tools do you use? Some use rule of thumb (largest size or on sale size is always cheaper). Some will use a calculator (divide the price by the volume or weight to find the unit price). Some will reference the unit price shelf label, if there is one. What do you do?
6. If you have used unit pricing shelf labels to help you do comparison pricing, please tell me about your experiences with it. For example, do you find the unit pricing information helpful, confusing, not at all helpful, need more training to understand it, etc. Please explain why.

3.0 Retailer and Government Practices in Unit Pricing (40 minutes)

I now want to shift the focus of our discussion to unit pricing policies practiced by governments and retailers.

To start with, some international perspective. For the past forty years, legislation has been in place in the U.S. mandating unit pricing. 19 states and 2 territories have unit pricing laws or regulations in force. Australia, the UK, and most jurisdictions in the European Union and in Asia-Pacific countries have some form of unit pricing laws.

In Canada, Quebec is the only province that requires unit pricing by law. For the rest of the provinces and territories, retailers will apply unit pricing policies and programs on a voluntarily basis, or sometimes not at all. But nothing compels them to display unit pricing, and no government agency checks to see if the information is presented in an accurate, readable, and accessible manner.

1. Whether unit pricing is law in your province or not, should all retail grocery stores in Canada display unit pricing information to help consumers more easily compare prices? Why did you say that?
2. If not, what ways can you think of that consumers could make more informed choices when comparing prices in the grocery store? Please explain.

4. Would you be willing to pay slightly more taxes to allow provincial and territorial governments to design, implement and enforce unit pricing laws in provinces and territories where none exist to ensure that unit pricing is available to customers in all grocery settings?
5. Would government strongly suggesting that retail grocers voluntarily adopt a national standard for unit pricing be a viable alternative to regulation? Would you be confident the standard would be implemented as stringently as if it were required by law? Would adoption of a voluntary standard by retailers have a greater chance of success if governments promised to periodically monitor implementation and report on findings?
6. Unit pricing laws, where they exist, apply mostly to packaged food because food is a daily need and consumers shop for food frequently. But consumers also buy significant quantities of non-food packaged products such as household cleaning supplies, bathroom and facial tissue, pet food, and automotive and hardware supplies. Should unit pricing laws or voluntary standards apply to these types of products as well? For example, packaged non-food products sold in big box stores like Canadian Tire, Home Depot, Costco, PetSmart etc. Are there any other products that could apply unit pricing? Where would you expect to see it?
7. Consumers are doing more online grocery shopping than ever before and can face the same level of confusion when comparing prices among various offerings in the online store. Some foreign jurisdictions are considering extending unit pricing laws to online shopping. Does this make sense? For example, some argue that the online shopper may find it more convenient to study and calculate price comparisons at home than in the store and there is therefore less need for unit pricing information. What are your thoughts on this?
8. Several studies indicate that unit pricing programs are far more effective when accompanied by consumer education. what

organizations would be most effective at providing consumer education? PROBE FOR: , would non-profit consumer organizations be best situated to take on that role? The retailers themselves? Governments? Please explain why.

9. We have asked you a number of questions about your shopping experiences, how you compare prices to ensure you pay the lowest price for your groceries, and how retailers and governments can improve your ability to make informed choices. Is there anything else you would like to add that we might have missed?

On behalf of the Consumers Council of Canada thank you for coming to this focus group and giving us your views.

Appendix C

Key Informant Questions Guide

The Consumers Council of Canada is carrying out research funded by the Office of Consumer Affairs of the Department of Innovation, Science and Economic Development Canada on the subject of unit pricing.

The objective of this interview is to seek your views on the value of unit pricing in helping consumers make informed choices, and to get your opinions on whether implementation of national unit pricing standards or regulations would be feasible or desirable.

Your responses will inform our work products on this project. If you would prefer a telephone interview, please review these questions prior to the call.

For the purposes of this study, unit pricing is the act of displaying the price of a commodity at a standard unit of measurement adjacent to its selling price on retail store shelves. Here is an example of a typical shelf label with unit price information.

ACME DRINK POWDER 200GRAM	
RETAIL PRICE	UNIT PRICE
3.90	\$1.95 per 100g
<small>0 - 12000-00190 YC0932015A</small>	

1. What degree of importance do you believe consumers place on the availability of accurate, readable unit pricing information?
2. Are you familiar with how retail outlets in other advanced economies implement unit pricing policies? If so, which, if any, approach do you prefer?
3. Apart from individual consumers applying their own methods to calculate price per unit, are there better alternatives to price

comparison aids than retailers providing at-a-glance unit pricing on shelf labels as described above?

4. To the best of your knowledge, how are voluntary or, in the case of Quebec retailers, mandatory unit pricing programs monitored for accuracy and readability by retailers?
5. What challenges would retailers face on implementing a mandatory or voluntary unit pricing system in terms of cost, technical complexity, administration and other factors?
6. What efforts does your organization undertake to teach consumers how to read unit pricing information?
7. Currently, the province of Quebec and nine American states mandate unit pricing by regulation. What are the important considerations for retailers and policymakers in introducing unit pricing regulation? Is regulation a good idea for Canada?
8. As noted above, unit pricing in retail stores is mainly applied to prepackaged food products. Are there other consumer products that should be covered under unit pricing policies?
9. Assuming that making unit pricing universally available to Canadian consumers was considered to be an important policy initiative, what would be the best way to make this happen?
10. Is there any other information that we should be aware of regarding this project?

Please forward written responses or, if preferred, requests for a telephone interview to the lead researcher for this project at: