

Mary Devine  
CEO  
Foodstuffs South Island  
Via email: [mary.devine@foodstuffs.co.nz](mailto:mary.devine@foodstuffs.co.nz)

7 March 2023

Kia ora Mary

## **Misleading supermarket pricing practices**

In September 2022 we asked New Zealanders to share examples of unclear or misleading pricing and promotions at supermarkets.

We have seen examples of:

- shelf pricing failing to match the price charged at the till
- misleading or confusing promotional pricing creating the impression of a 'club deal' saving when products are the same price as normal
- multibuy offers which work out to be more expensive than purchasing items individually.

We are concerned many of these examples could amount to price misrepresentations and breach the Fair Trading Act.

Our latest nationally representative research<sup>1</sup> shows people are now more concerned about the price of groceries than the cost of rent. Our research also shows people are more likely to buy a product if it's on special. Given the cost-of-living pressures households are currently experiencing, people will be doing their best to reduce costs by buying products they perceive to be on special. This leaves shoppers vulnerable if specials are not genuine.

During the Commerce Commission's market study into the grocery sector, we called for new rules to stop retailers from using confusing pricing and promotional strategies that make it difficult for shoppers to figure out whether a 'special' is value for money.

The Commission didn't take on our recommendations. Instead putting responsibility on the supermarkets to ensure pricing and promotional strategies are simple and easy to understand. Based on the evidence we have received from shoppers, we consider Foodstuffs supermarkets are failing to do this.

I have attached a selection of examples of concerning pricing practices shoppers have supplied us from their visits to Foodstuffs stores.

In our view, these examples show Foodstuffs is not doing enough to comply with the Commerce Commission's recommendation or the Fair Trading Act. Customers continue to be misled as a result. Given the resources and profitability of Foodstuffs, there is no excuse for these practices. They need to stop so that shoppers have accurate information to help them make informed decisions.

We are asking you to take urgent action to address this situation. While we have not made a formal complaint to the Commission at this time, we will be sharing this letter, so the Commission is aware Foodstuffs has had the problem drawn to its attention.

In April we intend to undertake further monitoring of all supermarkets in New Zealand and will put another call out to shoppers across the country asking them to report confusing or misleading pricing and promotions at supermarkets.

We hope to see an improvement in supermarkets' pricing and promotional practices. However, any examples we receive will be shared with the Commerce Commission for its consideration.

Please let me know if you want to discuss anything referenced in this letter.

Ngā mihi



Jon Duffy  
Chief Executive  
Consumer NZ