

Get involved with a new international standard on Unit Pricing

ISO Project Committee ISO/PC 294 – Guidance on unit pricing



New International Committee to set standards for Unit Pricing

The newly established ISO Project Committee ISO/PC 294 – *Guidance on unit pricing* is working on developing a new international standard for unit pricing, with high-level support from ISO's Consumer Policy Committee (COPOLCO). Standards Australia serves as the Secretariat for ISO/PC 294 and John Furbank its Chair.

What is Unit Pricing?

$$\text{Unit Price} = \frac{\text{Price Of Article}}{\text{Quantity}}$$

In today's competitive retail trading scene, packaged goods are sold in a multitude of quantities. Many foods are packed in odd sizes such as 87g, 135g or 410g.

Unit pricing means displaying the unit price of an item adjacent to the selling price. For example, for a 500ml carton of milk offered at \$1.95, the unit price of \$3.90 per litre would also be displayed.

A unit price may be displayed on the shelf adjacent to the goods, on the package, in printed catalogues, in-store promotional material and on-line advertising.

Why is unit pricing useful to consumers?

Unit pricing is particularly helpful to vulnerable consumers, such as the young, elderly, those who do not know the native language, or those with lower incomes.

Where the pack sizes and prices are in odd amounts (e.g. 410g at \$2.79), it is difficult for consumers to quickly calculate the unit price or compare prices for a similar item. This often leaves consumers baffled as to which item is the best value.

The market share of pre-packed food and non-food products is very high in many countries and is increasing very rapidly in others. Many retail chains operate across national boundaries and use the same system for marking prices in all their stores irrespective

of pricing practices in neighbouring stores.

How will the proposed standard help?

Unit pricing is an international issue. In countries that do not have unit pricing the level of economic risk to consumers is high because it is not easy to determine which item is the best value for money.

In countries that have unit price legislation (such as EU countries, USA and Australia) a guidance standard could be voluntarily adopted by retailers to improve the quality of unit pricing and could act as a catalyst for changes to improve any legislation.

With the possibility of being applied across many retail sectors, an international standard will also help provide guidance for regulators that do not have existing protections in place.

Scope of the Proposed Standard

The proposed standard will provide guidance for the manner in which price and quantity are to be expressed; prominence and legibility of unit prices; locations where unit prices are to be displayed and cases for exemptions.

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

- Establishing best practice to explain what unit prices are and how they can be used;
- Defining a unit price scheme and types of products to which it may apply; and
- Assisting organisations and legislators to identify and remedy deficiencies in their current unit price schemes.

Getting involved

To date there are seven participating members and 11 observer members to ISO/PC 294. National standards bodies and interested ISO liaison organisations can get involved by contacting Andrew McKay, Secretary of ISO/PC 294, at andrew.mckay@standards.org.au