



SOUTH AFRICAN NATIONAL CONSUMER UNION
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Per email : Retail@compcom.co.za

Ms Louise du Plessis
Technical Team Head: Market Inquiry into the Grocery Retail Sector
Competition Commission
Private Bag X23
LYNWOOD RIDGE

Dear Ms du Plessis

GROCERY RETAIL MARKET INQUIRY - RESPONSES TO SUBMISSIONS RECEIVED

The South African National Consumer Union has taken note that none of the submissions covered distortions in the marketplace.

We would therefore like to submit our comments on the following:

1. BANKING / INSURERS / MEDICAL AIDS

Absa, FNB and Standard specifically run 'points' programmes that can effectively drop retail prices and / or improve discounts on a variety of products in stores and on forecourts

But not everyone qualifies for these programmes, and in the most absurd case the 'rich' Vitality/ other Medical Aid members effectively get cheaper eggs, fruit, vegetables and selected proteins than the non-qualifying consumers on so-called 'healthy eating benefits'

The issue is if the price on the product truly was the most competitive on that day. These Banks etc would not be able to TRADE OFF points or advantages on the price of goods.

Unfair Pricing Strategy

2. LOADED PRICING – certain retailers only

When potatoes are sold in the original packaging provided by the farmer, they are priced at say R10 per kg. However once split open the price can vary tremendously from R25 per kg for a small pack to R35 per kg per single unit.

This activity , for some reason has escaped LEGAL METROLOGY or BEST PRACTICES or SELF- POLICING by the industry.

The poor, the pensioners or small families suffer as a result.

Unfair pricing strategy

3. FORECOURT PRICING DISTORTION

Not discussed in any submissions.

But the Price of 500 ml Water – same product same, town, same province can be up to 30% different in the same chain (i.e. Engen – even within 10 kms range)

There is no proof that the Distribution costs to these stores has been varied/ manipulated by the supplier – but the consumer has no choice, but to pay

For this reason some countries – especially where the quality, and availability of water is an issue – a base price is established (Town or Country) to minimise abusive profiteering in basic, necessary provisions.

Unfair pricing strategy

4. NON – AVAILABILITY OF MANAGEMENT

Particularly in Pricing Disputes where there is a special on the store leaflets, or there is an 'old' price on the shelves but The till does not reflect it on the till slip – staff, sometimes even abusively, refuse to honour or even discuss the matter with the prospective consumer.

(Fairly common problem from Forecourts to large supermarkets)

A DISTORTION as advertised price is not really on offer on the day at that store!!

(Please Note that a shelf price constitutes advertising and a formal price offer – in some communities in South Africa tribal authorities have ensured fair play by insisting that scanned prices are effectively done away with and there is a price tag on each and every product in the store)

Unfair Pricing Strategy – and distinctly a Harmful Business Practice

Yours faithfully

INA WILKEN-JONKER
CHAIRMAN