



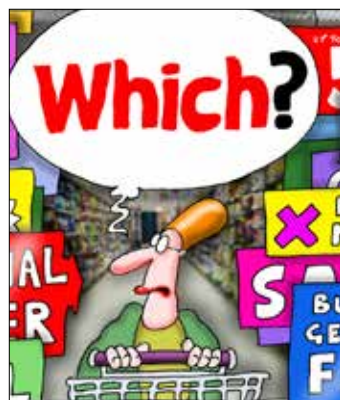
VALUE CONFUSION

If consumers do not regularly purchase an item, they are unable to understand if a deal is good value or not – Richard Shotton, head of insight, ZenithOptimedia

Impact of CMA on revised pricing guide now a focus

Sir: While the CMA’s response to the Which? super-complaint is positive for retailers in that it confirms retailers are well aware of the key consumer protection legislation and have systems in place to prevent the potential for misleading pricing/promotional practices, of more concern is the impact that the response will have on the finalisation of the revised Pricing Practices Guide.

I am pleased to see that the CMA has effectively vindicated retailers on the issues of pack size changes and price-match schemes (the latter highlighting the ASA’s



involvement in policing this system); nevertheless, the recommendations and the call to action made by the CMA directed at the TSI and BIS on actions to clarify the law and guidance around pricing practices and unit pricing may well mean a substantial delay in the consultation on, and

eventual finalisation of, the revised Pricing Practices Guide.

This is particularly bearing in mind that the CMA has handed the baton on to BIS as regards providing clarity and better guidance on the requirements of the Price Marking Order. There are concerns over the overlap with the work of the TSI on the PPG, as there is specific reference to the need for clarification on how unit pricing interacts with and applies to special offers and price promotions, so I fear a degree of uncertainty as to how the two agencies will respond to this, how they will work together to issue the revised PPG and whether this will be combined with the clarification demanded around the PMO.

Nicky Strong, consultant at law firm Bond Dickinson

Aldi fruit move is sassy

● **Sir:** Aldi’s support of the NFU’s fruit and veg pledge (18 July, p67) is to be applauded. The association brings echoes of Britishness and quality, which the European, price-driven outlet would be hard-pushed to find elsewhere, and subtly delivers them in a way that feels entirely appropriate. To present these cues while simultaneously providing genuine added value is a fantastic way of engaging customers. The initiative brings to mind the 2014 ‘ugly fruit’ programme in France, where previously rejected fruit was sold at a discount, again benefiting both supplier and consumers. Making a contribution is often the best way to make a point. *Chris Walmsley, co-founder and group head of planning, Cubo*

Tailor value messaging

● **Sir:** This week, the CMA highlighted rule-breaking in-store promotional practice that is misleading consumers. However, even strait-laced deals can confuse. Our own research has shown that if consumers do not regularly purchase an item, they are unable to understand

if a deal is good value or not. We showed shoppers the cost of three keenly priced items and asked them to rate these items from very good to very poor value; 53% of category purchasers thought the products were good value compared with 22% of non-buyers. Retailers should tailor their value messaging to

each customer, ensuring only deals that fall into their most purchased items are communicated. Waitrose, for example, is feeling the benefits of a more personal approach, recently posting a 2.4% rise in sales following the launch of Pick Your Own Offers.

Richard Shotton, head of insight, ZenithOptimedia



your tweets

British Medical Journal paper links sweeteners to diabetes

It will just confuse the public now that health experts have asked them to cut out sugar and switch to Diet options *@DrCarrieRuxton*

Co-op convenience retrospective

Food has dropped from 23%-11% of our shopping since 1965. Indicator of how little we value food & expect to be cheap *@basista*

Brits are ‘totally adventurous’ about new foods

So us brits are adventurous with new foods, but 30% still miss breakfast *@MidasFood*

Sunday trading costs

● **Sir:** The Budget proposals to relax Sunday trading laws could pose serious problems for retailers from a property perspective. A lease permitting extended trading hours may be more valuable and result in higher rents. Secondly, retailers with turnover rent leases, popular in shopping centres and arcades, could face a double whammy where the base rent rises as a result of a rent review and the turnover rent also rises due to an increase in takings at the till during the longer hours. Thirdly, extended trading will lead to retailers facing a hike in charges for services provided by landlords, such as lighting, security or car parking.

Rachel Francis-Lang, partner, Lewis Silkin’s Real Estate & Development group

best of the blogs

Living wage ramifications are still playing out

The ramifications sent running through the UK food and drink industry of the announcement of a national living wage on 8 July are still being worked out. In one fell swoop, George Osborne ordered employers to pay staff aged over 25 £7.20 per hour as of April 2016, to rise to £9 by 2020, and the implications of that are leading to late nights in the office for industry accountants.

Megan Tatum, 22 July

Seabrook and LDC plan to make £35m crisps deal pay

A significant windfall from LDC’s investment in posh mixer brand Fever-Tree following last year’s IPO has obviously whetted the firm’s appetite for more deals. The private equity house will have its work cut out if it hopes to replicate similar returns from the majority stake in snack maker Seabrook Crisps, which operates in a brutally competitive market dominated by Walkers.

Edward Devlin, 21 July

Buckfast vision for growth is far from cloistered

Britain’s biggest booze brands have racked up an extra £221.8m in the past year. What’s more, the top 100’s combined 3% value growth is mostly down to shoppers paying more for their poison or switching to a better-quality quaff. And many brands are looking to enter the top 100 this year by playing the premium card. These include Tanqueray, Aberlour and, erm... Buckfast Tonic Wine.

Rob Brown, 20 July



You can subscribe to the Daily Bread blog and the new finance newsletter and blog at thegrocer.co.uk