



Project Report

SCOTSS National Fair Trading Group – Convenience Shops Pricing Project 2023

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Executive Summary

This project follows the SCOTSS Supermarket & Convenience Shops Pricing Project 2022, which highlighted issues with misleading prices in convenience shops in particular. The Project revealed concerns regarding missing price indications, errors in unit pricing and incorrect prices charged at the till, disproportionately affecting consumers by 70%.

The Convenience Shops Pricing Project 2023 aligns with the Verity House Agreement, which signifies the joint commitment of the Scottish Government and Local Government to address poverty, including efforts to optimise household finances.

Trading Standards play a vital role in ensuring consumers receive fair value for their money, with a focus on accurate pricing among other responsibilities.

The report presents findings and recommendations based on an assessment of pricing practices in 417 convenience stores across Scotland. The analysis revealed several issues concerning the accessibility and accuracy of pricing information, ultimately posing detriment to consumers, and undermining fair trading practices.

Key Findings:

Pricing information in convenience stores often lacked clarity and accessibility, impeding consumers' ability to make informed purchasing decisions.

Non-compliant pricing indications frequently disadvantaged consumers, leading to potential overpayment for products.

Approximately 97% of instances where prices were inaccurately displayed resulted in consumers being unfairly charged more at the point of sale.

The lack of understanding of legal obligations among retailers highlighted a significant compliance issue.

Recommendations:

Local authorities are advised to conduct revisits to premises where pricing compliance issues were identified, ensuring corrective actions are taken.

A comprehensive review of how local authorities receive and handle pricing-related complaints should be undertaken to enhance responsiveness and effectiveness.

Recording intelligence related to pricing discrepancies in intelligence databases will facilitate trend identification and targeted advisory and enforcement efforts.

Enterprise Act should be considered where there are persistent offenders to address harm to the collective interests of consumers.

These recommendations aim to address the identified concerns and promote fair trading practices, ultimately safeguarding consumer interests and fostering trust in businesses.

Background

Local Authority Trading Standards are responsible for enforcing laws that ensure accurate pricing for consumers, such as the Price Marking Order 2004 [“the PMO”] and The Consumer Protection from Unfair Trading Regulations 2008 [“CPRs”].

The Price Marking Order 2004 requires where goods are offered for retail sale, the selling and, where appropriate, the unit price, must be given in writing. They require the selling price to be inclusive of VAT, unambiguous, easily identifiable, and clearly legible. If a business has a retail area of 280 m² or more then they must display a unit price which allows consumers to compare products based on a price per a standard measurement e.g., per 100g.

The ongoing cost-of-living crisis intensifies the scrutiny of prices, driven by economic uncertainty and a heightened frequency of price adjustments by retailers. The festive period can be a particularly challenging time.

Following the SCOTSS National Fair Trading Group Supermarket & Convenience Shops Pricing Project 2022, the results highlighted small and medium convenience shops had a low level of compliance with the Price Marking Order.

The absence of readily available pricing information in convenience stores poses challenges for consumers who rely on accurate details for informed decision-making.

An analysis of price indications from the 2022 pricing project revealed a notable disadvantage for consumers, often resulting in overpayment. Around 14.7% of instances where the price indication was absent. Not only is this an offence under the PMO, but it also creates uncertainty, inconvenience, and potential for price discrimination.

These findings demonstrated significant issues in pricing practices within the examined products and merited further investigation prompting a second pricing project focussed on small and medium convenience shops.

Every business, irrespective of its size or industry, should be granted equal opportunities to thrive and compete in the market. It is crucial to ensure that businesses face neither

disadvantage nor unjust advantage due to factors like non-compliance by competitors. The application of PMO and CPRs is consistent across all retailers, ensuring a fair and level playing field that is essential for maintaining a healthy economy. This environment fosters competition, encourages innovation, and ultimately benefits consumers by offering a diverse range of options and accurate pricing information.

Convenience Shops Pricing Project 2023

The project ran from 01 July 2023 until end of 2023.

In total, 18 local authorities participated.

Project Approach

Participating authorities were accountable for carrying out enforcement actions in line with their own enforcement policies. The project protocol included guidance for completing the project, as well as a pre-commencement briefing session for participants.

The primary aim of the project was to enforce the legislation, considering what was proportionate and necessary to ensure compliance and to highlight any topical issues of concern.

The project aimed to -

- a) Verify the accuracy of prices and unit prices [where applicable] of goods in small and medium convenience stores, against the requirements of the PMO and CPRs by checking if the prices on the shelf matched those at the till.

Note: - the focus of the project is not reference pricing but price marking, unit pricing and accuracy of prices.

- b) To ensure understanding of legal obligations under the PMO and CPRs considering appropriate enforcement action where necessary and proportionate.
- c) Discuss processes for implementing price changes and ascertain if sufficient due diligence is in place to avoid the commission of an offence.
- d) Gather appropriate intelligence from visits including any oddities or common factors contributing to non-compliances.

Project Results

1. **18 local authorities** across Scotland provided statistics of their participation in the project.
2. **A total of 417 convenience stores** were visited across the 18 participating local authorities.

Convenience stores (this included mix of independent shops and small/medium branch stores)

A total of 417 visits were carried out, comprising of both independent and small to medium-sized chained businesses. The subsequent statistics outline the key findings pertaining to the pricing and pricing practices of the sampled products.

Price indications

- **20579** products were examined.
- **4614** did not exhibit a price indication (represents **22.4%** of total products examined).
(Fig 1 Graph below)

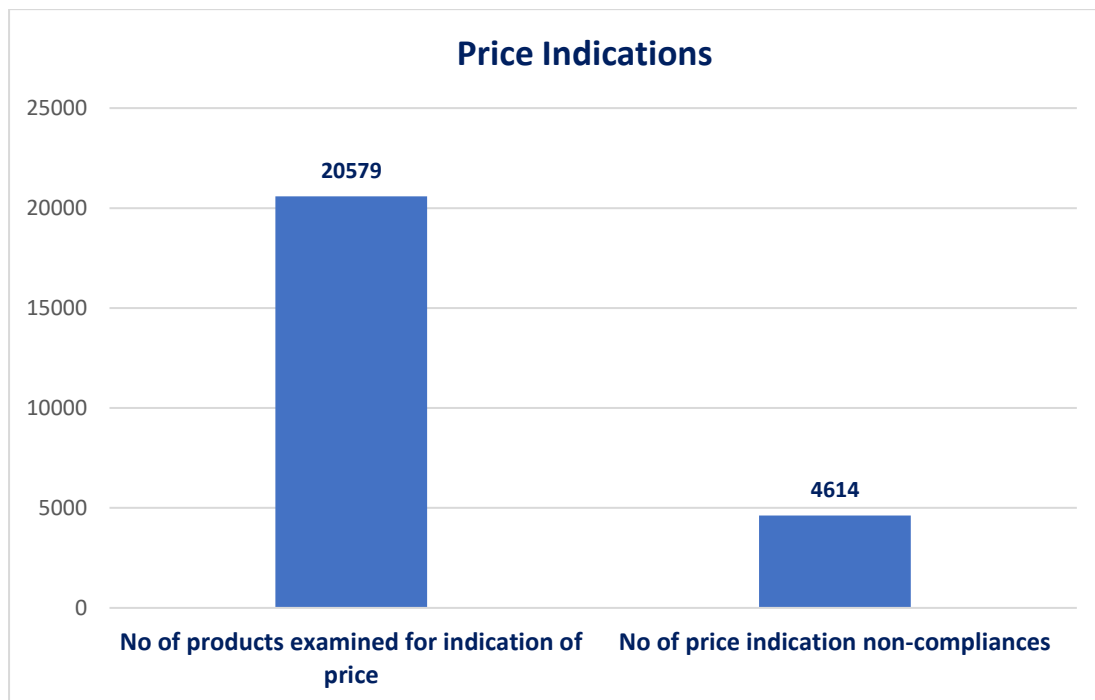
Unit price indications

Note – shops with a retail area of <280 m² do not need to display a unit price. Of the 417 premises visited 79 were checked for unit pricing and 338 met the exemption criteria, therefore are not legally obligated to display a unit price.

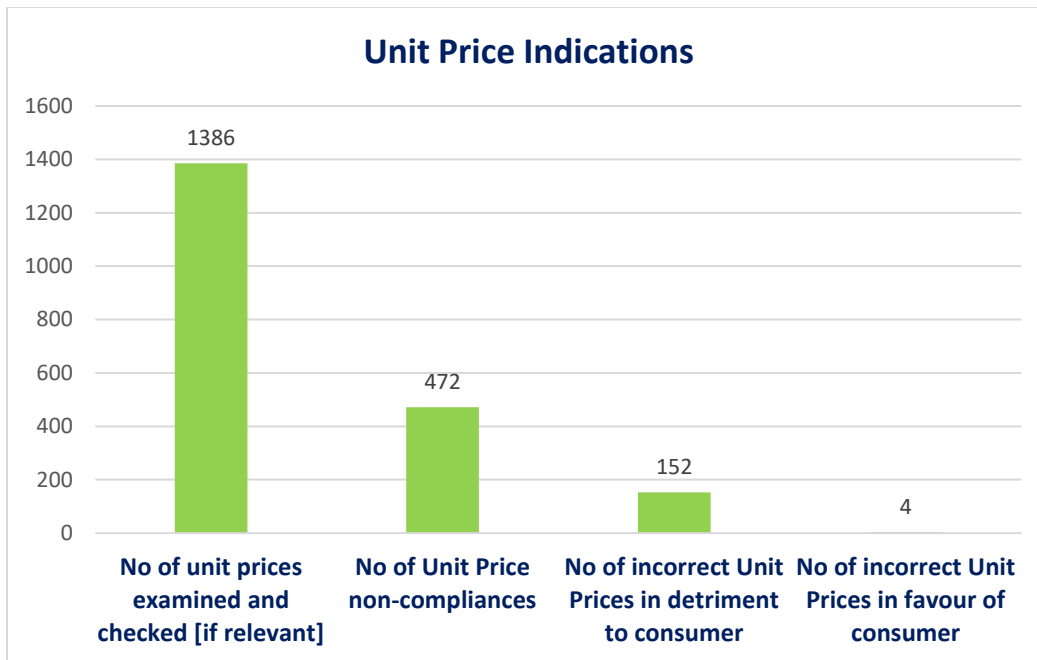
- **1386** products were examined.
- **472** were found to be incorrect (represents **34.1%** of total products examined). The non-compliances observed were the result of either the absence of the legally required unit price display or the incorrect calculation of the displayed unit prices.
- **316** had no unit price displayed (represents **67.0%** of **472** non-compliant price indications).
- The remaining **156** were incorrectly calculated (**35.3%** of **442** non-compliant price indications).
- **152** of the **156** were at the detriment of the consumer resulting in an **97.4%** detriment.
(Fig 2 Graph below)

Price charged at point of sale

- **5997** products were tested at the point of sale.
- **694** were found to be incorrectly charged at checkout (represents **11.6%** of total products examined).
- **548** of price charged at point of sale checks were to the detriment of the consumer (represents **79.0%** of incorrectly charged)
(Fig 3 Graph below)

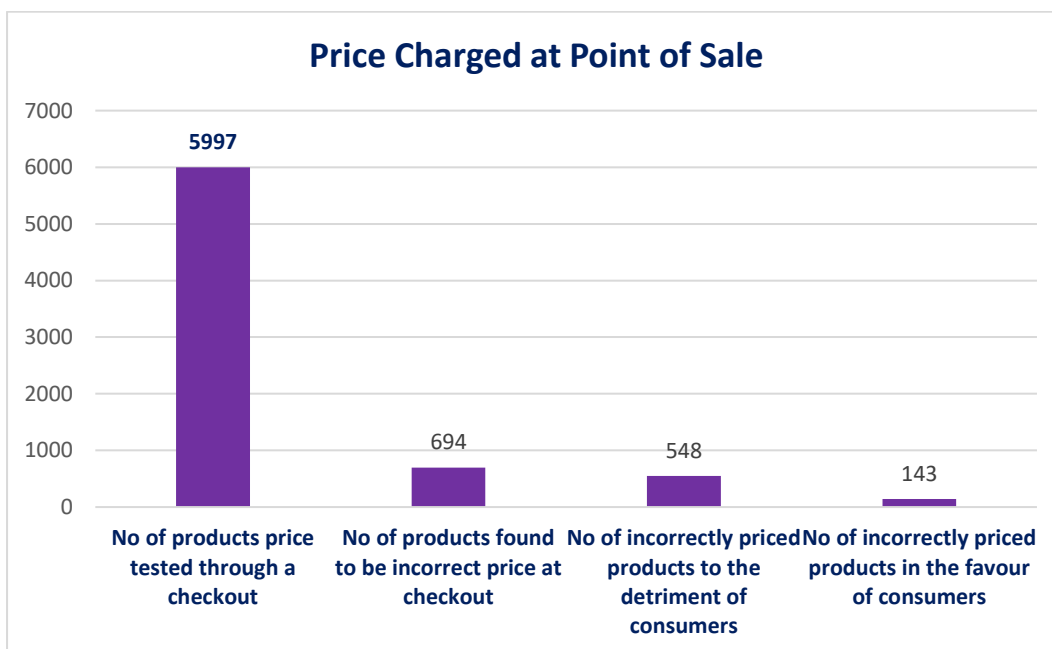


(Fig 1)



(Fig 2)

Note - of the 472 non-compliant, 316 had no unit price displayed.



(Fig 3)

Reasons provided by owners/managers.

- No protocol in place and a lack of understanding how to effectively manage pricing.
- Rapid changes in price from supplier resulting in staff finding it difficult to keep pace with price changes, unable to update shelf edge labels or produce new labels. This was particularly problematic for shops adopting a manual pricing system.
- Tills not updated with price changes resulting in incorrect prices being charged.
- Expired offers - corresponding shelf edge labels not updated to reflect the new pricing information.
- Failed to replace labels when prices change with little explanation given.
- Human error/oversight, lack of staff awareness around legal requirements.
- In the process of price changes.
- Responsibility lies with the manager. Staff unsure what to do.
- New traders unfamiliar with legal obligations or have opened premises whilst still completing refits.
- Labels not appropriate i.e., not sticking properly particularly in freezer compartments.
- Some Local Authorities are still attempting to speak to owners/responsible person to provide explanations.
- Busy time of year with new stock. Stock/displays also being moved around the shop.
- Lack of staff.

Observations made by Trading Standards

- Clear lack of understanding of pricing regulations.
- Managers/Owners failed to see the issue and detriment for the lack of pricing, often citing staff know the prices.
- Non-compliances not recognised as criminal offences.
- Explanation of lack of staff was not sufficient in some cases due to size of shop and distracted staff.
- Some managers were keen to ensure compliance and changes were made at the time of the visit.
- General pricing wasn't clear, and officers observed customers approaching the checkout to ask the price of particular items.
- Some premises that would meet the exemption of unit pricing (shops with a retail area of <280 m²) were not aware of the exemption.
- Staff advised they were unclear how the unit price is calculated and therefore unable to identify if a label was incorrect.
- Some of the visits were follow up visits from the previous project and pricing had improved.

Action taken

- Issues resolved at the time.
- Advisory letters issued.
- Verbal warnings and advice given.
- Revisits to take place or have been done.
- Warning letters issued.

The lack of price indications in convenience stores suggests that pricing information was not easily accessible to consumers. This has the potential to cause problems, as consumers depend on accurate pricing details to make informed purchasing decisions.

The analysis of pricing patterns showed that non-compliant pricing indications typically placed consumers at a disadvantage, resulting in them potentially overpaying for the product.

Furthermore, the project findings showed that during the point of sale, around 70% of instances where prices were higher than they should have been, resulted in consumers being unfairly charged more.

The lack of understanding of legal obligations highlights a significant issue.

Overall, these statistics continue to emphasize existing issues with pricing and associated practices in the examined products. This can potentially harm consumers, undermine trust in businesses and is not consistent with a fair trading environment.

Recommendations

The project findings highlight several concerns that affect retail shops. The recommendations outlined below stem from the outcomes of the project.

- Based on the project outcomes, it is recommended that local authorities carry out re-visits where appropriate.
- SCOTSS to consider a protocol looking at how pricing complaints are received and handled across Local Authorities.
- SCOTSS to liaise with relevant industry bodies to improve compliance.
- It is recommended that criminal offences be recorded on the intelligence database IDB to enable the identification of trends. This should cover both local concerns and issues affecting independent retailers.
- Local Authorities should consider Enterprise Act action for persistent offenders.
- Consideration of a further project looking at compliance in convenience shops

Legislation and guidance

- The Consumer Protection from Unfair Trading Regulations 2008 - [The Consumer Protection from Unfair Trading Regulations 2008 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukreg/2008/1480/1)
- Business companion CPRs guidance - [Consumer protection from unfair trading | Business Companion](#)
- The Price Marking Order 2004 - [The Price Marking Order 2004 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukreg/2004/1480/1)
- [Business companion – Providing Price Information](#)
- [Guidance for Traders on Pricing Practices \(businesscompanion.info\)](https://www.businesscompanion.info) – CTSI Guidance for Traders on pricing practices (2018)

Project Participants

Aberdeen City Council

Aberdeenshire Council

Angus Council

Argyll & Bute Council

Dumfries and Galloway Council

Dundee City Council

East Ayrshire Council

East Lothian Council

East Renfrewshire Council

City of Edinburgh Council

Falkirk Council

Fife Council

Glasgow City Council

Inverclyde Council

Perth & Kinross Council

Renfrewshire Council

Scottish Borders Council

South Ayrshire Council

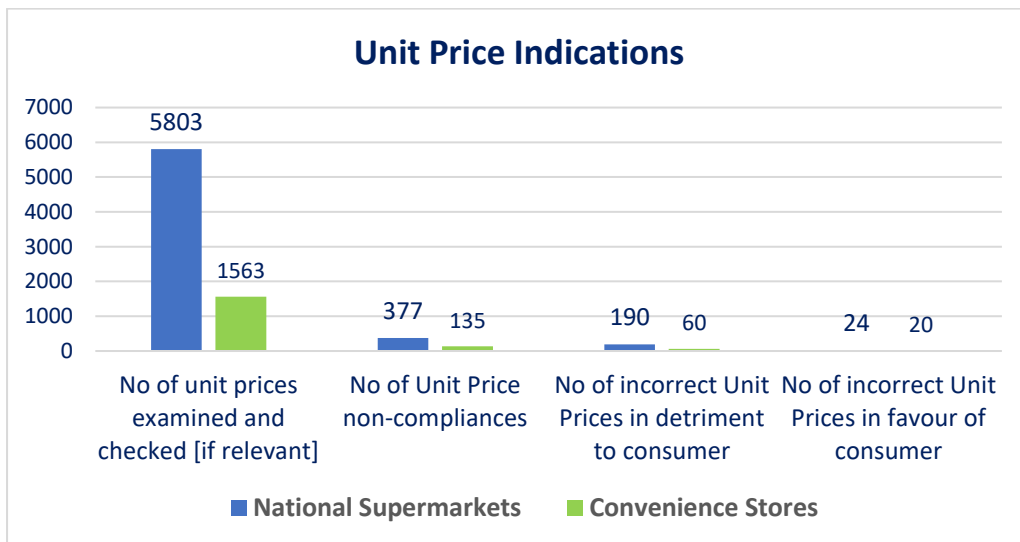
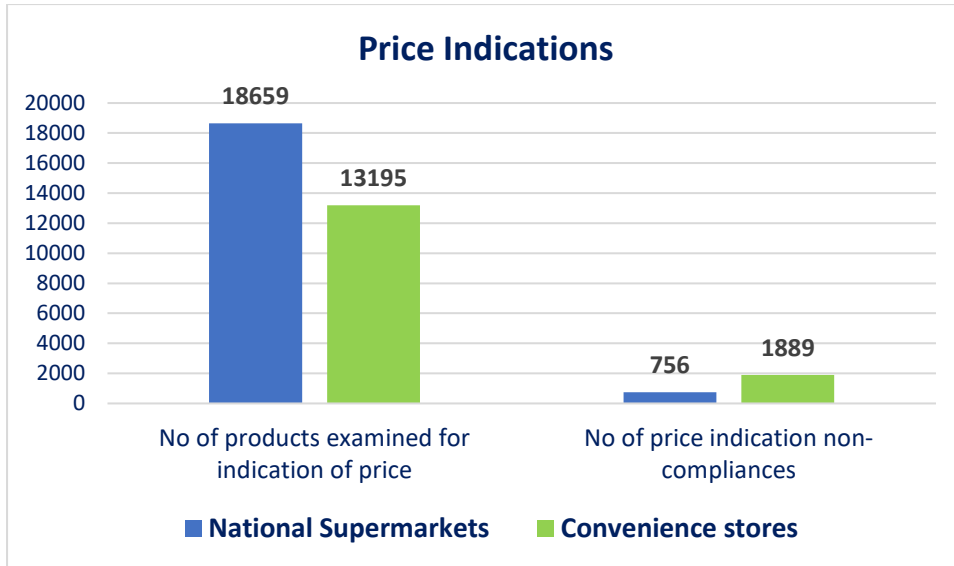
The Highland Council

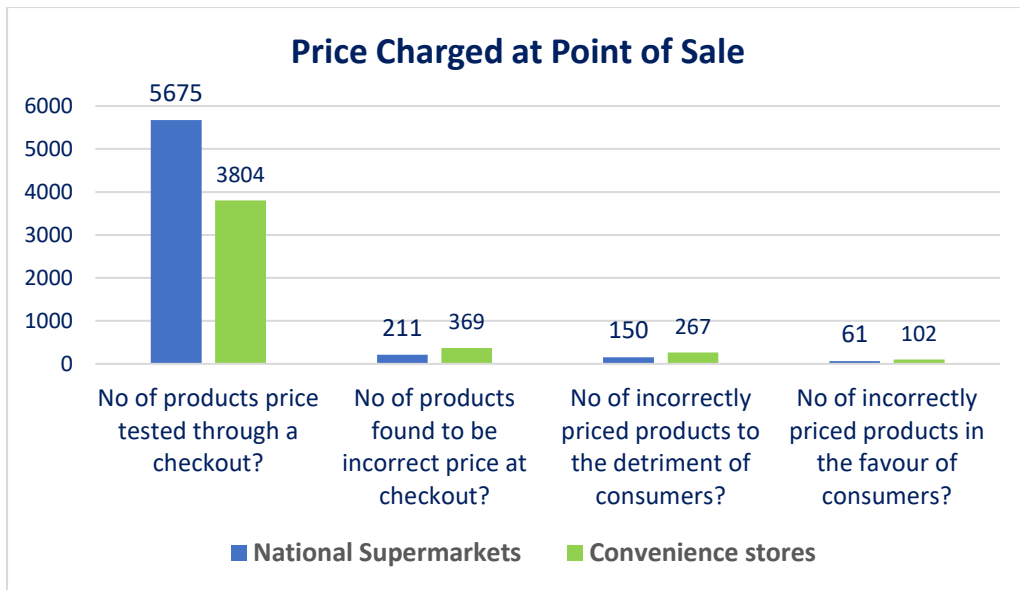
Appendix 1 – Examples of issues – Convenience Stores

Examples of incorrect price marking

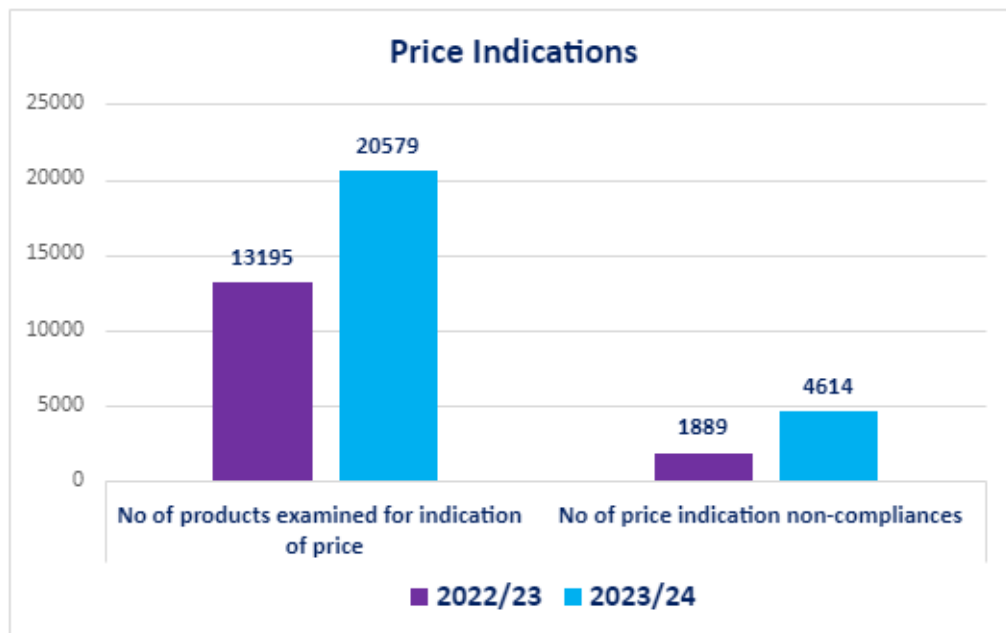
Product	Price Indication (£)	Price charged at point of sale (£)
Palm Soup	2.50	2.80
Fanta juice multipack	1.75	3.29
Multipack crisps	1.50	2.19
Rose wine	5.89	6.49
Rustlers BBQ Rib RRP flash price £2.30	1.95, on offer 1.50	2.00
Radox Feel Refreshed shower gel 250ml	1.09	1.29
Fairy Platinum washing liquid	1.50	2.00
Nescafe Gold Blend coffee	3.50	4.50
Birds Angel Delight	1.00	1.59
Lindor Chocolates	6.75	4.75
Batchelors Noodles	0.99	1.79
Mug Shot pasta	0.70	1.39

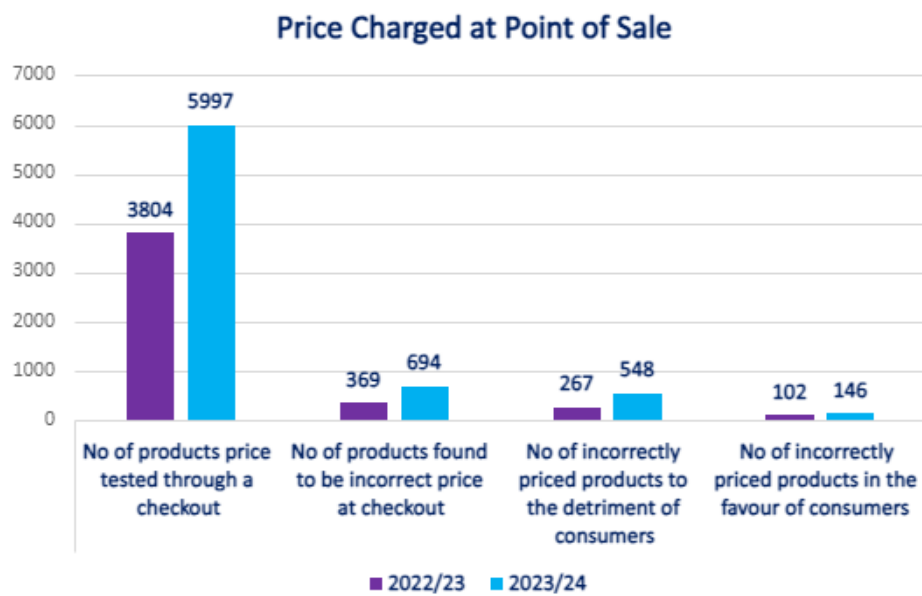
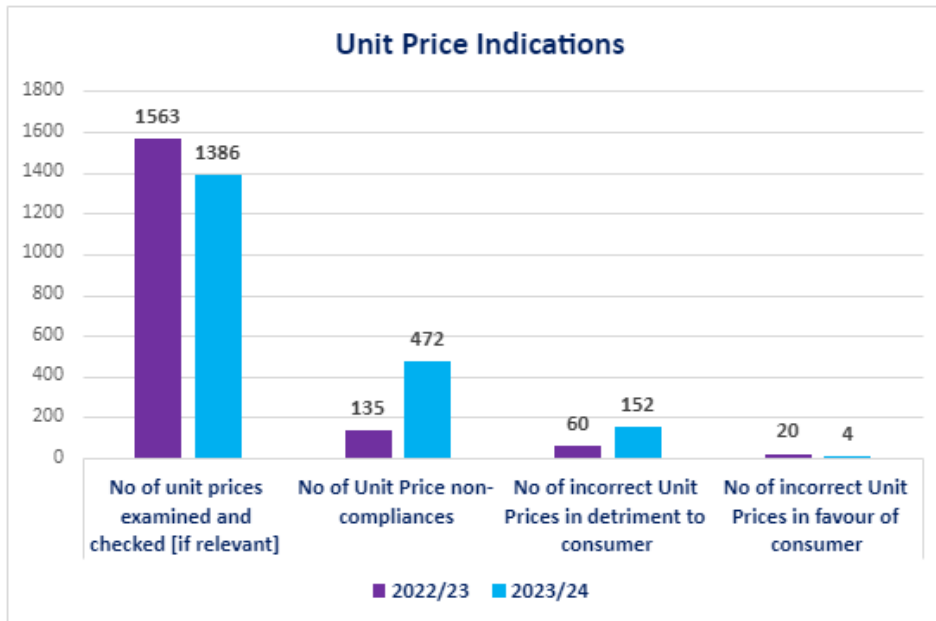
Appendix 2 –Summary of outcomes from Supermarket & Convenience Shops Pricing Project 2022





Appendix 3 – Combined Results from Supermarket & Convenience Shops Pricing Project 2022 and Convenience Shops Pricing Project 2023





Appendix 4 – Combined taken by Local Authorities from Supermarket & Convenience Shops Pricing Project 2022 and Convenience Shops Pricing Project 2023

