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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 315
 Title: An Act relating to price disclosure
 Sponsor: Davis
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
Protection
 BRU, Program or Subprogram(s) Affected: _____
Measurement Standards

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		37.2				
300 CONTRACTUAL		5.0				
400 SUPPLIES		5.0				
500 EQUIPMENT		.5				
600 LAND & STRUCTURES		2.0				
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		49.7				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		49.7				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: Joe Swanson, Director Phone: 345-7750
 Division: Measurement Standards Date: _____
 Approved by Commissioner: *Loren H. Lounsbury* Date: 4/9/85
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

HB 315
ANALYSIS

Assumptions

This analysis was prepared with the understanding that the intent of the bill was to establish an enforcement program for unit pricing and price labeling in the retail grocery stores. The enforcement official will be based in Anchorage and travel to the various remote locations required to ensure compliance with the intent of the bill. Additional supplemental support will be provided to the other major population centers as required.

Program Summary

1 Positions:

New Positions: 1 - Weights and Measures Inspector I

2. Other Expenditures:

Travel Funds were included to provide for travel to remote locations to conduct inspections and to return to assure correction of noted violations.

Contractual Services Required funds include the cost of a vehicle, inspection forms, communication costs, and equipment maintenance.

Commodities Specified costs are for operating supplies.

Equipment Funds will purchase the field tools required to perform the necessary inspections. This includes a calculator/computer with the capability of reading the universal product code (UPC) used in product identification and pricing for scanner systems.

1.	POSITION TITLE Weights and Measures Inspector I			RANGE/STEP 14A	DARG. UNIT G	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.	
3.	CONTINUATION LEVEL	ADDITION	XX	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	29,236.00							
6.	Benefits	4,412.84							
7.	Supplemental Benefits	1,730.87							
8.	Fixed Benefits	2,788.68							
9.	TOTAL PERSONAL SERVICES	01	37,168.39						
10.	Travel	02	5,000.00						
11.	Contractual	03	5,000.00						
12.	Commodities	04	500.00						
13.	Equipment	05	2,000.00						
14.	Other								
15.	TOTAL COST		49,668.39						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts	1002						
17.		G.F. Match	1003						
18.		General Funds	1004	49,668.39					
19.		I-A Receipts	1005						
20.		Program Receipts	1028						
21.		Other							
FOR BSM USE ONLY KEY NUMBER _____									

This position will be based in Anchorage to provide local coverage but will also travel to remote locations as necessary to conduct inspections. Return trips will have to be scheduled to verify correction of noted violations.

This individual must complete the training requirements for this class series and be fully qualified to ensure the ability to function independently while on travel status to remote locations.

The inspector will be the primary contact person for coordination with industry to answer questions concerning statutory requirements and method of ensuring compliance.

A detailed knowledge of statutory requirements and enforcement options will be necessary. Additionally, the ability to establish and maintain cooperative working relationships with the regulated industries is mandatory.

REQUEST FOR
NEW POSITION

AGENCY DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

PROGRAM CONSUMER PROTECTION

BRU MEASUREMENT STANDARDS

COMPONENT _____

FY 86

Page _____ of _____

Revised Date _____



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 11, 1985

MEMORANDUM

TO: Representative Mike Davis
ATTN: Tom Moyer
FROM: Nancy Pease
Legislative Analyst
RE: Unit Pricing in Grocery Stores
Research Request 85-208

At your request, I am providing the following information on unit pricing:

- the number of states which require both unit pricing and item pricing;
- the extent to which grocery stores in Alaska practice unit pricing;
- information on the costs of unit pricing to grocers and the benefits to consumers; and
- an estimate of the number of grocery stores in Alaska which shelve items in their packing cartons to avoid the cost of handling the items.

As you know, unit pricing is the posting of the cost of a product per unit of weight, measure or count. Unit pricing enables a shopper to quickly, easily and accurately compare the values of the same or similar products. The unit price of a product is usually posted with the item price on the shelf or display next to the particular product. The term "item pricing" refers to marking or labeling the numerical price on each individual package offered for sale. (See Research Request 85-160 for a discussion of item pricing.)

Unit Pricing in Other States

Four of the eight states which require item pricing also require unit pricing.¹ Altogether, eight states mandate unit pricing, four states have laws regulating voluntary unit pricing, and six cities have adopted unit pricing ordinances.²

Unit pricing appears to be an older, more widespread and less controversial concept than item pricing.³ According to Bob Shireman of the California Public Interest Research Group (Cal-PIRG), unit pricing has received less attention in California because the labor unions have not opposed it, not necessarily because consumers find it less important. Carolyn Polzer of the National Alliance of Supermarket Shoppers stated that her organization considers item pricing to be more important for consumer protection and therefore has not lobbied actively for unit pricing. Other consumer organizations also support the concept of unit pricing but have not actively campaigned states to require it.⁴

Spokespersons for two grocers' associations also indicated that unit pricing has not been a highly controversial issue.⁵ Grocers in some states have objected to "overly specific" provisions of pricing legislation such as rules for the color of unit price tickets.

¹Connecticut, Massachusetts, Maryland and New York require both unit pricing and item pricing.

²Unit pricing is mandatory in Connecticut, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island and Vermont and regulated but voluntary in Arizona, Florida, Ohio and Oklahoma. Cities which either require or regulate unit pricing are: Ann Arbor, Chicago, Cleveland, Minneapolis, New York and Seattle.

³Unit pricing was implemented in some states ten to fifteen years ago.

⁴Spokespersons for the United States Public Interest Research Group, the Consumer Federation of America, Public Voice for Food and Health Policy and the National Association of Consumer Affairs Administrators.

⁵The National Association of Retail Grocers and the Food Marketing Institute.

The Extent of Unit Pricing in Alaska

Most of the Alaska grocery stores contacted do not post unit price information.⁶ Market Basket and Safeway stores do provide the unit price of products. Managers for both grocery chains stated that the unit price information is calculated at their company warehouses in Washington and Oregon because their retail stores in those states are required to post unit prices.

Costs and Benefits of Unit Pricing

Because unit pricing has not been a heated issue, none of the state consumer divisions, consumer agencies, or grocers with which we talked were readily able to provide information on the cost of unit pricing. The fact that some grocery stores in Alaska and other states voluntarily post unit prices may indicate that the grocers feel their costs of unit pricing to be offset by shoppers' appreciation of the service. Safeway and Market Basket stores in Alaska voluntarily post the unit price of products. Spokespersons for these stores were unable to provide information on the cost because the unit prices are calculated at their warehouses in Washington and Oregon.

New York and Connecticut have both required unit pricing in grocery stores for at least eight years. Spokespersons for the state consumer offices in both states reported that there have been no complaints from grocers about the expense of unit pricing.

In the states contacted, consumers and state inspectors sometimes find instances of noncompliance, but enforcement of unit pricing does not generally appear to be a problem. A Rhode Island spokesman stated that their requirement prescribes a penalty of up to \$500 and/or a jail term of up to six months for violations of unit pricing; however, neither penalty has been imposed since unit pricing (along with other sales regulations) was enacted over 15 years ago. Rhode Island officials have chosen not to enforce a provision in the statute which requires that grocers state the unit price of items in advertisements.

A spokesperson for the Connecticut Consumer Affairs Office stated that enforcement of unit pricing has not presented any problems. Surveys of Connecticut shoppers show that middle and upper-income shoppers at suburban supermarkets are heavy users and supporters of unit pricing while residents of the inner cities are less likely to use unit pricing for comparative pricing.

⁶Car's Quality Centers (13 stores), Proctors Country Supermarkets (4 stores), Prairie Market, Mark N Pak, Foodland and Fred Meyer.

Representative Davis
March 11, 1985
Page 4

According to Cal-PIRG, the California legislature passed a measure to "encourage" unit pricing and most California chain stores post some unit prices. However a Cal-PIRG spokesman stated that the shopping surveys in California stores have shown that unit pricing is not always thorough or accurate, and that inconsistencies in unit pricing among stores confuse customers. A bill introduced last year to provide standards for unit pricing failed to pass the California legislature.

Number of Warehouse Stores

The grocers with whom we spoke identified five stores in Alaska which shelve their products in the packing cartons to avoid the cost of handling individual items (warehouse or box stores). These stores, estimated that their stocking methods compared to conventional stores result in savings of 1 percent to 8 percent of their gross sales, depending on the actual stocking and handling methods.⁷

The grocers were unaware of warehouse grocery stores in communities other than Anchorage, Fairbanks and Juneau. It is unlikely that many small grocery stores stock their products in packing cartons because a warehouse operation requires a large stocking space and a high volume of sales to operate profitably.

* * *

I hope this information is helpful. Please let us know if you have further questions.

NP

⁷Some of the stores operate only partly as traditional warehouse stores. Although they may shelve much of their inventory in cartons and offer case lot discounts, they may also stock and handle some items individually.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 8, 1985

MEMORANDUM

TO: Representative Mike Davis

FROM: Nancy Pease *N Pease*
Legislative Analyst

RE: Price Labeling in Grocery Stores
Research Request 85-160

Tom Moyer of your staff asked the cost and the effectiveness of requiring grocery outlets which use an electronic scanner check-out system to clearly label each consumer package or item offered for sale with a numerical price (item pricing).

This memorandum expands upon preliminary information which I transmitted to Tom Moyer in a telephone conversation on February 7. As I indicated to Mr. Moyer, several retail associations and consumer organizations are compiling additional information which I will forward to you as soon as possible.

At least eight states require grocery outlets with electronic check-out systems to label each consumer package offered for sale with a numerical price.¹ The law has usually been requested by consumer advocates who claim that lack of a readable price tag or stamp on each item offered for sale hinders the consumer from making informed choices and prevents the consumer from identifying pricing errors or errors charged at the check-out counter.² The concept of item pricing has generally been opposed by retail grocers who claim that item pricing incurs unnecessary labor costs which they must often pass on to consumers.

¹California, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Dakota, Rhode Island.

²In an electronic check-out system, a scanning machine identifies each item by "reading" a series of bars on the package label (the universal product code). The machine prints out a price for the item according to a coded price list. The consumer cannot visually check the accuracy of the machine's accounting unless each item is labeled with a numerical price.

Cost of Price Labeling

A spokesperson for the California Retail Clerks Association stated that studies show the cost of item pricing to be less than one-tenth of 1¢ per item.³ The National Alliance of Supermarket Shoppers (NASS) has found that in a large supermarket (8,000 customers per week), the cost of item pricing averages \$5.00 per consumer per year. A spokesperson for NASS noted that the principal expense of item pricing is labor and that persons employed to mark prices on individual items tend to be low paid, often part-time, employees.⁴ A spokesperson for the attorney general's office in California stated that studies show a cost of \$1.50 per household per year, or 3¢ per family per week.⁵ Consumer advocates also claim that in places where item-pricing has been discontinued, grocery outlets have not passed cost savings along to consumers.⁶

Although the cost of item pricing to each consumer is minimal, the total cost to a large grocery outlet may total over \$50,000 annually.⁷ In testimony to California legislators, the vice president of Lucky Stores stated that item pricing in its electronic check-out stores required 51 extra hours of labor each week in each store. These 51 extra hours of labor, at an average hourly cost of nearly \$15, added up to \$40,000 per year for each store.⁸ Two supermarket chains which operate in Alaska, Carrs Quality Centers and Safeway Stores, have been asked to provide estimates of the costs of item pricing; I will forward this information to you as soon as it arrives.

³Ralph Lubick, Retail Clerks Association, Southwestern Region, Sacramento, California.

⁴Carolyn Polzer, National Alliance of Supermarket Shoppers, Franklin Square, New York.

⁵Susan Geisberg, Assistant Attorney General, California.

⁶Carolyn Polzer, NASS.

⁷Mark Silbergeld, Consumers' Union, Washington D.C.

⁸Kenneth Cope, Senior Vice President of Lucky Stores, a corporation operating 675 food stores and food departments in nine states. This information was presented to the California Senate Judiciary Committee on October 1, 1984.

Effectiveness of Price Labeling

Of the 14 state and national consumer organizations which I contacted, none has thoroughly analyzed the effectiveness of item pricing in facilitating consumer decisions or preventing pricing errors. However, all consumer advocacy groups endorsed the concept of item pricing. The Attorney General's office in California has advocated item pricing not as a consumer cost-saving measure, but because fair advertising and free access to information are basic consumer rights. The National Alliance of Supermarket Shoppers has attempted to demonstrate a need for item pricing for the protection of consumers against pricing errors. NASS studies have shown that a customer who makes diverse purchases totaling \$50 or more (the typical "weekly shopper") is billed correctly on fewer than one in fifteen shopping trips. This probability of error is apparently not reduced by electronic check-out systems because scanners may be incorrectly programmed and a single price coding error repeated for several customers.⁹

The New York Consumer Protection Board found strong consumer support for item pricing in two consumer attitude surveys conducted in 1981 and 1985. The 1985 survey, conducted as part of a sunset review of New York's item pricing law, showed that 91 percent of New York consumers favor item pricing, an increase over the consumer approval rate in 1981. When consumers were informed that item pricing might result in higher grocery costs, 76 percent of consumers said that the benefits of item pricing outweighed the costs, while only 13 percent responded negatively.

One consumer spokesman, Mark Silbergeld of the Consumers' Union, expressed several reservations about the effectiveness of item pricing. With regard to the need for item pricing, he noted that pricing and charging errors sometimes favor the customer in addition to sometimes favoring the grocery store. Also, item pricing doesn't guarantee fewer errors; it merely gives the alert customer the chance to challenge errors. Finally, Mr. Silbergeld stated that a store's savings from discontinuing item pricing cannot be expected to show up in lower grocery prices because the savings per grocery item is quite small. However, the store's total savings might be passed along to consumers in the form of other services if the store operates in a competitive market.

⁹Carolyn Polzer, National Alliance of Supermarket Shoppers.

Representative Davis
February 8, 1985
Page 4

Action on Item Pricing Laws in Other States

Spokespersons for the State consumer protection agencies in New York, Rhode Island and Connecticut expressed general satisfaction in the workings of their item pricing laws, although they receive occasional complaints that stores fail to wholly comply. In several other states, grocers have challenged item pricing laws as unfairly burdensome. In Massachusetts, the Supreme Court upheld regulations requiring item pricing. In Michigan, the enforcement provision of the item pricing statute was recently amended to reduce a grocer's liability for incorrect pricing. Previously, a consumer could file a civil recovery action for \$200 upon discovering any price error; now, consumers who discover a price error may seek a refund and a negotiated compensation from the store. The Michigan Food Dealer's Association is also lobbying for an amendment that would exempt from item pricing all general merchandise and 20 percent of food items.

According to Assistant Attorney General Sue Geisberg of California, lack of definitions and enforcement provisions render that state's item pricing law unenforceable. California first mandated item pricing in the early 1970s with the agreement of the state's grocers who were frustrated by the inconsistency of local item pricing laws. In 1981, California revised its item pricing law to address the interests of grocers, retail employees and consumers. The new law fails to define which products are individual items, and sets a maximum liability of \$50 for grocers who fail to price each item. According to Ms. Geisberg, grocers have interpreted the definition of item so liberally that a consumer who purchases \$50 worth of staple items may fail to find a single item priced. However, Ms. Geisberg says that, because of the limited liability of grocers, the state is reluctant to initiate the "massive litigation" necessary to to obtain a court clarification of definitions in the law.

* * *

I hope this information is helpful. I will provide additional information as it becomes available.

NP

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

COPY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-5800

M E M O R A N D U M

December 7, 1984

SUBJECT: Mandatory Price Labeling
(Work Order No. 14-0093)

TO: Representative Mike Davis

FROM: Theresa L. Bannister ✓
Legislative Counsel

A bill draft for mandatory price labeling accompanies this memorandum. The two samples of legislation (one from California, which was repealed in 1977, and one from New York) which I used to draft the bill also accompany this memorandum. This draft is a modification of those statutes; you may want to review them to see if there is any particular feature of those samples which is not in this bill draft but which you would like to include.

For your information, I used the the definition of consumer package found at AS 45.75.390 in the present weights and measures chapter.

Only grocery stores (or grocery departments in general stores) are covered. It may be desirable to make the bill apply to all merchandise stores; however, I do not know if stores other than grocery stores will eventually use an automatic or laser-scanning checkout system. In addition, I have not attempted to draft a general approach, so I do not know if it would be difficult to exclude those stores on which the burden would be too great or where the coverage of the bill would not be appropriate.

I have exempted the small mom and pop kind of store and those stores having gross sales of less than two million dollars per year. One of the samples added language to the second exemption which would include those stores with such gross sales if they were affiliated with other stores whose total gross sales exceeded the cut-off figure. I thought it might make the enforcement a little more difficult; however,

Representative Mike Davis
December 7, 1984
Page 2

some larger stores might slip through the application of the bill as it now stands.

Regarding the violation section, I did not make an exception for unintentional errors. Intent could be required for a violation, but that will make a violation harder to prove. The chapter in which this bill is placed gives the enforcement agency broad police powers, including the power of arrest (AS 45.75.130). One of the samples gives a violator a thirty-day right to cure, but that is not included in this bill.

Also enclosed for your review is HB 339 (and CSHB 339) from 1975, which provides another approach to the situation.

If I may be of further assistance, please advise.

TLB:ojb
J10/004

Enclosures

COPY

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 15, 1985

SUBJECT: Mandatory Price Labeling
(Work Order No. 14-0093)

TO: Representative Mike Davis

FROM: Theresa L. Bannister ✓
Legislative Counsel

A revised bill draft for mandatory price labeling accompanies this memorandum. The draft contains the following changes:

1. The coverage is limited to stores that use an automatic checkout system. Since that factor probably automatically excludes the small mom and pop stores, I deleted the exception for mom and pop stores. I have also deleted the exception for stores under two million in gross sales.
2. I have added the definition of automatic checkout system from the Michigan act.
3. I added the provision allowing a thirty-day cure period for violations.

I was not able to find in the code index for Ohio a price labelling statute which addressed the same problem as this bill. If you have a citation or some other lead, I can try to locate it.

Some of the more interesting features of the Michigan statute that you asked me to review are the following:

1. the Michigan law applies to all consumer items (excluding, among other items, mail order sales, motor vehicles and parts, live plants and animals, and individual greeting cards with a readable code);

Representative Mike Davis
January 15, 1985
Page 2

2. a store can choose not to individually mark 25 classes of items as long as certain notices are given (Sec. 445.353(3) and (4));

3. one section makes it illegal to charge a higher price (than that on the label) as a result of electronic identification (Sec. 445.354);

4. Section 445.359 (at pages 41-42 of the attached copy) sets up an additional enforcement tool, the use of an assurance of discontinuance by the alleged violator. Since the bill already has a 30-day period to cure, I do not believe this provision would be very helpful.

If you wish any of the above included in the bill, or if you wish to discuss any of the above in more detail with me, please contact me.

TB:ojb
J10/096

What Is The Effect Upon Shoppers When Items Prices Are Removed?

The Michigan Study Provides the Answer!

This is the story of a research study that some shoppers have called the "Nixon Tapes" of the item pricing controversy. Just as Richard Nixon fought to conceal incriminating information contained in his tapes, the supermarket industry which commissioned this research study, would prefer that as few people as possible learn of its existence.

It all started in 1976; the first electronic scanners and computerized cash registers were being introduced by several supermarkets as an experiment in a few of their stores. But, no sooner had the first scanners been installed in 50 supermarkets, than controversy erupted. Several of the chains, anxious to see how the scanners would work without item pricing, removed the prices on merchandise in five of these stores. The shoppers in these stores suddenly found themselves squinting at small shelf price signs, and they weren't happy about it.

Soon, chains like Giant Food, a Maryland based operator, saw their wonderful experiment being met head-on by heated opposition from customers, consumer groups and their own unionized store employees.

The forces that opposed the removal of item prices complained that their removal made it more difficult to determine product prices. Giant and the other experimenters responded that the exclusive use of shelf signs made it much more likely that shoppers would get the benefit of "unit" pricing information that was also included on these shelf price signs.

Consumers complained that without price markings, they were unable to refer to the prices on previously purchased items and make comparisons from week to week in planning their purchases. The chains countered with the argument that the more detailed cash register tape produced by the computers made it easier for the shoppers to keep track of the prices of their past purchases.

As the controversy got hotter the supermarkets looked for a way to prove that they were right, and that the consumers fighting for item pricing were wrong. As consumers started to beat on the doors of their local and state legislators, the chains decided that the best way to prove their case was through research conducted by well known scholars of high reputation and integrity. Hurriedly, the supermarket industry's Public Policy Com-

mittee on the UPC Code commissioned a team of university professors to conduct such a research study. They were given the objective of determining the effect of the elimination of item prices on shoppers' ability to make food purchases effectively. The team consisted of Professors Gilbert D. Harrell and John W. Allen from Michigan State University, and Professor Michael D. Hutt from the University of Vermont.

The research conducted by this team of scholars consisted of personal interviews with shoppers in three different cities. In each city shoppers who had made purchases in stores with shelf prices only (SPO) were interviewed and an equal number of shoppers who had made purchases in conventional item pricing stores were interviewed. The interviews were conducted with shoppers in the supermarket aisles, while they were entering and leaving the supermarket, and through telephone interviews with shoppers in their homes. A total of 2820 interviews were made.

The Research Findings

When the team of researchers reported their findings to the supermarket industry committee which had commissioned them and paid them, some of the committee members were dumbstruck. The findings speak for themselves:

Use of Prices

The study found that while 71 percent of the shoppers in conventional supermarkets, with item pricing, looked at the price marking when they made their purchase selection, only 58 percent of the shoppers did this in shelf-price-only stores. To quote from the findings: "It is concluded that the store type [Shelf-Price -Only - versus item pricing store] is related to whether shoppers look at the prices of items before selecting them."

Difficulty In Seeing Prices

Approximately 15 percent of the shoppers in item pricing stores reported some difficulty in seeing prices, while 40 percent of the shoppers in shelf-price-only stores complained of this. The study concluded: "There is a significant relationship between the ability to see prices and store type, SPO store shoppers complain that it is more difficult."

Unit Prices

The study found that the same number of shoppers in both type stores, 87 percent, did not use unit pricing information. *The conclusion is that there are no differences in shoppers' ability to determine unit prices when they elect to do so in shelf-price-only stores versus conventional stores."*

Comparison Shopping Behavior

Shoppers were asked if they had compared the price of the product to that of any other product. Thirty-two percent said they had in conventional item pricing stores, but only 21 percent compared prices in shelf-price-only stores. To quote the study: *It is concluded that a greater percentage of conventional store shoppers as opposed to SPO shoppers make price comparisons."*

Knowledge Of The Price Of Items Placed In The Shopping Cart

When shoppers were asked the price of items in their shopping cart, 4.4 percent of the conventional item pricing store shoppers were in error, while 8.4 percent were in error in shelf-price-only stores. "It is concluded that there were differences between shelf-price-only and conventional store shoppers regarding the absolute percentage of price errors for products they selected from their carts."

Price Determination In The Home

In the last phase of the research, shoppers were called at home and asked the price of items they had previously purchased. The correct price was reported by 44.2 percent of the shoppers in conventional item pricing stores, while only 18.8 percent of the shelf-price only shoppers gave the correct answer. The study stated: "These results are reliable and it is concluded that SPO respondents exhibit less accurate price determination ability in the home than do conventional store shoppers."

The Aftermath

The "Michigan State Study" as it soon became known, left the price removal experimenters without a leg to stand on. It gave

Should Advertised Prices Really Be Special?

New York, N.Y. - The Newspaper Advertising Bureau recently completed a research study to show the supermarket industry the effect of supermarket advertising on their sales. One of the highlights of the study was the finding that advertising items at *regular prices* can double their sales!

The Ad Bureau study covered 20 advertisements run by 17 supermarkets. The sales of each of the 479 items appearing in these ads was checked two weeks prior to the appearance of the ad, and during the week in which the ad appeared.

For advertised items whose prices were cut, sales almost tripled when they received featured space in the ad. But, for items advertised at regular prices, sales almost doubled when they received the same amount of space; and sales were a third higher than usual when they were given one line below

the featured items.

The message these findings seem to be giving supermarket advertisers is that it often pays to feature items at regular prices!

The National Alliance of Supermarket Shoppers believes that advertising items at regular prices can amount to a deceptive practice in that shoppers normally expect supermarket ads to include only those items whose prices have been reduced. Those who advertise items at regular prices should be required to say so!

The supermarket industry should carefully consider the results of including regular priced items in their newspaper advertising. Shoppers won't be fooled for long and the net result may be that shoppers will no longer give these newspaper ads the same attention given to them in the past. It is like the story of the "boy who cried wolf!" — If regular

prices are included in the ads, we shoppers will not believe that the real specials are a bargain! — And we're sure that this isn't what the supermarkets want to accomplish with their advertising!

The Ad Bureau study should also serve as a warning to smart shoppers to check the newspaper ads carefully. The only way to combat this type of deception is to *know your prices!*

If a supermarket in your area starts to include regular price items in their ads, complain to the management, and send this information along to N.A.S.S. at 591 Middle Neck Road, Great Neck, N.Y. 11023.

VIEWPOINT welcomes your comments and opposing views. Address them to Viewpoint/A.C.C., P.O. Box 1149, Great Neck, N.Y. 11023.

(Continued from page 7)

The Michigan Study!

the opponents of price removal all the ammunition they needed, and soon the experimenters like Giant Food, backed down and called the experiment off.

That was in 1976 when the whole idea of electronic scanning was just an experiment. In 1976 the supermarkets that tried to eliminate item pricing had little to gain by trying to force the issue in their few scanner equipped stores. They had little to lose by putting the price markings back on the merchandise in these few stores and heeding the voice of an outraged public. But that was 1976, and none of this is true today.

Today there are more than 3200 supermarkets equipped with scanners and in-store computers. Supermarket chains with hun-

dreds of stores, look longingly at the prospect of saving \$30,000 to \$50,000 per store in labor costs by eliminating item pricing. To them, it means millions of dollars of additional profits. For this reason, they would rather forget the findings of the Michigan State Study.

But, for supermarket shoppers who would rather bear the \$3 to \$5 per year cost of having their groceries price marked, the Michigan State Study is the most important ammunition they have in the battle to keep item pricing. It is still as valid today as it was in 1976. It shows beyond a doubt, that the elimination of item pricing has a significant adverse effect on the ability of consumers to shop effectively.

If you don't want to forget the results of the Michigan State Study as the supermarket industry would like you to, then take out this page, make copies of it and send them to your local and state legislators to further support our campaign for item pricing legislation. The A.C.C. and N.A.S.S. urge all our members to stand up for their rights as supermarket shoppers.

If you would like to have your own copy of the Michigan State Study, send \$6.50 to: Division of Research - Berkey Hall, Graduate School of Business Administration, Michigan State University, East Lansing, MI 48824, and ask for the study by this name: *Universal Product Code: Price Removal and Consumer Behavior in Supermarkets.*

Keep The Victories Coming!

The ability of NASS to protect the rights and interests of supermarket shoppers depends on YOU! The struggle to obtain the protection of item pricing legislation is just one example of the urgent need for funds to support NASS' vitally important objectives.

Please take the time to make a contribution to NASS today. Contributors of \$5 or more will receive the 1981 *Guide to Coupons and Refunds*. Don't delay, NASS needs your help!

NASS Contribution for Action

Yes! I stand up for Shoppers' Rights.

Enclosed is my contribution to NASS.

\$ _____ \$5.00 \$10.00

Name _____

Address _____

Zip _____

Send your contribution to: N.A.S.S., 591 Middle Neck Road, Great Neck, N.Y. 11023.

*Contributors of \$3 or more will receive the 1981 *Guide to Coupons and Refunds*.

National Alliance of Supermarket Shoppers

*a non-profit organization with 50,000 members nationwide
working to protect the rights and interests
of supermarket shoppers on a local, state and federal level.*



N.A.S.S. To Coordinate Item Pricing Campaign

Great Neck, N.Y. - The National Alliance of Supermarket Shoppers has announced that it is spearheading the fight for state legislation requiring supermarkets to put individual price markings on their products.

Supermarkets all over the country are converting to computerized cash registers equipped with electronic scanners. At the present time, there are more than 5,000 supermarkets that have this equipment and industry sources estimate that by 1985 one-half of the supermarkets will be using these computerized checkout systems.

"The problem for consumers is not the equipment, but rather the supermarket operators who have installed the computers and also have removed individual item price markings," explained Barbara Spanton, N.A.S.S. Deputy Director. "This has become possible because the scanner identifies the individual item from its Universal Product Code (UPC Symbol) and then the computer provides the price from its memory and sends it to the cash register. With individual price markings no longer necessary in order to ring up a consumer's purchases, many supermarket operators view the elimination of item pricing as a quick way to cut costs and increase profits.

"For supermarket shoppers who find that the supermarkets in their area are eliminating item prices, the consequences are grave," commented Spanton. "Their ability to effectively comparison shop—between items in different aisles, between canned and fresh, between fresh and frozen—is substantially diminished. Their ability to recognize that the computer price rung up on the cash register may not be the same as the price on the shelf is substantially diminished. All of this adds up to consumers being placed in the position of 'shopping blind', without the benefit of the pricing information they have a right to receive. For shoppers who have physical problems and can't stoop down to look at bottom shelf price signs or who can't see top shelf signs, the consequences are even more disastrous.

"The supermarkets that are eliminating item price markings are telling their customers that computers don't make mistakes," Spanton continued. "but N.A.S.S. files hold an enormous number of letters from consumers testifying to the fact that computers are just as fallible as cashiers and, when they make a mistake, the error is made again and again until someone catches the 'computer' error.

"At a time when consumers are increasingly interested in shopping effectively and saving money, we refuse to allow thoughtless supermarket operators to eliminate item pricing," stated Barbara Spanton. "To prevent this, we are working with local consumer groups and providing them with the information they need to get legislators interested in this issue. In addition, we are serving as a clearinghouse for item pricing information and we are publishing a newsletter that will be sent to every interested consumer organization."

Individuals, legislators and consumer groups that are interested in the item pricing issue can obtain more information by writing to: Barbara Spanton, The National Alliance of Supermarket Shoppers, 1200 Hempstead Turnpike, Franklin Square, New York, 11010.

SN 1/21/85

Canada Consumers Prefer Item Pricing

By JOSIE NEWMAN

TORONTO (FNS) — Eight of 10 Canadian consumers oppose the disappearance of item pricing as supermarkets instal scanner checkouts, according to a consumer-interest group here.

The Consumers' Association of Canada reports in its first national survey, released last week, that supermarket patrons prefer item prices because they can "verify prices at the checkout counter."

The association began lobbying against item-price removal in 1975, a year after scanning registers were introduced to Canadian supermarkets. It recently stepped up its efforts with the release of its national survey.

Wendy Wharton, a research officer with the association, said even though consumers pay the cost of price stickers — 15¢ on \$50 — they feel it's a necessary service.

"With the price wars that go on in this country, consumers need a reliable source for comparison shopping. The only way of doing that is by providing priced items the consumer can take home and compare with similar products they've bought in other stores," Wharton said.

She added that the scanners sometimes make computing errors.

The most recent statistics of the Retail Council of Canada show that 500 of the country's 6,000 supermarkets use scanning. About half of the stores with scanners also are continuing item pricing. Retail spokesmen say they've received almost no

Canadians in Poll Like Price Tags

Continued from Page 2

complaints in relation to scanners.

"Consumers make their buying decisions at the shelf, not later on. If they do want to check up on prices, they have a detailed computer print-out to verify what they were charged," said Dave Dudgeon, scanning coordinator for Dominion stores. Forty-five of Canada's 140 Dominion stores have scanner checkouts.

Paul Houston, store operations director for Loblaws' Canadian stores, scoffed at the Consumers' Association findings. "If scanners weren't what customers wanted, we wouldn't have installed them. They provide speedier service and cost cutting," Houston said.

The consumer group's persistent pressure on provincial governments to maintain item price tags in supermarkets reaped results in both Ontario and British Columbia. Stores in both provinces voluntarily priced items.

National Alliance of Supermarket Shoppers



ITEM PRICING COST ESTIMATE-----

There are approximately eight thousand(8,000) customers per supermarket. The food industry said that is costs about forty thousand dollars (\$40,000) per year to item price. This works out to nearly five (\$5.00) dollars per consumer per year.

One (1) error on a scanner order could cost the consumer five (\$5) dollars, and our information shows that the consumers are more that willing to pay for the peace of mind of knowing what each item will cost at the point of selection.

DATA ON CUSTOMER COMPLAINTS RE: ITEM PRICING

1983					
<u>SUPERMARKET CHAIN *</u>	<u>NO. OF CALIF. STORES</u>	<u>CUSTOMER TRANSACTIONS</u>	<u>NO. OF COMPLAINTS</u>		<u>%</u>
			<u>TOTAL</u>	<u>ITEM PRICING</u>	
VONS	174	147,800,000	7,046	180	2.6%
<u>RALPHS</u>	<u>121</u>	<u>100,000,000</u>	_____	<u>120</u>	
TOTAL	295	247,800,000		300	
			↑ _____ .0000012 _____ ↑		
ALPHA BETA	283	HAD ONLY <u>ONE</u> WRITTEN ITEM PRICING COMPLAINT IN 1983.			
TOTAL	578				

*AS OF OCTOBER 1, 1984 THESE THREE CHAINS WERE OPERATING A TOTAL OF 472 SCANNING STORES IN CALIFORNIA.

Promotion News

Study Finds Scanner Error Hiking NJ Shoppers' Costs

By JUDY GREENWALD

TRENTON, N.J. — A survey of 20 supermarkets with scanners, conducted by the New Jersey Consumer Affairs Division, has found that scanning errors are costing consumers 27c for every \$100 they spend. Spokesmen for two of the firms covered in the survey, A&P and Pathmark, questioned its methodology.

The survey, conducted by members of the division, included eight ShopRites, six Pathmarks, three Grand Unions, two A&Ps and one King's in Ocean, Union, Passaic, Essex, Bergen, Hudson, Monmouth, Morris and Warren counties.

The shoppers were told to shop as usual, then fill out forms noting price discrepancies when they returned home. The shoppers paid for their groceries, said a department spokesman.

"New Jersey consumers are probably losing at least \$13 million a year from overcharges due to pricing scanner errors at supermarkets, said James Barry, the division's director. "The 127 scanning supermarkets in New Jersey sell an estimated \$5 billion in goods each year, so overcharges of a nickel or dime add up quickly."

Barry noted that the number of supermarkets with scanners in the state had grown from five stores six years ago to 127 today.

Of the 1,652 items purchased in the course of the survey during 51 shopping trips, the division found an error rate of 2.36%, with 0.9% undercharges and 1.45% overcharges. In dollar amounts, the overcharges came to 0.42% of the total amount spent, with undercharges accounting for 0.15%, leaving an overall loss rate of 0.27%, or 27c for every \$100 spent.

The survey found that errors were nearly twice as likely to be overcharges, and that overcharges cost consumers almost three times as much as the amount gained through undercharges. The survey found 24 overcharges totaling \$8.32 and 15 undercharges totaling \$3.02.

A spokesman for the division said no summonses were being issued in connection with the overcharges. The survey was conducted solely for "informational purposes," he added.

An A&P spokesman said, "We're redoubling our efforts in looking at any problems there might be in scanning.

"We don't fully accept the results, but we're still checking into it." He suggested that in some cases it may have been the shelf prices that were at fault, rather than the scanning computers.

A Pathmark spokesman said, "I think the manner in which the survey results were expressed is very misleading." The survey, he said, was done under the assumption that the item prices were accurate and the scanner prices wrong.

In practical experience, he added, "it's extremely rare" for the scanner price to be wrong. "It's far more likely" that there has been a human error in marking the items. In some cases, he said, item prices are not changed back when the item is no longer on sale.

SUPERMARKET NEWS, MONDAY, JANUARY 23, 1984

Most in Poll Want Price Marking

NEW YORK — A total of 79% of New York consumers believe items should be marked individually with prices, even if supermarkets with scanners do provide register tapes listing each item and its price, according to New York City's Department of Consumer Affairs.

Of the 200 New Yorkers responding in the July survey, 71% use unit pricing at least sometimes, while 12% said unit pricing supplies "just enough" information to help in supermarket shopping. Of the respondents, 63% said they had shopped in a food store that used



SHOPPING BLIND!

THE NEED FOR ITEM PRICING LEGISLATION

*A Position Paper From
The National Alliance of
Supermarket Shoppers*

The National Alliance of Supermarket Shoppers is strongly in favor of state legislation which would require retail food stores to place individual item price markings on each product offered for sale to the public.

*Summary of the Situation: Supermarkets all over the country are converting to computerized cash registers and scanning equipment. More than 4,000 supermarkets will be operating with this type of equipment by the end of this year. In states where consumers are not protected by legislation, many supermarkets are no longer putting individual item price markings on their merchandise. * Consumers are awakening to this threat and are demanding protective legislation.*

** The following states have enacted consumer protective legislation requiring item price markings: Minnesota, Massachusetts, Connecticut, Rhode Island, New York, and Michigan.*

Item pricing legislation is vitally necessary to protect the interests of consumers for these reasons:

- 1** Without item pricing, consumers find it very hard to make needed price comparisons.
- 2** Without item pricing, consumers have problems keeping track of the value of the items in their shopping carts.

3 Without item pricing, there is no practical way to determine whether the price that is rung up on the cash register is the correct price, and the consumer has less chance to correct errors.

4 Without the moderating influence of item pricing, supermarkets can quickly change the prices of merchandise that is already on the shelves. This could contribute to an increasingly rapid round of food price inflation.

The National Alliance of Supermarket Shoppers
1200 Hempstead Turnpike, Franklin Square, N.Y. 11010
(516) 328-6222

This Position Paper Sent To You By:

MY NAME IS KENNETH W. COPE. I AM SENIOR VICE PRESIDENT,
ADMINISTRATION OF LUCKY STORES, INC., DUBLIN, CALIFORNIA.

LUCKY STORES OPERATES 675 FOOD STORES AND FOOD DEPARTMENTS
IN NINE STATES. ABOUT 300 OF THOSE STORES USE SCANNING EQUIPMENT
TO CHECK OUT CUSTOMER PURCHASES. 350 OF THE TOTAL NUMBER OF STORES
AND 192 OF THE SCANNING STORES ARE IN CALIFORNIA.

CALIFORNIA IS THE ONLY STATE OF THE NINE IN WHICH WE OPERATE
THAT MANDATES THE MARKING OF INDIVIDUAL PACKAGES OF MERCHANDISE
OFFERED FOR SALE. THUS WE HAVE A BASIS FROM WHICH TO MEASURE
THE COSTS OF PRICE MARKING UNDER THE PRESENT CALIFORNIA LAW.

ALTHOUGH WE BELIEVE THE PRESENT LAW PLACES AN UNNECESSARY
BURDEN ON FOOD RETAILERS, AND THUS ULTIMATELY ON CONSUMERS IN
CALIFORNIA, WE HAVE NEVERTHELESS MADE CONSCIENTIOUS EFFORTS TO
COMPLY WITH THAT LAW. OUR ANALYSIS INDICATES THAT COMPLIANCE
IN OUR CALIFORNIA SCANNING STORES REQUIRES ABOUT 51 HOURS MORE
LABOR EACH WEEK IN EACH STORE THAN IN A COMPARABLE SCANNING STORE
IN ARIZONA, NEVADA OR ANY OF THE OTHER STATES IN WHICH WE OPERATE.
THESE 51 EXTRA HOURS, AT AN AVERAGE HOURLY COST OF NEARLY \$15,
ADD UP TO \$40,000 A YEAR FOR EACH STORE. FOR THE 192 SCANNING
STORES WE NOW HAVE, THE TOTAL COST IS ABOUT \$7½ MILLION A YEAR.
THIS ANNUAL COST WILL RISE TO ALMOST \$9 MILLION BY THE END OF
THIS YEAR, AS WE INSTALL SCANNING IN ANOTHER 30 TO 35 OF OUR CALIFORNIA
STORES.

FOOD RETAILING IS AMONG THE MOST INTENSELY COMPETITIVE
OF ALL BUSINESSES. FOR THAT REASON, THERE IS GREAT INCENTIVE
FOR THE FOOD RETAILER TO PASS ON ANY COST REDUCTION THROUGH LOWER
PRICES. ON THE OTHER HAND, FOOD RETAILERS OPERATE ON VERY NARROW

PROFIT MARGINS, LEAVING LITTLE ROOM FOR THE RETAILER TO ABSORB COST INCREASES. HE MUST PASS THEM ON TO THE CUSTOMER OR HE WILL NOT SURVIVE.

THE \$7½ MILLION COST OF COMPLIANCE WITH THE PRESENT LAW THAT I MENTIONED EARLIER IS ALREADY BEING PAID BY CALIFORNIA CONSUMERS. ANY CHANGES IN THE PRESENT LAW WHICH REQUIRE MORE INDIVIDUAL PACKAGES TO BE MARKED WILL INCREASE THAT COST.

THERE IS NOTHING IN OUR EXPERIENCE TO SUGGEST THAT OUR CUSTOMERS - ABOUT 2.4 MILLION EACH WEEK IN OUR CALIFORNIA SCANNING STORES - CARE AT ALL WHETHER THE INDIVIDUAL PACKAGES ARE PRICE MARKED OR NOT. CUSTOMER COMPLAINTS ARE RARE, AND MORE OFTEN RELATE TO A MARKED ITEM THAN TO ONE THAT IS NOT MARKED. THERE HAS BEEN NO ADVERSE REACTION FROM OUR CUSTOMERS AS WE HAVE INTRODUCED SCANNING, EITHER IN CALIFORNIA OR IN OTHER STATES THAT DON'T REQUIRE PRICE MARKING. IN FACT, SALES OFTEN INCREASE AS CUSTOMERS RECOGNIZE THE ADVANTAGES OF FASTER CHECKOUT. PRICE MARKING IS SIMPLY NOT AN ISSUE WITH OUR CUSTOMERS.

A PROPOSED ITEM PRICING LAW

AN ACT RELATING TO CONSUMER PROTECTION: REQUIRING INDIVIDUALLY MARKED PRICES ON CERTAIN RETAIL MERCHANDISE; PROVIDING EXCEP- TIONS; ESTABLISHING EXISTENCE OF VIOLATIONS; REMEDIES.

SECTION 1. Definitions as used in this proposal:

(a) "Automatic Checkout System" means an electronic device, computer, or machine which determines the price of a consumer item by using a product identity code, and shall include an automated optical scanner.

(b) "Consumer Commodity" means any food, drug, device, or cosmetic and other article, product, or commodity of any other kind or class, which are customarily produced for sale to retail agencies or instrumentalities for consumption by individuals, for use by individuals for personal care or in the performances of services ordinarily rendered in or around the household, and which are usually consumed in the course of such consumption or use.

(c) "Sale at Retail" means the transfer of an interest in a consumer item by a person regularly and principally engaged in the business of selling consumer commodities to a buyer for use or consumption and not for sale.

(d) "Total Price" means the full purchase price of the consumer commodity without regards to units of weight, measure, or count, excluding sales tax and container deposit.

The term "Consumer Commodity" shall not be misconstrued to include the shelf, carton, or crate in which the commodities were received at the retail establishment.

SECTION 2. Item Price Marking:

The total price of consumer commodities offered for sale at retail shall be clearly, conspicuously, and plainly displayed in Arabic Numerals, so as to be readable and understandable by visual inspection, and shall be stamped upon or affixed directly upon each individual consumer commodity. If a consumer commodity is canned, bottled, boxed, or bagged, but sold in quantities of more than one in the containers in which the product came from the manufacturer or distributor, the price may be marked on the outer containers rather than on each individual items; such items could include single pieces of bubble gum, penny candy, single cigars, and similar items but not to the distortion of the basic intended protection of this proposal to the consumer.

SECTION 3. Exceptions to Section 1, Definition [b]:

(a) Consumer commodities subject to the packaging or labeling requirements of the Federal Alcohol Administration or to any pricing requirements by Federal Law.

(b) An item of goods offered for sale through a vending machine.

(c) An item of goods sold only by prescription.

(d) Prepared foods intended for immediate consumption such as fast food restaurant, and like establishments.

(e) A consumer item purchased by mail through a catalog order, or which is not otherwise visible for inspection by the consumer at the time of the sale, and which is ordered or requested by the consumer, if the price of the item is on the consumer's written order or request, or on a bill, invoice, or other notice which describes or names the item and which is enclosed with the item.

(f) Live animals.

(g) Greeting cards sold individually which have a readable coded price on the back of the card.

(h) Magazines sold with a sale price visually printed on the cover at the time of printing.

(i) Merchandise ordered as a gift by a consumer which is sent by mail or other delivery service to a person other than the consumer by the retailer at the request of the consumer.

SECTION 4. Evidence of Violation.

(a) It shall be *prima facie* evidence of a violation of this act if any retailer using an automatic checkout system or magnetic scanning of the Universal Product Code system for checkout fails to comply with Section 2.

(b) It shall be *prima facie* evidence of a violation of Section 2 if a price charged or attempted to be charged as a result of electronic identification or calculation by an automatic checkout system exceeds the price required to be indicated pursuant to Section 2.

(c) Each violation with respect to a particular consumer commodity on any single day shall be deemed a separate offense.

SECTION 5. Remedies.

Any person who violates any provisions of this act shall be fined not more than one hundred dollars for the first offense nor more than five hundred dollars for each subsequent offense. Each violation with respect to a particular consumer commodity on any single day shall be deemed a separate offense.

HERE ARE TEN IMPORTANT QUESTIONS & ANSWERS THAT GO TO THE HEART OF THE ITEM PRICING ISSUE

Read the facts. Decide for yourself:

1 Question: Why has item pricing legislation suddenly become of vital importance?

Answer: The rapid introduction of new computerized cash registers and the electronic scanning of universal product codes, is for the first time allowing supermarkets to eliminate the price stamps and stickers that have always been placed on supermarket-packaged merchandise.

Electronic scanning equipment is designed to read the thick and thin black lines that make up the universal product code printed on most supermarket products. When the cashier passes the UPC code over the scanner, a signal is sent to the store's computer. The computer then identifies the product, searches its memory for the price, and then sends all of this information back to the cash register where it appears in the display window and, simultaneously, is recorded on the register tape.

This computer technology is important, and brings many benefits to supermarket operations. But, like so many other good things, there is also an inherent danger: With price information being called up automatically from a computer's memory, the supermarkets may be tempted to eliminate individual item pricing.

2 Question: Don't shelf signs provide the same information as item price markings?

Answer: This is an argument made by the supermarkets, but if you have ever visited a supermarket, consider your own experience. Have you ever found it difficult to read the small-print shelf signs? How about the ones that are on the top shelves, or the lower shelves? You didn't stoop down to read them? Have you ever found a shelf sign missing? What about the shelf signs that are under the wrong items? How are people with poor eyesight to read these signs? With the average supermarket containing more than 12,000 different items, can we place all our faith in shelf signs? The answer is simple: We can't!

3 Question: Can't shoppers mark their purchases with a grease pencil provided by the store?

Answer: Using a grease pencil to mark every item can turn a 20 minute shopping trip into an hour-long ordeal. But, this is another argument used by the supermarkets to defend their actions. The only problem is it doesn't take into consideration human nature nor the

desire of most shoppers to make their shopping trips as quickly and efficiently as possible.

4 Question: If the computer does make a mistake and overcharges a customer, doesn't the detailed register tape allow the customer to spot it and claim a refund?

Answer: In theory it might, but let's be practical. Most customers with many items can't keep track of the prices that flash onto the cash register display. But, even if they did suspect the computer made a mistake, and had rung up an amount that was higher than the price on the shelf sign, they would have to leave their groceries at the checkout counter and run back down the aisles to verify the price. Even if you don't consider the problem of holding up the checkout line, you can't reasonably expect consumers to do this. Nor can you expect them to carefully check a yard-long register tape when they return home. Except for the few advertised specials, what would they check it against?

5 Question: Do the benefits to the supermarket of computerized scanning depend on eliminating individual item pricing?

Answer: Absolutely not. Industry sources state that the most significant benefits of this new equipment—perhaps as much as 90% of the benefits—have nothing to do with individual item pricing. The proof of this is the fact that scanning equipment and computers are being rapidly installed in stores in all of the states where laws require item pricing. These are the states of Minnesota, Massachusetts, Connecticut, Rhode Island, New York and Michigan. In these states, item pricing and scanning live comfortably side by side.

6 Question: If this new technology doesn't depend on eliminating item pricing, why do the supermarkets seem so determined to do away with it?

Answer: GREED!!! By eliminating the jobs of a few part-time clerks who mark the items, they see a picture of greater profits. This extra measure of labor savings have been sold to them by the manufacturers of all this new electronic equipment.

7 Question: Doesn't the elimination of item pricing hold forth the promise of lower prices?

Answer: Yes, but it is only a promise, and it is coupled with a tremendous

danger. Few people believe that the elimination of the salaries of a few part-time clerks will lower food prices in any way that could be felt by the average consumer; nor do many people feel that whatever labor savings there are will be passed along to the consumer. But, it is a fact that when consumers are presented with both sides of this issue, they overwhelmingly cast their vote in favor of item pricing. It is a service that they are more than willing to pay for.

8 Question: The supermarkets deny that they would use the computer to rapidly increase prices, especially for merchandise already on the supermarket shelves. Can we believe them?

Answer: At the beginning of the gasoline crunch, the oil companies and station owners denied they would increase the price of gasoline already in their tanks. But they certainly did, and we paid dearly for it. Once item prices are gone, and supermarkets have the power to reprice merchandise, the public will have no protection other than mandatory price controls, something few people want any part of.

9 Question: Can't shoppers "vote with their feet," and show their disapproval by not shopping at supermarkets which eliminate item pricing?

Answer: For a variety of understandable reasons, most consumers shop at one food store, usually a supermarket near their home. If this store were to eliminate item pricing, they would have no choice, and would not be able to register their "vote." And if one store in an area eliminates item pricing, competitive pressures may force every store to do likewise, and that calls off the election altogether.

10 Question: Do the relatively small savings to the supermarkets from eliminating item pricing outweigh the dangers to consumers?

Answer: If you have read up to this point, we hope you will agree that the answer is

NO!!

Don't Allow This Menace
To Sweep Over The
Consumer
Support Item Pricing
Legislation

THE DANGERS OF ELIMINATING ITEM PRICING

DANGER #1—WITHOUT ITEM PRICING, CONSUMERS FIND IT VERY HARD TO MAKE NEEDED PRICE COMPARISONS.

Take a look at consumers in any supermarket, and you will find that most do their comparison shopping by physically comparing the individual price markings of package against package, can against can. Sometimes this is relatively easy when competing products are close to each other. But often, they are compared with items at a distance, or with alternative selections in other aisles. When item pricing is eliminated, this becomes much more difficult, if not impossible, for most shoppers.

With food prices skyrocketing, and comparison shopping becoming increasingly important, especially for those with low and fixed incomes, the elimination of item pricing which makes comparison shopping difficult is a public outrage.

DANGER #2—WITHOUT ITEM PRICING, CONSUMERS HAVE PROBLEMS KEEPING TRACK OF THE VALUE OF THE ITEMS IN THEIR SHOPPING CARTS.

"It's like shopping in the dark," said one consumer. Many shoppers, confronted by a store with no item prices, go about their shopping with a sense of uneasiness. When they get to the cash register, they have no way of checking to see if they are over their budget, or whether they have enough money to pay for their purchases.

DANGER #3—WITHOUT ITEM PRICING, THERE IS NO PRACTICAL WAY TO DETERMINE WHETHER THE PRICE THAT IS RUNG UP ON THE CASH REGISTER IS THE CORRECT PRICE, AND THE CONSUMER HAS LESS CHANCE TO CORRECT ERRORS.

As the cashier quickly passes each item's UPC code over the electronic scanner, and as lights and numbers flash on and off on the cash register, the consumer stands idly by . . . helpless. If she didn't mark each item with its shelf price, she has no way to check whether the price that appears momentarily

on the cash register is the same price that was on the shelf sign. Gone is the "chain of confidence" that was always present when a shopper checked to see that the price on the item was the same as the price on the shelf or in her advertisement, and then watched as the cashier rang up the same price on the register.

It is true that computers don't make many mistakes, but the supermarket employees who program the computer, and who push the buttons that raise or lower the prices, do make mistakes. But unlike a mistake made by a cashier who pushes the wrong button on the cash register, such a computer mistake is often repeated tens and hundreds of times until some consumer spots it, and then takes the trouble to call up the store and report it. Unfortunately, stores have no way to make a refund to the hundreds of customers who were overcharged by an employee who programmed the wrong price into the computer. It is obvious that the possibilities for frauds against the public are significantly increased when item pricing is eliminated. "I didn't know the wrong price was put into the computer" sounds very much like "I didn't know the gun was loaded."

DANGER #4—WITHOUT THE MODERATING INFLUENCE OF ITEM PRICING, SUPERMARKETS CAN QUICKLY CHANGE THE PRICES OF MERCHANDISE ALREADY ON THE SHELVES—THE RESULT COULD CONTRIBUTE TO INCREASINGLY RAPID ROUNDS OF FOOD PRICE INFLATION

If the supermarkets were only to need to push a few buttons on their computer, and change shelf signs in order to increase hundreds or thousands of prices, there is little to stop them from making substantial across-the-board price increases. In situations where three or four chains have a virtual monopoly on an area's food supply, the consumer has little protection if the stores decide to play "follow the leader" with a round or price increases supposedly necessary because of inflation, increases in the consumer price index, or increases in the price of oil or utilities. If the fires of inflation were to once again reach the 18% levels we have recently seen, there is little doubt that the ability of supermarkets to raise prices of items that are already on their shelves would contribute to an unprecedented spiral of food price inflation.

What Price Supermarket Scanners?

Sure they're fast, but they may be costing shoppers a bundle

United Press International

Price scanners may be revolutionizing business at checkout counters in many of the nation's supermarkets, but consumer watchdogs are worried that human error may be costing shoppers millions of dollars.

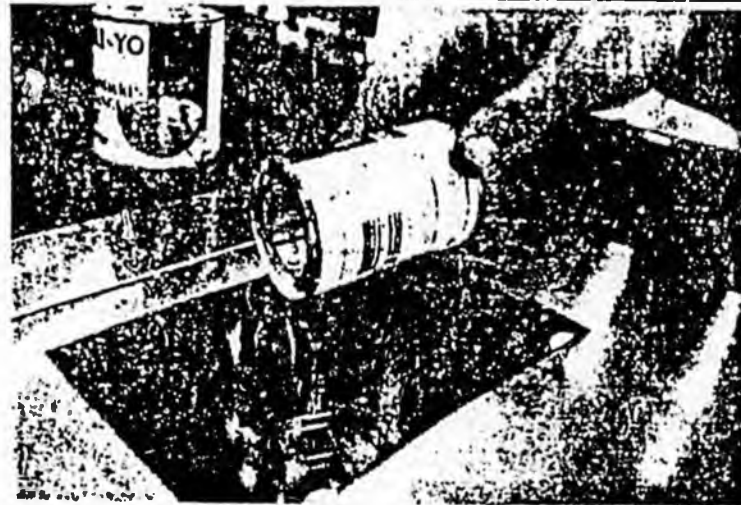
The scanner identifies products with an electronic eye, checks a computer memory for the price and then records the price on the cash register. It has found its way into about 4,500 of the 79,000 supermarkets in the country that have annual sales of at least \$2 million.

The scanner reads the Universal Product Code, the stamped series of lines unique to each product, then searches its computer memory for the price of the item. The system, which costs about \$200,000, speeds up check-out and provides shoppers with receipts that list each item by name and price.

"We've seen a pretty hefty growth from 1974 on," said Jack Cergel of the Food Marketing Institute, a Washington-based trade association representing 17,000 retail and wholesale stores whose combined sales amount to about half of the industry's \$252 billion annual earnings.

"There are no problems with the scanner itself," said Cergel. "Where we've seen some problems is with the programming of scanners and with the adequate training of making price changes."

He said there is sometimes a lag between



Check it out: stores admit that there is a great potential for human error when price scanners are used.

Robert Wundtke

price adjustments in the computer and those on the shelf.

In New Jersey, only five supermarkets used scanners six years ago. Today, they are in 127 of the state's 700 supermarkets — a growth that is causing concern to James Barry, the state consumer affairs director.

Over the summer, Barry asked a dozen workers in the office of consumer protection to shop for food at scanner-equipped stores and keep track of discrepancies between the prices on the item, the shelf and their grocery bill.

The three-month survey indicated that pricing errors cost consumers about 27 cents for every \$100 they spend at scanner-equipped supermarkets — which translates into at least

\$1.1 million a year in overcharges, Barry said.

The survey found that errors were nearly twice as likely to be overcharges, which cost customers almost three times as much as they "gain" through undercharges. The survey recorded 24 overcharges totaling \$9.32 and 13 undercharges amounting to \$1.02.

While conceding the problems can occur because of "human breakdowns," Robert Wundtke, a vice president of Pathmark, said the survey is misleading.

"It supports to deal with undercharges and overcharges and does not deal only with the discrepancy between the marked price and the scanner price. They over-checked during the survey, which was the right price," he said.

"Indeed, there are discrepancies, but in terms of how and where the blame is placed, it's extremely misleading," he said.

Barry countered: "We were very careful to be as fair as possible in the survey we conducted. Our investigators were instructed to do their shopping as they normally do — not to make any special effort to buy items that might be more likely to show up as errors in the scanner."

"In fact, our results showed that special sale items were more prone to error because the scanner was not programmed to reflect the special sale price," he added. "Had we wanted to come up with dramatic figures, we could have concentrated on specially marked items and come up with a more misleading result."

Barry said the price the expect to pay is the price marked on the shelf, and supermarkets should make sure that prompt adjustments to updated prices are reflected at the checkout counter and the shelf.

Wundtke said Pathmark, or another chain studied in the survey for five years and 14 of its 124 stores in New Jersey, Connecticut, Pennsylvania and

Illinois, has been virtually flawless with the machine. The customer has been very high, he said. There's a store, the complimentary, exceed complaints by a ratio of

10 to 1. Still, Wundtke said, there is potential for human error.

a.m. MAGAZINE

Item pricing

It's the subject of a controversy for shoppers and supermarkets

Story by DIANE STONEBACK, food editor
Photo illustration by ALAN JACOBSON

Item pricing, the individual marking of each product on grocery store shelves, was never an issue before the advent of supermarket scanners.

But now that scanners — electronic equipment which reads the thick and thin black lines making up the universal product code (UPC) printed on food packages — are making inroads in that nation's supermarkets, some consumer groups are crusading for state legislation that would make item pricing mandatory.

Currently, some 4,500 of the nation's 22,000 supermarkets have installed this equipment.

In stores with conventional systems and cash registers, cashiers punch in categories and prices for each item they handle.

But in stores which have scanner systems, cashiers simply pass food products' UPC codes over the scanners, sending signals to the store's computer. The computer identifies the products, searches its memory for the prices, and sends the price information back to the cash register where it appears on a window the shopper views and is recorded on the register tape.

The groups want items on store shelves — whether they're bottles of ketchup or boxes of cereal — to be stamped or tagged with prices. They don't want to have to rely on shelf labels for price information.

Currently, there are four item pricing bills "in committee" in Pennsylvania's house and senate. They are House bills 637 and 1129 and Senate bills 356 and 365.

In New Jersey, an item pricing bill (No. 3416) is scheduled to come up for a vote in the General Assembly by January 10.

Other "hot beds" of activity according to Lee Emmer, item pricing coordinator for the National Alliance of Supermarket Shoppers (the political arm of columnist Martin Sloane's American Coupon Club), are West Virginia and Colorado where item pricing legislation has been introduced. The NASS official added, "Three more states will have item pricing bills to consider before the end of the year."

Item pricing laws are already on the books in eight states — California, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Dakota and Rhode Island.

Although the introduction of scanning equipment in a store does not automatically signal the end of item pricing, the equipment makes it difficult to eliminate it.

According to Emmer's group, "When price information is called up automatically, supermarkets are tempted to eliminate individual item pricing."

So far, however, removal of item prices has not been widespread or wholesale. According to estimates, 500 supermarkets of the 6,500 equipped with scanning equipment have stopped item pricing.

Why all the fuss? Dr. Robert Wunderle, vice president of public affairs for Supermarkets General Corp., which operates the Pathmark chain, explains, "This is the first time supermarkets are talking about taking information away from the consumer, rather than giving him more. Of course, this is aside from the fact that item prices are duplicate information which is also supplied by shelf labels and by the very detailed scanner cash register tapes."

Although Pathmark stores are equipped with scanners, personnel continue to item price most products on the shelves.

Dorothy Strauber, consumer affairs director for Foodarama, Inc. (ShopRite), reported a similar situation in scanner-equipped ShopRite stores.

Although many chains continue item pricing voluntarily, the supermarket industry is opposed to mandatory item pricing legislation.

Karen Brown, vice president of communications for the Food Marketing Institute in Washington, D.C., said, "When states pass legislation based on new technology, we are locked in. The laws remove our chance to experiment with better ways of giving consumers price information. And once a law is on the books, it's hard to change. Remember how long it took to get blue laws off the books?"

David McCorkle, director of governmental affairs and public relations for the Pennsylvania Food Merchants Association, commented, "Item pricing? As in other states have led to the development of expensive state monitoring systems resulting in increased consumer costs and reduced store profits."

"We think educational consumer relations programs, not mandatory item pricing, will be

Continued From Page D1

the key to successful introduction of the technology." He added that item pricing legislation would slow the introduction of additional scanning equipment in the state's supermarkets.

Strauber suggested that having to mark every item could discourage supermarkets from having certain sales like ShopRite's big "Can-can Sale." The staff couldn't mark all the sale items fast enough to keep up with demand.

NASS has been working for item pricing legislation since 1972. Emmer stressed, "We don't oppose scanning. But we don't want to shop blind, in other words, without item prices."

"As a group outlines its reasons for wanting to make item pricing mandatory.

Without item pricing, there is no practical way to determine whether the price that is rung up on the cash register by the scanner is the correct price, and the consumer has less chance to correct errors.

Without item pricing, consumers find it very hard to make needed price comparisons between similar products of different brands and frozen foods, for example.

Without item pricing, consumers have problems keeping track of the value of the items in their shopping carts.

Without the moderating influence of item pricing, supermarkets can quickly change the prices of merchandise already on shelves which could contribute to an increasingly rapid round of food price inflation.

To the complaint that it's tough to check a scanner's accuracy where products aren't item priced, grocery store officials concede that maintaining item pricing, along with shelf price labels and cash register receipt information is probably the best of all possible worlds. But from their point of view, item pricing is the most costly and inefficient way to transmit price information.

Consider how much time can be saved if stock clerks do not have to stamp every item that goes on the shelves. (A large supermarket can contain 22,000 different items and naturally, several cases of each item.) Colored and legible shelf labels and large signs on promotional displays at the ends of aisles are alternative ways of conveying price information to customers, provided

they're up to date and can be found

As McCorkle explained, "Time saved from not having to mark individual items can be spent making sure shelves are stocked, improving customer service, bagging groceries or working on store statistics," for example. (So far, he says, there has been no documentation of loss of jobs directly related to scanning equipment or the elimination of item pricing.)

Wunderle added, "When we're talking about how many prices a person can remember at checkout, we're dealing with purely considerations rather than the fundamental question of customer confidence in the scanner." According to the Pathmark official, scanner pricing is far more accurate than conventional pricing systems. He said, "In a conventional system, upwards of 100 clerks stamp prices on 200,000 items each. There's a spillover of room for error. Item pricing in other words, impacts a false sense of security."

Also, according to Wunderle, it's far easier to check a computer listing for price accuracy than it is to check every one of those 200,000 items on the store shelves.

There are ways customers can keep track of individual prices without relying solely on their memories. They can mark each product that goes into the shopping cart with a green pencil or write the product prices next to the item's name on their shopping list.

But Emmer said, "Shoppers shouldn't have to do this. Consider the extra time it takes. And how can a mother with two children in tow take the time for this? Does a working man or woman want to be bothered by filling in the price blanks on the grocery list?"

The consumer adviser for the Giant Food Inc. chain based in the Washington, D.C. area and the vice president of Florida's Public Supermarkets (chains that have eliminated item pricing) report their stores provide green pencils for customers who'd like to use them but rarely get such requests.

The industry details studies showing scanners are faster and more accurate than traditional checkout systems.

According to one study, it takes 38 minutes to move a standard 20 item food order through a conventional cash register. It takes 23 minutes using a scanner system.

Another study reported, "When items are key entered, the potential for error is greatly reduced. The customer may be charged the wrong price for many reasons: checker misinterpretation of a price, incorrectly priced or unpriced items, un-

proper handling of coupon, poor skill in operating the register and improper calculation of multiple price items (3 for 20 cents, for example)." The report added, "When mistakes do occur, they are more often in favor of the consumer."

A California supermarket chain reported it had a mere 24 complaints per million customers.

However, a report released in December by the New Jersey Office of Consumer Affairs, does have consumer comment.

New Jersey Consumer Affairs Division director James Barry, called on the supermarket industry to improve programming of computers used in stores after a state survey indicated pricing errors cost consumers 37 cents for every \$100 spent in the markets equipped with electronic price scanners at checkout.

According to Barry, New Jersey consumers probably are losing at least \$13 million per year from overcharges due to scanner pricing errors at the markets.

He added, "In the survey 24 percent of the items on which individual marking of prices (item pricing) would be appropriate, failed to be marked with a price. (The figure doesn't include items which traditionally are not item priced such as fresh produce, frozen food and individual snack items.)"

"We found it nearly impossible for the consumer to check the accuracy of scanner register tapes unless products were individually marked. The scanner register tapes may be detailed, but without item pricing, the consumer would have to remember the shelf price when checking accuracy at checkout or at home."

Some of the errors that turned up during the New Jersey study:

Frozen grapefruit juice advertised at a sale price of 79 cents scanned at the regular price of \$1.19.

A consumer who bought soap offered at "Buy 3, get one free," was charged 43 cents for each bar.

A 40-cent lettuce coupon showed up on the register tape as a 20-cent discount.

Tortilla chips with two packs on the package, \$1.29 and a special price of \$1.19, scanned at \$1.39.

Plums marked 99 cents per pound on the shelf were recorded at \$1.79 per pound by the scanner.

Supermarket officials discounted some of the study results because information on produce and coupons had to be keyed into the register by a cashier.

Wunderle added, "The biggest issue about item pricing concerns over and under charges. Consumers automatically presume the price marked on the item or on the shelf is correct and that the scanner

more if it doesn't match is wrong. Thirty-nine percent of the time the scanner price at the current price is

According to Wunderle, the pricing error could have occurred when the item or shelf prices were marked. Also, consumers add to the confusion when they pick up a featured sale item, change their minds and drop it off somewhere else in the store. Store personnel who eventually return the item to the proper place on the shelf sometimes fail to check to see what the current price is.

Strauber named one other problem — shoppers who switch price labels on products.

The supermarket lack of item pricing makes it hard to make price comparisons between items like canned and frozen corn or canned and frozen string beans. Customers don't make many of these kinds of comparisons. Customers know whether they want a canned or frozen vegetable and simply make comparisons between different brands of the similar items.

However, NASS's Lee Emmer says, "Not true." She claims that when consumers are on a tight budget, they make all kinds of comparisons to save money. And she adds, "It's even difficult to make comparisons between brands when shelf labels are missing or out of place."

The grocer's response to the complaint that consumers have trouble keeping track of cost of items in their cart. Shoppers should keep a running total using a calculator, mechanical adding device or a grease pencil.

And finally, the industry responds to the consumer worry that supermarkets will raise prices quickly. "No one's going to raise the prices when a shopper's between the bread and dairy aisle."

routine weekly price adjustments (items that go up and down as well as those whose prices are being increased or decreased for other reasons) are usually made when the stores are closed or, at least, during off hours when business is slow.

Said another market spokesman, "Our managers certainly don't say to themselves, 'We'll raise the price at 4:30 and then again at 4:45.' The business we're in is very competitive. We won't change prices unless we have to."

Mark Hultia, vice president of the Public chain said, "Consumers might worry that it's easier to raise prices. But it's also easier to lower prices, too. Competition's a big word to our business."

"If people don't like what we're doing, they can make their feelings known by shopping another store. Unlike public officials who are elected every two or four years, we're on the ballot every day."



THIS IS NOT A PRICE!

The symbol above appears on most every item found in retail stores today. It identifies a particular item to a central computer in the store when it is "read" by the computer's electric eye at the checkout counter. The computer then sends the price of that particular item to the cash register.

Under this system, individual price tags are supposedly unnecessary. However, despite some of the advantages of automated checkout in supermarkets, price tags remain crucial to shoppers.

ITEM PRICING IS: "the practice of marking said price upon each and every individual item for sale in all retail stores."

ITEM PRICING MUST BE RETAINED FOR OUR CITIZENS!

- ITEM PRICING IS: COMPARISON SHOPPING
It is possible to compare fresh, frozen and canned foods from different parts of a large supermarket only when you have individually priced items.
- ITEM PRICING IS: MONITORING COMPUTER ERROR
The only logical way to determine whether the price that is scanned on the register agrees with the shelf price is with individually priced items.
- ITEM PRICING IS: TOTAL EXPENDITURE AWARENESS
Shoppers can only keep track of the value of the items in their carts, and what their total expenditures will be with individually priced items.
- ITEM PRICING IS: LESS RELIANCE ON "SHELF TAGS"
Shelf tags are often difficult, if not impossible to read and are frequently inaccurate or misplaced.
- ITEM PRICING IS: AWARENESS OF PRICE
Fluctuation of prices will only be apparent from shopping trip to shopping trip, week to week, and store to store, with individually priced items.

We applaud the retail industry in the use of scanners for scheduling, inventory control and the added efficiency in expediting check-out procedures for the consumer, however, **ITEM PRICING MUST BE RETAINED FOR OUR CITIZENS!**

'Unprices' Won't Play Here, Says Shopper

Monday
Morning

By WILLIAM HATCHETT

Yesterday evening my wife Eve and I went to your store because, as she said when we left home, "I like it better than any in town." We planned to spend our usual \$30-\$100.

After having been there only a short while, we began to notice that prices were not marked on many of the products. Inquiring of a floor man, we were told that such marking was no longer necessary, because of the little code-lines printed on each package, making possible the new "jiffy-quick" checkout procedure, so highly advertised as a customer convenience.

I would like to suggest, sir, that you are making a very serious merchandising error.

1. People like the "old ways."
2. People like to take a product from a shelf and instantly see the price on it, not fumble around trying to find a shelf-label which may or may not be present, which may or may not clearly identify the exact product, which may refer to a shelf below, and which is always a problem for the short-sighted

William Hatchett, who is beginning his 26th year on the faculty at Memphis University School, wrote the following letter to a Memphis store after a particularly frustrating shopping trip.

of the nearly-as-blind-as-a-bat, who sometimes actually have to crawl about on all fours trying to "read the shelf."

3. People like to take a product in hand, with a price label on it, and compare that price with those of similar products up and down the line — without a lot of complicated memory work.

4. People like to paw through their cart from time to time and work up a rough estimate of how much they are spending, in order to determine when they are reaching their limit of affordability.

5. People just might be so ungracious as to harbor the dark suspicion — most unwarranted, of course — that the whole new system is just another scheme by a businessman to further rip off the American public by getting the

shoppers, at the finish line, to find out that they have run up a much bigger bill than they had anticipated, and also to get rid of some now-unnecessary stockboys and even some checkout personnel (always passing along the savings, naturally, to the consumer — in the form of increased prices). Such, at least, were some of the comments I heard from other disgruntled cart-pushers — although I kept telling them that no businessman would ever dream of doing things like that (kept telling them, that is, until I was threatened with a punch in the mouth by what looked like a trucker but was obviously some kind of a Commie pinko).

6. People like the old ways!

Now, I am aware that your big "selling point" on the new "jiffy quick" machines is that the checkout lines can be speeded up, and also so that one can receive a beautifully itemized list of purchases (although, with no prices on the packages when you get them home, the itemized list is little more than an attractive souvenir, suitable for fram-

ing, when it comes to trying to check the list for accuracy, as people used to be able to do). I am aware of all that, as I say, because there are signs all over the store telling me about these wonderful conveniences.

Perhaps the lines do go just a little faster — although I can remember checkout artists whose fingers and hands fairly flew (now, alas, all relegated to that great cash register in the sky, and replaced by what always seem to be teenagers who have just enough intelligence to slide a box across a slot, make change, and take much smaller paychecks home, I'll bet, than the old-time wizards used to command).

And so, hidden beneath all that pious "how we love the customer and want to help him get out faster" — once he has stayed longer, that is, and spent more — have I not detected the real purpose of the machines? Honestly, now?

May I suggest, then, that if speeding up the line is your only purpose — noble and humanitarian — then you can still keep right on pasting on the price

labels. Why not? Not only will you avoid all the customer irritation I noted above, but also you can rehire all the stockboys and put them back to work in properly labeling the products, and then relabeling them each day as you raise your price. The "old-pro" checkout clerks can be brought back, too, so that we may have the pleasure of watching them once again blazing away. Thus, you would be helping immensely in the present unemployment crisis, and would really have an advertising gimmick that you could use.

Several of the cart-pushers to whom I spoke said that they would never again return. And one poor fellow, who was slowly going mad trying to guess at the price of a package he was holding, and tearing his hair and rolling his eyes in a most frightful fashion (none of the floor men to whom he appealed had any idea of the price, of course), was actually starting to curse so offensively, about the whole outfit, that I felt obliged to move my wife out of earshot.

Of course, it might be my middle

years that bother me so about these new electronic diguses. Why, I can even remember when one didn't have to do his own work in a grocery store; he simply went up to a nice man who stood behind a counter, told him what was wanted, and the man went and got it. (Or, one could just telephone the store, and the desired items would be delivered, by a youngster on a bicycle.) And, speaking of telephones, with all their pushbutton automation these days, why, I can even remember a marvelously advanced system, which we may reach again some day, whereby one simply spoke his desired number and the call went through! (Naturally few people today believe me at all when I tell them of that futurist technique.)

But, to wind this up, you will not have the pleasure of our company, again, as you have probably suspected for several minutes now. For the company, I might add, of a good many other people whom I overheard last evening. Unless, of course, you change, and let us "go home again."

CARRS

QUALITY CENTERS

1341 Fairbanks Street

Anchorage, Alaska 99501

(907) 277-6639

John J. Cairns
Executive Vice President

April 8, 1985

Representative Mike Navarre, Chairman
House of Labor and Commerce
Alaska State Legislature
Juneau, Alaska

Dear Representative Navarre:

House Bill No. 315 "Unit Pricing of Consumer Commodities" is poor legislation for the following primary reasons:

1. Legislating mandatory item pricing (price labeling) is inflationary and builds unnecessary costs into the marketing of food.

The minimum additional cost to the consumers of Alaska for mandatory price marking (price labeling) in Carrs stores would be \$1,091,916.00 annually. The number could be as great as \$1,485,000.00 annually and will go up each year as labor rates increase.

2. Consumers have demonstrated by their patronage that they would rather have LOWER PRICES than mandatory price marking.

Carrs stores average over 200,000 customer transactions weekly, and we do not have a record of a single customer request for price labeling in the past year.

3. Price disclosure information is already available to the consumer in three places in Carrs stores:

- (a) Shelf tag by each item;
- (b) Customer readout window at the checkstands; and
- (c) Itemized receipt tape.

April 8, 1985
Page 2

If any item scans at a higher retail than that shown on the shelf tag, the consumer is given that item FREE.

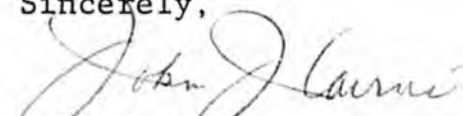
The State Department of Weights and Measures checks our stores regularly for scanning accuracy. The consumer presently has an effective safeguard against being overcharged.

4. House Bill 315 as it is proposed will raise prices by making it impractical for Carrs to continue to pass along "manufacturers' deals and allowances" to Alaska consumers.

Carrs presently has up to 500 items available at a "temporary price reduction" for periods of two weeks to one month. Mandatory price labeling of every package would force Carrs to abandon this program because of the additional cost.

I plan to be at the hearing on Wednesday, April 10, 1985, at 1:15 p.m. to testify against House Bill 315 as legislation not in the best interest of Alaskan consumers.

Sincerely,



John J. Cairns

JJC:mas



3800 southeast 22nd avenue, p.o. box 42121, portland, oregon 97242 • telephone (503)232-8644 • TLX 360415

April 8, 1985

The Honorable Mike Navarre
Chairman, House Labor and
Commerce Committee
State Capitol, Pouch V
Juneau, Alaska 99811

RE: HB315

Dear Chairman Navarre:

Fred Meyer, Inc. is very concerned regarding the above bill relating to unit and item pricing. We oppose any such mandatory legislation in the retail market place.

Due to a prior legislative commitment in Oregon, I cannot appear before your committee on Wednesday, April 10. In the event of another public hearing, I will testify for Fred Meyer.

Sincerely,

Cheryl D. Perrin
Vice President
Government Affairs

CDP:clb

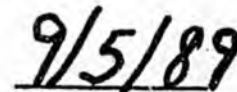


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