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Guidance on unit pricing

Préconisations concernant l'indication des prix à l'unité

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see www.iso.org/iso/foreword.html.

This document was prepared by Project Committee ISO/PC 294, *Guidance on unit pricing*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

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Introduction

Unit pricing is the display of the price of a product per standard unit of measure. For example, a 500 g bag of rice offered at \$2,00 would display a unit price of \$4,00 per kg. A 2 kg bag of rice offered at \$7,00 would display a unit price of \$3,50 per kg. It may be provided for packaged products (containing constant or variable quantities) or non-packaged products. Unit pricing provides consumers with a base price with which to compare like items of different sizes and brands. It can greatly reduce confusion and help consumers make better informed choices, especially when there are a multitude of products, brands and package sizes.

This document is intended to improve the accuracy and usability of unit pricing for consumers. It offers retailers, policy makers and other stakeholders guidance for establishing best practice for providing and displaying the unit price of products, including what unit prices are and how they are to be used, by

- defining unit pricing systems and the types of labels and promotions to which they may apply,
- assisting improvements to current unit pricing, and
- enhancing transparency of pricing information to consumers.

Consumers use unit pricing when it is made available. It is useful as a price comparison tool as a way of identifying products that offer the best value for money. Sustained usage across time is supported when there is periodic education or reminder communications.

There are other benefits for consumers, retailers and manufacturers.

- Providing consumers with better tools to compare prices is especially helpful where package sizes change and retail prices remain the same. Consumers are also better able to consistently determine actual price savings when "sale" items are effectively marked with unit pricing.
- Increased consumer satisfaction, improved pricing accuracy, increased sales of retailer branded products and, depending on the jurisdiction, removal of the need to display the selling price on each item of packaged product.

NOTE ps:// Retailer branded products refers to products marketed and sold under a retailer's brand name or a) | 8 brand name not associated with any proprietary manufacturer, e.g. private label, house brand, retailer brand.

One strategy governments have used to help consumers compare prices is to introduce standardized container size regulations for selected common food and consumer products such as cosmetics and processed food products. Unit pricing is a much less complex and onerous method for manufacturers and retailers to implement; its introduction has led some jurisdictions to reject, reduce or eliminate standard package size regulations as a policy solution.

This document was developed to provide guidance on best practices for retailers or governments wishing to introduce voluntary or mandatory unit pricing systems and to help improve existing voluntary or mandatory unit pricing systems to ensure that consumers are provided with information that is easy to notice, read, understand and use.

The guidance provided here is intended to be adaptable depending on the size and level of maturity of an organization's management system and on the context, nature and complexity of the organization's activities, including its compliance policy and objectives.

Guidance on unit pricing

1 Scope

This document gives principles and best practice guidelines for unit pricing displayed by written, printed or electronic means.

It includes guidance on

- the provision of unit price,
- units of measure used to express unit price including: weight, length, volume, count, area and other forms of measure,
- the display of unit price, and
- implementation, communication and education of consumers.

This document is applicable to any retailer, including supermarkets, hardware stores, pharmacies, convenience stores, automotive parts suppliers and pet product suppliers.

It is applicable to packaged and non-packaged food and consumer products where the price is displayed, including

- at point of sale, including in-store and online, and
- when relevant communications about the product are released (including advertising by electronic and printed formats).

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2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at https://www.iso.org/obp
- IEC Electropedia: available at http://www.electropedia.org/

3.1

constant measure package

products that are packaged items of a particular type containing the same quantity

EXAMPLE One litre packs of milk.

3.2

consumer

individual member of the general public purchasing food and products for private purposes

3.3

label

information attached or adjacent to the product

EXAMPLE Sign, sticker, stamp, tag.

3.4

non-packaged product

product that has not been packed prior to being offered for sale and where the price paid is dependent on the quantity chosen

3.5

packaged product

product that has been packed prior to being offered for sale

3.6

organization

company, corporation, firm, enterprise, authority or institution, person or persons or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration with responsibilities, authorities and relationships to achieve its objectives

Note 1 to entry: This definition includes retailers, manufacturers, sole-traders, partnership, charities, etc.

3.7

selling price

price per item or, in the case of *non-packaged products* (3.4), the price per unit of measure at which the products are offered for sale

Note 1 to entry: In some countries, taxes are not included in the indicated price but are added at the time of purchase.

3.8

special offer

offer of products that vary from the regular offer, including, but not limited to, bundles of like or unlike products and sizes, temporary price reductions, free gifts or extra quantities, and offered and perishable products close to their use-by date

3.9

unit price

price of a defined/specified unit of measure of a product, including weight (e.g. price per 100 g), volume (e.g. price per 100 ml), length, area and number, and the unit of measure used

Note 1 to entry: Also known as comparison price and base price.

3.10

unit pricing

system used to provide the *unit price* (3.9) of a product per unit of measure

4 Objective

The objective of this document is to encourage and facilitate the effective provision by retailers of the unit price of products and the effective use of this information by consumers to make informed decisions. It is intended to improve the accessibility, accuracy and usability of unit pricing for consumers.

5 Main principles

5.1 General

Effective unit pricing is most likely to be achieved by applying several key principles to the design, introduction and operation of unit pricing systems. These principles should be used whenever a relevant product is offered for sale or advertised at a price, which is displayed by written, printed or electronic means, and a suitable measurement is available to indicate the unit price.

5.2 Provision

The unit price should be provided whenever a relevant product is offered for sale or advertised at a price, which is displayed by written, printed or electronic means, and a suitable measurement is available to indicate the unit price.

The unit price should be provided in a manner to meet the needs of all consumers, including those with special needs or vulnerable groups. For example, shelf labels that are angled or designed for greater ease of reading.

5.3 Units of measure

The unit of measure used to indicate the unit price should be appropriate for the product and easy for consumers to use. Whenever possible, only one unit of measure should be used for a product type.

5.4 Displaying unit price

The unit price should be displayed to ensure the greatest possible noticeability and legibility for all potential consumers, including those with special needs or vulnerable groups. This can be achieved by taking into account display characteristics, such as print density, font size, font type, colour and contrast, and white space.

5.5 Consistency

There should be the highest possible level of consistency, within and between retailers and across all retail formats, in the provision and display of unit pricing and in the units of measure used.

5.6 Planning, implementing and monitoring

Planning and implementing unit pricing should involve an adequate process of promotion, development, monitoring, maintenance and improvement. An organization's unit pricing system should operate in a manner that aligns with the guidance included in this document.

5.7 Communication

Information about unit pricing should be communicated to all stakeholders (e.g. consumers, consumer organizations, retailers, manufacturers, wholesalers, IT vendors, governments) via targeted communication in the stakeholder's language and with a strong focus on relevant benefits (see <u>Annex A</u>).

5.8 Consumer education

Consumer education should meet the needs of both experienced and inexperienced consumers and include what unit pricing is, where it is provided, how to use it and potential benefits. It should be ongoing with periodic reminder programmes.

6 Provision of unit price

6.1 General

The unit price should be provided wherever the selling price of a product is displayed in written, printed electronic and digital forms, regardless of whether it is in-store, online or in advertisements. This includes when

- products are in packages, including when the selling price is the same as the unit price,
- products are non-packaged, and
- products are on special offer.

The unit price should be calculated on the selling price of the total product(s) on offer. The calculation includes any extra quantity of the same product offered for "free".

When the selling price is displayed on a package, both the selling price and the unit price should be displayed together.

6.2 Consistency of provision of unit price

The objective of this document is more likely to be achieved by the adoption of consistent provision of unit price

- within a retailer.
- across retailers,
- across all retail formats (including in-store and online),
- between packaged products and non-packaged products, and
- across all forms of advertising.

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6.3 Special offers

When designing and developing special offers, high priority should be given to the provision of unit price prior to implementation.

For special offers, where the selling price is displayed, the unit price should be displayed in accordance with <u>Clause 8</u>.

Special offers combining multiple items in one offer should provide the unit price for both the entire multi-offer and per single unit, to allow direct comparison with other single items.

7 Units of measure

7.1 General

It is essential for both consumers and organizations that the correct and appropriate unit of measure is established. The decision on which unit of measure to use should be made before the unit price provision begins. The success of unit pricing relies on the following factors.

- An established measurement system. The relevant units of measurement for the jurisdiction should be used to indicate the unit price.
- Using only one unit of measure for each product category or class of products (e.g. where a non-packaged vegetable is sold at a price per kilogram, the packaged vegetable should be unit-priced per kilogram).