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gníomhaireacht náisiúnta tomhaltóirí

putting **consumers** first

National Consumer Agency

Price Comparison Survey - Branded Grocery Products

August 2010

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## 1 Introduction

This document presents the results of a National Consumer Agency (NCA) survey of the price of branded grocery products in Ireland. The present iteration reports on grocery prices collected in July 2010 and follows previous NCA product price surveys conducted in June 2009, January 2009, August 2008, June 2008, December 2007 and June 2007.

The present survey covers the largest basket of goods captured to date. 125 products were contained in the list to be surveyed. Although final basket sizes are dictated by availability of goods on the day of the survey and other operational considerations, on this occasion identical baskets of in excess of 100 items were sourced for comparison between the multiples<sup>1</sup>, while identical baskets of 87 items were identified for comparison purposes between the multiples and SuperValu<sup>2</sup>.

The present survey is narrower in scope than previous grocery price surveys, focusing exclusively on branded goods; but this delimited scope has enabled an enlargement of the numbers of items surveyed, providing a deeper level of data than would previously have been available. This is part of a wider strategic repositioning of the Agency's work in this area, which will include more frequent examinations of product prices across more narrowly defined product segments. In this way, the Agency intends to equip consumers with timely, actionable pricing information.

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<sup>1</sup> Dunnes Stores, Tesco, Superquinn.

<sup>2</sup> SuperValu businesses, being owner operated but trading under a common brand, fall into a category of retailer commonly known as Symbol Groups. SuperValu stores are unique among the Symbol Groups in that they operate on a large scale and are therefore equipped to compete with retailers such as Dunnes, Tesco and Superquinn.

Fieldwork for the survey was conducted on July 13<sup>th</sup>, 2010 in the following locations:

**Table 1 List of Stores**

1. Tesco "Supermarket", Tallaght Shopping Centre
2. Dunnes Stores, Cornelscourt
3. Superquinn, Blanchardstown
4. SuperValu, Monaghan
5. SuperValu, Dublin North
6. Tesco Express, Dolphin's Barn <sup>3</sup>

Dunnes Stores, Tesco<sup>4</sup> (with the exception of its Tesco Express Stores, see footnote 3) and Superquinn operate a policy of national pricing; therefore representative pricing is available from any single store. As SuperValu does not operate a policy of national pricing, two stores are visited in order to get a fairer representation of the prices on offer.

The Agency's product pricing surveys are conducted in the following manner:

- Agency staff visit a store with a pre-defined list of products.
- Management of the store, on the day of the survey, are informed that a price survey is taking place.
- Prices and all known special offers are recorded. Special offers are highlighted in the accompanying excel worksheets in red font. **Products**

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<sup>3</sup> Note that Tesco Express stores operate a difference pricing structure to Tesco "Supermarkets". Tesco Express was surveyed to ascertain the level of this price difference – it was found to be 3.6% on a basket of 76 common products. Price levels in Tesco Express stores will be examined in more detail when the Agency surveys the convenience segment of the grocery market in due course. Any reference in this report to "Tesco" refers to the prices collected in the relevant Tesco "Supermarket".

<sup>4</sup> It will be recalled that at the time of the Agency's last branded survey, June 2009, Tesco operated a dual pricing structure in its supermarkets, during the roll out of a nationwide price reduction campaign. As a result of the initiative, known as "Change for Good", two Tesco supermarkets were surveyed at that time. The "Change for Good" rollout was completed in August 2009. In this report, mention of Tesco prices in June 2009 refers to the pricing practiced in a store in which the "Change for Good" initiative had already taken effect.

**with price reductions are re-adjusted to show the full price** (for example a product with a price reduction of 33% will be increased back to 100%). Any products that were part of “Meal Deals” or those which offer bonus loyalty card discounts, were not noted, as these “offers” do not affect the single item prices relevant for this survey.

- Products and corresponding Shelf Edge Labels (SEL) are photographed for verification purposes.
- Where possible, products are “scanned” through the till to provide a second verifiable record of price. Where products are out of stock, the SEL price or “price from system” is recorded with the agreement of a staff member in charge.
- Due to unavailability on the day of the survey, a small number of products were obtained from other stores in the same group. These are clearly marked in the excel sheets and this applies in the case of the multiples only.

**The price of goods was the only issue under consideration in the survey.** Other key drivers of consumer choice, such as quality, convenience, traceability, environmental issues (for example food miles), customer service, store presentation, ambience etc. were not taken into account. This approach is taken on the basis of the Agency’s market research, including its most recent results based on data collected in June 2010<sup>5</sup>, which indicate that 70% of main grocery shoppers rank price as the most important driver of choice of main grocery shop.

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<sup>5</sup> The market research pertaining to Grocery Shopping is published accompanying the detailed results on the Agency’s website <http://www.consumerconnect.ie/eng/News + Research/Price Comparisons/> (slide 8).

The present report is divided into this introduction plus two further sections as follows:

- Section 2 presents the results of the branded survey.
- Section 3 contains a comparison between the latest results and those from the Agency's previous surveys of branded products.

Key points are highlighted in **bold** throughout the report. Detailed results tables are available at

<http://www.consumerconnect.ie/eng/News + Research/Price Comparisons/>

*The Agency would like to thank the retailers for their co-operation in the course of this survey.*

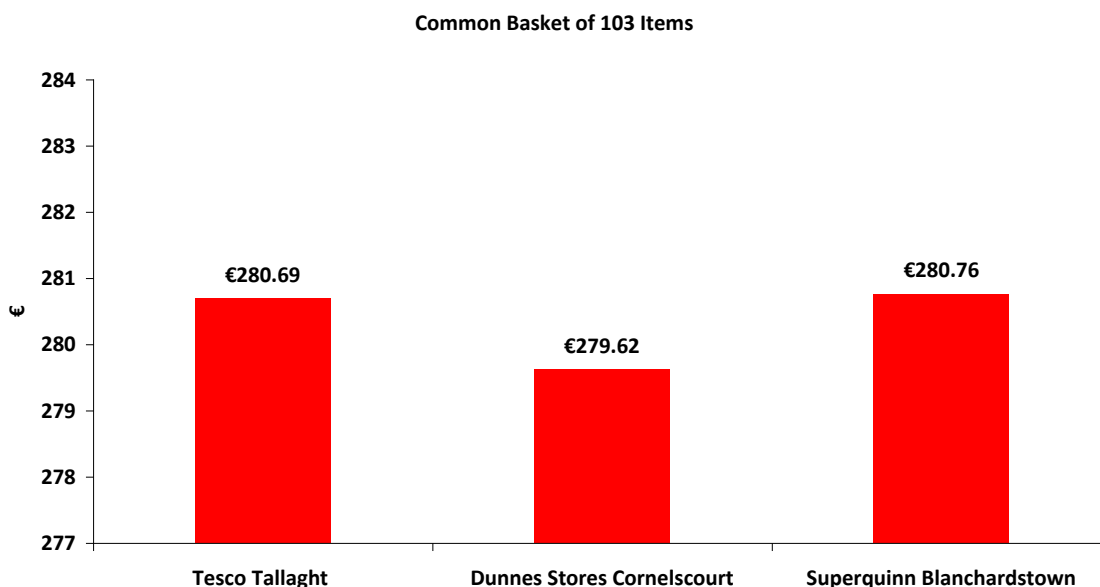
## 2 Branded Comparison

### 2.1 Branded Results - Dunnes Stores, Tesco, Superquinn

For the detailed data behind this segment of the analysis, see the accompanying Excel File: *Detailed Results* and the Excel Sheet: Branded: *T.1 Tesco, Dunnes, Superquinn*.

On a basket of **103 common products** (Figure 1) surveyed in **Dunnes Stores, Tesco**, and **Superquinn** the price difference between the cheapest and the most expensive was found to be €1.14, or **0.4%**. The basket of 103 items was cheapest in Dunnes Stores at **€279.62**, most expensive in Superquinn at **€280.76**, while the cost of basket in Tesco was **€280.69**.

**Figure 1 Branded: Tesco, Dunnes Stores and Superquinn**



The difference between cheapest and dearest basket is the second lowest difference seen in the Agency's surveys and is a marked contrast to the 4% difference (the largest of any survey) recorded in the June 2009 survey.

- In June 2009 the cost of a basket of 68 items was virtually identical in Dunnes Stores (€214.99) and Tesco (€215.11). The cost of the basket in Superquinn was €223.53. The difference between the cheapest and dearest basket was €8.54 (4%).
- The January 2009 survey showed a variation €3.60 (1.2%) on a basket of 83 goods. Dunnes Stores cheapest at €292.48 and Tesco dearest at €296.08.
- August 2008 returns showed a variation of €0.73 (0.3%) across a basket of 72 items. Dunnes Stores cheapest at €242.51 and Superquinn dearest at €243.24.
- June 2008 returns showed a variation of €2.05 (0.8%) across a basket of 75 items. Dunnes Stores cheapest at €251.11 and Superquinn dearest at €253.16.
- The December 2007 survey showed a variation of €1.91 (1.02%) across a basket of 61 products. Dunnes Stores cheapest at €187.04 and Superquinn dearest at €188.95.

A detailed examination of successive survey results indicate that the proportion of **special offers is increasing across all stores**. The following table contains the number of special offers noted in the last three such surveys conducted by the Agency. Figures in brackets are the number of monetary offers.

**Table 2 Special Offers**

	<b>Tesco</b>	<b>Dunnes Stores</b>	<b>Superquinn</b>
<b>January 2009</b>	2 (2)	1 (1)	4 (4)
<b>June 2009</b>	9 (1)	2 (0)	7 (3)
<b>July 2010</b>	<b>14 (8)</b>	<b>16 (6)</b>	<b>6 (2)</b>

Also noteworthy in this iteration of research is the level of **item based price matching**, which has remained **relatively consistent** across the last three surveys. This is at a much lower level than was the case in 2007 and 2008, when striking numbers of branded items were recorded at identical prices across the key retailers.

Specifically, 49 out of 103 products (**48%**) in the comparison of Tesco, Dunnes Stores and Superquinn had identical prices in the latest survey, compared with a proportion of **46%** in June 2009, **45%** in January 2009, **57%** in August 2008, **71%** in June 2008 and **57%** in December 2007.

Table 3 contains details of the three products with the largest percentage difference between cheapest and most expensive.

**Table 3 Largest Percentage Difference - Tesco, Dunnes Stores and Superquinn**

		<b>% Difference</b>	<b>Lowest Price - Store</b>	<b>Dearest Price - Store</b>
1	Easi Singles Original 10 Slices (200g)	47%	€1.15 Tesco and Dunnes Stores	€1.69 Superquinn
2	Kittensoft White Toilet Roll 4pk - 2ply	42%	€2.78 Dunnes Stores and Superquinn	€3.95 Tesco
3	Denny Waifos Cooked Wafer Thin Ham (250g)	33%	€2.99 Tesco	€3.99 Dunnes Stores and Superquinn

Table 4 details the three products with the largest monetary difference between cheapest and most expensive.

**Table 4 Largest Monetary Difference - Tesco, Dunnes Stores and Superquinn**

		<b>Difference (€)</b>	<b>Lowest Price - Store</b>	<b>Dearest Price - Store</b>
1	Kittensoft White Toilet Roll 4pk - 2ply	€1.17	€2.78 Dunnes Stores and Superquinn	€3.95 Tesco
2	Pampers Nappies Baby Dry Size3 Midi (36 pack)	€1.09	€6.50 Tesco	€7.59 Dunnes Stores
3	Denny Waifos Cooked Wafer Thin Ham (250g)	€1.00	€2.99 Tesco	€3.99 Dunnes Stores and Superquinn

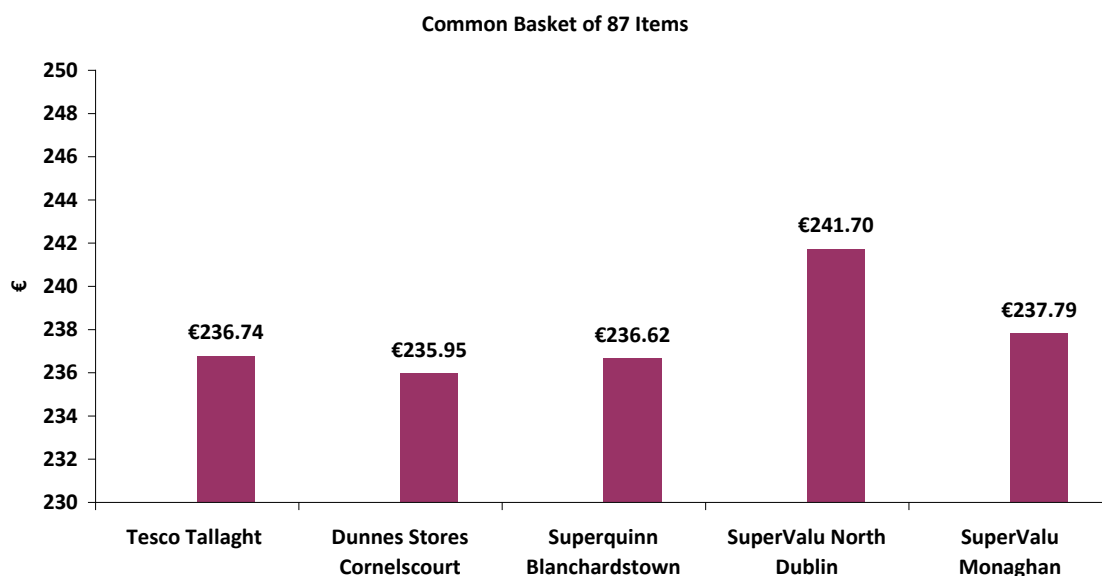
## 2.2 Branded Results - Tesco, Dunnes Stores, Superquinn and SuperValu

See the accompanying Excel File: *Detailed Results* and the Excel Sheet: *T.2 All 5 Stores*.

A smaller range of identical goods to establish comparison baskets was collected between the multiples and SuperValu, 87 comparison items being identified on the day of the survey. On this basket of **87 common products** (Figure 2) surveyed across **Tesco, Dunnes Stores, Superquinn** and **two SuperValu stores**, the total difference between the cheapest and most expensive was €5.75, or **2.4%**. Two SuperValu stores were selected to account for the fact that a policy of national pricing does not operate.

- Dunnes Stores was cheapest at **€235.95**.
- SuperValu in Dublin North was the most expensive at **€241.70**.

**Figure 2 Branded: All Stores**



The same basket cost **€236.62** (€0.67, 0.3% more than cheapest) in Superquinn; **€236.74** (€0.79, 0.33% more than cheapest) in Tesco, and **€237.79** (€1.84, 0.8% more than cheapest) in SuperValu Monaghan.

In comparison with the June 2009 survey, **the gap between the cheapest and most expensive store has narrowed**. In June 2009, on a basket of 58 products, the difference between the cheapest (Tesco) and dearest (Superquinn) store was €8.33 (4.4%).

- The difference between cheapest and dearest in the January 2009 survey was €5.21 (2.8%) on a basket of 64 goods. Dunnes Stores was cheapest (€189.03) and SuperValu Dublin South was the most expensive (€194.24).
- August 2008 returns showed a variation of €3.50 (1.6%) across a basket of 64 items. Dunnes Stores cheapest at €213.64 and SuperValu Wicklow dearest at €217.14.
- The June 2008 survey showed a variation of €3.04 (1.8%) across a basket of 50 items. Tesco cheapest at €167.78 and SuperValu Wicklow dearest at €170.82.
- The December 2007 results showed a variation of €1.81 (1.1%) across a basket of 51 products. Dunnes Stores cheapest at €163.19 Superquinn dearest at €165.00.

**A total of 21 out of 87 products (24%) had identical prices** across all five stores. This is lower than the **31% (18 out of 58 goods)** recorded in June 2009 **and remains well below levels seen** in August 2008 (**36%**), June 2008 (**58%**) and December 2007 (**43%**).

Comparing the two SuperValu stores, 11 out of 87 (**13%**) products had different prices.

Table 5 contains details of the three products with the largest percentage difference between cheapest and most expensive.

**Table 5 Largest Percentage Difference - All Stores**

		<b>% Difference</b>	<b>Lowest Price - Store</b>	<b>Dearest Price - Store</b>
1	MiWadi Nature Goodness Orange (1litre)	57%	€1.21 SuperValu Monaghan	€1.90 SuperValu Dublin North
2	Easi Singles Original 10 Slices (200g)	47%	€1.15 Tesco and Dunnes Stores	€1.69 Superquinn and SuperValu Dublin North
3	Club Orange (2 Litre)	40%	€1.39 SuperValu Monaghan	€1.95 all other 4 stores

Table 6 details the products with the largest monetary difference between cheapest and most expensive.

**Table 6 Largest Monetary Difference - All Stores**

		<b>Difference (€)</b>	<b>Lowest Price - Store</b>	<b>Dearest Price -Store</b>
1	Pampers Nappies Baby Dry Size3 Midi (36 pack)	€1.09	€6.50 Tesco	€7.59 Dunnes Stores and SuperValu Dublin North and Monaghan
2	Daz 10 Wash Washing Powder 680g	€0.80	€2.69 SuperValu Dublin North and Monaghan	€3.49 Superquinn
3	Ariel (Actilift) Biological Powder 25wash (2kg)	€0.69	€8.99 Superquinn	€9.68 SuperValu Dublin North and Monaghan
3	MiWadi Nature Goodness Orange (1litre)	0.69	€1.21 SuperValu Monaghan	€1.90 SuperValu Dublin North

### 3 Branded Trends

Comparison baskets for Dunnes Stores, Tesco and Superquinn were analysed using data from the NCA's December 2007 to July 2010 surveys to identify levels of price change over the period. It is not possible to compare SuperValu stores across surveys as different outlets are chosen for each survey and SuperValu does not operate a uniform policy of national pricing. For full details pertaining to the trends, see the accompanying Excel File: *Detailed Results* and the Excel Sheet: *T.3 Tesco Trends, T.4 Dunnes Stores Trends and T.5 Superquinn Trends*.

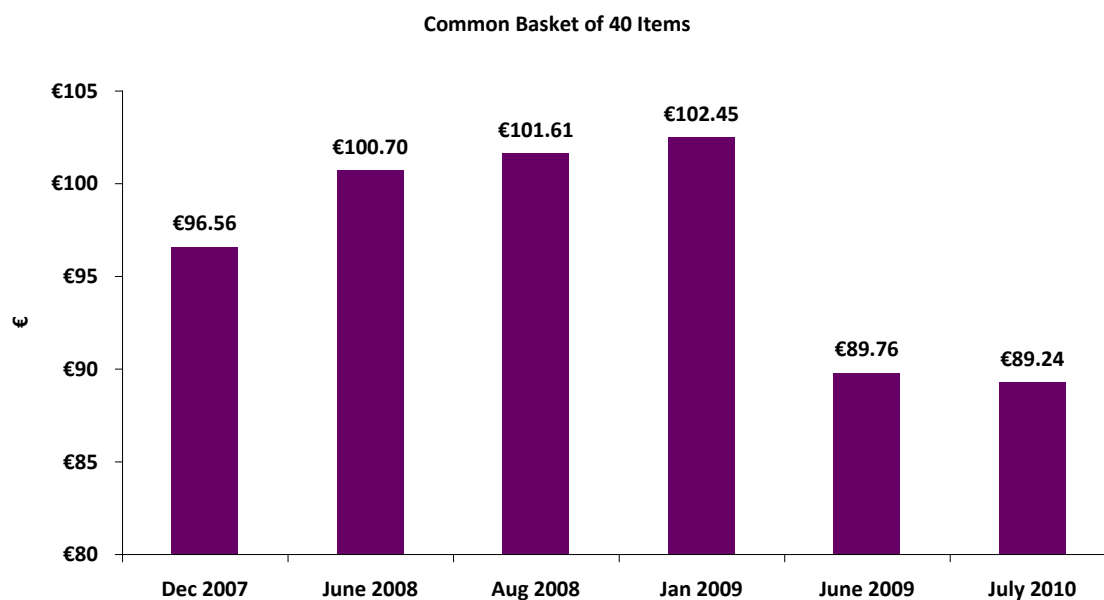
The Agency has analysed the results of the July 2010 survey against those for NCA grocery price survey conducted in June 2009, to ascertain the extent to which the cost of an identical basket of goods surveyed across both waves has changed in just over a year. Across all three of Dunnes Stores, Tesco and Superquinn the cost of a "comparison" basket **decreased from June 2009 to July 2010**.

For Tesco, (Table 7 and Figure 3) the decrease was small, at €0.52 or 0.58% on a basket of 40 items.

**Table 7 Tesco Branded Products -Trends**

<b>Tesco Trends</b>	<b>December 2007</b>	<b>June 2008</b>	<b>August 2008</b>	<b>January 2009</b>	<b>June 2009</b>	<b>July 2010</b>
<b>Total Cost of 40 common items</b>	€96.56	€100.70	€101.61	€102.45	€89.76	€89.24
<b>Change on Previous (%)</b>		4.29%	0.90%	0.83%	-12.39%	-0.58%
<b>Change on Previous (€)</b>		€4.14	€0.91	€0.84	-€12.69	-€0.52

**Figure 3 Branded Trends - Tesco December 2007 to July 2010**

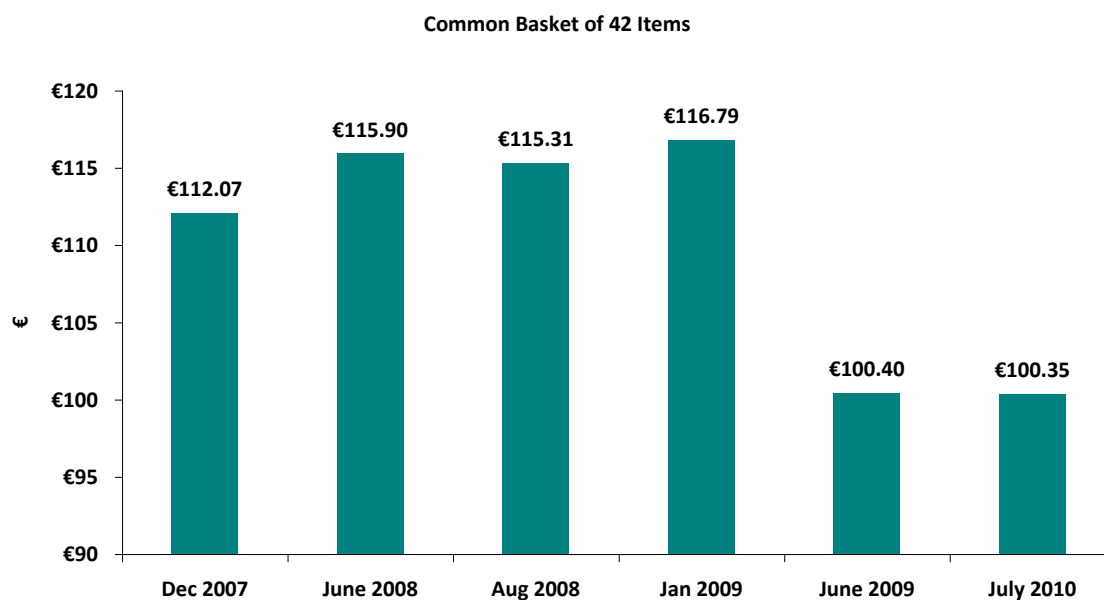


The decrease in cost across the same period for Dunnes Stores (Table 8 and Figure 4) was also small at €0.05 or 0.05% on a basket of 42 items.

**Table 8 Dunnes Stores Branded Products -Trends**

Dunnes Stores Trends	December 2007	June 2008	August 2008	January 2009	June 2009	July 2010
<b>Total Cost of 42 common items</b>	€112.07	€115.90	€115.31	€116.79	€100.40	€100.35
<b>Change on Previous (%)</b>		3.42%	-0.51%	1.28%	-14.03%	-0.05%
<b>Change on Previous (€)</b>		€3.83	-€0.59	€1.48	-€16.39	-€0.05

**Figure 4 Branded Trends - Dunnes Stores December 2007 to July 2010**

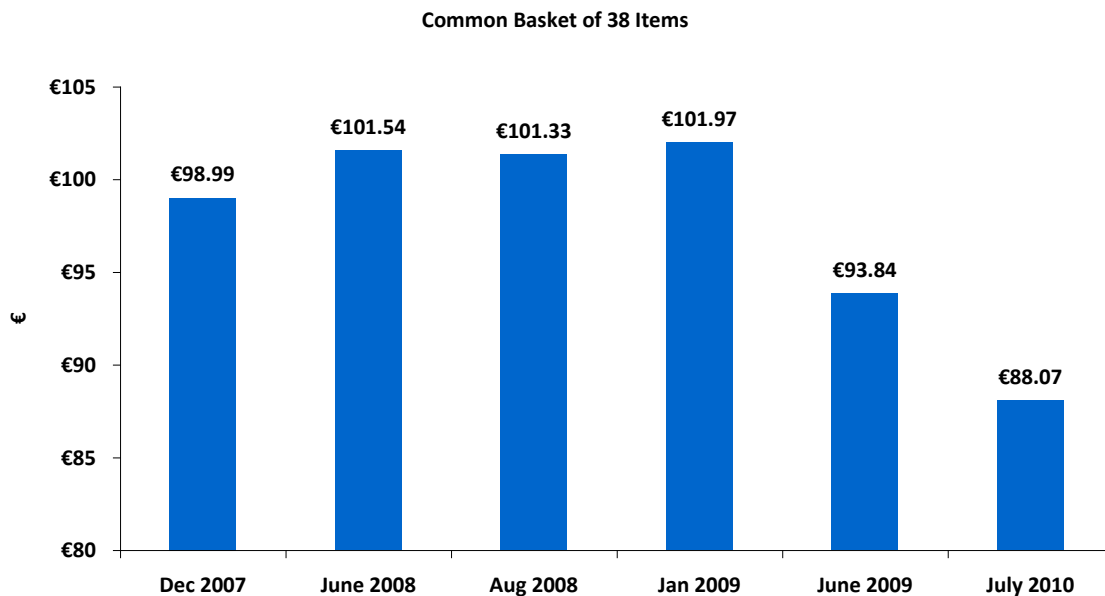


The cost of the comparable basket in Superquinn (Table 9 Figure 5), which comprised 38 items, fell by €5.77 or 6.15% between June 2009 and July 2010.

**Table 9 Superquinn Branded Products -Trends**

Superquinn Trends	December 2007	June 2008	August 2008	January 2009	June 2009	July 2010
<b>Total Cost of 38 common items</b>	€98.99	€101.54	€101.33	€101.97	€93.84	€88.07
<b>Change on Previous (%)</b>		2.58%	-0.21%	0.63%	-7.97%	-6.15%
<b>Change on Previous (€)</b>		€2.55	-€0.21	€0.64	-€8.13	-€5.77

**Figure 5 Branded Trends - Superquinn December 2007 to July 2010**



While the reduction in the cost of the baskets for Tesco and Dunnes Stores was relatively minor, it should be borne in mind that the June 2009 basket for Tesco reflected the “Change for Good” pricing which was in the process of being rolled out nationwide at that point. Similarly the Dunnes Stores results should be appraised in the context of price reductions that had already occurred through early to mid 2009.

While the price of the basket declined markedly in Superquinn between June 2009 and July 2010, prices had not fallen at the same rate as its rivals between January and June 2009. This would appear to suggest that whilst perhaps slower to drop prices during 2009, by July 2010, Superquinn price levels had fallen broadly in line with those of its principal competitors.

Over the longer period from January 2009 to July 2010, all three retailers have reduced their respective basket prices in the region of 14% (Tesco: -13%, Dunnes Stores: -14%: Superquinn: -14%).

This figure is consistent with relevant CSO statistics for the same period. The CSO does not publish a category that exactly mirrors the Agency's basket in terms of composition, but the price of goods in the Food and Non-alcoholic Beverages category, a reasonable proxy, has fallen by 8.4% over the period January 2009 to June 2010. It will also be noted that the CSO survey a representative sample of food prices in the entire grocery market, whereas the present exercise is focused on core branded items, only.