

Dietary Needs and Supermarket Prices

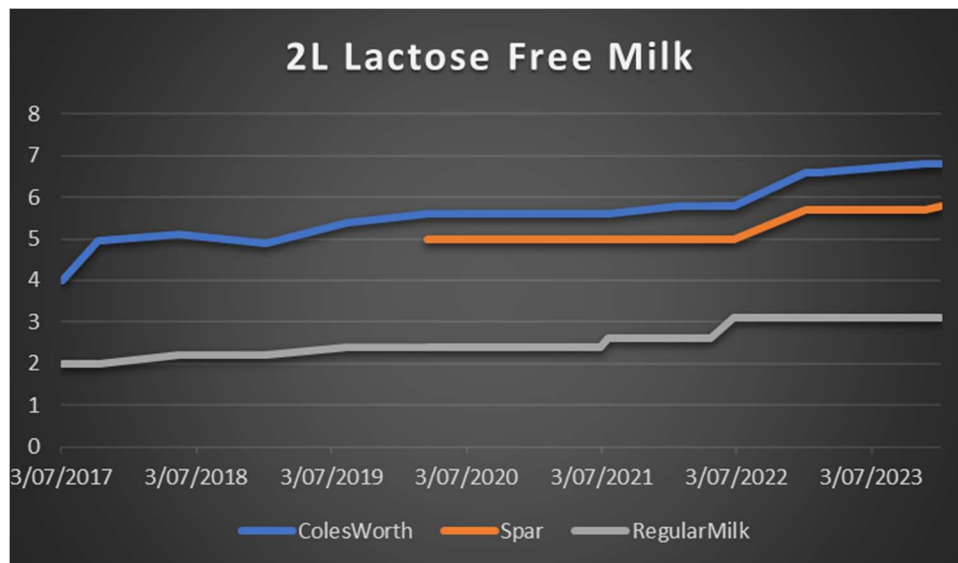
This is a brief look at some basic food items for a lactose free diet. I track all my expenses in Quicken I can determine unit prices back to July 2017 as shown below. I figure others will address general groceries in spades so I will primarily look at this niche just for something different.

Buying these sorts of grocery items also means less choice and less ability to shop elsewhere as many “basics” are not stocked in many smaller supermarkets giving Coles & Woolworths something of a stranglehold on those customers.

Interestingly though while these are always more expensive than plain equivalents, there are some interesting trends and differences that may not be seen in mainstream grocery items – particularly that many are cheaper at small local corner supermarkets when you can find them than at Coles & Woolworths who boast e.g. Pricing power means Woolies, Coles a safe bet in tough times ¹! Much like their power means they can influence suppliers, it also means they can influence/exploit customers when they have no choice.

The comparison of prices at Coles & Woolworths compared to my local Spar supermarket are significant I think as my local Spar is a good business which I assume makes a profit (it has been there a long time). If they’re making a profit as a small business, how do Coles & Woolworths justify charging 10-20% more for the same products?

Lactose free 2litre Milk



July 2017 was \$4, is now \$6.80 at Coles & Woolworths. My local Spar corner supermarket I found in 2020 was cheaper than Coles & Woolworths so started I regularly purchasing there. I will admit to vividly remembering seeing that because to that point, I had shopped at the bigger supermarkets assuming they were cheaper on low volume/dietary specific products.

Coles & Woolworths have increased their prices since July 2017 by 27%, whereas my local supermarket has only increased 14% and is still about 50c/litre cheaper than Coles & Woolworths.

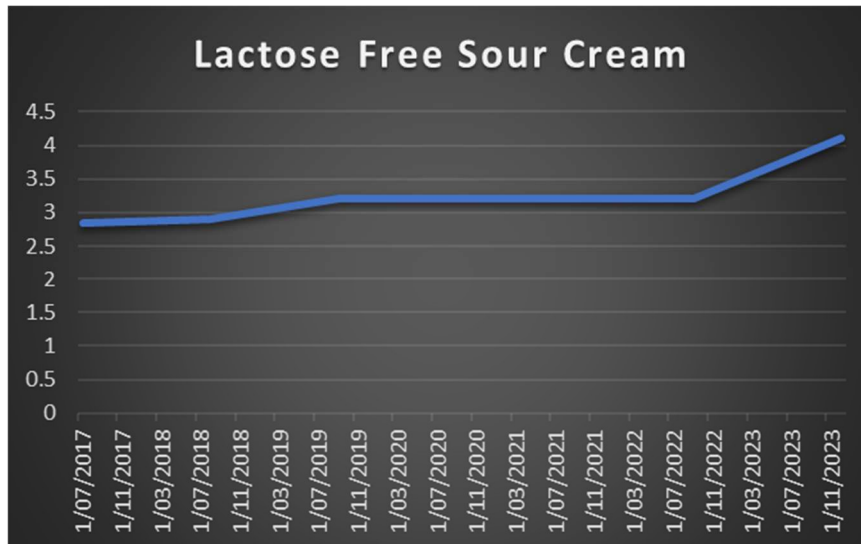
¹ <https://www.afr.com/companies/retail/pricing-power-means-woolies-coles-a-safe-bet-in-tough-times-20230628-p5dk3g>

In that same time 2litre regular milk Regular Milk has gone from \$2 at Coles & Woolworths to \$3.10 an increase of 35%. The local Spar was \$3.95 in July 2017 (considered expensive) is now \$4.80. While arguably expensive too, the increase is only 18% against 35% for Coles & Woolworths.

Lactose free sour cream

Was \$2.85 in July 2017, now \$4.10.

Increase of 44% over 6.5 years, 28% increase in the last 15 months:



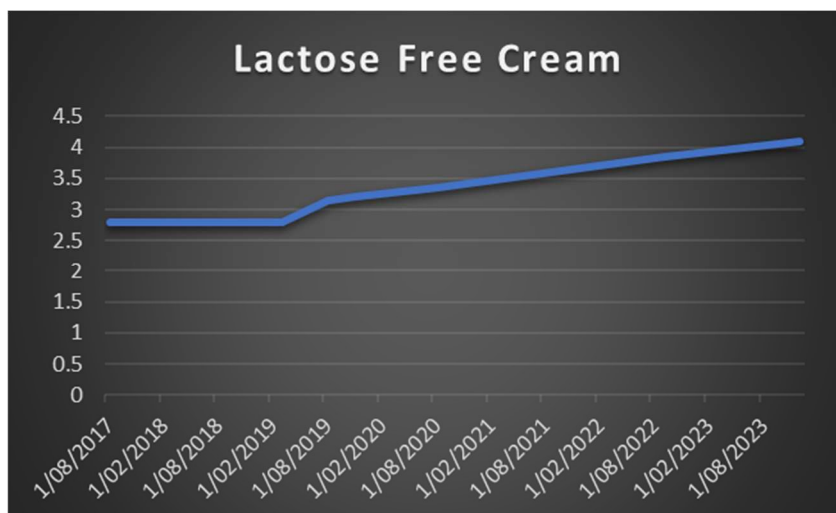
Lactose Free Cheese

In July 2017 was \$5.40 for a 250g block of tasty cheese, is now \$8.50 at full cost – a 36% increase. Per kg for lactose free is \$34/kg compared to \$10/kg for regular cheese. That makes cheese – meaning a simple Tasty cheese - a luxury item now only because to buy the equivalent amount as a 1kg block of regular cheese would be \$34 which no sane person would pay.

I doubt the amount of lactase enzyme needed to make the cheese lactose free comes accounts \$24 a kilo either but moving on.

Lactose Free Cream

Has risen from \$2.79 in July 2017 to \$4.10 now; a 32% increase.



Lactose Free Ice Cream

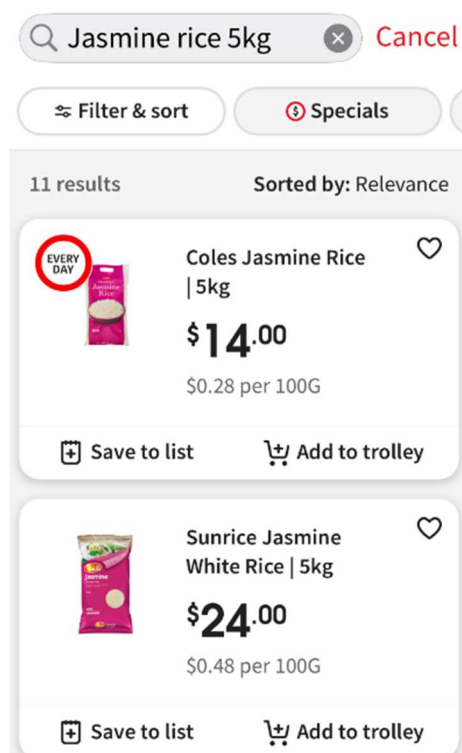
Is another product cheaper at local Spar supermarket than Coles & Woolworths. July 2017 this was \$7.60 for 1.2litres. I started buying that at the local supermarket in 2020 because it was \$6.50 for 1.2litres of exact same brand. Coles & Woolworths now charge \$9 - a possibly reasonable increase of only 16%, but the product is still 12% more expensive at Coles & Woolworths than my local Spar supermarket where it is \$7.90.

That 2024 price of \$7.90 at my local Spar is a mere 30c more than Coles & Woolworths were charging in July 2017 - 4% difference over 6½ years. Something about that small an increase of the product and independent of the retailers over that long of a period does not make sense if all prices charged by all retailers and producers grew with the same inflation over the same time.

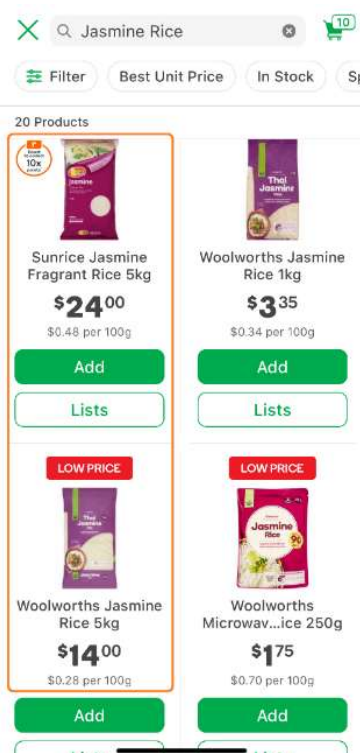
Rice

Speaking of things that don't make sense – 5kg Jasmine rice²:

Coles App



Woolworths App



Admittedly one bag says “fragrant Jasmine rice” the other does not, but Jasmine rice is fragrant due to the presence of a molecule called 2-acetyl-1-pyrroline (17, 19) – so it’s the same stuff in the bag. Same from Coles and Woolworths and Sunrice. In this form it is 5kg of rice in a plastic bag. The opportunity for differences in product, quality, packaging, or anything else are non-existent. It’s rice. It’s a plastic bag. Rice is one of the most plentiful and common staple foods on the planet, more than 775 million tons are grown each year³.

At Coles & Woolworths there is an identical 42% price difference between a brand name, and, a Coles or Woolworths brand. That is huge. As a consumer I want to buy Sunrice so Coles &

² Screenshots taken 13/1/2024

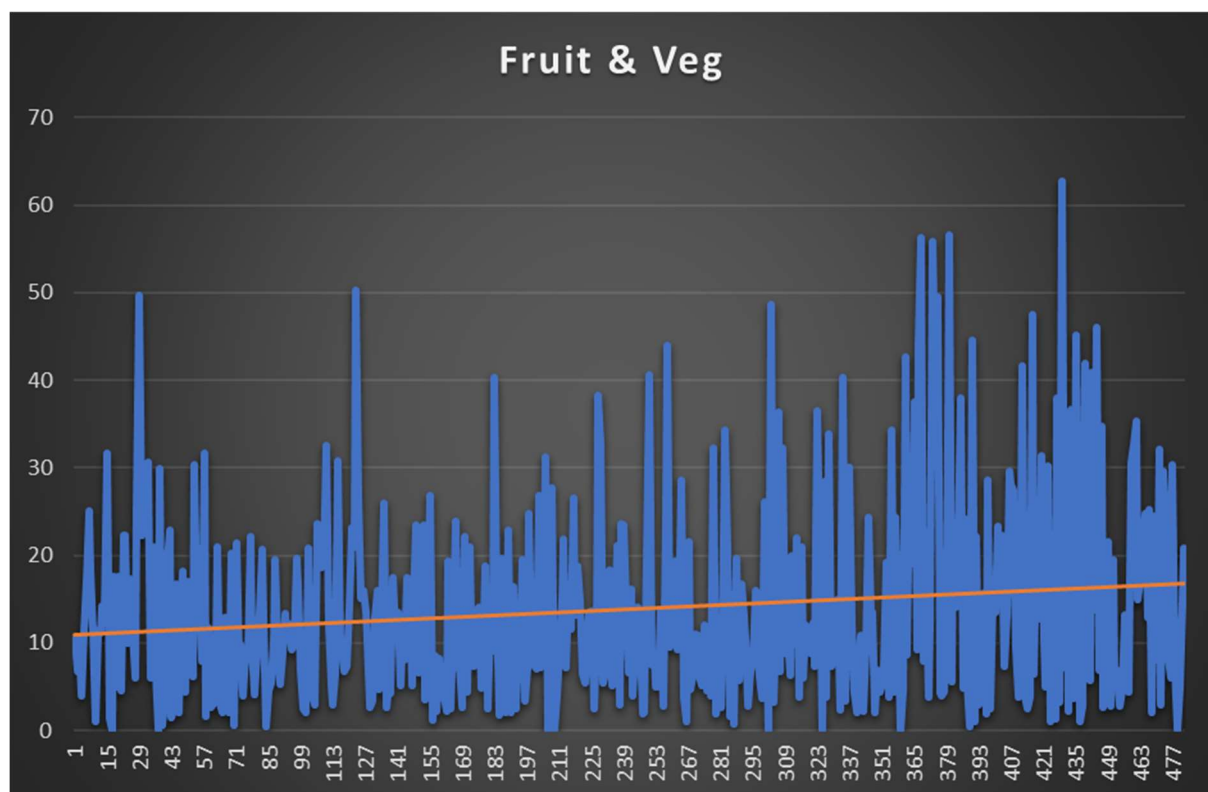
³ https://en.wikipedia.org/wiki/List_of_countries_by_rice_production

Woolworths don't force their one competitor off the shelves and achieve a monopoly, but, when dollars matter, the price difference makes the Coles & Woolworths brands more attractive.

Supermarket brands are of course a marketing tool for them as to how to save money (and drive competition off the shelves). I try to buy Sunrice when it's on special, most recently that would have been February 2022 and December 2021 when I paid \$10 a bag (I paid \$6.75 for in 2018). I fear Sunrice pay a premium to discount in Coles & Woolworths but all that behind the scenes is invisible to me as a lowly consumer caught between trying to save some money and trying to save competition in the market. You also must wonder how prices between Coles & Woolworths are identical on brand and home brand products. Maybe it's just coincidence.

Fruit & Veg

This is just purchases, not location specific. Every fruit and vegetable purchase since July 2017 is shown; average has gone from \$10 to \$17. A \$50 grocery shop was almost unheard of some years ago whereas is now quite common.



Conclusion

That's my brief tale of woe as a humble consumer with dietary needs.

Every day I feel ripped off and every day I feel simple things like cheese are becoming more and more luxurious. Tasty cheese a luxury item, give me strength.