



5 April 2024

Select Committee on Supermarket Prices
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Parliament House
Canberra ACT 2600
Email: supermarketprices.sen@aph.gov.au

Dear Select Committee on Supermarket Prices,

Written Questions on Notice

When CHOICE says 40 percent of respondents would shop elsewhere if they could, can this statistic be broken up into whether they're rural or regional or city?

CHOICE regularly conducts national online surveys that are designed and analysed by CHOICE, but conducted through a third party. 1,035 Australian households responded to our recent September 2023 survey, quotas are applied to ensure coverage across all age groups, genders and locations in each state and territory across metropolitan and regional areas. This data is weighted to ensure it is representative of the Australian population based on the 2021 ABS Census data.

Survey participants were asked if they would stop shopping at each major supermarket, Coles, Woolworths and Aldi, if there was another option available. This question was asked of people that have shopped at Coles, Woolworths or Aldi in the last 12 months.

- For **Woolworths** shoppers 38% agree they would stop shopping at Woolworths and there is no difference between people living in cities or the regions.
- For **Aldi** shoppers 18% of city dwellers and 16% of regional based people agree they would stop shopping at Aldi if there was another option.
- For **Coles** Shoppers: 41% of city dwellers and 37% of those living regionally agree that they would stop shopping at Coles if there was another option.

What are you asking for in the context of privacy, and how is data collection being used by supermarket chains to set prices and manipulate pricing?

CHOICE's approach to data privacy

CHOICE believes in a consumer-centric and principles-based approach to data privacy. Consumers value their data as it provides personal insights into their behaviour, beliefs, and values, and invasions of this privacy can be uncomfortable and dangerous. CHOICE research

found 65% of consumers do not trust businesses to use their data responsibly, and this lack of trust is detrimental to both consumers and businesses.¹

Supermarkets and consumer data

Consumer data is highly prized by supermarkets including Coles and Woolworths. Supermarkets can use aggregated consumer data collected through loyalty schemes to set prices, providing an advantage over smaller retailers without this same access to data or deterring the entry of new competitors. Supermarkets increasingly also use individual- or cohort-specific data to provide personalised offers, effectively setting prices using data at more and more granular levels. Combined with targeted marketing, this provides Woolworths and Coles significant market power to capture and manipulate consumer purchasing behaviour.

Common features of loyalty programs such as points collection, ‘boosting’ points and other forms of ‘gamification’, and offers may also obfuscate price transparency. The ACCC noted that the “the combination of point-based offers with consumer contracts that are inherently complex or involve opaque pricing and discounting practices can increase existing difficulties for consumers to evaluate the actual value of the contract and make meaningful comparisons with competing products and services.”

Consumers may also be unaware that their purchasing data at one retailer may be shared with others in a loyalty scheme’s ‘coalition’ or internally within a supermarket’s other businesses e.g. credit and insurance products. This sharing of data allows coalition partners or subsidiary businesses an advantage, and poses risks of price setting by financial service partners and subsidiaries (e.g. Coles Credit Cards, Everyday Insurance) using this data. Coles and Woolworths also administer advertising platforms (Coles 360 and Cartology, respectively) that benefit from these data operations, and Woolworths has a majority stake in data analytics firm Quantum. The complex, extensive, long-lasting, and risky sharing of data through partnerships was highlighted by the leak of Coles Financial Services customers’ data in the Latitude data breach.²

Reforms needed

CHOICE believes that legislation and business practices should reflect consumer expectations on the collection and use of their data: 1) that consumer privacy is respected by businesses, 2) that consumers have control over their own data, and 3) that consumer data is exchanged fairly with businesses when consumers genuinely consent to this exchange.

From a consumer perspective, long-awaited reforms to the Privacy Act will provide important protections. A ‘fair and reasonable use test’ will shift obligations onto businesses, such as supermarkets, to only collect data that consumers willingly offer, and to only use this data for its intended purposes. Expanding the definition of ‘personal information’ will protect more types of identifiable consumer data such as technical data, increasing consumer privacy. Granting consumers individual rights to access, amend, or delete their data held by businesses will provide consumers with more control over their data, allowing them more power to withdraw

¹ CHOICE Consumer Pulse September 2023 is based on an online survey designed and analysed by CHOICE. 1,035 Australian households responded to the survey with quotas applied to ensure coverage across all age groups, genders and locations in each state and territory across metropolitan and regional areas. The data was weighted to ensure it is representative of the Australian population based on the 2021 ABS Census data. Fieldwork was conducted from 29 August to 18 September 2023.

² Coles Group, “Latitude Financial cyber incident”, 2023, <https://www.colesgroup.com.au/media-releases/?page=latitude-financial-cyber-incident>.

consent and to make informed decisions about the risks and benefits of their participation in loyalty schemes. Requiring businesses to disclose to consumers how algorithmic decisions were made about individual offers and points can also help consumers make more informed decisions about their purchasing.

A prohibition on unfair trading in the Australian Consumer Law will also give consumers further protections from manipulative and deceptive practices to gain their 'consent' to loyalty schemes and data collection.

There may also be benefits in exploring reforms to enable consumers easy access to past purchases to use third party services (eg comparison tools) to inform decisions about grocery shopping or budgeting. However, the usefulness of this data will be limited without greater access to current and historical data on supermarket product prices. Therefore, CHOICE recommends prioritising reforms enabling greater transparency of supermarket pricing by, for example, empowering the ACCC to collect and publish supermarket pricing information in a database that enables tracking of price changes over time.

We trust that this information is of assistance.

Yours sincerely

Rosie Thomas Director of Campaigns
CHOICE