

LCQ10: Weekly Price Survey project of Consumer Council

Following is a written reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, to a question by the Hon Emily Lau Wai-hing in the Legislative Council today (November 5):

Question:

The Consumer Council ("CC") has recently received an extra allocation of \$5 million from the Government to expand its commodities price survey project to provide consumers with more comprehensive price information on commodities. There are comments that as price surveys are conducted by CC each time on commodities of different kinds and brands taken from different districts, the survey results only reflect the retail prices of the day, but not price trends, and thus have little reference value. In this connection, will the Executive Authorities inform this Council whether it knows:

(a) the criteria adopted by CC for choosing commodities for price surveys, and a list showing the number of commodities, ratio of weekly repeated items, as well as the number of retail points covered in the price surveys over the past six months;

(b) if CC will change its approach by conducting price surveys on commodities of the same kinds and brands, in particular, of daily necessities, for showing the price trends to increase their reference value; if it will, of the details; if not, the reasons for that; and

(c) if CC has discovered cases in which small shop owners raised their commodity prices after learning from the CC's announcement on the price survey that their commodities were selling at the lowest prices, and cases of major supermarket chains lowering the prices of the related commodities immediately after the release of the price survey results but resuming the old prices a few days later; if there have been such cases, of the CC's counter measures?

Reply:

President,

(a) The Weekly Price Survey project undertaken by the Consumer Council seeks to inform consumers possible price differentials among shops. We consider that enhanced price transparency will facilitate the flow of market information and help customers make smarter shopping

choices. Under the project, the Council selects a district each week and surveys the retail prices of some 40 popular food items and necessities in the district. Each survey generally covers some 20 retail points of different nature, such as supermarkets, pharmacies, frozen food stalls, beauty product chains and groceries. Retailers do not know the district, items and retail points beforehand and hence cannot prejudice the reliability of the survey by manipulating prices before the survey. Apart from disclosing the retail prices of the surveyed items, the Council also makes public the names of the surveyed retail points. In addition, the Council also lists out the internet prices of those items of large supermarkets, so that consumers may draw a comparison. Survey findings are disseminated through the Public Enquiry Service Centre of the relevant District Office, newspapers, the electronic media and the Council's website.

Between May and the end of October this year, the Council has conducted 18 such surveys, covering some 520 products and some 260 retail points. As the nature of the Weekly Price Survey is different from a "tracking survey", the same products will not be covered in each survey.

(b) There are numerous popular food items and daily necessities, and there are numerous retail points selling the same product. Besides, retailers frequently adjust the range, styles and prices of the goods they put up for sale. If the object of the current project were to be changed to a "tracking survey", i.e. to reflect price trends, very substantial resources would be required for monitoring the retail price trends of various products available for sale in many retail points in different districts over a considerable period of time. It would not be cost-effective if the findings were for reference by consumers.

The Administration has indeed tracked the price trends of consumer goods. The public may obtain such information from the Monthly Report on the Consumer Price Index published by the Census and Statistics Department

(available at

http://www.censtatd.gov.hk/products_and_services/products/publications/statistical_report/prices_household_expenditure/index_cd_B1060001_dt_latest.jsp).

(c) Summarising the survey findings, the Council finds that while there were incidences of retailers raising their prices, there were also cases of retailers lowering the prices. Hong Kong is a free and competitive market in which retailers may set their prices according to their own marketing strategies. The Council's price surveillance initiatives enhance the transparency of prices in the market and facilitate information flow,

thereby alerting consumers to possible price differentials among retail points and helping them make smart choices according to their own needs.

Ends/Wednesday, November 5, 2008