

Competition key to lower prices

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Tuesday, 31 March 2009 17:09 - Last Updated Tuesday, 31 March 2009 17:16

2009/03/30 By : Jennifer Gomez
PETALING JAYA: Even hypermarkets cannot hold prices down with tags on essential items on the uptrend over the past seven months. This was revealed in a survey of 37 essential goods at three major hypermarket chains. The survey by the Consumer Research and Resource Centre (CRRC) over a six-month period from last September recorded the average pricing of selected items in three hypermarket chains. Items surveyed included chicken, beef, fish such as tenggiri, kembung and cencaru; vegetables such as tomatoes, sawi, kankung and French beans; as well as ginger, shallots, potatoes, eggs, wheat flour, coffee powder, creamer, sardines and rice. CRRC chief executive officer Paul Selva Raj said that apart from canned items and rice, for which prices remained constant, prices of most varieties of fishes and vegetables went up. "The authorities are saying that prices have come down but the data does not back them up." Ginger, for instance, costs RM5 per kg in September at the start of the survey, but in March, it had gone above RM7 per kg. Cencaru had increased by about 80 sen per kg -- from RM5 in September to RM5.80 in mid-March. In January, cencaru hit RM9 per kg. "Whenever there's a dip in the price movement graph, it's usually because that item is on very special offer on a particular weekend at a particular hypermarket. So, that brings the average down for that week." Selva Raj said in many instances, the items varied considerably. For instance, chicken, in the survey, was categorised as super chicken, which is minus head and feet or normal chicken, with head and feet, in line with government classification under its price control list. "But more often than not, during our surveys, we'd find chicken with feet, no head, or with head, but no feet, and so the prices do not reflect what's on the control list." Leafy vegetables were also tricky items to survey. Certain hypermarkets would offer bunches of vegetables at one price without stating their weight. "So without that information, it was hard to determine the unit price per kg." He said that the authorities should clamp down on this trend. He said another problem that cropped up was the unavailability of 15 per cent broken rice (10kg bag) at the hypermarkets surveyed. "This is worrying because this is the cheapest rice that the low-income earners buy. We could find five per cent and 10 per cent but not the 15 per cent," Selva Raj said. He said that while the government may be unable to curb price movements as these were determined by supply and demand, it should at least make sure that essential items such as the 15 per cent broken rice was available in the marketplace. Selva Raj said it was up to consumers to manage their lifestyle and buying habits. "They should not be lulled into thinking that prices are going down just because there are offers and promotions out there. They must evaluate and make wise purchasing decisions." He added that as a long-term measure, the authorities should find out which part of the supply chain was pushing prices up. "They should try to understand the market better and further liberalise it so that there's stronger competition at every level of the food chain, which will make prices more competitive." Source: http://www.nst.com.my/Current_News/NST/Tuesday/National/2519241/Article/index_html