

**EUROPEAN COMMISSION'S REVIEW**  
**of**  
**DIRECTIVE 98/6**  
**on**  
**PRICE INDICATIONS**

**UK RESPONSE**

**Q1. Has your country availed itself of the derogation provided for in Article 6? If so, please describe the use made of the derogation.**

A. Yes, small shops with limited floor area are exempted from unit pricing in the UK. The intention is to exempt micro businesses, characterised by small sized premises and limited staff resource, from the additional burden of unit pricing. There is flexibility within the implementing legislation for small shops to unit price if they wish to do so but anecdotal evidence suggests that many small shops that qualify for the exemption have used it.

**Q2. Have there been any “technological developments” allowing small retail business to better comply with the obligations of the directive since its coming into force?**

A. We are not aware of any “technological developments” that would allow small retail business to better comply with the obligations of the directive since it came into force. Scanning technology, which allows shelf edge labelling with unit prices to be automatically generated, has been in existence since before the Directive was introduced. However, it was – and remains – prohibitively expensive for many small shops to purchase and install and a majority in the UK still do not have it and instead rely on manual systems. The use of hand-held printing devices to unit price would be costly in staff resource time and necessitate the calculation of unit prices, with the risk of mistakes and subsequent prosecution if prices were wrongly calculated.

**Q3. Does your country intend to maintain or amend the derogation? If so, please give the reasons, describe the extent of the proposed amendment and the envisaged duration?**

A. The UK considers that the derogation should be maintained unamended for at least a further 5 years with a further review at that time.

The current cost of introducing scanning technology is prohibitive for many small shops and the additional burden of unit pricing could affect their viability, which would be particularly problematic in rural areas where competition is already limited. Small shops provide an important shopping resource for consumers unable to reach more distant larger premises. They compete with major retailers which have the advantage of greater economies of scale. Small shops are characterised by low staff numbers. A requirement to unit price would add significantly to an already heavy workload and may have the effect of encouraging a reduction in the number of lines stocked so as to reduce the range of goods requiring unit pricing. Alternatively, it may necessitate additional staff, with the increased costs that would entail and which would ultimately be charged to the consumer.

**Q4. Does your country intend to abolish the derogation? If so, please give the reasons for this, describe the extent of the envisaged abolition, ie complete or partial and state from when the abolition is proposed?**

A. No. See comments above.

**Q5. What is your evaluation of the Directive to date? Has it achieved its objectives? Has it had negative consequences for traders and/or consumers? Have there been any unforeseen (negative or positive) effects?**

A. No formal evaluation of the Directive has been conducted in the UK but views have been sought from stakeholders (trade, consumer and enforcement organisations) about its operation. Overall, the Directive appears to have worked well in the UK avoiding imposing an unmanageable burden on business – particularly small shops where the derogation has been very much welcomed – whilst providing some improvement in price transparency for consumers. No unforeseen negative or positive consequences have been identified.

**Q6. Do you have specific suggestions to make concerning possible amendments of the Directive? If so, please outline them.**

A. The UK does not consider that there are any major changes to the Directive required at this time and believes that there is advantage in allowing a further period before changes are made. In particular, any changes that would impose additional burdens on business, particularly small businesses could be counterproductive if the effect was to reduce competition, particularly in rural areas.

## REVIEW OF DIRECTIVE 98/6:CONSULTATION RESPONSES

X = NEGATIVE

√ = POSITIVE

ORGANISATION	TECHNOLOGICAL DEVELOPMENTS?	DEROGATION?		EVALUATION? POS/NEG CONSEQUENCES?	AMEND DIRECTIVE?
		MAINTAIN	REMOVE		
Association of Convenience Stores	x	√			
Biscuit Cake Chocolate & Confectionery Alliance	x	√			x
British Goat Society		√			x
BRC	x	√			
British Shops & Stores Association		√			
Co-op	x	√			
Federation of Small Businesses		√			
Guild of Fine Food Retailers	x	√			
Ice Cream Federation	x	√			
LACORS		Mixed views			
Meat and Livestock Commission	x	√			
Nat. Assoc of Master Bakers	x	√			
National Consumer Federation	√	√			
Scottish Grocers Federation	x	√			
TSI*			√		√
TSI*	√		√		√
TSO (Individual)	√	x		√	√
TSO (Individual)	x	√			

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\* Joint responsibility within TSI for prices matters