Shining light into the black box:
Examples of price transparency measures in non-health sectors

**This webinar will start shortly**

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- “Q&A” to send your questions to the panellists
- “Chat” ONLY when sharing comments or documents with all participants

Please keep all comments respectful and constructive

The session is recorded for viewing on demand
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Today’s Panellists

**Angus Xie**
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Competition and Consumer Commission of Singapore (CCCS)

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Food Price Monitoring and Analysis (FPMA) Coordinator  
Markets and Trade Division  
Food and Agriculture Organization of the United Nations (FAO)
Topics covered in this webinar

1. Guidelines on Price Transparency, CCCS
2. Food Price Monitoring and Analysis in the Global Information and Early Warning System (GIEWS) of FAO

Reasons for government price monitoring initiatives

“collective dominance of five major market players, price-setting patterns and an asymmetrical transparency concerning the prices at petrol stations – high transparency for the market players/oil companies, low or lack of transparency for the consumers”
A quick reminder of WHO mandates on transparency of markets for medicines, vaccines and other health products

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To continue to support Member States, upon their request, in collecting and analysing information on economic data across the value chain for health products and data for relevant policy development and implementation towards achieving universal health coverage;

Source: apps.who.int/gb/ebwha/pdf_files/WHA72/A72_R8-en.pdf
Promoting price transparency
Conditional recommendation for the policy

5.A WHO suggests that countries improve the transparency of pricing and prices through the following mechanisms:

- **Sharing the net transaction prices** of pharmaceutical products to relevant stakeholders, within and external to the country;
- **Disclosing prices** along the supply and distribution chain;
- Reporting publicly **research and development (R&D) contributions** from all sources;
- Communicating **pricing and reimbursement decisions** to the public.

5.B. WHO suggests that countries improve the transparency of pricing and prices through **clear description of pricing approaches and their technical requirements**.
Presentation by Angus Xie
Senior Assistant Director
Competition and Consumer Commission of Singapore
CCCS Guidelines on Price Transparency
CONSUMER PROTECTION REGIME IN SINGAPORE

The Escalating Set of Measures

Redress
CASE + STB: 1st points of contact for consumer complaints + feedback on unfair practices
COMPETITION AND CONSUMER COMMISSION OF SINGAPORE

CCCS administers the Consumer Protection (Fair Trading) Act ("CPFTA"). Under the CPFTA, CCCS is empowered to investigate businesses/retailers, apply to the Court for a declaration and/or an injunction against persistently errant businesses/retailers/individuals to prevent them from engaging in unfair trade practices, and enforce compliance with injunction orders issued by the Court.

Objectives of the CPFTA

- Protect consumers against unfair trade practices
- Ensure that businesses compete fairly
- Hold persistently errant businesses accountable
CONSUMER PROTECTION (FAIR TRADING) ACT

Under the CPFTA, a supplier should not make any misrepresentation or false claims on the provision of goods or services relating to business-to-consumer transactions. In addition, suppliers should also note the 27 specific unfair practices in the Second Schedule to the CPFTA.

Examples of Unfair Practices in the Second Schedule

Unfair Practice #7 – Representing that a price benefit or advantage exists respecting goods or services where the price benefit or advantage does not exist.

Example
Advertising that a set of headphones is $25 while a competitor’s is $50, even though the competitor is selling at $25.
CONSUMER PROTECTION (FAIR TRADING) ACT

Examples of Unfair Practices in the Second Schedule

Unfair Practice #8 – Charging a price for goods or services that is substantially higher than an estimate provided to the consumer, except where the consumer has expressly agreed to the higher price in advance.

Example
Advertising that a hotel room is $200/night, but subsequently informing consumers during payment that they would have to pay additional mandatory charges for cleaning.

Unfair Practice #18 – Representing that goods or services are available at a discounted price for a stated period of time if the supplier knows or ought to know that the goods or services will continue to be so available for a substantially longer period.

Example
Advertising a “50% closing down” discount that goes on for a year.
PRICES AND PRICING PRACTICES

1. Transparent prices allow consumers to make **informed purchasing decisions** and are essential to a well-functioning market.

2. The way suppliers display and advertise prices can have significant **impact on consumers’ behaviour and decision** to purchase.

3. Price displays and pricing strategies can be misused to **consumers’ detriment**.

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_The key principle of the Guidelines is that suppliers should ensure **prices and their accompanying conditions** are **accurate** and **communicated clearly and prominently**, so that consumers can make **informed choices**._
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PRICE TRANSPARENCY GUIDELINES

10 POINTS TO NOTE

1. The Guidelines indicate the manner in which CCCS would interpret the CPFTA in relation to the display/advertisement of prices and pricing practices.

2. The Guidelines indicate some factors and circumstances that CCCS may consider when assessing whether displayed/advertised prices and pricing practices are potentially misleading.

3. The Guidelines include actions that suppliers should take in relation to these practices to ensure that prices and their accompanying terms and conditions are accurate and communicated clearly.

4. The Guidelines will apply to all suppliers, whether operating online or in physical stores.

5. Under section 18A(1) of the CPFTA, where there is a dispute between a supplier and a consumer, the supplier bears the burden of proving that he/she has complied with section 4 of the CPFTA (i.e. not committed an unfair practice), in a court proceeding between a consumer and a supplier.
PRICE TRANSPARENCY GUIDELINES

10 POINTS TO NOTE

6. The Guidelines are **not a substitute** for the CPFTA and its regulations.
7. The Guidelines **do not absolve suppliers from obligations under any other Acts and guidance from other sectoral regulators.**
8. The examples in the Guidelines are **for illustration and are not exhaustive.**
9. The Guidelines **do not set a limit on the investigation and enforcement actions of CCCS.**
10. In applying the Guidelines, the **facts and circumstances of each case** will be considered.
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PRICE TRANSPARENCY GUIDELINES

DRIP PRICING

The practice of advertising a product or service at a lower headline price (i.e. displayed/advertised) than the final price that a consumer would pay. The increase in total price is usually a result of disclosing additional mandatory or optional fees and charges during the transaction/payment process. A common method to “drip” optional charges is through the use of pre-ticked boxes.

1. Suppliers should ensure that any unavoidable or mandatory fees/charges (e.g. taxes, surcharges, service fees) are included in the total headline price.

2. If pre-ticked boxes are used
   i. suppliers must provide disclosures of the goods or services offered, their corresponding prices and material terms and conditions in a clear and prominent manner; and
   ii. the cost of pre-ticked optional add-ons should also be included in the headline price listed/displayed.
PRICE TRANSPARENCY GUIDELINES

PRICE COMPARISON

Suppliers are known to make price comparisons with their competitors to indicate a competitive price and/or a price advantage. Typical examples of making price comparisons include, “our price $20, elsewhere $30” and “best price in Singapore”.

1. Suppliers should ensure that any representations and price comparisons with other suppliers’ prices or the use of terms such as cost price, are not false or misleading.

2. In order to reflect prices truthfully, suppliers should conduct their own research which should include comparing prices of goods or services that are accepted to be similar or equivalent by consumers or trade norms.

3. Offering to provide refunds does not absolve the suppliers from the need to conduct research and ensure that price representations are not false or misleading.
PRICE TRANSPARENCY GUIDELINES

DISCOUNTS

Unlike price comparisons, discounts are price benefits arising from a supplier’s comparison to its usual price, rather than against other suppliers’ prices. For example, “clearance sales”, “moving out sales” and “Black Friday sales”.

1. Suppliers should use a bona fide previous price to provide a basis for the price comparison.
2. Suppliers should not mislead consumers on the savings that can be achieved from purchasing the discounted product/service.
3. Suppliers should not misrepresent the duration of a sale.
4. Suppliers should not misrepresent the discount terms.
PRICE TRANSPARENCY GUIDELINES

USE OF THE TERM “FREE”

Suppliers are known to provide consumers with “free” products and services. This usually happens when suppliers are trying to entice consumers to try a product/service, so that they may eventually buy it.

1. Suppliers should ensure that any representation that the price is $0 or “free” is not false or misleading.
2. Any qualifiers, terms and conditions, and subsequent/deferred charges should be stated in a clear and prominent manner together with the “free” representation.
3. Suppliers should ensure that the price of a product/service is not increased to cover the cost of a free gift/trial. Any “incidental cost” (e.g. shipping fees for the free gift) should be clearly stated at the outset.
PRICE TRANSPARENCY GUIDELINES

KEY GUIDING PRINCIPLES

01. Be truthful

02. Provide accurate information

03. State information in a clear and prominent manner

04. Provide material information upfront

05. Conduct research before making claims
According to the CCCS’s Guidelines on price transparency, which of the following pricing approaches of health products might be considered as potential “unfair practices” under the Consumer Protection (Fair Trading) Act in Singapore, and under what conditions?
**Scenario 1**

**Freemium:** consumers or health systems are locked into using proprietary high-cost glucose monitoring test strips, in exchange for low- or no-cost glucose monitoring meters.
Scenario 2

‘Fake’ list price: large discount/rebate (>50%) is being offered with reference to a highly inflated list ‘menu’ price that is never used, or intended to be used, in actual market transactions.
Food Price Monitoring and Analysis in the Global Information and Early Warning System (GIEWS) of FAO
GIEWS
FAO’s Global Information and Early Warning System on Food and Agriculture

FAO Markets and Trade Division

Global Information and Early Warning System on Food and Agriculture

Established in the wake of the world food crisis in the early 1970s to monitor food supply/demand and food security in all countries of the world and at global level.

Global food market analysis
❖ Commodity-level

Global food security analysis
❖ Country-level
Why Price Monitoring?

- **Agricultural commodity prices** are an indicator of changes in supply and demand, and as such, can detect abnormal conditions that need to be brought to attention.

- **Timely** and transparent price information supports well-functioning international and national markets and can bring positive benefits for farmers, traders and consumers.

- **Historical** and up to date price information supports analysts and policy makers and constitutes a basis for evidence-based early warnings and food security strategies.
Soaring international food prices 2007-2008

❖ What impact on domestic food prices?
❖ Which countries most affected?
GIEWS responded by:

1. Starting a large collation of domestic food price data from countries around the world (with a focus on developing and transitioning countries)

2. Developing a tool to facilitate basic analysis of the data, capable of:
   - Analysing trends of individual price series
   - Comparing trends of price series – across markets/commodities
   - Visualizing seasonality of price series
   - Comparing trends of price series across countries in common currency
   - Accounting for inflation – nominal versus real prices
Food Price Monitoring and Analysis (FPMA) Tool

- Monthly retail and wholesale domestic prices
- Food commodities with significance for food security in each country
- Selected representative markets in each country
- International prices
- Key analysis and reporting features
FPMA Tool Demo
FPMA Products

- Monthly review of food price trends
  - International cereal price summary
  - Regional price reviews summarizing recent price trends and driving forces
  - Domestic price warnings for countries where prices of one or more important food crop are exceptionally high - supported by the GIEWS-developed Indicator of Price Anomalies (IPA)

Available in six languages at:
fao.org/giews/food-prices
GIEWS
FAO’s Global Information and Early Warning System on Food and Agriculture

FPMA supporting analysis in EST, other FAO units and among International Partners
FPMA Country Support

- Adapt the FPMA Tool for use at country level
- Provide support for deployment of FPMA Tool at country level
- Provide training for using the FPMA Tool in countries: price analysis; reporting.
FPMA Work in Progress

Mobile device app for data collection

Mobile device app for dissemination
Government authorities and institutions in many countries publish prices of pharmaceutical products, but prices are not always standardized, and price collection methods could vary.

How does the GIEWS database manage variations in price types and methodology?
How do country policy makers, industry and FAO use the price information and analysis?
Panel discussion
Early in the COVID-19 outbreak, there were concerns that the health crisis would develop into a large-scale food crisis similar to the 2007-08 food price crisis, when panic buying and counterproductive policies exacerbated initial supply disruptions. While food supply chains have seen disruptions, and there are future risks that require attention, a food price crisis has been avoided so far, in part thanks to improved transparency in global staple crop markets. Transparency on market conditions and policies is critical in helping reduce market uncertainty, exposing bottlenecks and highlighting risks, all of which help market participants and policy makers develop more effective responses in times of crisis. More broadly, transparency is essential for global markets to work and provide a resilient supply of affordable food. Yet, transparency is not automatic: it requires investments in gathering comparable information, monitoring market and policy developments, and communicating clearly about the findings.

OECD Policy Responses to Coronavirus (COVID-19)
The role of transparency in avoiding a COVID-19 induced food crisis
Q&A with the audience
WHO and EURIPID have signed a Project Collaborative Agreement to support the implementation of WHO mandates in Resolution WHA72.8 on improving the transparency of markets for medicines, vaccines, and other health products.

**Upcoming webinars**

- Beyond price x volume – The intricacies of budget impact analysis and managing pharmaceutical budget
- Value based pricing – “fad or fabulous?”
- Looking from within – the use of internal reference pricing