

DEPARTMENT OF FOOD AND AGRICULTURE

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DMS Notice
QC – 06 – 3

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Discard: Retain

TO WEIGHTS AND MEASURES OFFICIALS

SUBJECT: Statewide Price Verification Survey

The 2006 statewide price verification survey was completed in July. This effort always requires significant resources from local programs and we appreciate the continued interest and hard work by each of the many California weights and measures officials involved.

While this was a follow-up to prior surveys allowing us to evaluate changes in compliance conditions that have occurred over previous years, it also includes additional categories and some that were added in the 2004 survey. In an effort to balance the selection process, location selections were again based on state tax records not county weights and measures records. With many smaller businesses and apparel stores included, appropriate selection sizes included purchases of 5, 10, or 30 items per location. Some promotions represented 2 for the price of 1 or included separate beverage container CRV charges, etc., resulting in some additional variations in sample size.

In tables 1 and 2, the yellow shaded areas represent additional categories added either this year or in 2004. Furnishings and Appliance stores were also removed as a category for this year's survey. The resulting 2004 totals will not quite match the individual groups due to these changes. For detailed 2004 results, DMS Notice QC – 04 – 2 should be reviewed.

Survey results indicate that of 9504 items purchased, 2.68% were overcharged and 1.50% were undercharged (see Table 1). An aggregate algebraic overcharge amounted to 0.34% of the dollars spent (see Table 2). Of the 1007 stores inspected, 843 (83.71%) had no overcharges.

Sample sizes of 5 and 10 items can never be "Level 1" when there are violations. Based only on percent of **total** correct price criteria, 89 stores (8.84%) had algebraic overcharges above 0.00% but less than 2% of the correct price (Level 1). 16 stores (1.59%) had overcharges that ranged between 2% and 4% of the correct amount (Level 2). 37 stores (3.67%) had algebraic overcharges equal to or more than 4% of the correct total amount (Level 3). 84 stores (8.34%) undercharged the survey shoppers. Even with the undercharges buyers were charged a total of \$256.13 more than the total correct tab of \$75,832.21 (\$76,088.34).

Table 3 outlines survey results by manually entered prices, scanned bar codes, and by manually entered price look-up codes or icons. Counties with ordinances should note that during this survey, about 38% of the shopped locations were reported to be using non-

automated direct price entry. The error rate for those locations was in the same range as with automated systems.

Locations without automated POS systems are currently not subject to the provisions in Chapter 13.5 even if they are included in a local ordinance. At many of the smaller businesses, it may be advantageous to adjust the sample size to a more typical shopping situation as was done in this survey. Disclosure prior to the transaction is discouraged because it is also more likely to affect the inspection result when manual price entry is used.

Please review the attached report and contact Ken Lake, Program Supervisor, Measurement Compliance, at (916) 229-3047 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Cleary". The signature is stylized with a long horizontal stroke and a large, looped flourish at the end.

Mike Cleary
Director

Attachments

cc: Ed Williams, Director, County Liaison Office

DIVISION OF MEASUREMENT STANDARDS STATEWIDE PRICE VERIFICATION SURVEY

A statewide survey of pricing accuracy at retail stores was conducted throughout the state during May, June, and July of 2006.

Scope of Survey

Establishments surveyed included both food and nonfood retail stores to evaluate accuracy in determining the proper sales price.

Sample Selection

One Thousand Seven establishments were selected at random from a statewide population of approximately 350,000 qualifying retail establishments. Items were randomly selected from each establishment based on the following criteria:

- a. If there are less than 400 lots on sale.
Sample size = 5 items

- b. If there are more than 400 lots on sale **and** there are
 - (1) 10 or fewer shopping carts.
Sample size = 10 items

 - (2) More than 10 shopping carts.
Sample size = 30 items

Inspection Procedure

Approximately half of the items selected were sale items, price reduced or "special buys"; including manufacturers' reduced price items, in-store specials or markdowns. After selecting the sample, the items were run through the check stand and the prices charged for the items were compared with the advertised, quoted, posted or marked prices. If the price charged for an item was more than the lowest of the advertised, quoted, posted or marked price, it was determined that an overcharge existed. If the price charged was less than the lowest of the advertised, quoted, posted or marked price, it was determined that an undercharge existed. If the price charged equaled the lowest of the advertised, quoted, posted or marked price, it was determined that no error existed.

Survey Results

The following tables summarize the survey results in comparison to the 2002 and 2004 surveys. These results may be useful for county weights and measures officials in determining which areas of the marketplace to focus enforcement activity.

TABLE 1

TYPE OF STORE	Year	ITEMS INSPECTED	OVERCHARGES		UNDERCHARGES	
			Number of Items Items	%	Number of Items	%
Specialty Food and Tobacco	2006	116	6	5.17	2	1.72
	2004	485	19	3.92	3	0.62
Liquor Stores	2006	721	32	4.44	6	0.83
	2004	255	18	7.06	7	2.75
Eating Establishments	2006	70	0	0.00	1	1.43
	2004	208	2	0.96	4	1.92
Apparel & Shoes	2006	849	19	2.24	13	1.53
	2004	498	6	1.20	6	1.20
Art, Gift, Novelty	2006	415	6	1.45	7	1.67
	2004	191	3	1.57	3	1.57
Entertainment	2006	534	6	1.12	8	1.50
	2004	409	7	1.71	17	4.16
Sporting Goods	2006	177	4	2.26	1	0.56
	2004	195	9	4.62	1	0.51
Pet Supply	2006	201	5	2.49	4	1.99
Nutrition Stores & Beauty Supplies	2006	341	6	1.76	2	0.59
Convenience Stores & Mini Markets	2006	1164	48	4.12	17	1.46
Grocery	2006	2044	55	2.69	33	1.61
	2004	2408	83	3.45	20	0.83
	2002	4050	106	2.62	30	0.74
Auto Supply	2006	266	12	4.51	10	3.76
	2004	360	19	5.28	10	2.78
	2002	1469	41	2.79	22	1.50
Building & Hardware	2006	501	21	4.19	2	0.40
	2004	295	8	2.71	9	3.05
	2002	630	23	3.65	8	1.27
Department & Variety	2006	923	16	1.73	15	1.63
	2004	921	19	2.06	16	1.74
	2002	1383	30	2.17	30	2.17
Drug Stores	2006	897	14	1.56	14	1.56
	2004	1035	18	1.74	7	0.68
	2002	2041	45	2.20	22	1.08
Misc	2006	285	5	1.75	8	2.81
	2004	506	22	4.35	7	1.38
	2002	5190	107	2.06	103	1.98
Nonfoods Total	2006	5389	114	2.12	84	1.56
	2004	5021	111	2.21	76	1.51
	2002	10713	246	2.30	185	1.73
Foods Total	2006	4115	141	3.43	59	1.43
	2004	3356	122	3.64	34	1.01
	2002	10713	246	2.30	185	1.73
Grand Total	2006	9504	255	2.68	143	1.50
	2004	8377	233	2.78	110	1.31
	2002	14763	352	2.38	215	1.46

TABLE 2 Algebraic Result of All Errors

Type	Year	Sales	Amt Overcharge	% Over
Specialty Food & Tobacco	2006	\$787.86	\$8.75	1.11
	2004	\$1,995.50	\$6.75	0.34
Liquor Stores	2006	\$3,416.83	\$10.66	0.31
	2004	\$636.31	-\$0.86	-0.14
Eating/Drinking Establishments	2006	\$480.16	\$0.00	0.00
	2004	\$668.43	-\$1.25	-0.19
Apparel & Shoes	2006	\$15,700.83	\$25.67	0.16
	2004	\$9,707.47	-\$6.98	-0.07
Art, Gift, & Novelty Stores	2006	\$4,660.63	\$23.71	0.51
	2004	\$2,919.02	\$4.28	0.15
Entertainment	2006	\$7,127.29	\$11.47	0.16
	2004	\$3,705.69	\$4.56	0.12
Sporting Goods	2006	\$3,155.37	\$19.25	0.61
	2004	\$3,246.86	\$50.73	1.56
Pet Supply	2006	\$1,462.71	\$8.40	0.57
Nutrition Stores & Beauty Supplies	2006	\$4,562.15	\$26.47	0.58
Convenience Stores and Mini Markets	2006	\$2,637.62	\$12.00	0.45
Grocery Stores	2006	\$6,183.37	\$20.59	0.33
	2004	\$8,042.65	\$71.71	0.89
	2002	\$16,531.03	\$81.35	0.49
Auto Supply	2006	\$2,126.69	\$24.67	1.16
	2004	\$3,325.31	\$23.62	0.71
	2002	\$11,927.08	\$118.48	0.99
Building & Hardware	2006	\$5,789.10	\$29.14	0.50
	2004	\$2,489.56	-\$10.57	-0.42
	2002	\$7,943.98	\$24.61	0.31
Variety & Department Stores	2006	\$9,773.54	\$20.33	0.21
	2004	\$10,214.08	-\$20.81	-0.20
	2002	\$13,433.31	\$38.12	0.28
Drug Stores	2006	\$4,912.04	\$11.01	0.22
	2004	\$5,505.30	\$24.28	0.44
	2002	\$12,440.30	\$48.94	0.39
Misc	2006	\$3,056.02	\$4.01	0.13
	2004	\$3,342.01	\$10.37	0.31
	2002	\$79,952.99	-\$273.21	-0.34
Total for Food Groups	2006	\$13,505.84	\$52.00	0.39
	2004	\$11,324.89	\$76.35	0.67
	2002	\$16,531.03	\$81.35	0.49
Total for Non-Food	2006	\$62,326.37	\$204.13	0.33
	2004	\$56,999.91	\$76.56	0.13
	2002	\$125,697.66	-\$43.06	-0.03
Grand Total	2006	\$75,832.21	\$256.13	0.34
	2004	\$68,342.80	\$152.91	0.22
	2002	\$142,228.69	\$38.29	0.03

Table 3 Result by sales method

Pricing System Used	Year	Number of Items	Over Charges Number of Items	%	Under Charges Number of Items	%
Manual Entry						
Total	2006	3568	106	2.97	55	1.54
	2004	2071	54	2.61	40	1.93
PLU or SKU						
Total	2006	482	7	1.45	6	1.24
	2004	712	25	3.51	15	2.11
Scanner						
Total	2006	5454	142	2.60	82	1.50
	2004	5594	167	2.99	68	1.22
Grand Total						
	2006	9504	255	2.68	143	1.50
	2004	8377	246	2.94	123	1.47