

**DEPARTMENT OF FOOD AND AGRICULTURE**

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DMS NOTICE  
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Discard: Retain

TO WEIGHTS AND MEASURES OFFICIALS

**SUBJECT: Statewide Price Verification Survey**

The 2004 statewide price verification survey was completed in June. While this was a follow up to prior surveys allowing us to evaluate changes in compliance conditions that have occurred over previous years, we also expanded this survey to include additional categories and looked at manual entry sales as well as automated scanner transactions. In an effort to balance the selection process, location selection was based on state tax records not county weights and measures records as was done with prior surveys. With many smaller businesses and apparel stores added to the selection pool, selection sizes included purchases of 5, 10, or 30 items per location. These efforts required resources from most counties and we appreciate the continued interest and hard work by each of the many California weights and measures officials involved.

In the following tables the shaded areas present additional categories not used in earlier surveys.

Survey results indicate that of 8377 **items** purchased, 2.94% were overcharged and 1.47% were undercharged (see Table 1). An aggregate algebraic overcharge amounted to 0.22% of the dollars spent (see Table 2). Of the 772 stores inspected, 562 (76.42 %) had no overcharges. Table three was replaced since it does not relate to past surveys. Sample sizes of 5 and 10 items can never go into "Level 1" when there are violations. Based only on percent of **total** correct price criteria, 70 stores (9.07%) had algebraic overcharges of less than 2% of the correct price (Level 1). 38 stores (4.92%) had overcharges that ranged between 2% and 4% of the correct amount (Level 2). 48 stores (6.22%) had algebraic overcharges equal to or more than 4% of the correct amount (Level 3). The highest percent of algebraic overcharge for a location was 27.09 % more than the correct total price.

Table 3 outlines survey results by manual entry, scanner, and price look-up codes.

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".

Mike Cleary  
Director

Attachments

## **DIVISION OF MEASUREMENT STANDARDS**

### **STATEWIDE PRICE VERIFICATION SURVEY**

A statewide survey of pricing accuracy at retail stores was conducted throughout the state during May and June of 2004.

#### **Scope of Survey**

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

#### **Sample Selection**

Over seven hundred fifty (750) 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 2000 and 2002 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 | Number of Items Inspected | Overcharge Number of Items | %    | Undercharge Number of Items | %    |
|----------------------------|------|---------------------------|----------------------------|------|-----------------------------|------|
| Specialty Food and Tobacco |      |                           |                            |      |                             |      |
| Liquor                     | 2004 | 255                       | 18                         | 7.06 | 7                           | 2.75 |
| Eating Establishments      | 2004 | 208                       | 2                          | 0.96 | 4                           | 1.92 |
| Apparel and Shoes          | 2004 | 498                       | 6                          | 1.20 | 6                           | 1.20 |
| Art, Gift, Novelty         | 2004 | 191                       | 3                          | 1.57 | 3                           | 1.57 |
| Entertainment              | 2004 | 409                       | 7                          | 1.71 | 17                          | 4.16 |
| Furnishings/Appliance      | 2004 | 611                       | 13                         | 2.13 | 13                          | 2.13 |
| Sporting Goods             |      |                           |                            |      |                             |      |
| Grocery                    |      |                           |                            |      |                             |      |
|                            | 2004 | 2408                      | 83                         | 3.45 | 20                          | 0.83 |
|                            | 2002 | 4050                      | 106                        | 2.62 | 30                          | 0.74 |
|                            | 2000 | 5607                      | 99                         | 1.77 | 59                          | 1.05 |
| Auto                       |      |                           |                            |      |                             |      |
|                            | 2004 | 360                       | 19                         | 5.28 | 10                          | 2.78 |
|                            | 2002 | 1469                      | 41                         | 2.79 | 22                          | 1.50 |
|                            | 2000 | 1256                      | 24                         | 1.91 | 39                          | 3.11 |
| Building                   |      |                           |                            |      |                             |      |
|                            | 2004 | 295                       | 8                          | 2.71 | 9                           | 3.05 |
|                            | 2002 | 630                       | 23                         | 3.65 | 8                           | 1.27 |
|                            | 2000 | 899                       | 40                         | 4.45 | 36                          | 4.00 |
| Variety                    |      |                           |                            |      |                             |      |
|                            | 2004 | 921                       | 19                         | 2.06 | 16                          | 1.74 |
|                            | 2002 | 1383                      | 30                         | 2.17 | 30                          | 2.17 |
|                            | 2000 | 899                       | 10                         | 1.11 | 34                          | 3.78 |
| Drug                       |      |                           |                            |      |                             |      |
|                            | 2004 | 1035                      | 18                         | 1.74 | 7                           | 0.68 |
|                            | 2002 | 2041                      | 45                         | 2.20 | 22                          | 1.08 |
|                            | 2000 | 2339                      | 31                         | 1.33 | 48                          | 2.05 |
| Misc                       |      |                           |                            |      |                             |      |
|                            | 2004 | 506                       | 22                         | 4.35 | 7                           | 1.38 |
|                            | 2002 | 5190                      | 107                        | 2.06 | 103                         | 1.98 |
|                            | 2000 | 3684                      | 90                         | 2.44 | 126                         | 3.42 |
| Nonfoods Total             |      |                           |                            |      |                             |      |
|                            | 2004 | 5021                      | 124                        | 2.47 | 89                          | 1.77 |
|                            | 2002 | 10713                     | 246                        | 2.30 | 185                         | 1.73 |
|                            | 2000 | 9077                      | 195                        | 2.15 | 283                         | 3.12 |
| Foods Total                |      |                           |                            |      |                             |      |
|                            | 2004 | 3356                      | 122                        | 3.64 | 34                          | 1.01 |
| Grand Total                |      |                           |                            |      |                             |      |
|                            | 2004 | 8377                      | 246                        | 2.94 | 123                         | 1.47 |
|                            | 2002 | 14763                     | 352                        | 2.38 | 215                         | 1.46 |
|                            | 2000 | 14684                     | 294                        | 2.00 | 342                         | 2.33 |

**TABLE 2**  
**Algebraic Result of All Errors**

| Type                           | Year | Sales        | Amount Overcharge | % Over |
|--------------------------------|------|--------------|-------------------|--------|
| Specialty Food & Tobacco       | 2004 | \$1,995.50   | \$6.75            | 0.34   |
| Liquor                         | 2004 | \$636.31     | -\$0.86           | -0.14  |
| Eating/Drinking Establishments | 2004 | \$668.43     | -\$1.25           | -0.19  |
| Apparel & Shoes                | 2004 | \$9,707.47   | -\$6.98           | -0.07  |
| Art, Gift, & Novelty Stores    | 2004 | \$2,919.02   | \$4.28            | 0.15   |
| Entertainment                  | 2004 | \$3,705.69   | \$4.56            | 0.12   |
| Furnishings & Appliance Stores | 2004 | \$12,544.61  | -\$2.92           | -0.02  |
| Sporting Goods                 | 2004 | \$3,246.86   | \$50.73           | 1.56   |
| Grocery                        | 2004 | \$8,042.65   | 71.71             | 0.89   |
|                                | 2002 | \$16,531.03  | \$81.35           | 0.49   |
|                                | 2000 | \$18,844.18  | \$35.72           | 0.19   |
| Auto                           | 2004 | \$3,325.31   | \$23.62           | 0.71   |
|                                | 2002 | \$11,927.08  | \$118.48          | 0.99   |
|                                | 2000 | \$9,660.29   | -\$54.36          | -0.56  |
| Building                       | 2004 | \$2,489.56   | -\$10.57          | -0.42  |
|                                | 2002 | \$7,943.98   | \$24.61           | 0.31   |
|                                | 2000 | \$10,637.71  | -\$22.98          | -0.22  |
| Variety                        | 2004 | \$10,214.08  | -\$20.81          | -0.20  |
|                                | 2002 | \$13,433.31  | \$38.12           | 0.28   |
|                                | 2000 | \$11,524.10  | -\$35.67          | -0.31  |
| Drug                           | 2004 | \$5,505.30   | \$24.28           | 0.44   |
|                                | 2002 | \$12,440.30  | \$48.94           | 0.39   |
|                                | 2000 | \$11,743.70  | -\$11.19          | -0.10  |
| Miscellaneous                  | 2004 | \$3,342.01   | \$10.37           | 0.31   |
|                                | 2002 | \$79,952.99  | -\$273.21         | -0.34  |
|                                | 2000 | \$56,218.33  | -\$632.15         | -1.12  |
| Total for Food Groups          | 2004 | \$11,324.89  | \$76.35           | 0.67   |
|                                | 2002 | \$16,531.03  | \$81.35           | 0.49   |
|                                | 2000 | \$18,844.18  | \$35.72           | 0.19   |
| Total for Non-Food             | 2004 | \$56,999.91  | \$76.56           | 0.13   |
|                                | 2002 | \$125,697.66 | -\$43.06          | -0.03  |
|                                | 2000 | \$99,784.13  | -\$756.35         | -0.76  |
| Grand Total                    | 2004 | \$68,342.80  | \$152.91          | 0.22   |
|                                | 2002 | \$142,228.69 | \$38.29           | 0.03   |
|                                | 2000 | \$118,628.31 | -\$720.63         | -0.61  |

**TABLE 3**  
**Comparison by Pricing Methods for 2004 Data**

| Pricing System Used    | Number of Items | Over Charges Number of Items | %    | Under Charges Number of Items | %    |
|------------------------|-----------------|------------------------------|------|-------------------------------|------|
| <b>Manual Entry</b>    |                 |                              |      |                               |      |
| Food Establishments    | 909             | 27                           | 2.97 | 18                            | 1.98 |
| NonFood Establishments | 1162            | 27                           | 2.32 | 22                            | 1.89 |
| Total                  | 2071            | 54                           | 2.61 | 40                            | 1.93 |
| <b>PLU or SKU</b>      |                 |                              |      |                               |      |
| Food Establishments    | 280             | 10                           | 3.57 | 2                             | 0.71 |
| NonFood Establishments | 432             | 15                           | 3.47 | 13                            | 3.01 |
| Total                  | 712             | 25                           | 3.51 | 15                            | 2.11 |
| <b>Scanner</b>         |                 |                              |      |                               |      |
| Food Establishments    | 2167            | 85                           | 3.92 | 14                            | 0.65 |
| NonFood Establishments | 3427            | 82                           | 2.39 | 54                            | 1.58 |
| Total                  | 5594            | 167                          | 2.99 | 68                            | 1.22 |