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HUMAN SERVICES COMMITTEE TESTIMONY

By Stan Sorkin, President
Connecticut Food Association
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TESTIMONY IN OPPOSITION TO HB No. 6544: AN ACT ESTABLISHING A TASK FORCE TO STUDY PRICE GOUGING DURING THE RELEASE OF FEDERAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FUNDS

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 200 pharmacies. Their combined estimated annual sales volume of \$5.7 billion represents 75% of all retail food store sales in Connecticut. CFA's retail membership is composed of independent supermarkets, regional firms, and large multi-store chains employing over 30,000 associates. Our goal is to create a growth oriented economic climate that makes Connecticut more competitive with surrounding states.

I am Stan Sorkin, President of the Connecticut Food Association. Testimony in opposition to HB No. 6544: An act establishing a task force to study price gouging during the release of federal supplemental nutrition assistance program funds. **Based on the variables that influence food store pricing, it would be impossible to establish a cause and effect relationship that could pin-point price gouging activity. A task force is a futile and costly exercise especially since there is already a mechanism in place which consumers can use - filing a complaint with Department of Consumer Protection.** Moreover, there is no definition of what constitutes price gouging and thus no benchmark against which to judge the results.

The supermarket industry is characterized as a high volume low margin business. A supermarket typically makes 1-1.5% bottom line profit. For every dollar in retail sales, a supermarket makes just 1 penny to 1.5 cents. **The grocery industry is a price competitive business. Not only are grocery stores competing with other supermarkets but all other forms of retailing including gas stations, dollar stores, mass merchandisers, home centers, drug stores, warehouse clubs- all of which sell everyday consumable products.**

195 Farmington Avenue, Suite 200, Farmington, CT 06032

email: ctfood@ctfoodassociation.org · www.ctfoodassociation.org · (860) 677-8097 · Fax (860) 677-8418

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Grocery stores pride themselves as being partners in the community and can only be successful if they treat their customers fairly.

Grocery stores stimulate business by running weekly reduced price sales, capitalizing on product seasonality, and promoting products that appeal to a store's demographics.

Stores compete on price 365 days of the year but especially around the first of the month when most disposable income is

available for food expenditures. There is an old saying in the food business, " You maximize your sales when the ducks are flying"-which means you run your best promotions when the money is out there to maximize you investment in your sales program.

Many variables influence grocery pricing. Grocery retails depend on the cost of goods and promotional allowances from manufacturers in the case of non- perishable products. Fresh products reflect costs associated with bringing the product to market and can depend on wholesale costs, supply, weather, fuel, seasonality, cost of feed, and more. Hundreds of items go on and off sale on a weekly basis.

All these variables are in flux 52n weeks a year. **It would be impossible to reach conclusions if specific action was undertaking to gouge consumers around the time of SNAP issuance with so many variables in play at one time.** Again, a consumer with a specific price issue can file a complaint with the Department of Consumer Protection and it will be investigated. Establishing a task force to study this issue is not a productive use of the states limited resources.

We urge you to vote no on HB 6544.

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