Contradicting conclusion of own study:

Industry official seeks to reverse price tags reform

By Ora Coren

The Ministry of Industry and Trade seems to be at odds with itself over price tags on consumer products. A large-scale study the ministry conducted found that the Israeli market isn't as "mature" as other developed countries in its consumer culture, and shouldn't abolish the requirement that prices be marked on all consumer products. But when presenting the study's findings yesterday, a top official sided with rolling back the reform.

Benny Pfefferman, head of the ministry's research, planning and economics administration, chose to stress the findings that would support abolishing price tags. Pfefferman himself supports changing the present law, which requires all products be marked, he told TheMarker.

The study reviewed price marking habits in other developed countries and found that most did not force retailers to mark prices on all products, though product prices often appeared on the shelf, for instance. Sometimes prices were only electronic.

"One of the reasons a law mandating price tags is necessary in Israel is that there isn't enough competition in the retail sector," said Prof. Daniel Levy of the Bar-Ilan University faculty of economics, who conducted the study.

The outcome is that retailers are not sensitive enough to the desires and concerns of the consumer, he explained: "Unlike in the United States and other developed nations, Israel's retailers are not driven by the policy that the consumer is always right."

The study found that retailers do roll the cost of marking products on to the consumer. But there is no certainty that if mandatory price tags are abolished, retailers will lower prices accordingly, wrote the researchers.

However Pfefferman said that when the law was passed, the ministry had opposed marking all products individually, but supported the idea of marking prices on grocery shelves. If anything the study strengthened his opinion, he said.

"Industry Minister Eli Yishai did decide that the law would not be changed, and unfortunately, an attempt [to change it] was abandoned," he said. But now the idea of amendment has risen anew, Pfefferman said.

Sharansky's idea

The law requiring grocers to mark prices had been the initiative of former industry minister Natan Sharansky, and foiling attempts to repeal the law was one of incumbent minister Eli Yishai's greatest achievements.

Retailers hated the law from day one. It isn't in their interest for consumers to be able to compare prices. Yesterday Pfefferman presented parts of the report that supported the retailers' arguments, but neglected to elaborate on the parts that support the reform for consumers.

For the time being, Yishai has ruled that the law will stay, and his is the word. But if political change comes to the ministry with change in government, that ruling could change too as the new minister comes under the pressure of the manufacturers, which Yishai has withstood.

It would be easy enough for them to argue that in the more developed countries of the world, you don't find price tags on every pot of sour cream or package of corn.