

Be a smart consumer

"One face mask for a whopping BND1! The cost is only less than BND0.03! That's 3,000 per cent profit!"

"Hand sanitiser in supermarket X is BND9; supermarket Y only BND2.70! Supermarket X is ripping off consumers!"

"The price of *udang galah* increased to BND50! That's ridiculous!"

This is just a glimpse into the over 200 consumer complaints received by the Department of Competition and Consumer Affairs (DCCA) during the COVID-19 pandemic, the Department of Economic Planning and Statistics (DEPS) shared in a press release yesterday.

According to the COVID FAQs for Business and Consumers issued in April 2020 to the DCCA, 70 per cent of the complaints are related to price hikes of face masks, hand sanitisers and grocery items such as toiletries, bananas and even lobsters!

As part of DCCA's role as a business and consumers regulator, an investigation was carried out to ascertain if such price hikes are acceptable during a pandemic and what consumers should be aware of.

The DCCA collected data of prices of goods from 114 stores across Brunei Darussalam, on the affected essential goods, to investigate if there were any price manipulation as alleged. Retail

price data and profit margins were requested from retailers, and the causes of price increase.

From the research and monitoring work, the department learned that price increases can be due to several reasons.

In being a smart consumer, it is wise to understand the facts before arriving at a conclusion to make allegations that businesses manipulate prices to take advantage of consumers.

In DCCA's price monitoring report, they found that the cost of face masks of the said store was not actually less than BND0.03, as claimed. The store was a reseller and bought from intermediaries who had to factor additional costs along the supply chain.

In consideration of this, the profit margin was not excessive as alleged. In fact, the price of face masks from the store had always been BND1 per piece, even before the pandemic.

During the pandemic, globally there were supply shortages due to disruptions in production and logistical challenges in transporting goods.

In the case of the hand sanitiser complaints, the department found that the cost of goods of Supermarket X was actually different from Supermarket Y, even though both stores had the same brand. One directly imported from Dubai, the manufacturing country, and the other transited through Singapore

as a result of lockdowns and movement controls.

Given that Brunei Darussalam's trade flows are significantly disrupted by air and sea connectivity, wholesalers shared that the cost of bringing goods into Brunei had increased by 30 per cent. The costs of logistics are inevitably passed down to consumers.

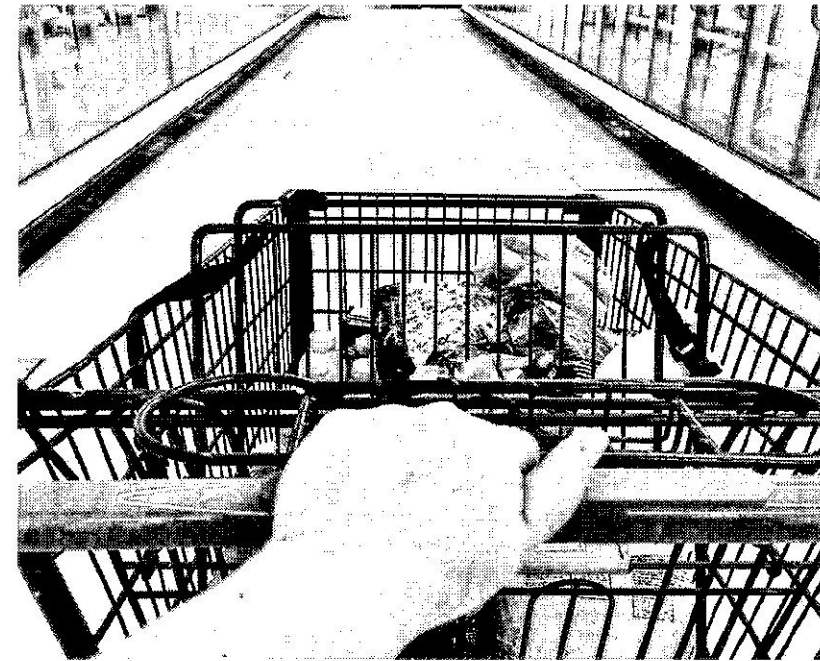
Travel restrictions also prevented people from travelling overseas which forced travellers to explore local tourism. The Temburong District became a popular destination and the local delicacy of *udang galah* suddenly became in high demand.

According to law of supply and demand in basic economics, the higher the demand, the higher the price when quantities of the goods in demand remains the same.

The *udang galah* met with a price increase simply because of the surge in demand, while the supply cannot immediately meet the increase. Increasing the supply of *udang galah* within a short period was not possible.

This is also why in restaurants, the price of seafood in the menu is always 'seasonal'. When the travel restrictions are lifted, the demand for *udang galah* in the Temburong District will decrease and the price will drop.

In summary, while the knee-jerk reaction to an increase in price tends to be feelings of injustice, it



is important to understand what the underlying reasons which are driving the prices up before jumping to conclusion.

Research by the department revealed that the price increases are due to many reasons, such as differences in business costs, supply chain disruptions and the law of supply and demand.

Being a smart consumer, what can we do?

As consumers, you always have the right to choose.

You can always practise comparing prices. The DCCA has an app called SmartConsumer or PenggunaBijak to compare prices of key household essentials.

It may not a comprehensive list but good enough as a starting point.

Additionally, spend some time to do research to look for alternatives or substitutes, especially if it matters so much to you. Know when to exercise your rights to choose to walk away, if you cannot agree with the price. You can live without *udang galah*.

If you have compared and observed a pattern of price increase on items which cannot be substituted, you may ask the retailer the reason for the price increase.

If you find that such price increases are not warranted, seek assistance from the authorities by channelling it to the consumer hotline 123.

You have a choice to be a smart consumer.

Happy shopping!