

Good prices and plenty of choice

Whilst shopping on Saturday I was struck again by the huge range of choice of products, the good displays and by some of the keen prices on offer on the High Street.

I saw a Potato masher made of good strong stainless steel with a pleasant wood handle for just £3.99. Assuming a 50% only mark up by the retailer that means it was bought for just £2.67 from the manufacturer, including all packaging and shipping costs. Maybe the mark up was higher and the item cost just £2 delivered half way round the world. It had come from China by ship and truck. What UK manufacturer could match that cost?

Or take a well made and strong pair of kitchen scissors for £5.99. They came with plastic handles over the steel, good cutting edges, and all encased in a rigid see through plastic pack for ease of getting home. They may well have cost the shop between £3 and £4.

There is plenty of manufacturing capacity in the world for everything from clothes to housewares, offering a great array of different styles, colours and specifications. The excess capacity in China and elsewhere means strong downward pressures on the prices of many goods. The family budgets are under pressure thanks to the cost of government – Income Tax, Council Tax, VAT, fuel tax, car park charges, vehicle and broadcast licences, rail fares and the rest – and the increases in prices of various services with a higher labour content.

Consumers are spending relatively more on services and less on goods. As real wages rise so people can afford a few more luxury or discretionary items, with basics taking less of the budget. The new Wokingham Town Centre has a higher ratio of restaurants, coffee bars, specialist food bars and cocktail parlours, reflecting the wish of shoppers to afford an experience as well as simply buying more goods. The digital pound is also surging, with more being spent on mobile phones and tablets, on film downloads, on internet papers and magazines and various specialist apps.

The public sector needs to get smarter at adapting modern technology so it too can be more flexible in the services it offers and keener in their costing or pricing. The USA is pushing back on China to stop it dominating in tec as well as consumer goods, and to protect their data and networks.