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With salaries stagnating and prices of goods and other commodities escalating, many find it a challenge to stretch their ringgit. *Sunday Star* checks out how consumers and retailers are coping with the price hikes.

TO fork out less money each time they go shopping for foodstuff and household items, many are buying only what's absolutely necessary and not stocking up several pieces of the same item.

Consumers are confronted with the escalating challenge of day-to-day living, with dearer food products, medicines and almost everything else.

As the sole breadwinner of his family of five, salesman Shafarizal Alias has been keeping a close watch on the prices of foodstuff and has been expecting them to drop after the festive season.

We can usually expect prices to rise during the festive season, but it has not gone down since! he laments.

Chinese medicine shop owner Serina Po from Taman Tun Dr Ismail observes that her customers only buy things when they need to.

People used to stock up, but now they buy items one at a time.

Even the way she runs her business has changed. We don't order in bulk nor take in new products. We have to be careful as some distributors won't allow us to return unsold goods, she says.

Po expects the price for a tin of sardines to rise by 30sen. The price of beverages has increased a few times in the past few months and each increase is by five to eight per cent. Even herbal products imported from China such as chrysanthemum tea costs RM60per kg, compared to RM30 a few months ago.

Absorbing price increases

Like many other small retailers, she tries to absorb as much of the price increase as possible as she knows that customers are price sensitive. We try not to increase because people are already complaining of the prices, says Po.

Norman Rajen Abdullah, a manager at Mydin Mohamed Holdings Bhd, shares that some increases are not apparent to customers, although prices of all milk and milk-based products have gone up by 20%.

Most, if not all, manufacturers of milk powder have downsized their products. What used to be sold in 1kg sizes are now reduced to 900g. So while prices may have risen minimally by about 50sen, they are actually paying more for less, he says.

And when the price of basic ingredients rises, so does the price of cooked food.

Chicken burgers at popular roadside stalls are now sold at RM2.30, up from RM2, while the price of noodle-based dishes have gone up between 30sen and 50sen.

If prices remain the same, the quantity is reduced to cut cost.

Hawker Yap Nyen Fatt, 67, who sells yong tau foo, says it is necessary to do so. Recently, the cost price for one piece went up by three sen.

We can't raise prices because people will stop buying. We just put in less noodles, admits Yap.

Koh, 62, a retiree, says that medication is very expensive and he is afraid of falling sick. The former pharmaceutical salesman says that a prescription of cough and flu medication cost only RM8 in the 80s, but now it would be at least RM25.

The medicines are the same, but price increases have been tremendous, he says.

Wong, a pharmacist from a retail pharmacy in Ipoh, has the same view.

The price of medicine, especially imported ones, have steadily risen between 8% and 15% annually for the past five years. Price of locally manufactured medication, however, only increases between 5% and 10% every two to three years and is generally as much as 40% cheaper than the imported products.

Wong also finds running his business more of a challenge these days, and he does what he can to stock up before an increase to maintain lower prices.

Other major pharmacists out there are doing the same, and those who

do not have the cash flow to stock up stand to lose their customers. He adds that he usually absorbs the price increase to maintain customer loyalty, but by doing this, his profit margins have become progressively narrower.

Getting by on one income

NOORHASNILINDA, 32, is fortunate to have a very supportive husband in Mohd Zuki, 47. She is currently pursuing a degree in Food Science and her husband is doing his level best to ensure that her dreams are fulfilled. Mohd Zuki has to provide for their family of six.

We have a family to support, and this is getting more and more difficult. We budget a certain sum every month but find it hard to keep to it. Last month we were paying Hari Raya prices and now we are paying Deepavali prices, and there is no end in sight to rising prices! says Noorhasnilinda.


<div class="caption">Tightening the belt: Noorhasnilinda and her family have to cut down on spending to make ends meet.</div>

We have had to cut down our spending. For example, we now take the family for fast food once a month as opposed to two to three times before.

She hopes that the government does its utmost to ensure that the needs of the rakyat are looked into, and keep prices of goods reasonable.

Noorhasnilinda is also concerned about her future once she finishes her studies.

At the moment, it is hard for us to make ends meet, but we are able to manage. However, good jobs are hard to come by these days, so we may have to struggle for a little bit longer.

Looking for bargain's at pasar borong

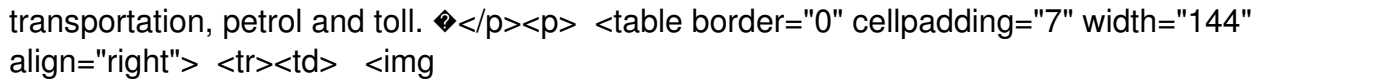
IT is 4am and technicians Azmi Hamid and Shafiee Ali are at the pasar borong (wholesale market) in Klang, but it is not by choice that they are out at this ungodly hour.


<div class="caption">Azmi: There's just enough to survive</div>

They go there once or twice a week to get bargains on vegetables, fish and other perishables. According to Shafiee, a kilogramme of fish and vegetables costs about RM3 and RM2 less respectively than at the wet markets.

The pasar borong used to be for traders only but now it is open to the public too. It is packed with people, says Shafiee.

He believes more people are making a beeline for wholesale markets to cope with the increasing cost of living. This follows the hikes in prices of goods, services, transportation, petrol and toll.


<div class="caption">Shafiee: Everything but salary is up</div>

Azmi, 44, who lives in Padang Jawa and has four children, cites the price of infant milk formula up from RM16.50 to RM17.90 among items that are eating into his income.

When the price of everything increases, we feel the cumulative effect, says Azmi, who has had to cut back considerably on spending. A few years ago, his family's monthly consumption of milk could be a dozen tins but now it is only half that.

With overtime, Azmi brings home a salary of RM1,500, of which RM300 goes to rent, RM500 for car instalments, RM250 on his three school-going children, about RM90 for utilities and the rest for foodstuff.

There's just enough to survive but nothing for savings or holidays, he says.

Shafiee, 33, from Klang has adjusted to rising petrol prices in March 2006 by using his motorcycle on weekdays and his car only on weekends.

I know it is dangerous, but


The Star : Stretching the ringgit

Written by Administrator

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fuel consumption is lower and there is no toll, says the father of two. Shafiee also feels the increase in electricity tariffs. His monthly bill now is about RM70, when it was RM40 before the tariffs were raised last year. For things such as cooking oil and cordials, he uses cheaper and lower quality substitutes. There might be a difference in taste, but I have to do it, he says. For his two-year-old kid who uses up two packs of diapers a month, he buys rejected packs for RM30 from warehouses compared to the regular RM36 he pays in regular shops. Everything except our salary is going up, laments Shafiee, who hopes the Cost of Living Allowance (Cola) is extended to private sector workers.

Sundry shop feels the pinch

RISING prices are not just hard on consumers; retailers have not had an easy time either. V. Selvendran, who runs a sundry shop in Shah Alam with his brother, says: Business has been affected by 20% to 30%.  Hard times: Selvendran is concerned about not getting enough supply of price-controlled items. He says that they are unable to obtain sufficient stocks for certain price-controlled items. For items like oil and flour, it has come to an extent that they are not able to provide everything on their customers' shopping lists. We have resorted to putting aside some of these goods for our regular customers, he says. Another of his concerns is the price of cooking oil. We are buying our stocks at the very ceiling of the controlled price. If we sell at that price, we will not make any profit. Our customers are complaining, but what can we do? Furthermore, Selvendran says, his business is unlike that of the big supermarket chains, which have the bulk buying power at lower prices. Any rise in wholesale prices are immediately reflected in our prices, he laments.