



COMMENTS OF CONSUMER REPORTS
IN SUPPORT OF PETITION TO
DECLARE “DRIP PRICING” UNFAIR AND DECEPTIVE

FEDERAL TRADE COMMISSION

Docket ID No. FTC-2021-0074

January 26, 2022

Consumer Reports¹ writes in support of the Petition for Rulemaking submitted by the Institute for Policy Integrity at the New York University School of Law, seeking a rule declaring “drip pricing” to be an unfair and deceptive act or practice under section 5 of the FTC Act.

Consumer Reports has expressed concerns for years about the harmful impacts on consumers of drip pricing, the practice of hiding the total price of a purchase from the consumer by advertising a lower price that omits significant additional costs that will ultimately be added to the purchase. Drip pricing is a particularly pernicious form of “bait and switch,” made even more potent with the growing use of the internet for consumer transactions.

As the petition explains in greater detail, consumers are not informed of the price they will be charged for a purchase until very late in the process, often at the final stage, after they have submitted personal data and made all arrangements. At a minimum, this imposes additional burdens on consumers’ ability to comparison shop. But worse, it can lead unwary consumers to complete purchases at higher prices than they realize.

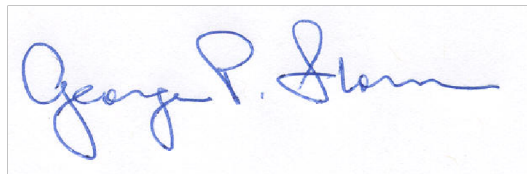
¹ Founded in 1936, Consumer Reports (CR) is an independent, nonprofit and nonpartisan organization that works with consumers to create a fair and just marketplace. Known for its rigorous testing and ratings of products, CR advocates for laws and company practices that put consumers first. CR is dedicated to amplifying the voices of consumers to promote safety, digital rights, financial fairness, and sustainability. The organization surveys millions of Americans every year, reports extensively on the challenges and opportunities for today's consumers, and provides ad-free content and tools to 6 million members across the U.S.

The petition proposes to prevent this harm, and to enable comparison shopping and the marketplace to work more effectively, by establishing a simple, straightforward transparency requirement – that a seller prominently provide the entire price to be paid by the customer, inclusive of all unavoidable fees and service charges.

There is a ready model for this in current law, for air travel, in the Department of Transportation’s Full Fare Advertising Rule.² It requires the advertised price for a ticket to be the entire price the purchaser pays, including all mandatory taxes and fees. It has been of tremendous benefit to consumers, although Consumer Reports is continuing to work to improve transparency for non-mandatory but common ancillary fees, such as for seat assignments and baggage.

We urge the Commission to initiate a rulemaking to adopt this same principle for all consumer purchases.

Respectfully,



George P. Slover
Senior Policy Counsel
Consumer Reports



Syed Ejaz
Policy Analyst
Consumer Reports

² 14 C.F.R. Part 399.