



¹ pursuant to 16 C.F.R. § 1.9 and 5 U.S.C. § 553(e), hereby petitions the Federal Trade Commission (“FTC” or the “Commission”) to promulgate rules governing drip pricing.

Drip pricing is “the practice of advertising only part of a product’s price upfront and revealing additional charges later as consumers go through the buying process.”² It is a category of partitioned pricing, a practice in which “sellers divide an offering’s total price into two or more mandatory components such as a base price and a surcharge.”³ Specifically, drip pricing “describes a narrower partitioned pricing scenario that adds the element of delay in posting separate, mandatory prices.”⁴ By withholding key pricing information from consumers until they have already taken steps toward completing a transaction, sellers engaged in drip pricing cause consumers to expend additional time on their purchasing decision and make it difficult for

¹ Policy Integrity is a non-partisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy. This document does not purport to present the views, if any, of New York University School of Law.

² MARY W. SULLIVAN, FED. TRADE COMM’N, ECONOMIC ANALYSIS OF HOTEL RESORT FEES (2017).

³ David A. Friedman, *Regulating Drip Pricing*

Table of Contents

PROPOSED REGULATORY LANGUAGE

REGULATORY BACKGROUND

II. Drip Pricing Falls Squarely Within the FTC's Authority to Regulate Deceptive, Unfair, and Anticompetitive Trade Practices.

A. Drip Pricing Constitutes a Deceptive Practice Within the Meaning of Section 5 of the FTCA.

i. Drip Pricing Involves Incomplete Representations and Meaningful Omissions.

ii. Drip Pricing Is Likely To Mislead Consumers Acting Reasonably Under the Circumstances.

B. Drip Pricing Constitutes an Unfair Practice Within the Meaning of Section 5 of the FTCA.

Consumer Decision Making Criteria and the Importance of Price

supra

See supra

Id

FTC v. Amazon

ii. The Consumer Harm from Drip Pricing Is Not Reasonably Avoidable.

supra

supra

Consumer Reactions to Drip Pricing

Amazon

See Orkin Exterminating Co. v. FTC

FTC v. Amazon,

Id. *supra*

see also supra

Behaviour Pricing Practices: A Critical Review of Their Effects on Consumer Perceptions and Judgment Under Uncertainty: Heuristics and Biases supra ,

Id

See id.

supra

, supra

supra

Id

iii. Those Substantial Injuries Are Not Offset by Countervailing Benefits.

no

Id.

FTC v. J.K. Publ'ns, Inc.
supra ,
supra

Orkin Exterminating Company, Inc.

See also
available at
Sperry & Hutchinson]
id.

COST-BENEFIT ANALYSIS

Id.

Am. Fin. Servs. Ass'n v. FTC

Cf. Nat'l Family Farm Coal. v. United States EPA
account the economic, social, and environmental costs

taking into

Circular A-4

supra *see also Public Citizen v. Fed. Motor Carrier Safety Admin.*
disregarding *uncertain*
supra
Regulatory Impact Analysis: A Primer *available at*

CONCLUSION
