

DRIP PRICING

Posted at: 08/05/2024

Context:

The Centre recently warned about “drip pricing”, saying it can surprise consumers with “hidden charges”.

Background:

The Department of Consumer Affairs asked consumers to reach out to NCH 1915 for assistance or via WhatsApp at 8800001915 if they need help with ‘drip pricing’.

About DRIP PRICING:

1. Drip pricing is a pricing technique used by firms where they initially advertise only part of a product's price (referred to as the “headline price”).
2. As the customer proceeds through the buying process, additional charges are gradually revealed.
3. This technique can lead to “hidden charges” that surprise consumer.

Key Points:

1. Initial Advertisement: Firms may advertise a base price that does not include mandatory fees such as booking, service, or credit card fees.
2. Incremental Disclosure: Additional costs, which may be unavoidable, are disclosed one by one or “dripped” to the buyer at the point of purchase.
3. Common Usage: This strategy is prevalent in the hospitality and travel industries, as well as for other online payments.
4. Consumer Impact: It can make comparison shopping difficult and may cause frustration for consumers who expect to know the full cost upfront.
5. Example: An airline ticket advertised without including baggage fees is a form of drip pricing