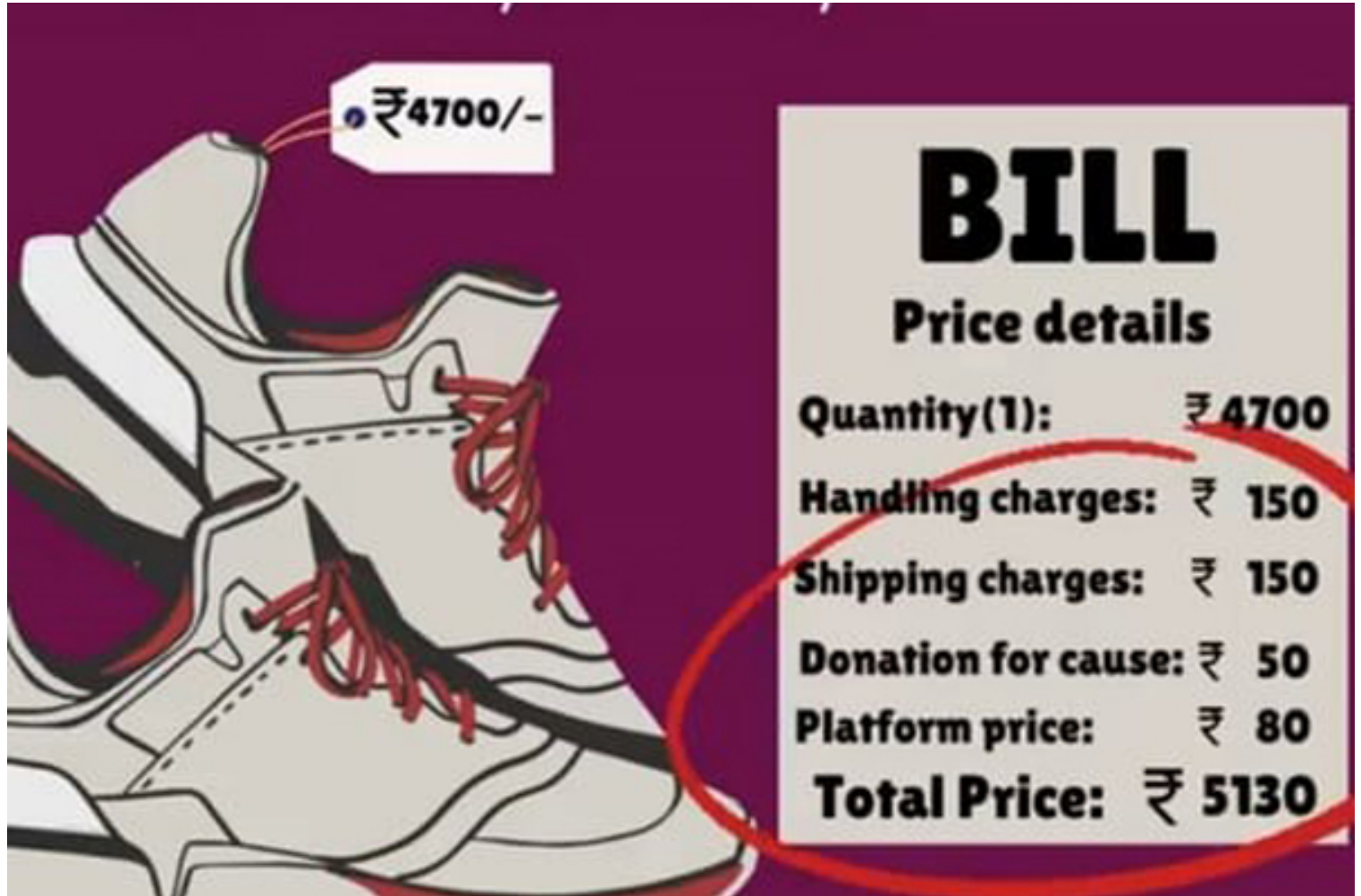


Drip Pricing

By IAS Toppers | 2024-05-08 15:15:00



Drip Pricing

The Department of Consumer Affairs has issued a warning against **drip pricing**.



[Ref: HT]

About Drip Pricing:

- **Drip pricing** is a pricing strategy where firms initially advertise only part of a product's price, revealing additional charges as the customer progresses through the buying process.
- This technique is distinguished from partitioned pricing because it introduces extra costs, such as **delivery, service, or booking fees**, later in the transaction, rather than displaying them upfront with the **base price**.
- It commonly attracts customers with a low **advertised price**, but as they proceed, the total cost increases due to these additional fees.
- Various industries employ drip pricing, including **internet sellers, automobile dealerships, financial institutions**, and **rental car companies**. Recently, **restaurants** have also begun using this method more frequently.
- The method complicates price comparison, leading consumers to often pay more than they expected. This not only **undermines price transparency** but also affects their ability to make efficient purchasing decisions.
- Due to its deceptive nature, drip pricing is considered a "**dark pattern**" under the **Guidelines for Prevention and Regulation of Dark Patterns, 2023**. These are tactics that mislead people into paying for items or services they did not initially intend to purchase.
- By obscuring the full price, it encourages customers to spend more than planned, hindering competition and disadvantaging businesses that practice transparent pricing.