

Commentary: Prime Day buyers, beware. Amazon makes it hard to find the best deals

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Amazon is under U.S. prosecution by the Federal Trade Commission and state attorneys general for raising consumer prices and using

hardball tactics with merchants. But even if the recent lawsuit against Amazon is successful, Amazon engages in an array of manipulative practices that it can deploy without monopoly power. Like most companies, from auto dealers to banks, it employs an arsenal of tactics that exploit human psychology to steer consumers toward higher-priced items.

Likely without realizing it, most consumers have by now encountered these pricing tactics firsthand. Amazon lures us onto a product page with a low price, only to tell us that the price for the popular sizes and colors of that item are much higher. As we find in a recent study, Amazon regularly buries the lowest-price, high-quality items in lower search results. Consumers choosing the first item in Amazon's search results, as almost half of all regular customers do, may pay nearly a third more than they would on a lower-priced item with equal ratings.

Amazon uses many more tactics to get people to pay more. Through inconsistent unit pricing, add-on fees and advertising, Amazon makes it very hard to find the best deal by comparison shopping. It regularly creates an impression of scarcity by warning that there is only one item left, and it makes items seem like a bargain by claiming they were marked down from, say, \$150 to \$99. Yet the veracity of these claims is untested.

The FTC and state attorneys general have legal authority under [consumer protection laws](#) to prosecute Amazon for unfair and deceptive acts that undermine price competition and harm consumers. Most U.S. states have enacted various laws prohibiting bait-and-switch tactics, false discounting, and other unfair and deceptive sales practices.

They have also enacted laws requiring stores to post unit prices so people can more easily figure out which bundle of toilet paper or jar of peanut butter is lowest-priced. These laws recognize that markets work best

when consumers can understand what they're buying and easily compare products.

Lawsuits like the one filed last month by the FTC and 17 state attorneys general are important to keep our marketplaces fair. But consumer protection lawsuits may offer lower-hanging legal fruit because they do not require overcoming the always-difficult challenge of proving that a company has monopoly power. Moreover, the payoffs from these consumer protection prosecutions could be immense.

The FTC used its consumer protection authority, for example, to secure the \$5 billion settlement with Facebook for sharing consumers' personal data with Cambridge Analytica—its highest-ever fine against any company. Consumer protection prosecutions could also force Amazon to terminate behavioral price manipulation, potentially saving consumers billions of dollars that Amazon overcharges annually if the company is even close to as skilled at it as other businesses studied by economists.

The FTC, states and plaintiffs' lawyers can, and should, do more to protect [consumers](#) by using laws that were put in place for this very purpose. If so, it would pave the way for fairer, more transparent online markets. Authorities have already begun to apply these laws in some contexts, such as when Amazon allowed children to rack up expensive bills from in-app purchases while playing video games.

But applying those laws more systematically to Amazon's price manipulation would make antitrust the least of Amazon's legal concerns.

Nikita Aggarwal is a lecturer at the School of Law at the University of California at Los Angeles and previously worked as a lawyer for the International Monetary Fund and Clifford Chance LLP. Rory Van Loo is a professor of law at Boston University and previously helped set up the Consumer Financial Protection Bureau.

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