

New York Times Questions Value of “List Prices”

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This weekend, *The New York Times* ran an [article](#) on how the “list prices” displayed on many e-commerce sites have lost their meaning. The article starts with an example of a Le Creuset iron skillet. Although the author found the skillet on sale for \$200 on 20 websites, many of the sites advertised a “list price” or “suggested price” of as high as \$285. The \$200 selling price is good for consumers, but the author asks, “if everyone is getting a deal, is anyone really getting a deal?”

He’s not the only one asking that question. As we’ve noted before, regulators and class action attorneys have been asking this, too.



For example, the article mentions a case against Overstock.com. As we discussed in more detail [here](#), California district attorneys argued that the retailer would advertise inflated list prices in order to make its selling prices appear to offer bigger bargains. The court found this practice to be misleading, and fined the company \$6.8 million.

A month after the Overstock decision, four members of Congress [sent a letter](#) to the FTC asking them to investigate pricing practices in outlets. The FTC declined to act, but plaintiffs’ attorneys quickly stepped in to fill the void. In the past few years, many major retailers have been hit lawsuits over how they advertise discounts and sales. Despite a recent [notable victory](#) in one of these cases, most cases are ending in multi-million dollar settlements.

Given the legal landscape, it’s likely that these types of lawsuits will continue and that practices that have been common in the retail industry for decades will continue to be questioned. Retailers need to pay close attention to these cases and pricing laws, particularly when they advertise discounts, sales, or other price reductions. Everyone likes a sale, but if you aren’t careful with how you structure it, your company could end up paying a high price in the end.