The FTC is having a conference in the economics of drip pricing:

Drip pricing is a pricing technique in which firms advertise only part of a product’s price and reveal other charges later as the customer goes through the buying process. The additional charges can be mandatory charges, such as hotel resort fees, or fees for optional upgrades and add-ons. Drip pricing is used by many types of firms, including internet sellers, automobile dealers, financial institutions, and rental car companies.

Economists and marketing academics will be brought together to examine the theoretical motivation for drip pricing and its impact on consumers, empirical studies, and policy issues pertaining to drip pricing. The sessions will address the following questions: Why do firms engage in drip pricing? How does drip pricing affect consumer search? Where does drip pricing occur? When is drip pricing harmful? Are there efficiency justifications for the practice in some situations? Can competition prevent firms from harming consumers through drip pricing? Can consumer experience or firm reputation limit harm from drip pricing? What types of policies could lead to improved consumer decision making and under what circumstances should such policies be applied?

The workshop, which will be free and open to the public, will be held at the FTC’s Conference Center, located at 601 New Jersey Avenue, N.W., Washington, DC. A government-issued photo ID is required for entry. Pre-registration for this workshop is not necessary, but is encouraged, so that we may better plan for the event.

Here is the conference agenda:

8:30 a.m.  
**Registration**

9:00 a.m.  
**Welcome and Opening Remarks**  
Jon Leibowitz, Chairman, Federal Trade Commission
9:05 a.m. **Overview of Drip Pricing**
Mary Sullivan, Federal Trade Commission

9:15 a.m. **Consumer and Competitive Effects of Obscure Pricing**
Joseph Farrell, Director, Bureau of Economics, Federal Trade Commission

9:45 a.m. **Theories of Drip Pricing**
Chair, Doug Smith, Federal Trade Commission

[**Presentation**] David Laibson, Harvard University
[**Presentation**] Michael Baye, Indiana University
[**Presentation**] Michael Waldman, Cornell University

[**Comments**] Discussion leader
Michael Salinger, Boston University

11:15 a.m. **Morning Break**

11:30 a.m. **Keynote Address**
Amelia Fletcher, Chief Economist, Office of Fair Trading, UK

12:00 p.m. **Lunch**

1:00 p.m. **Empirical Analysis of Drip Pricing**
Chair, Erez Yoeli, Federal Trade Commission

[**Presentation**] Vicki Morwitz, New York University
[**Presentation**] Meghan Busse, Northwestern University
[**Presentation**] Sara Fisher Ellison, Massachusetts Institute of Technology

[**Comments**] Discussion leader
Jonathan Zinman, Dartmouth College
2:30 p.m.  
**Afternoon Break**

2:45 p.m.  
**Public Policy Roundtable**

Moderator, Mary Sullivan, Federal Trade Commission

*Panelists*

Michael Baye, Indiana University  
Sara Fisher Ellison, Massachusetts Institute of Technology  
Rebecca Hamilton, University of Maryland  
David Laibson, Harvard University  
Vicki Morwitz, New York University  
Michael Salinger, Boston University  
Michael Waldman, Cornell University  
Florian Zettelmeyer, Northwestern University  
Jonathan Zinman, Dartmouth College

3:45 p.m.  
**Closing Remarks**

Filed under: antitrust, behavioral economics, economics, federal trade commission, price discrimination, truth on the market

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