

Amazon changes pricing practices and pays \$1.1 million to settle price advertising case

January 11, 2017 OTTAWA, ON Competition Bureau

Amazon.com.ca Inc. (Amazon) will pay a \$1 million penalty and \$100,000 towards the Competition Bureaus costs as part of an agreement resolving the Bureaus concerns with the online retailers pricing practices on its Canadian website.

Amazon often compared its prices to a regular price or "list price" signaling attractive savings for consumers. The Bureaus investigation concluded that these claims created the impression that prices for items offered on www.amazon.ca were lower than prevailing market prices. The Bureau determined that Amazon relied on its suppliers to provide list prices without verifying that those prices were accurate. The savings claims were advertised on amazon.ca, in Amazon mobile applications, in other online advertisements, as well as in emails sent to customers.

Amazon has already made changes to the way it advertises list prices on its Canadian website to accurately represent the savings available to consumers. The policies put in place by Amazon have had an effect beyond the Canadian website, including on savings claims for products sold on www.amazon.com.

The penalty and the changes in pricing practices are part of a consent agreement that is registered with the Competition Tribunal and has the force of a court order.

Quick facts

- The Bureaus investigation related to pricing practices on www.amazon.ca between May 27, 2014 to May 1, 2016.
- The agreement reached today resolves the Bureaus concerns and sends a clear message to the marketplace that unsubstantiated savings claims will not be tolerated.
- The *Competition Act* ensures that consumers are not misled by references to inflated regular prices. When comparisons are made between a regular price and a sale price, they must be true.
- The *Competition Act* also contains a provision, introduced through Canadas antispam law, addressing false or misleading representations in all forms of electronic messages.

Quotes

"Consumers are naturally attracted to claims that they will save money. We're pleased that Amazon has put procedures in place to validate list prices received from its suppliers. This ensures that consumers are provided with accurate information and not misled by savings claims. This agreement was reached through collaborative efforts and reflects an innovative approach we call shared compliance."

John Pecman,
Commissioner of Competition

Associated links

- [Competition Bureau statement regarding its inquiry into Amazons price advertising in Canada](#)
- [Ordinary Price Claims](#)
- [Canadas AntiSpam Law](#)

Contacts

The Competition Bureau, as an independent law enforcement agency, ensures that Canadian businesses and consumers prosper in a competitive and innovative marketplace.