



Price gouging on Amazon during the Coronavirus outbreak

Empty store shelves and out of stock signs are becoming more common in America as the Coronavirus reaches the nation's shores. While many regions have yet to declare a state of emergency, a new analysis by U.S. PIRG Education Fund revealed the 30-day average price of surgical masks and hand sanitizer 18.5 percent higher than the three month average. High prices during February were at times more than double the average cost of the same product over a 90-day time period.

This price gouging was not isolated to the Amazon marketplace used by third party sellers. About one in six reviewed products sold directly by the online store saw prices jump at least 50% after the [Coronavirus first reached America in late January](#).

Findings

On February 27th, U.S. PIRG Education Fund staff searched Amazon for public health products Americans may be stocking up on: "surgical masks antiviral disposable", "surgical masks", and "hand sanitizer". While the [U.S. Surgeon General emphatically urged Americans](#) to stop purchasing surgical masks because "they are not effective in preventing general public from catching #Coronavirus", some continue to buy them.

We loaded each product that met the search into [Keepa](#), a price tracking service. Keepa tracks the lowest available price offer in the Amazon marketplace by the company or a third-party marketplace-- the price consumers are most likely to see when buying a product on the site. It also tracks the average of these prices and the highest such price over a given period of time.

Then using the tracking date, we compared each product's price performance after the World Health Organization declared a [global health emergency on January 30th](#) to an average of the 90-day price between December 1-February 29. The results were clear for products sold by Amazon and third party sellers: the average prices increased and significant price spikes potentially cost consumers and businesses even more money. Our findings are conservative because the 90-day average included the time period after the WHO declaration.

The results included:

- The prices for more than half the examined products spiked by at least 50% compared to the average price. At times, the cost of these products would spike 2.3 times higher than the 90-day average.
- These problems were not isolated to third-party sellers. Nearly one in six of the products sold directly by Amazon had prices spikes 50% higher than the 90-day average. These increases were limited compared to third-party sellers, but still significant, with high prices for these products averaging 65 percent greater than the 90-day average.
- The average 30-day price for reviewed products since January 30th has increased by 18 percent over the 90-day average.
- While these higher prices impacted surgical masks and hand sanitizers, the former saw more significant price increases. The average high price of surgical masks was 166% higher than the 90-day average price.

This analysis does not account for third party shipping costs, which could further drive up the prices.

Price gouging statutes

During emergencies like hurricanes, floods, and outbreaks, emergency declarations often put into place price gouging protections to ensure necessary supplies remain available at a reasonable price. [While the laws vary widely, they generally look at the average price for needed commodities prior to the state of emergency and high prices offered during it.](#) Many statutes allow for price increases to address shortages, some of which limit those increases to 10%-30% above prices prior to the emergency.

Some regions, including [San Francisco](#) and [Florida](#) have recently declared an emergency as Coronavirus cases appear in their area. Our analysis finds widespread price spikes and general increase in prices plague emergency supplies on Amazon. Ultimately, whether these sharp price increases constitute illegal price gouging, and whether the necessary protections have been triggered, is a matter for Attorneys General across the country and other enforcement agencies.

The retail marketplace monitors products on its site for violations of its [Fair Pricing Policy](#), including setting a price “that is significantly higher than recent prices offered on or off Amazon.” The company recently removed more than 1 million products for [violating its policies](#). But when even the company’s own products are seeing prices increase and spike, it suggests that more work is necessary.

Solutions

Americans are worried enough about the Coronavirus, they should not also have to deal with potential price gouging in online or offline stores. We recommend:

1. **Consumers:** Use services like [Keepa](#) and [CamelCamelCamel](#) to identify if a product’s price has recently increased significantly. If so, report it to the online platform and your Attorney General, then look for an alternative.
2. **Elected Officials:** Publish information on how constituents can report price gouging. Investigate online platforms for potential violations of price gouging statutes after you declare a state of emergency. Prior to that, we urge elected officials to call on stores to prevent any form of price gouging--just because you haven’t declared an emergency does not mean it’s not impacting your constituents.
3. **Online Platforms:** Institute stronger controls to prevent price gouging by setting hard limits on price increases compared to a rolling average of the previous 60 days. Create systems to evaluate prices across classes of products that could be ripe for price gouging



Adam Garber

PIRG Consumer Watchdog

adam@pirg.org

(267) 515-1220

Methodology

Researchers looked for “[surgical masks](#)”, “[surgical masks antiviral disposable](#)”, and “[hand sanitizer](#)” on February 27th on Amazon’s marketplace. We added these products to individual wishlists, excluding any product that failed to meet the search criteria. In both cases that meant removing any product that didn’t mention addressing bacteria, viruses, or other diseases. We also removed any hand sanitizer that was a lotion without antiseptic properties.

Those wish lists were imported into Keepa, a price tracking service. On February 29th, we exported all information in Keepa into a spreadsheet. We then manually augmented this information with data on the highest price recorded over the last 30 days using the “stats” section of the Keepa tracking tool, taking a screenshot for each product. In the case the high price occurred prior to the last 30 days, our researchers manually searched the graph for the necessary information, importing it and taking an image for our records.

For each product, we evaluated the Amazon specific price and the New offer price, which could be from a third party seller or Amazon. We evaluated a few data points for each product from this information:

- The percent change of the high price in February over the 90-day average.
- The percent change of the most recent 30 day average compared to the 90-day average.

We averaged the results for each of these data points across all products together to evaluate whether price gouging was occurring over the full list of products. We also calculated the number of products whose percent change between the high price and 90-day average exceeded 50%.