

Competition Bureau wins deceptive marketing case against Cineplex

2024-09-23

Cineplex ordered to pay a record penalty of nearly \$39 million dollars

GATINEAU, QC, Sept. 23, 2024 /CNW/ - Today, the Competition Tribunal ruled in favour of the Competition Bureau and found that Cineplex engaged in drip pricing by adding a mandatory \$1.50 online booking fee.

The Tribunal determined that the representations on Cineplex's website and mobile application constituted drip pricing and that consumers were deceived by contradictory and incomplete information on Cineplex's tickets page.

As part of its ruling, the Tribunal ordered Cineplex to pay a financial penalty of over \$38.9 million dollars and legal costs. The penalty is equivalent to the amount Cineplex collected from consumers from the introduction of the online booking fee in June 2022 until December 2023.

Consumers are entitled to clear information, and should never be surprised by hidden or additional fees. When businesses engage in false or misleading practices, it harms competition and businesses who comply with the law.

Quote

"The Tribunal's decision in the Cineplex case is a resounding win for Canadians. It sends a strong message that businesses should not engage in drip pricing and need to display their full prices upfront. Businesses that fail to comply with the law risk significant financial penalties."

Matthew Boswell
Commissioner of Competition

Quick Facts

- The Tribunal ordered Cineplex not to engage in the conduct or similar conduct for a period of 10 years.
- Following an investigation, the Bureau filed **an application** with the Competition Tribunal, on May 18, 2023, seeking, among other things, for Cineplex to stop its deceptive advertising.
- Amendments to the Competition Act came into force on June 24, 2022, which explicitly recognize drip pricing as a harmful business practice.
- Drip pricing involves offering low prices to attract consumers, but then adding mandatory fees so that the prices are unattainable. This practice is against the Act, unless the additional fixed charges or fees are imposed by the government on purchasers, such as sales tax.
- The Bureau has taken action against drip pricing for many years under the Deceptive Marketing Practices provisions of the Competition Act, notably in the **car rental, satellite radio subscriptions**, online sporting and **entertainment ticketing** industries.
- The Bureau recently issued a **consumer alert** to raise awareness and reporting of drip pricing.
- We strongly encourage anyone who suspects that a company or individual is making false or misleading price claims to report it by using the Bureau's online **complaint form**.

Related Products

- **Competition Tribunal Cineplex Information Note**
- **Cineplex - Notice of Application**
- **Recent changes to the Competition Act explicitly recognize drip pricing**

Associated Links

- **Drip pricing and the Competition Act**
- **Deceptive marketing practices – Cases and outcomes**
- **Consumer and business alerts**

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economic growth.

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