

# PUSATERI'S PRICE GOUGE OR OVERSIGHT?

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Applied Research & Innovation



# COVID19

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# OVERVIEW

Pusateri's Fine Foods is a Toronto-based high-end grocery store chain, founded by Italy-native Cosimo Pusateri in 1986. The company's first location was a small store in Toronto's Little Italy and has since expanded to five locations in the Greater Toronto Area. The grocery store chain features gourmet and speciality products from local and international vendors.

In response to government legislation deeming grocery stores an essential service, throughout the COVID-19 pandemic, Pusateri's remained open, with the exception of its Eaton Centre location.

Pusateri's drew criticism during the pandemic when a photo of a sign advertising Lysol Wipes for \$29.99 at its Avenue Road location went viral. The following day, Ontario Premier Doug Ford publicly called out the grocery store chain during a press conference for price gouging.

The following case study outlines Pusateri's Fine Foods' decisions and the government and public's response.

## Website and Social Media Accounts



[pusateris.com](https://pusateris.com)



[@pusaterisfoods](https://www.instagram.com/pusaterisfoods)



[@pusaterisfoods](https://twitter.com/pusaterisfoods)



[@pusateris](https://www.facebook.com/pusateris)

# COVID-19 Timeline

**Dec 31, 2019**

A pneumonia of unknown cause detected in Wuhan, China was first reported to the World Health Organization Country Office in China



**Jan 25, 2020**

First reported case of coronavirus in Toronto, Ontario



**March 11**

World Health Organization categorizes COVID-19 as a pandemic



**March 14**

Canada recommends against international travel and advises those returning from outside of the country to self-isolate for 14 days



**March 17**

Ontario Premier Doug Ford declares a state of emergency in response to the pandemic



**March 23**

Premier Doug Ford orders closure of all non-essential businesses in Ontario for 14 days and Toronto Mayor John Tory declares a state of emergency in the city



**March 25**

Photo of Pusateri's locations selling Lysol Wipes for \$29.99 each goes viral



**March 26**

Premier Doug Ford calls out Pusateri's for price gouging and company releases a statement saying the price error was an oversight. Pusateri's restricts comments on all social media accounts.



**March 28**

Premier Doug Ford announces increased fines (up to \$500,000) for price gouging on necessary items



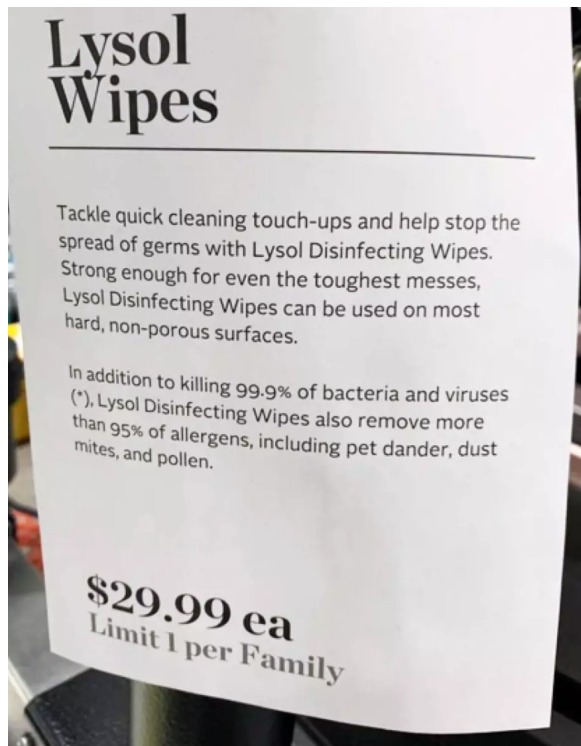
**April 3**

Pusateri's begins to be active on social media, unlocking comments on posts while keeping its Twitter private



## Ontario Premier Doug Ford calls out Pusateri's for price gouging during press conference

During a press conference on Thursday, March 26, 2020, Ontario Premier Doug Ford criticized Pusateri's for price gouging after a photo (*Figure 1.1*) of a sign advertising the sale of Lysol Wipes for \$29.99 went viral. The premier stated price gouging was “disgusting” and “beyond belief”. A full video of his statement can be found [here](#).



**FIGURE 1.1**

Photo of the original advertisement at the Pusateri's Avenue Road location  
(Image source: [Blog.TO](#))

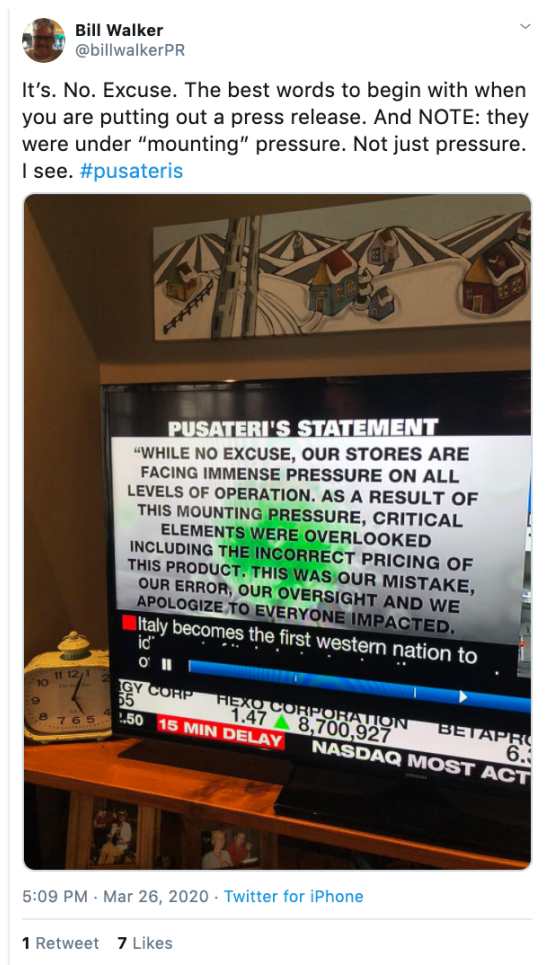
The same day, Pusateri's locked down its Twitter account and restricted commenting on its Instagram. The company then released a short statement on its website. The statement included:

- An apology stating that the pricing issue was an oversight error
- Its commitment to review the prices of all in-store products
- The promise that this type of error would never happen again

A full copy of the Thursday, March 26, 2020 statement made by Pusateri's can be found in Appendix A.

Being called out by the Ontario Premier and the statement from Pusateri's ignited a public outcry and a dynamic discussion on social media. People flocked to Twitter to express their discontent with Pusateri's, as seen in *Figure 1.2*.





**FIGURE 1.2**

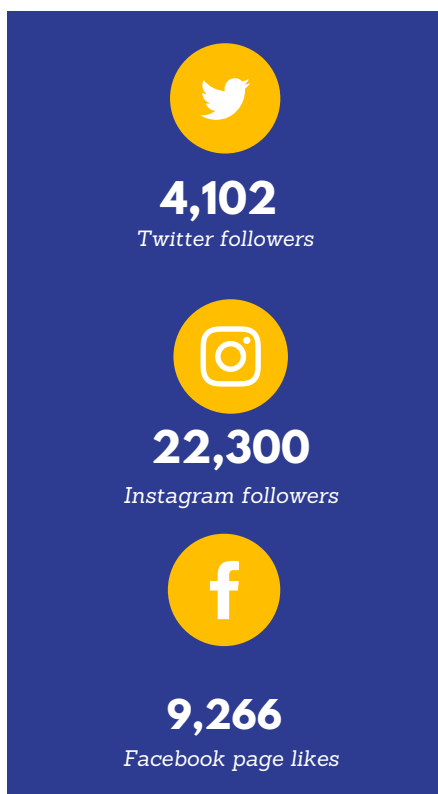
Screenshots of tweets from March 26, 2020 reacting to the call out by the Ontario Premier and the statement made by Pusateri's (Images: Twitter)

## Pusateri's releases second statement defending actions and thanking consumers

On Friday, March 27, 2020, a day after being called-out by the Ontario Premier, Pusateri's released a second statement on its website.

This statement was addressed "To our valued guests" and included:

- Another apology for the mishap
- Management's full responsibility for the oversight issue
- Its commitment to issue refunds to customers who purchased the wipes
- Implementation of a full product review to ensure no other items were mispriced in the store
- A promise to conduct outreach to Pusateri's guests, employees, suppliers, the media and government to emphasize its commitment to fair pricing
- Appreciation towards its employees for their hard work and dedication over the pandemic



A full copy of the statement made by Pusateri's on Friday, March 27, 2020 is found in Appendix B.

At this point, the company's Twitter account remained locked and comments on its Facebook and Instagram pages were blocked. *Figure 1.3* shows the follower count of Pusateri's social media pages.

Conversations surrounding Pusateri's continued predominantly on Facebook and Twitter as seen in *Figure 1.4*.

**FIGURE 1.3**

Pusateri's follower count on Twitter, Instagram and Facebook (Taken on April 21, 2020)





**FIGURE 1.4**  
Screenshots of tweets and Facebook comments from March 27, 2020 reacting to the second statement made by Pusateri's



Image source: [Pusateri's website](https://pusateris.com)

## Ontario government increases fines for price gouging on necessary items

The Ontario government reinforced its warning to Pusateri's by increasing fines for price gouging on necessary goods on Saturday, March 28. A video of the announcement can be found [here](#).

As stated in a release (Appendix C) from the Premier's office, necessary goods included:

- Masks and gloves used as personal protective equipment
- Non-prescription medications for the treatment of symptoms of COVID-19
- Disinfecting agents intended for cleaning and disinfecting objects of humans
- Personal hygiene products, including, soap products and paper products

The fine increases were by offender category, ranging from individuals to corporations.

- Individual offenders:
  - Ticket of \$750
  - If summoned to court and convicted, could face a maximum penalty of \$100,000 and one year in jail
- Company director or officer:
  - If convicted, a fine of up to \$500,000 and could face up to a year in jail
- Corporation:
  - Fine of up to \$10 million

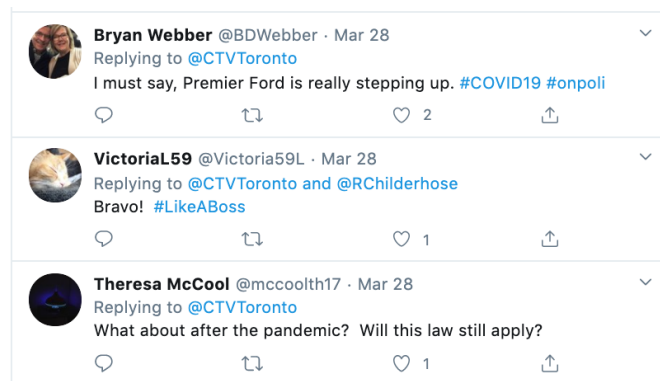
The provincial government also set up a website and phone-line where people could report price gouging in Ontario.

A full copy of the Saturday, March 28, 2020 release from the Ontario government can be found in Appendix C.

Within three weeks of the fine increase, the Ministry of Government and Consumer Services reported 15,957 inquiries and complaints regarding prices as a result of COVID-19. Of those complaints, 14,977 were inputted through the online portal.

Some of the immediate public response on social media to this new legislation is included in *Figure 1.5*.





**FIGURE 1.5**

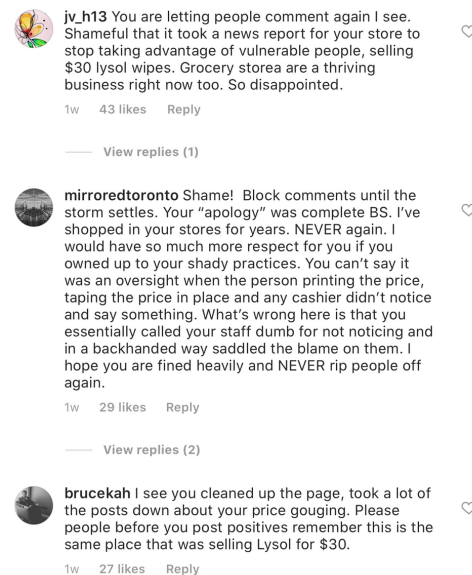
Screenshots of tweets from March 28, 2020 reacting to the increased fines on price gouging in Ontario

## Pusateri's reactivates Instagram comments

One week following the original incident, on Friday, April 3, 2020, Pusateri's re-opened its comments on Instagram. Some individuals took this as an opportunity to comment on older posts, acknowledging the fact that they had been blocked from commenting prior as seen in *Figure 1.6*. The company chose not to interact with them. In the comments, it was mentioned that Pusateri's prior posts on Instagram about the price gouging issue were deleted before the company reopened comments on its page.

The same day, Pusateri's added a COVID-19 highlight on its Instagram page to update its clientele with statements and in-store policies (*Figure 1.7*).

The company's Twitter page remained locked and its Facebook page seldomly active



**FIGURE 1.6**

Comments on Pusateri's old Instagram posts

Pusateri's is an example of a company that had to respond quickly to negative feedback from the public.. It was called out by the Ontario Premier and adjusted its practices accordingly. This case gained provincial media coverage and shows how quickly word can spread, even for a small grocery store chain.



**FIGURE 1.6**  
Pusateri's Instagram page with COVID-19 highlight

## Appendix A

A full copy of the statement made by Pusateri's on Thursday, March 26, 2020

MARCH 26, 2020

Price error on Lysol Disinfecting Wipes.

While no excuse, our stores are facing immense pressure on all levels of the operation. As a result of this mounting pressure, critical elements were overlooked including the incorrect pricing of this product. This was our mistake, our error, our oversight and we apologize to everyone impacted. We are promptly reviewing and adjusting any and all products that may have been improperly listed and every individual who purchased this product will be fully refunded by emailing [info@pusateris.com](mailto:info@pusateris.com).

We are a family owned and operated business and we share the concern of the new realities that COVID-19 has created for everyone. This should have never happened, and it will never happen again.

Frank Luchetta  
President & CEO

## Appendix B

A full copy of the statement made by Pusateri's on Friday, March 27, 2020

MARCH 27, 2020

To our valued guests:

We know that many of you have questions about the pricing of Lysol Disinfecting Wipes inside of our stores. We are working to answer each of your questions as quickly and honestly as possible with the information that we have available.

As many of you know, there is significant pressure on retailers amidst COVID-19 that is growing by the minute. Unexpectedly, and seemingly overnight, our stores were overcome with demands that could not have been anticipated or planned for. We jumped in with both feet to juggle and manage all the moving parts as best as we could. Somewhere in the shuffle, there were mistakes and oversights that would have never happened under normal circumstances.

Our pricing of the Lysol Disinfecting Wipes was both a mistake and an oversight that we are owning 100%.

At this time, we are acting promptly to refund all customers who purchased the product and launched a full product review to ensure no other item in any of our stores was incorrectly priced. We have also publicly apologized and will continue to do so.

In the coming days, we will be conducting outreach to all Pusateri's guests, employees, suppliers, media and the government to reinforce our commitment that this will not happen again.

As each of you know, the people who work inside our stores are doing incredible work and it is truly unfortunate that this event has distracted from the tremendous jobs that each of them do everyday. They have all risen to the challenge and continue to serve our community amidst an unparalleled event in our lifetime.

That should've been the headline.

Thank you,  
Pusateri's Fine Foods



## Appendix C

A full copy of the Saturday, March 28, 2020, release on price gouging fine increases from the Ontario government

### Ontario Protecting Consumers from Price Gouging

*Offenders face fines of up to \$500,000 for charging unfair prices on necessary goods*

March 28, 2020 1:00 P.M. TORONTO — Today, Premier Doug Ford announced new penalties to combat price gouging and hold offenders accountable for raising prices significantly on the necessary goods Ontarians need to protect themselves and their families from COVID-19.

Effective immediately, the government has issued an emergency order that retail businesses and individuals in Ontario cannot charge unfair prices for necessary goods.

Individual offenders can face a ticket of \$750, or, if summoned to court and convicted, could face a maximum penalty of a \$100,000 fine and one year in jail. If convicted, a company director or officer could face a fine of up to \$500,000 and up to a year in jail, and a corporation could face a fine of up to \$10 million.

"Starting today, we are taking serious steps to ensure our frontline workers, our families and our most vulnerable citizens have what they need to stay safe," said Premier Doug Ford. "We are putting an end to those trying to profit off of one of the darkest periods in our province's history. If you're engaging in price gouging on necessary goods, we are going to slap you with a ticket or you could face fines or jail time."

Necessary goods include:

- Masks and gloves used as personal protective equipment in relation to infections.
- Non-prescription medications for the treatment of the symptoms of the coronavirus.
- Disinfecting agents intended for cleaning and disinfecting objects or humans.
- Personal hygiene products, including soap products and paper products.

## Appendix C contd.

"As the COVID-19 outbreak continues to evolve provincially and globally, we are seeing a shortage of necessary goods available to the public, such as hand sanitizers and household cleaners," said Lisa Thompson, Minister of Government and Consumer Services. "We will not tolerate those taking advantage of these difficult times to charge unfair and unreasonable prices. It is not right and our government is taking swift and decisive action to put an end to it with extremely stiff penalties."

Consumers can report an individual who is price gouging by filing a complaint at 1-800-889-9768 between 8:30 a.m. and 5:00 p.m., Monday to Friday, or by filing a report online.