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EXCLUSIVE

When the Price Isn't Right: Dollar General's Record of Overcharging

Barron's finds that four states fined the retailer a total of more than \$1 million for price inaccuracies in 2021 and 2022.

By [Catherine Dunn](#) [Follow](#)

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Angeleigh Blanchett has been a [Dollar General](#) customer for two decades. The store near her Cleveland, Ohio, home is her go-to for certain household staples, at prices reliably lower than the local supermarket or drugstore. She

says she saves up to \$4 a pack on one of her regular purchases—Huggies diapers for her 2-year-old son — “a huge difference when you’re on a budget,” says Blanchett, who owns a small construction company.

But this past fall, she noticed something was off. When checking out, her total kept coming in higher than she expected based on the prices on the shelves. At first, she let it go. But eventually, after being charged \$10.95 for diapers marked as \$10.50 and \$7.95 for body wash that should have been \$6.50, she spoke up and got her bill corrected.

Blanchett wasn’t the only one noticing the fuzzy math. About 250 miles away, in Butler County, north of Cincinnati, another Dollar General (ticker: DG) customer contacted the county auditor’s office, saying he’d been overcharged. That complaint triggered a raft of store inspections and a late-October announcement from the auditor that all 20 Dollar General stores in the county had failed pricing checks with too many errors. Items like a six-pack of soda and frozen pizza scanned \$1.25 higher than the shelf price, disposable cups \$1.70 higher, and chicken strips \$2.80 higher.

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On Nov. 1, Ohio Attorney General Dave Yost sued Dollar General in Butler County, accusing the company of deceptive practices and “bait” advertising, later requesting a temporary restraining order in the Butler County, Ohio, Court of Common Pleas. In addition to Butler, four other counties had notified the company of failed inspections, Yost said. “Everything we buy these days costs more,” said the AG, announcing the suit. “Ohioans can ill afford businesses that draw people in with the promise of low prices only to deceive them at the checkout counter.” In the suit, Yost asks the court to impose a penalty of \$25,000 for each alleged violation.

More than 100 people shared complaints about pricing errors at Dollar General with the AG’s office, according to court filings. Some described feeling scammed, told of heated in-store arguments, and explained how they relied on the store while living on a fixed income or using food-assistance benefits. “The amounts are small but add up,” said one, in a complaint to the attorney general. “I only want to pay the fair price without feeling cheated.”

Dollar General declined to comment on “pending legal matters,” but the company has asked a judge to dismiss the Ohio suit. In a January filing, it said it has taken “extraordinary steps” to correct any alleged price discrepancies in Ohio stores, and that it would contact customers who filed complaints with the AG’s office to provide reimbursement.

While the company is fighting the case, a review by *Barron’s* found a broader pattern of overcharges at the fast-growing retailer.

In addition to the court records in Ohio, *Barron’s* analyzed data from four other states that issued multiple penalties to the company in the past two years. In North Carolina and Louisiana, Dollar General accumulated the largest fine total for pricing violations of any retailer in both 2021 and 2022. In Mississippi, Dollar General topped the list of fines in 2022. And in Arizona, the retailer had the second-highest fine total in 2021 and third-highest in 2022.

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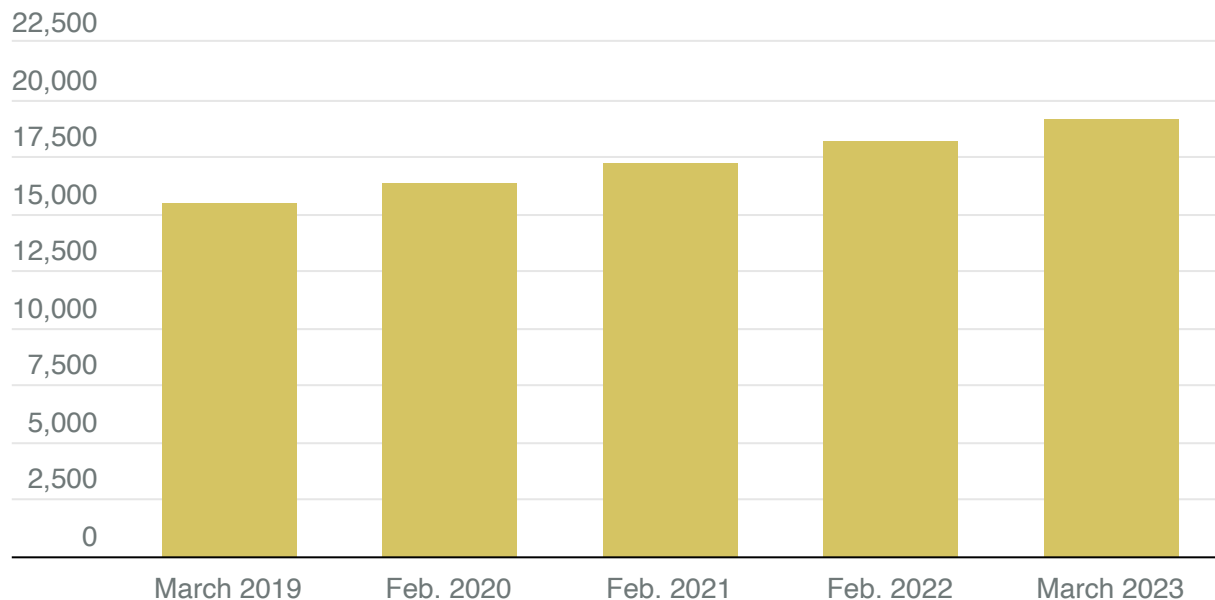
Cumulatively, the company was assessed just over \$1 million in pricing violation fines in those four states during 2021 and 2022, records show.

The company is also facing proposed class-action lawsuits over mispricing allegations. Dollar General has asked courts to dismiss suits that were filed in Ohio and New Jersey in October. On March 24, the company said in court papers it anticipates filing a motion to strike class allegations in a New York case filed in January.

Here, There, Everywhere

Dollar General is growing fast. The company opened its 19,000th store in January.

Dollar General Store Count



Source: Company reports

While retailers such as [Walmart \(WMT\)](#) and [Target \(TGT\)](#) loom large in the American consciousness, Dollar General is a prolific merchant, saying that it has more U.S. stores than any other retailer. The company celebrated its 19,000th store opening in January; Walmart has 5,317 U.S. locations. Dollar General pitches low prices and convenience to a core base of customers who it says make \$40,000 or less a year. Three-quarters of its locations are in rural areas and small towns of fewer than 20,000 people. This formula generated \$37.8 billion in net sales and \$2.4 billion in profit in 2022 (up 61% and 97%, respectively, over the past five years). Investors seem to approve: Dollar General's stock has more than doubled over the past five years, to a recent \$210 a share.

But alongside its rapid expansion and strong fiscal performance, the company has battled a variety of operational and regulatory issues. Last year, federal regulators fined Dollar General more than \$8 million in proposed penalties over safety hazards in its stores. Its treatment of workers came to the fore in the aftermath of the pandemic, with employee complaints of low wages and insufficiently staffed stores taking off on social media. The allegations of repeated mischarges are the latest complaint against the company, and one that comes at a moment when its customers are already facing high inflation.

Dollar General declined to make a representative available for an interview. In a statement, the company said, "Dollar General is committed to providing customers with accurate prices on items purchased in our stores, and we are disappointed any time we

fail to deliver on this commitment. When a pricing discrepancy is identified, our store teams are empowered to correct the matter on the spot for our customers.”

The company said it is proud to employ local residents in 47 states, and encourages employees to provide feedback through company channels “so we can listen to and collaboratively address concerns.” In response to questions about federal workplace-safety fines, Dollar General said it “is committed to providing a safe work environment for its associates and shopping experience for its customers,” and that it regularly reviews and reinforces safety programs.

In court filings, Dollar General says that pricing discrepancies can occur because of “lag time” between when a new price is uploaded to its electronic checkout system and when a physical label reflecting that new price is placed on the shelf.

State officials, customer complaints, and current and former Dollar General employees link troubles with pricing discrepancies to insufficient staffing. In the Ohio lawsuit, a customer who said they were charged \$3.25 for batteries labeled \$1.50 said in their complaint that they were told by a Dollar General cashier the store was “too understaffed to fix every label.”

A sampling of Dollar General price discrepancies found by state regulators in Mississippi and Louisiana in 2022.



Ocean Spray Cranberry Juice 64 fl. oz.

PRICE ON SHELF \$3.25

PRICE AT REGISTER \$3.85



Suave Shampoo Almond & Shea 28 fl. oz.

PRICE ON SHELF \$4.00

PRICE AT REGISTER \$4.25



Takis Fuego 9.9 oz.

PRICE ON SHELF \$3.00

PRICE AT REGISTER \$3.50



Velveeta Shells

PRICE ON SHELF \$1.65

PRICE AT REGISTER \$1.75



Kleenex Soothing Lotion 60 3-Ply Tissues

PRICE ON SHELF \$1.60

PRICE AT REGISTER \$1.75



Lysol Disinfectant Spray, Mango Hibiscus 19 oz.

PRICE ON SHELF \$5.80

PRICE AT REGISTER \$7.00



Huggies Pull Ups 4T-5T



Fresh Step Gain Cat Litter 14 lb



Dawn Polymesh Scrubber

TI-51	LARGE 17 10.	30100061
PRICE ON SHELF \$10.95	PRICE ON SHELF \$10.00	PRICE ON SHELF \$1.75
PRICE AT REGISTER \$11.50	PRICE AT REGISTER \$11.95	PRICE AT REGISTER \$2.00

PHOTOGRAPHS BY HALIE CHAVEZ

“When you have repeat offenders, it’s often a labor issue,” says Mike Strain, commissioner of the Louisiana Department of Agriculture and Forestry, which conducts price inspections for the state. Whatever the cause of that labor problem, it’s up to businesses to make price accuracy “a priority,” he says. “If you’re going to keep your shelves stocked and the floors clean, then you can keep the right price on commodities.”

The combination of a tight labor market and spiraling inflation has put many retailers in a difficult spot when it comes to keeping price labels updated. (Scott Mushkin, founder of retail research firm R5 Capital, puts it this way: “It’s been giving the industry fits.”) In Dollar General’s March 16 earnings announcement, CEO Jeff Owen said the company plans to spend an additional \$100 million in store operations this year, with the bulk of that money going to adding staffing to stores. The investment will “elevate our store standards and our consistency,” Owen said on an analyst call.

The question of whether Dollar General can or will fix its price-accuracy problem comes as the company continues to grow: Dollar General plans to open more than 1,000 new stores this year alone, more than any other retailer, according to Coresight Research. It’s also broadening its market, expanding its higher-end concept Popshelf, and continuing to scale up grocery—a consumer staple that has been hit hard by inflation—with the aim of selling fresh produce in more than 5,000 stores by the end of 2023.

Blanchett, who had assumed the pricing problem was confined to her local stores, was struck to learn there were complaints in other parts of her state—and beyond.

“These Dollar General stores are put in low-income areas for a reason, and they’re made so people who are low-income can afford basic things they need,” she tells *Barron’s*. “But then the price gouge on people who already don’t have a lot of income is upsetting to me, because at that point it feels like you’re preying on the weak.”

Many of the price discrepancies found by regulators might, at first glance, seem minor. In Louisiana, for instance, price-verification inspectors last year found a package of frozen french fries priced at \$4.50 that rang up at \$5.75, a multipack of toilet paper with a shelf price of \$9.50 came in at \$10.50, and a \$1 can of tomatoes scanned at \$1.50.

But Dollar General has historically made clear that small differences are significant for its customers. The company has said it prices products in five-cent increments so shoppers can easily track their total spend. “They don’t want to be embarrassed when they get up to the register,” then-CEO Todd Vasos told The Wall Street Journal in 2017. In 2019, Fortune reported that Dollar General was adding more price-checking scanners in aisles so customers could keep tabs on their bill. “They don’t always have that extra dollar in their budget,” an unnamed Dollar General executive told the magazine at the time.

Before its current scuffles with state price checkers, Dollar General tangled with Vermont on the issue. Officials there said inspectors told the company “at least 50 times” to fix price errors, and found violations at 22 stores between 2013 and 2019. In 2019, the company agreed to pay a \$1.75 million settlement. As part of the agreement, it was required to institute a series of measures to fix the problem, including adopting a pricing-accuracy policy, training employees on pricing, and employing “field pricing specialists” to perform weekly audits of Vermont stores.

Prior to the settlement, Dollar General stores were cited for violations in 57 cases over six years; since then, there have been just five cases, suggesting the new measures made an impact. “From a programmatic point of view, we feel that it had a positive influence on [Dollar General’s] pricing,” says Marc Paquette, chief of the weights and measures section for the Vermont Agency of Agriculture, Food & Markets.

The task of inspecting price accuracy in stores, known as “price verification,” varies by state but generally limits companies to a 2% failure rate: One item out of 50 can scan at a higher price.

In the past two years, inspectors in some parts of the country reported growing problems with price accuracy as inflation and labor shortages coursed through the economy. North Carolina is indicative of trends in the pricing-error data analyzed by *Barron’s*. Chad Parker, measurement section manager for the North Carolina Department of Agriculture & Consumer Services Standards Division, says violations in the state have spiked. Before 2021, he says, North Carolina fined companies an average of \$50,000 a year for violations. In 2021, total fines for pricing errors reached \$232,270, then more than tripled to \$818,045 in 2022, according to state data.

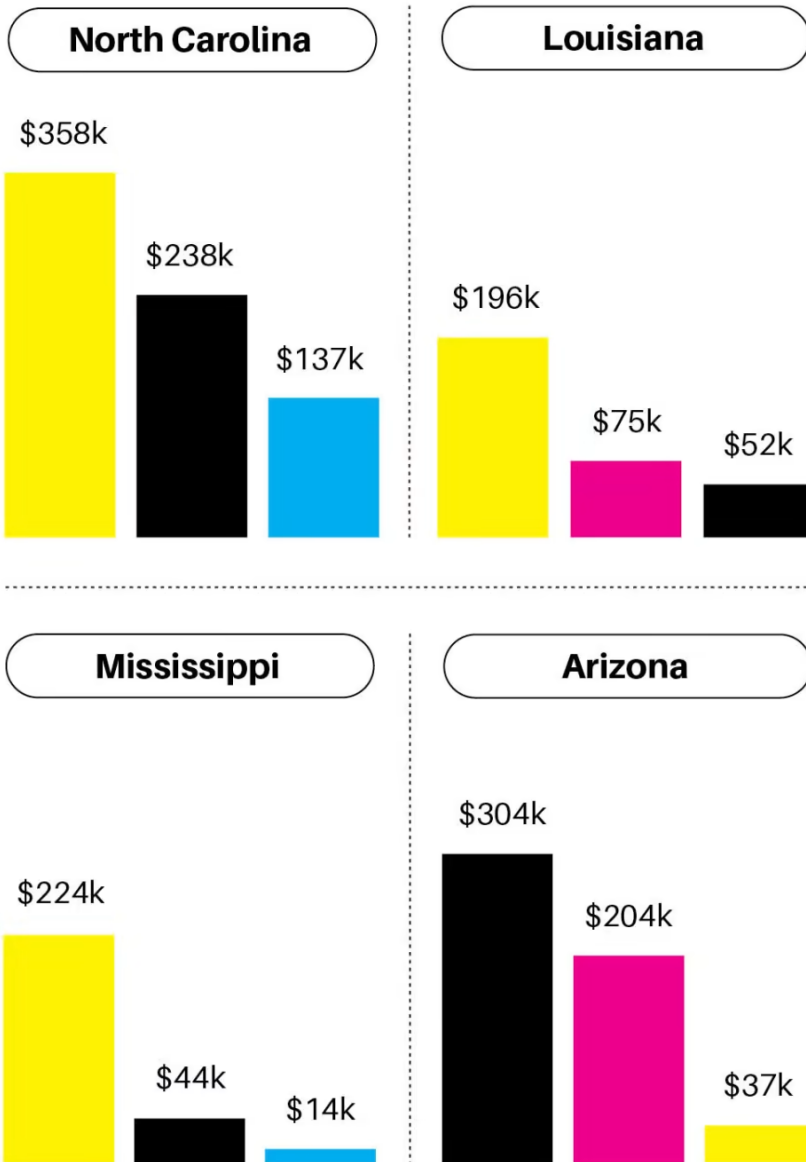
Dollar General led the pack: \$116,390 in fines in 2021—about half the total—and \$357,935 in 2022. Behind Dollar General in 2022 were Family Dollar, whose parent company is Dollar Tree (DLTR), with just over \$238,000 in fines, and Walmart, with \$137,000.

Price Check!

As inflation has surged, Dollar General and other retailers have not always kept prices updated on store shelves. Many states have laws requiring companies to list accurate pricing information, though statutes and enforcement vary. *Barron's* analyzed penalties levied against companies for price accuracy violations in four states in 2022. Here's what we found:

Top 3 Penalties Per State in 2022

- Dollar General
- Walmart
- Family Dollar
- Circle K



Sources: North Carolina Department of Agriculture and Consumer Services; Louisiana Department of Agriculture and Forestry; Mississippi Department of Agriculture and Commerce; Arizona Department of Agriculture

Company	Response
Dollar General	Told <i>Barron's</i> that the com
Circle K	Said it believes "pricing dis
Family Dollar	Said it is "committed to op

Company	Response
Walmart	Didn't respond to requests

In a statement, Family Dollar said it is “committed to operational compliance and providing our customers with accurate pricing and complying with all applicable laws.” Walmart didn’t respond to requests for comment. (Family Dollar is also facing a suit from the Ohio attorney general over the issue, and has not yet filed a response to that complaint.)

Dollar General has engaged with North Carolina, says Parker, but the issue remains unresolved. “They’ve met with us. They’ve tried to correct it, and they’re still having problems.”

Dollar General’s operating model revolves around keeping costs as low as possible. Labor is a major cost center for any retailer, and Dollar General is no exception. Dollar General said in its annual report to the Securities and Exchange Commission last year that “many of our entry-level store employees are paid at rates in line with the applicable state minimum wage.” The company’s median employee, which it defines as a store associate working part time, made \$17,773 in 2021, according to a securities filing. That year, 92% of Dollar General workers made less than \$15 an hour, according to survey data collected by the Shift Project at Harvard and published by the Economic Policy Institute, a think tank based in Washington, D.C. On the company’s March analyst call, CEO Owen was asked about the company’s current average hourly wage; he declined to answer.

The company told *Barron’s*: “We offer competitive wages for the local labor market and a wide range of benefits including day-one telemedicine eligibility, debt-free degree programs and education options, and the Dollar General Employee Assistance Foundation.” It also pointed to opportunities for workers to grow their careers, saying, “Approximately 75% of store employees at or above the lead sales-associate position (including assistant managers and store managers) were internally promoted.”

Some workers have countered this characterization, saying that in addition to its low pay, the company maximizes profits by understaffing stores. Mary Gundel was a Dollar Store manager in Tampa last spring when she posted a series of TikTok videos describing exhausting workloads and cuts to the number of hours she was allowed to use for staffing her store. She was fired soon after her first posts, but her videos went

viral and other Dollar General employees followed her lead, sharing their frustrations with conditions in stores on the app.

Asked about Gundel's description of her former employer, Dollar General told *Barron's* that the company does "not comment on specific employee matters."

R5 Capital's Mushkin says his company's field research on Dollar General stores suggests that the company is "at least short one person in half the stores." His team has seen boxes of product piled up in the aisles and visited stores where "there's just no one at the cash registers" because employees are attending to other work, he says.

The company's recent statement that it would invest an additional \$100 million in store operations doesn't go far enough, says Mushkin. "We see this as a down payment, rather than a fix to the very poor store conditions that we have been documenting in our field research," his firm said in a recent note.

Dollar General said it did not plan to comment on analyst reports.



Kenya Slaughter, photographed in February, works at a Dollar General in Louisiana and is a member of labor advocacy group Step Up Louisiana. PHOTOGRAPH BY RITA HARPER

Kenya Slaughter works at a Dollar General in Alexandria, La., and is an organizer-in-training with the economic justice group Step Up Louisiana. In addition to pushing the company to raise wages, Slaughter believes Dollar General needs to increase staffing hours at stores to provide safety for workers, so no one has to work alone, and to make workloads manageable.

Slaughter says her store is usually permitted to schedule its roster of hourly workers for a total of between 140 and 155 hours a week. That isn't enough to consistently staff even two employees at a time, she says. Managers aren't included in hourly totals, and can end up working long hours without overtime to keep stores running, says Slaughter.

Dollar General didn't provide *Barron's* with a comment on Slaughter's description of her store. In September 2021, the company told the New York Times that "our operating standards are designed to provide stores with sufficient labor hours, and it is not our expectation that store managers should work 70 to 80 hours per week."

Dollar General typically does large-scale price changes on Tuesdays. New prices are pushed to the stores' checkout systems electronically, but the prices listed on the shelves must be changed manually. The company also releases new sales and promotions regularly, triggering yet another round of updates.

At Slaughter's store, refrigerated food products arrive on Tuesdays, the same day as price changes. With so few employees scheduled, updating prices is very difficult, given employees' other responsibilities: "It's nearly impossible to do that while trying to run a register or trying to stock food," she says.

A former Dollar General employee based in Ohio says they had a short window on Saturday nights to change prices for new deals in their store, while also attending to customers. The level of staffing made it "really hard to get any task accomplished," the former employee says.

So far, the company's pricing issues don't seem to be deterring Wall Street. With the stock up 125% in the past five years—versus 47% for Dollar Tree, 60% for Walmart, and 44% for the S&P 500—it's an analyst favorite. Oppenheimer analysts named Dollar General a "top pick" for 2023, and rate the stock as a Buy equivalent, with a \$260 price target. Telsey Advisory Group also has Buy rating, and a \$242 price target.

"The macro uncertainty and the consumer looking for ways to save money on food and groceries and household essentials is driving them to Dollar General," says Telsey analyst Joe Feldman. As for labor, Feldman says retailers are in a "competitive environment," and that Dollar General's plans for additional spending in that area is "a

recognition on their part that they need to put more investment into their store labor so their consumer can have a better experience.”

Mushkin’s firm, meanwhile, rates Dollar General as a Sell. Short staffing has “created a lot of chaos at those stores,” he says, estimating that correcting the gap would cost at least \$350 million a year, and could “approach \$1 billion.”

“You have to get more associates into these stores, and then you’re probably going to have to pay them more,” Mushkin says. “And on the store manager front, it’s probably the same thing. You’ve got to stabilize the entire store labor model. That’s the biggest challenge with DG right now.”

In Ohio, Dollar General staved off the attorney general’s motion for a temporary restraining order. Instead, it struck a deal with the AG in February, promising to monitor price changes more closely, educate employees about requirements to charge customers the shelf price if asked, and provide “sufficient coverage” for employees to be able to update shelf prices. The agreement wasn’t an admission of liability. Yost called it a “step in the right direction,” and said his lawsuit would continue.

Marc Dann, the lawyer whose firm is suing Dollar General on behalf of consumers in Ohio, New Jersey, and New York, says he believes the only way to halt overcharges is to make it “more expensive to cheat than to comply.”

“In so many aspects of people’s lives, companies exercise this kind of power, and customers have very little remedy,” Dann, a former Ohio attorney general, tells *Barron’s*. “You’re kind of a prisoner of these guys.”

Blanchett, the Dollar General shopper in Cleveland, says she wants the company’s stores to have better management and organization. She had noticed what seemed like labor problems at her local Dollar General even before she spotted the overcharges: Earlier last year, the store kept closing in the afternoon, well short of its posted hours. She called the company about it and was assured the issue had been resolved.

After filing a pricing complaint with the AG’s office, Blanchett received a letter and a \$10 gift card from Dollar General in February. “While we do not know the specifics of your transaction, we always strive to satisfy our customers,” the letter said.

The amount fell short in Blanchett’s eyes. “I’m pretty sure you all got way more out of me than \$10,” she says. But she needed some Ziploc bags and decided she might as well use the funds. When she got to her local Dollar General at 5 p.m., she said she found the store had closed early.

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