

MISLEADING AND BAIT ADVERTISING

Guidelines for Traders

A well-informed consumer is more likely to become a satisfied customer, so it makes sense to accurately inform your customers when using advertising.

This fact sheet provides some important principles to remember, when advertising your products or services for sale.

Misleading Advertising

Misleading advertising can not only lead to misinformed and dissatisfied customers but it is also illegal. You can avoid most problems by following these principles:

- Ensure that products are exactly as you have described or promoted them.
- If you are selling seconds or slightly damaged goods, ensure that you specify any defect that the customer should know about.
- Do not imply that you or your business, or the goods or services have endorsement, approval, performance characteristics or benefits that they do not have.
- Always state the full price.
- Make sure that you have adequate stock to meet anticipated demand or else state the actual numbers of items you have for sale.

Low deposit or low repayment terms

Advertisements that show goods or services available at an attractively low deposit, or on low repayment terms, may be misleading if the full price of the goods or services is not stated.

Any sale prices or discounts offered must be genuine

Traders should ensure that each representation in advertisements or promotional material is factual. In other words, the overall impression created about the goods or services being sold cannot be misleading.

For example: If a store advertises a sale with 20% off everything, then that is what the customer is led to believe.

Recently a retail store's advertisements and catalogue implied that EVERYTHING in the store was discounted by 20%. Yet, when a customer attended the store to purchase a watch, he was told that watches were not part of the sale as they were already discounted.

This is misleading advertising, as EVERYTHING in the store WAS NOT discounted by 20%.

Advertisements should provide details of the items not included in the sale.

Bait Advertising

'Bait advertising' involves advertising a small number of goods at attractive prices to entice potential customers into your premises and when the advertised goods quickly run out, customers are re-directed to higher-priced or lower-quality goods at the advertised price.

You are responsible for ensuring that adequate supplies of the goods are available for the duration of the sale. Goods should only be offered at a special price if they are available in reasonable quantities for a reasonable period. If you know you will be unable to supply them in reasonable quantities for a reasonable period and still go ahead, you may be committing an offence.

Example: It may be reasonable for an appliance retailer to have just five refrigerators available for a special sale, but unreasonable for a clothing retailer to promote a special sale on socks, if there were just five pairs available.

If the offer is for a limited period, state this in the advertisement. If stocks are genuinely limited, such as a clearance sale, say so in the advertisement.