

FTC FACTS for Business

Big Print. Little Print. What's the Deal?*



*How to Disclose the Details

Computer sellers — online and brick-and-mortar — inundate consumers with advertisements for “free” or low-cost computers. The offers usually involve rebates of several hundred dollars off the computer’s purchase price — *if* the consumer commits to a long-term contract for Internet service. Some of the offers may be good deals for consumers, but they are likely to involve complicated transactions.

Some advertisements for “low cost” computers omit important restrictions or conditions about the “deal,” or bury them in fine print or obscure locations. This information should be disclosed clearly and conspicuously in the advertising so that consumers can evaluate the merits of an offer and make an informed purchasing decision.

Rebated Computers and Internet Service

Many rebate promotions use big print to tout the *after*-rebate price of the computer. But often, the total price the consumer must pay up-front is buried in the fine print, if it's included at all.

Your advertisements should prominently state the *before*-rebate cost of the computer, as well as the amounts of the rebates. Only then will consumers know their actual out-of-pocket cost and have the information they need to comparison shop.

In addition, advertisers should prominently disclose whether the consumer is required to purchase Internet service to qualify for the “low cost” deal. The ad should state the key terms of the purchase requirements, including the cost and duration of the consumer's commitment to the Internet service.

Rebate promotions should clearly detail any additional terms and conditions that consumers need to know, like:

- ▣ penalties or fees for canceling the Internet service contract early. Some rebate offers require consumers to pay back all or a portion of the rebate; others tack on an additional fee.
- ▣ additional connection charges to access the Internet service. For example, consumers should be told that to access the Internet they may have to pay long distance phone charges, or expensive hourly surcharges for use of an 800, 888 or 877 phone number. This charge is in addition to the basic monthly Internet service fee. Consumers also should be told how to find out if local Internet access is available.
- ▣ how long before they will receive the rebate.

Advertisers should tell consumers what components are included in the offer. For example, if a monitor is pictured in the ad but is

not part of the deal, you must state this fact clearly and prominently. You also should include the cost of the monitor if it's sold as an add-on.

Don't Bury the Details

Your ads should clearly and conspicuously disclose all the information about an offer that is likely to affect a consumer's purchasing decision. Disclose the most important information — like the terms affecting the basic cost of the offer — near the advertised price.

Print advertisers should not attempt to hide the real cost or the critical terms or conditions by:

- ▣ putting them in obscure locations, such as the border area on a print ad;
- ▣ burying them in numerous, densely packed lines of fine print; or
- ▣ including them in small-type footnotes.

Television advertisers should not hide key information in:

- ▣ a fast moving “crawl”;
- ▣ superscripts or subscripts using small print sizes or a color that fades into the background;
- ▣ type that disappears from the screen too fast for consumers to read and comprehend; or
- ▣ the middle of a long statement that scrolls vertically on the screen within a short period of time.

Disclosures in Internet Advertising

Information affecting the actual cost of an offer should be disclosed close to the advertised price — that is, on the same electronic page and next to the price. Advertisers should not use pop-up windows or hyperlinks to other electronic pages to display key cost information. Hyperlinks may be useful to tell consumers about less critical terms and conditions of an offer, especially when the information may be extensive. For example, in rebate offers that require the purchase of Internet service, the cost of the Internet service should be disclosed on the same page as the

advertised price of the computer. But hyperlinks may be used to direct the consumer to the cancellation terms and additional Internet connection costs of many Internet rebate offers.

When using a hyperlinked disclosure, advertisers should clearly label the hyperlink so it shows the importance, nature and relevance of the information to which it links (for example, “Early cancellation of Internet Service may result in substantial penalties. Click Here.”). The hyperlink should be prominent, near the claim it is qualifying, easily noticeable, and lead directly to the qualifying information. Vague labels like “Terms and Conditions” are not enough to direct consumers to important restrictions or qualifications.

In addition, information that is significant to the advertised offer should not be buried at the end of a long web page that requires consumers to scroll past unrelated information. Consumers should not have to wander through an electronic maze to discover important conditions or limitations of an offer.

For More Information

For more information about online disclosures, including examples, see the FTC publication, **Dot Com Disclosures: Information About Online Advertising**. It describes the information businesses need to know to ensure that their ads comply with the law.

The FTC publishes other publications to help businesses understand compliance requirements. Many are available at www.ftc.gov, click on Consumer Protection for a list of subjects. For printed copies, contact the FTC, toll-free, 1-877-FTC-HELP.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency’s responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to www.sba.gov/ombudsman.

FEDERAL TRADE COMMISSION	FOR THE CONSUMER
1-877-FTC-HELP	www.ftc.gov

Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education

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