

“Build your reputation as a trustworthy supplier by adopting transparent pricing and good trade practices.”



The Consumer Protection (Fair Trading) Act (CPFTA)

is administered by  **COMPETITION & CONSUMER COMMISSION SINGAPORE**

The CCCS Guidelines on Price Transparency

provide greater clarity to suppliers on pricing practices which potentially infringe the CPFTA. These Guidelines are applicable to both online and physical store retailers. They encourage good trade practices in four main areas:

- | | |
|----------------------|----------------------------|
| (a) Drip Pricing | (c) Discounts |
| (b) Price Comparison | (d) Use of the Term "Free" |

a) Drip Pricing

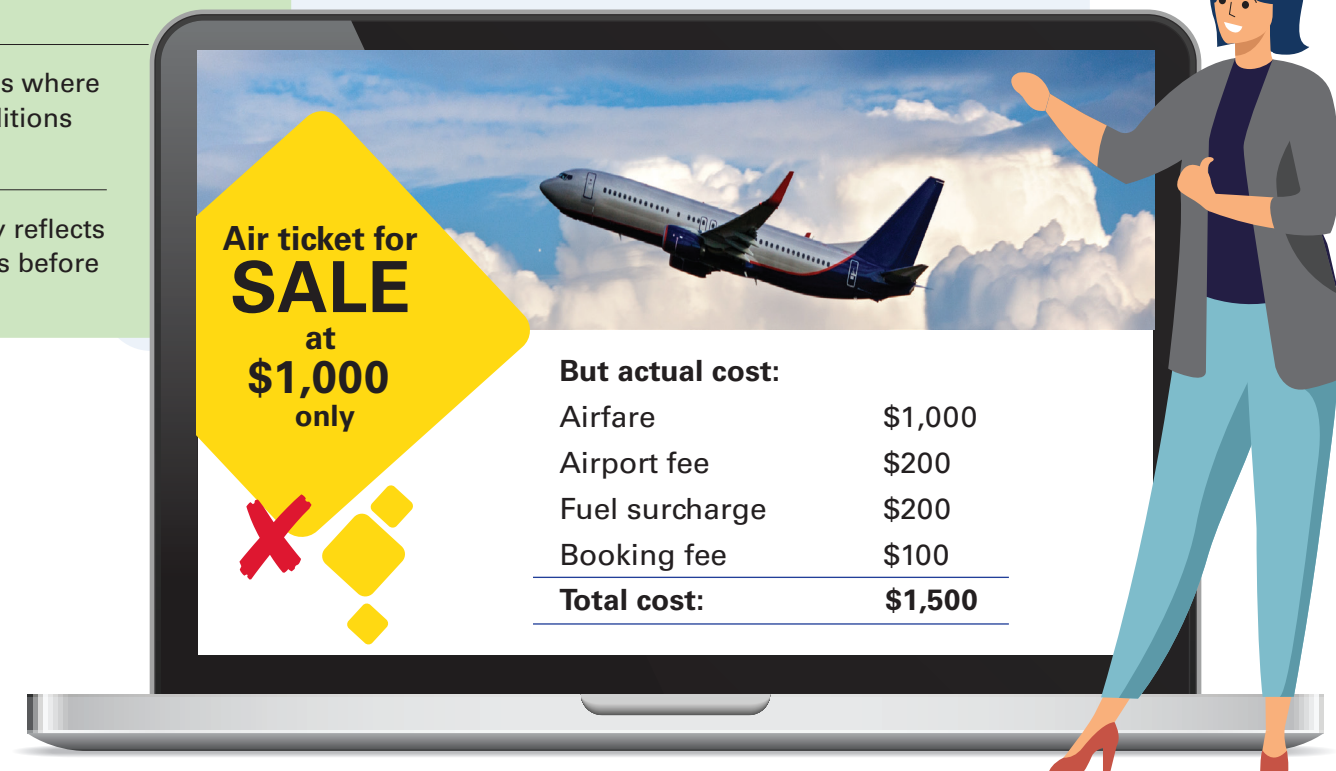
Displaying a headline price that omits mandatory charges and pre-ticked optional add-ons when the final price is higher

✓ Dos

- 1 Include mandatory charges in the headline price. If these charges cannot be calculated in advance, disclose the existence of such charges together with the headline price.
- 2 Require consumers to select the options they want (e.g. adopt “opt-in” approach for add-ons)
- 3 If pre-ticked boxes are used in respect of optional add-ons,
 - make the boxes prominent
 - disclose the price of such items and include the price in the headline price
 - disclose the material terms and conditions
- 4 Clearly display hyperlinks to terms and conditions where it is not possible to disclose such terms and conditions upfront due to space constraints
- 5 Provide a final itemised price listing which clearly reflects all mandatory and optional charges to consumers before they make payment

Examples of Potential Infringements

- Excluding mandatory charges or pre-ticked add-ons in the advertised price, resulting in a higher final price eventually
- Omitting key terms and conditions, making them difficult to find or hiding them in fine print



Air ticket for SALE at \$1,000 only

But actual cost:

Airfare	\$1,000
Airport fee	\$200
Fuel surcharge	\$200
Booking fee	\$100
Total cost:	\$1,500

>> turn to next section for more details

b) Price Comparison

Comparing prices with competitors to reflect a competitive price or a price advantage

✓ Dos

1

Ensure goods or services used for price comparisons are accepted to be similar or equivalent by consumers or trade norms

2

Record reference prices to prove that price comparisons are not false or misleading

3

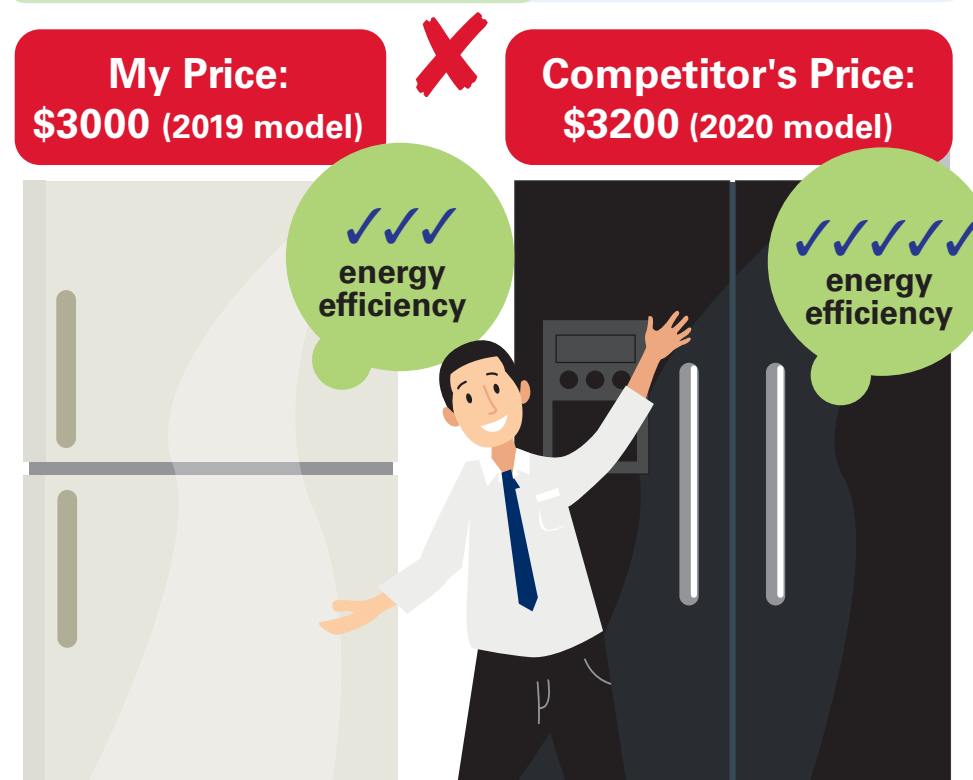
Periodically check reference prices and amend price comparisons accordingly

Examples of Potential Infringements

• Stating that a competitor's price is higher when it is not the case

• Making price comparisons that are no longer valid or current

• Comparing prices of an older model with a competitor's newer model with better specifications



c) Discounts

A supplier offers a price discount for its good/service

✓ Dos

1

Use genuine previous prices when making comparisons

2

Record evidence of past sales and prices

3

Time period of discounts should not be false or misleading. State time period of discounts clearly and prominently.

Examples of Potential Infringements

• Advertising a product as discounted from a price that was never offered or was offered for an insignificant period of time prior to the discount

• Bundling two products and pricing them at \$6 during a "buy-one-get-one-free" promotion when the two products are available separately at \$3 each

• Advertising goods or services at a discount for a "limited period" to mislead consumers into believing that there is a price benefit and scarcity in the availability of the promotional prices but in actual fact, the discounts are available for an extended duration

• Advertising the sale of a good or service at a discounted price but in actual fact, no items are available at that price



d) Use of the Term "Free"

Suppliers offer consumers "free" products/services, typically to entice them to try the product/service and eventually buy it

✓ Dos

1

Specify any incidental costs (e.g. shipping fees), qualifiers, subsequent charges and key terms and conditions clearly and prominently together with the "free" representation

2

Inform consumers before the end of free trial and provide clear information on the cancellation process

Examples of Potential Infringements

• Making consumers pay for the cost of a good/service which was represented as "free"

• Increasing the price or reducing the quantity, quality or composition of a product or service to recover the cost of a free gift/trial

• Representing a product or service as free when it is part of the package price

• Representing a product or service to be free when the supplier has no intention of providing the product or service

