

# The benefits of compliance

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Compliance with consumer protection legislation should not only be seen as a statutory obligation but can add value to an organisation by strengthening its customer relations. Voluntary compliance with the Consumer Protection Act (CPA) and the implementation of voluntary codes can have a positive impact on businesses. This article highlights the nexus between compliance with the consumer protection legislation and consumer satisfaction.

## Advertising

It is imperative that pertinent information which will impact on a consumer's decision to purchase not be hidden in fine print. Such information should be clearly displayed, enabling consumers to evaluate the true merits of an offer and make informed decisions. It would defeat the purpose to include information vital to a consumer in print that is illegible.

The Commission recognises that the cost of advertising is expensive and that businesses are trying to minimise costs. However, this should not be done to the detriment of the consumer.

Advertising is not only limited to the print media but is inclusive of radio and television. Pertinent information in television advertisements should not be hidden in fast moving fonts that fade into the background or types that disappear from the screen quickly before the consumer has had a chance to read and comprehend the information.

The correct attributes of products or services should be advertised. Pictorial representations in advertisements should accurately depict the product available for sale. The business should not advertise a product as being for sale with an accompanying picture that displays a more expensive or more popular model. This misleads consumers into believing that the expensive item is the one being offered at the advertised price. Remember, while the advertisement may lure consumers to your business, it will not induce them to buy. A misleading advertisement may lead consumers to question the integrity of the business and its products.

## Pricing

Research has shown that pricing is one of the most important determinants in a consumer's decision to acquire a good or service. In light of the current economic climate, businesses should therefore ensure that the prices advertised are accurate and reflect the actual price to be paid by the consumer.

If a business consistently advertises incorrect prices, it will not only contravene the CPA but may also result in the loss of consumer confidence. If a consumer recognises that the prices are not accurate, they may ignore the advertisement totally and the business will not observe any significant increase in the flow of customers when it advertises goods or services on special.

Businesses should also ensure that when “specials” are advertised, there is adequate stock to supply the demand. They should be cognisant of the fact that where there is the perception of a bargain, the demand will be greater than usual. In instances where there is limited stock, consumers should be so informed, and the number available specified in the advertisement which reduces the chance of a business being accused of bait advertising.

## Contracts

Businesses should provide all pertinent information to consumers upfront, especially if the consumer is required to sign a contract. Consumer contract terms should be in language easily understood by all consumers. In keeping with the CPA, all technical terms or legal jargon should be eliminated and replaced with terminology the average consumer can understand.

Businesses should also ensure that consumers understand the major provisions of the contracts before they sign. All costs that relate to the transaction should be disclosed to the consumer at the outset of the contract and if there are rates or fees that will be added to the cost, the consumer should be told before the contract is concluded. Consumers should be made aware of the length of time they will be committed to the contract.

If the commitment period is for one year, this should be communicated verbally to the consumer. Additional terms and conditions that consumers need to know should be disclosed, including penalties or fees for early termination of the contract.

## Advantages of compliance

Compliance with the Consumer Protection Act can help businesses to increase their customer base. Word of mouth is often the best and cheapest advertising tool and businesses that can inspire consumer confidence by accurately advertising the attributes of the product will benefit. Satisfied customers often share their experiences with friends and may even make recommendations.

On the other hand, a customer who is dissatisfied may be angry or upset and will not patronise your business. Furthermore, they may even share their stories with other consumers and dissuade them from patronising your business. Businesses should demonstrate that they have the consumers’ interest at heart to retain a good customer base and attract new customers. In the long run, gains that can potentially be realised or the goodwill developed by compliance with the Consumer Protection Act is certain to be achieved.

