

Advertising Bulletin

No.: **AD-2** Date: **July 26, 2006**

Subject: **MOTOR DEALER ADVERTISING GUIDELINES**
Advertising vehicle prices – savings claims for used vehicles

Reference: Part 2 of the Motor Dealer Advertising Guidelines

The Motor Dealer Council of British Columbia (MDC) publishes Advertising Bulletins to provide motor dealers, advertisers, and other affected parties with updates and interpretations of law and policy related to the regulation of advertising in the motor dealer industry in British Columbia. The information in these bulletins reflects the most recent position of the MDC in regard to enforcing legislative and policy requirements.

Where required, the Motor Dealer Advertising Guidelines have been amended to reflect the information in this bulletin and an updated version of the guidelines is available on the MDC website at www.mdcbc.com

If you have questions or comments regarding this bulletin, please contact:

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A. Savings claims for used vehicles

Part 2 of the Motor Dealer Advertising Guidelines contains the guidelines for advertising vehicle prices. On page 7, under the heading “Price comparisons and savings claims” is the following paragraph:

Savings claims for used vehicles

The selling prices of used vehicles vary so much that when a price is reduced it is likely due to market conditions rather than a reduction from a regular selling price. Therefore, sale prices for used vehicles must not claim or imply a cost savings by comparison to a regular price.

This paragraph has been removed from the guidelines, effective immediately.

The MDC recognizes that it may be reasonable to advertise a savings claim for a used vehicle based on a regular price, provided that the savings claim represents a real cost savings when compared with a legitimate regular price. However, any dealer advertising such savings claims

must be prepared to provide documentation to support the legitimacy of the claim if requested by the MDC.

B. Comparing prices of a late model used vehicle and a new vehicle

On page 7, the guidelines address price comparisons between vehicles as follows:

Comparing prices between vehicles

When price comparisons are used as the basis for a savings claim, the vehicles being compared must be identical. It is misleading to represent cost savings by comparing the price of vehicles that are not identical. For example, it is not acceptable to compare vehicles that are different models or model years, or vehicles that have different optional equipment or number of kilometres.

It is acceptable to compare the prices of different vehicles provided that:

- no explicit claim of cost savings is made, and
- the differences between the vehicles are clearly disclosed.

The practice of making a savings claim based on comparing the prices of a late model used vehicle and the price of an identical or similar new vehicle is a violation of the guidelines, even where the used vehicle and the new vehicle are identical in all other respects.

For the purpose of enforcing the guidelines, a used vehicle is always considered to be different from a new vehicle. Therefore, advertised price comparisons between any used vehicle and a new vehicle must not make a savings claim and must clearly identify that one vehicle is used while the other is new.