

Using MSRP in Advertising Part 1: A Caution

What is the first rule of advertising a motor vehicle?

The standard that applies to all advertising is, "Is it true?" If the MSRP is used to make savings claims, proof of those claims must be available. This includes documentation that the MSRP quoted is direct from the manufacturer.

If I make savings claims based on MSRP, what proof is needed?

Making savings claims based on MSRP can be made only if you have sold a substantial number of units at that price. Making claims that a buyer will save an amount off that price, if similar units have never sold at that price, is misleading. If you are advertising this way, the VSA will ask for sales records for a substantial number of vehicles sold at that price. These rules apply to any dealer list, regular price or ordinary price used as a benchmark price in savings claims.

What laws govern this practice?

Price savings claims standards have their roots in the federal *Competition Act*. As a result, it is included in the *Business Practices and Consumer Protection Act* (BPCPA) as an example of a deceptive act:

- *deceptive act or practice means a representation by a supplier about the total price of goods or services if a person could reasonably conclude that a price benefit or advantage exists but it does not Section 4 (1)(c)(i) of the BPCPA*

The B.C. Supreme Court defined a deceptive act as:

- *Any use, in the oral, visual, written or electronic communication of material facts, of a representation that tends to lead a reasonable person into making an error of judgment.*

Note: *Price is always a material fact*

Is the VSA enforcing these requirements for all dealers?

Yes. Dealers with misleading advertising are contacted to correct their advertising. If the problem persists, additional compliance action will be taken. The VSA does not have the authority to regulate the advertising of vehicle manufacturers. The retention of dealer records, including advertising and marketing materials, was outlined in the [August 1, 2017 Bulletin](#). Compliance undertakings on advertising can be found [here](#).

Competition Bureau Guidance

To provide consistency in evaluating the truthfulness of savings claims, the Registrar looks to the Ordinary Price Claims standards set by the federal Competition Bureau. They state that:

A person can make a price comparison about a product if the reference price reflects the price at which suppliers generally in the relevant market area have either:

- sold a **substantial volume** of the product within a **reasonable period of time** before or after making the representation (volume test); or
- offered the product for sale **in good faith** for a **substantial period of time** recently before or immediately after making the representation (time test).

The substantial volume of product requirement will be met if more than 50% of sales are at or above the reference price.

Coming soon:

Part 2 – RVs and MSRP
Part 3 – Sample ads



The VSA is an independent, non-profit agency that oversees the retail sales of personal-use motor vehicles in British Columbia. Please send your questions and comments to communications@mvsabc.com

