



Negative Option Marketing and Consumer Choice

*U.S. Federal Trade
Commission Workshop
Washington, D.C.
Thursday, Jan. 25, 2007*



Consumer Reports WebWatch

www.consumerwebwatch.org

Mission:

Improve quality and integrity of Web sites through investigative reporting, guidelines, and ratings

Guidelines (April 16, 2002):

- Identity: Tell us name, address, phone number, purpose
- Advertising and Sponsorships: Don't hide anything
- Customer Service: Be upfront about costs
- Corrections and Currency: Correct false information
- Privacy and Security: Do your best to protect

Guideline: Customer Service

(‘Endorsed’ By U.S. State Dept.; 300+ Sites ‘Pledge’ to Uphold; Used to Rate)

Sites engaged in consumer transactions should clearly disclose relevant financial relationships with other sites, particularly when these relationships affect the cost to a consumer.

Sites should *clearly disclose all fees charged, including service, transaction and handling fees, and shipping costs. This information should be disclosed before the ordering process begins.*

Sites should clearly state and enforce policies for returning unwanted items or canceling transactions or reservations.

Signatories: New York Times, Barnes & Noble, Monster, Orbitz, ING, CNN, Earthlink, WebMD, Eastman Kodak, Adobe, Aetna, Hilton, Marriott



Fantastique Cuisine

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All-Purpose Saute Pan



Price: \$89.95
S&H: \$7.95

The perfect pan for all your cooking needs — great for cooking food quickly over high heat or simmering slowly over low heat to bring out that perfect flavor. The deep design (4 quarts) easily accommodates your favorite stew or even a whole chicken. Plus, it can be used both on the stove top or in the oven.

This attractive and versatile pan is made with a hard enamel exterior and a nonstick interior.

It comes in three beautiful colors to go right from stove to table:

- steel gray
- bright yellow
- cobalt blue


NOTE: Purchase of this item enrolls you automatically for a free 30-day trial in the Closet Gourmet Cook's Club. Club membership is \$4.95 a month, automatically billed to your credit card. You'll be e-mailed 3 gourmet recipes each month from New York's finest restaurants, and you'll receive a recipe box with your pan that's yours to keep even if you decide to cancel club membership right away. Click here for more details.


▶ View similar items

Search

keyword or item #

 Add to cart

 Email a friend

 Add to regist

Consumer Reports WebWatch's guidelines for credible Web sites stress the importance of early, detailed disclosure. Here, we suggest telling consumers right away -- before they go deeper into the transaction -- that purchase of the pan automatically enrolls them in the recipe club. This disclosure language briefly markets the club on its own merits, and not too subtly points out that the membership can be canceled right away. The recipe box premium, as unexciting as it is, still serves to lend credibility to the value of the marketing club. In addition, those interested in learning more about the club, who may be truly interested in it, can click to learn more.

WebWatch's credibility guidelines say:

* Sites should clearly disclose all fees charged, including service, transaction and handling fees, and shipping costs. This information should be disclosed before the ordering process begins.



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Details on your free 30-day trial to Closet Gourmet Cooks Club

Consumers who purchase the pan will automatically be enrolled in a 30-day free trial of the Closet Gourmet Cook's Club. As a club member, consumers will receive in the mail with the pan a recipe file box for no additional charge. Consumers will then receive, by e-mail, three gourmet recipes each month. The recipes are from some of the finest restaurants in New York City, many of them featured in Tagat's top 100. Consumers also will receive special discount coupons for dining in restaurants throughout the U.S.

After the 30-day free trial, consumers will be charged \$4.95 a month for the recipes on the same credit card they used to purchase the pan. The \$4.95 a month charge will show up on credit card statements with the name Closet Gourmet Cook's.

Membership will continue indefinitely unless consumers cancel. Consumers can cancel at any time – even before the first shipment of recipe cards - and avoid receiving any cards or incurring any financial obligation – by calling 1-800-cookclub, or online at www.closetgourmetcooks.com. If consumers cancel before the first shipment, they can keep the file box.

Search
keyword or item #

Add to cart

Email a friend

Add to registry

[Terms & Conditions](#) | [Site Map](#) | [Privacy Policy](#) | [Contact Us](#) | [Fantastique Cuisine Home](#)



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You have added the following item(s) to your shopping cart:

All-Purpose Saute Pan (cobalt blue) 1
Gift Wrap? X

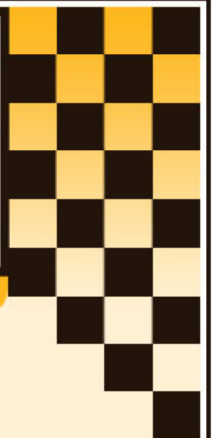
Total: \$89.95
+ (S&H) 7.95

\$97.90

NOTE: Clicking the checkout button and purchasing the all-purpose saute pan automatically enrolls you in a 30-day free trial of the Closet Gourmet Cook's club. Subsequent monthly membership \$4.95/month automatically billed to credit card as "Closet Gourmet Cook's".

► Change Order
► Cancel Order

Checkout



It's necessary to make clear to the consumer that the purchase of the pan automatically results in automatic enrollment in the free 30-day trial, with membership an added cost. Here we recommend clearly tying the disclosure language to the purchase action and calling attention to the third-party billing, which will be fully resolved on the next page.



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Shipping Information

Ship my order to:

Name*
Address*

City* State* Zip Code*
Daytime Phone*
Evening Phone
Email*
Confirm Email*
Shipping Method* The shipping address is also my billing address.

Payment Information

I understand the terms and conditions of this transaction, that purchase automatically enrolls me in a 30-day free trial of the Closet Gourmet Cook's Club. Fantastique Cuisine will disclose my credit card information to a third party which, after 30 days, will charge my account \$4.95 per month membership (as "Closet Gourmet Cook's"). With my purchase I will receive a free recipe file which I may keep even if I choose to cancel membership. I may cancel membership at any time by calling 1-800-cookclub, or online at www.closetgourmetcooks.com

Payment Type Card Number Expiration Month Year Verification Number [What's New?](#)

Continue

Before moving on to enter credit card data, consumers would have to check a box agreeing to the terms and conditions of the recipe club, and the third-party billing arrangement, spelled out clearly here before credit card information is entered. If the page is completed and the box left unchecked, the page would be returned with an error message prompting the consumer to agree to the terms and conditions or abort the transaction.

► Change O
► Cancel Or



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Review Order

Ship to:
Federal Trade Commission
600 Pennsylvania Ave., NW
Washington, D 20580
(202) 326-0123

Item	Price	Quantity	Total
All-Purpose Saute Pan (cobalt blue) Gift wrap: No	\$89.95	1	\$89.95
Shipping & Handling:			7.95
Tax:			9.00
One-month trial membership in the Closet Gourmet Cook's Club. Click here for details			FREE
Total:			\$98.95

[▶ Change Order](#)
[▶ Cancel Order](#)

[Place My Order](#)
 Click button **ONCE** to prevent duplicate orders

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It's important that the consumer be clear the free trial is taking place. The consumer will, at the least, receive a free recipe file, so we believe it's appropriate to incorporate the reminder in the transaction.



Home Shop GiftRegistry Store Locator Contact Us



ERROR! Please complete all fields marked in red.

You have added the following item(s) to your shopping cart:

All-Purpose Saute Pan (cobalt blue) 1
Gift Wrap? X

Total: \$89.95
+ (S&H) 7.95
\$97.90

- YES, enroll me in the 30 day FREE trial to the Closet Gourmet Cook's Club. \$4.95 will be charged for each additional month after the 30 day free trial. [Click here for offer details.](#)
- NO, I do not want the 30 day free trial to Closet Gourmet Cook's Club.

▶ Change Order
▶ Cancel Order

Checkout

Here's an example scenario of one possible way to join the recipe club. Consumers are given a choice, and the recipe club needs to sell itself on its own merits, rather than forcing the membership on consumers. One box would need to be checked in order to proceed -- yes or no. Those interested in the idea of getting free recipes can learn more about the club by clicking on the link and getting more information prior to proceeding. Those who just want to buy the pan can proceed to do that.