

# ***FTC Business Alert***

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

## **Electronic Commerce: Selling Internationally**

### A Guide for Businesses

Thinking about doing business online, or expanding your outreach on the web?

Consumers around the world are increasingly turning to their computers to buy a wide array of goods and services.

And because the World Wide Web is, as its name implies, worldwide, businesses that sell online can potentially reach billions of customers in every country of the world. Even small “mom-‘n-pop” companies with websites are attracting a client base never before possible. Many are discovering just how international the Internet really is, processing orders not only from the next town or state, but from the next continent, too.

That presents new challenges to sellers who have never shipped overseas and may have little experience with the taxes, duties and customs laws involved.

It also raises questions about consumer protections. When buying from an overseas vendor, what, if any, protections do consumers have if they run into problems? How safe is it to transmit credit information overseas via the Internet? How long will it take for an order to be delivered? Are unexpected taxes or duties routinely added to the price?

New international guidelines are helping to answer those and other questions. The United States and 28 other countries, working together as members of the Organization for Economic Cooperation and Development, have signed on to new guidelines.

#### **The guidelines:**

- set out principles for voluntary “codes of conduct” for businesses involved in electronic commerce;
- offer guidance to governments in evaluating their consumer protection laws regarding electronic commerce; and
- give consumers advice about what to expect and what to look for when shopping online.

The goal is to build consumer confidence in the global electronic marketplace by working to ensure that consumers are just as safe when shopping online as when shopping offline — no matter where they live or where the company they do business with is based.

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## **E-Businesses that adhere to the guidelines:**

- **Use fair business, advertising and marketing practices.**

They provide truthful, accurate and complete information to consumers, and avoid deceptive, misleading or unfair claims, omissions or practices. The businesses can back up all claims, such as claims about how well a product works or how quickly a product will arrive. They also make sure advertising and marketing material is identifiable as such and, when appropriate, identify its sponsor.

- **Provide accurate, clear and easily accessible information about the company and the goods or services it offers.**

They disclose the information consumers need to understand whom they're dealing with and what they're buying. These businesses post the company's name, its physical address, including the country, and an email address or telephone number consumers can use if they have questions or problems. They also provide a clear, complete description of the product or service being offered. That helps take the guesswork out of online shopping and could reduce the number of complaints filed by dissatisfied consumers after the sale.

- **Disclose full information about the terms, conditions and costs of the transaction.**

They provide consumers a full, itemized list of costs involved in the transaction, designating the currency involved, as well as terms of delivery or performance, and terms, conditions and methods of payment. If applicable and appropriate to a transaction, these businesses also include information about restrictions, limitations or conditions of the purchase; instructions for proper use of the product and any safety and health care warnings; warranties and guarantees; cancellation or refund policies; and whether after-sale service is available. If it's possible to carry out a transaction in more than one language, they make available all important terms and conditions in each language.

- **Ensure that consumers know they are making a commitment to buy before closing the deal.**

These businesses take steps to protect consumers who are merely "surfing" the 'Net from unknowingly entering into a sales contract. They give the consumer a chance to change the order before committing to the purchase or to cancel it altogether. They also allow consumers to keep a record of the transaction.

- **Provide an easy-to-use and secure method for online payments.**

They adopt security measures appropriate to the transactions to make sure that personal information is less vulnerable to hackers.

- **Protect consumer privacy during electronic commerce transactions.**

They disclose their privacy policies or information practice statements prominently on their websites, and offer people choices about how their personal information is used. They give consumers the opportunity to refuse having their personal information shared with others or used for promotional purposes.

- **Address consumer complaints and difficulties.**

They have policies and procedures to address consumer problems quickly and fairly, and without excessive cost or inconvenience to the consumer. They also take advantage of alternative dispute resolution mechanisms.

- **Adopt fair, effective and easy to understand self-regulatory policies and procedures.**

They extend to electronic commerce the same basic level of protections that cover other forms of commerce. The agreement encourages businesses to work with consumer representatives to develop policies and procedures that give consumers the tools they need to make informed decisions and to resolve complaints.

- **Help educate consumers about electronic commerce.**

They are helping create a consumer-friendly electronic marketplace. These businesses work with governments and consumer representatives to ensure that consumers understand their rights and responsibilities when participating in online commerce.

## **Governments' role**

The guidelines also call on participating governments to take steps to boost consumer confidence in the electronic marketplace. They encourage governments to evaluate their consumer protection laws to make sure they extend to online shopping, and to ensure that consumers have recourse if they are dissatisfied.

And they recommend that governments work together to combat cross-border fraud and help establish a climate for electronic commerce that balances the needs and interests of businesses and consumers.

Governments that signed on to the guidelines are:

Australia	Korea
Austria	Luxembourg
Belgium	Mexico
Canada	The Netherlands
Czech Republic	New Zealand
Denmark	Norway
Finland	Poland
France	Portugal
Germany	Spain
Greece	Sweden
Hungary	Switzerland
Iceland	Turkey
Ireland	United Kingdom
Italy	United States
Japan	

## A Checklist

# Is your business “consumer-friendly” for international e-commerce?

### Do you clearly disclose on your website:

#### **About You:**

- ✓ what kind of business you operate?
- ✓ your physical business address, including the country, and an email address or a telephone number consumers can use to contact you easily?

#### **About the Sale:**

- ✓ what you are selling, with enough details that consumers can make an informed buying decision?
- ✓ a list of total costs you'll collect from the customer, and the currency used?
- ✓ the existence of other routine costs?
- ✓ any restrictions or limitations on the sale?
- ✓ any warranties or guarantees associated with the sale?
- ✓ an estimation of when the buyer should receive the order?
- ✓ details about the availability of convenient and safe payment options?

#### **About Your Consumer Protections:**

- ✓ your return policy, including an explanation of how a consumer can return an item, get a refund or credit or make an exchange?
- ✓ where the consumer should call, write or email with complaints or problems?
- ✓ the opportunity for consumers to keep a record of the transaction?
- ✓ your policies on sending unsolicited email solicitations to consumers, including an opportunity for consumers to decline these offers?
- ✓ information about easy-to-use and affordable dispute resolution programs you participate in?

### Do you use Fair Business, Advertising and Marketing Practices?

- ✓ Do you provide truthful, accurate and clear information on your website?
- ✓ Can you back up the claims you make about your goods and services?
- ✓ Are your advertising and marketing materials identifiable to consumers as such?
- ✓ Do you disclose who's sponsoring an ad if it's not otherwise clear to consumers?
- ✓ Do you respect consumers' choices not to receive email solicitations?
- ✓ Do you take special care when advertising to children?

### Do you use Fair Information Practices that include:

- ✓ notice to consumers about your information collection practices, such as what personally identifiable information you collect, how you use it, and whether and with whom you share it?
- ✓ choices about how personally identifiable information is used and whether it is shared with others?
- ✓ procedures to ensure accuracy, including, for example, allowing consumers reasonable access to their information?
- ✓ security measures appropriate to the transactions on your website?