

Complying with the Appliance Labeling Rule: A Guide for Retailers

Since 1980, manufacturers of certain appliances have been required to attach EnergyGuide labels to their appliances to give consumers important information about the energy use of an appliance. The labels must be hung on the inside of the appliance or secured to the outside. They are designed to help shoppers choose appliances that use less energy and thus cost less to operate and are better for the environment.

The Federal Trade Commission's Appliance Labeling Rule requires EnergyGuide labels on:

- Refrigerators, freezers, dishwashers, clothes washers
- Water heaters, furnaces, boilers
- Central air conditioners, room air conditioners, heat pumps
- Pool heaters

SHOWROOM DEALERS

If you sell any of these appliances in a showroom, you are not permitted to remove the labels, cover them up, or otherwise make them illegible. If a label should become detached from an appliance on your showroom floor — a more likely occurrence for hang tags than for labels adhered directly to the appliance — it's a good idea to reattach it. You are required to provide this information to your customers.

Facts for Business

ONLINE SELLERS

If you sell home appliances online, you have to provide energy use disclosures pursuant to the FTC's requirements. Consumers who purchase appliances through a website or catalog never come face-to-face with EnergyGuide labels. To ensure that these consumers have access to the energy efficiency information on the EnergyGuide labels before they buy, the FTC requires merchants to post the information on their websites, and catalog sellers to print it in their catalogs.

If you sell certain appliances through a website, the following questions and answers should help clarify your legal obligations.

Q. What energy efficiency information must an online seller or a paper catalog seller provide?

A. Dealers who sell covered appliances online or through a paper catalog must disclose energy information for their products. To do so, they have two options:

1. They can display a copy of the EnergyGuide label for each product; or
2. They can provide the following information for each product:
 - a. The capacity of the model;
 - b. The estimated annual operating costs, and a statement explaining the basis for such cost information for refrigerators, refrigerator-freezers, freezers, clothes washers, dishwashers, room air conditioners, and water heaters. The required statement varies by product and is detailed here [<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=b5cf4c648ccb8dacc3ea6afd3520709&rgn=div5&view=text&node=16:1.0.1.3.29&idno=16#16:1.0.1.3.29.0.16.24>]; and
 - c. The energy efficiency or thermal efficiency ratings for pool heaters,

central air conditioners, heat pumps, and furnaces (including boilers).

Q. Must all websites provide this information?

A. Websites must comply with the Appliance Labeling Rule's disclosure requirements if they meet the Rule's definition of a catalog — that is, they contain “the terms of sale, retail price, and instructions for ordering” the product.

Q. Where on the website should the disclosure information appear?

A. You may put this information next to the description of the appliance, or you may use a hyperlink to take the reader to another page that displays the EnergyGuide label or contains the required information. If you use a hyperlink, it should be:

- Next to the description of the appliance so that the reader will see it. The link should be clear and conspicuous, that is, easy to see and notice.
- Readily identified as a link. Use visual cues for the link: make it a different color than the surrounding text, underline it, or incorporate a small graphic or icon. Using the same text style for all hyperlinks throughout your site will help the reader identify the link.
- Meaningful. It should give the visitor a reason to click on it. For example, labeling the link “EnergyGuide Information” is more likely to bring a consumer to the link than a label that says “Legally Required Disclosures.” Consider using a yellow-and-black EnergyGuide icon, which you can download from the FTC's website at ftc.gov/appliances.
- A direct connection to the energy efficiency information. The link should go directly to the page providing the information, not to an intermediate page that requires the reader to click again. In addition, the reader should

not have to scroll down the screen to find the applicable information.

Q. A manufacturer of covered appliances maintains a website with information about its products, including model numbers, photos, features, technical specifications, dimensions, and installation instructions. Is it required to post energy efficiency information on the site?

A. A manufacturer is required to include energy efficiency information on its website only if the site gives prices for the appliances and instructions for ordering them. If the site provides information about the appliances but doesn't offer them for sale, the FTC's disclosure requirements don't apply. However, a manufacturer may voluntarily place the labels on its websites. This helps alert consumers to the energy efficiency of its products and also helps retailers who want to replace labels that have become detached from models in their showrooms.

Q. A dealer sells appliances through a bricks-and-mortar showroom, and maintains a website with its address and phone number and information about its products. The dealer does not sell appliances through the website; indeed, it advises shoppers to visit its showroom. Does the site have to post the energy efficiency disclosures?

A. If a site does not provide instructions for ordering, it is not subject to the disclosure requirements. This applies even if the dealer accepts orders from consumers who see the product information on the website. Nevertheless, the dealer may want to provide the energy efficiency information as a customer service.

Q. A dealer sells appliances through a showroom and a website, but requires consumers who buy online to pick up their purchases from the showroom. Is the website required to post the disclosures?

A. Yes. The site is required to post the disclosures because it gives instructions for ordering appliances. It makes no difference whether the purchaser picks up the item at the showroom or has it delivered.

Q. A dealer offers appliances through a website. Consumers cannot order online, but the site gives consumers a telephone number to call to place their order. Is the website required to post the disclosures?

A. Yes. The website is required to post the disclosures because it gives customers ordering instructions. It doesn't matter how the customer places the order.

Q. A dealer sells appliances through a website but doesn't physically handle the merchandise. Once the dealer receives an order, it notifies the manufacturer or a local distributor, who makes — or arranges for — the delivery. Does the website have to post the disclosures?

A. Yes, because the dealer sells the appliances through its website, even though it doesn't stock them.

Q. Company X provides website services to an appliance dealer. The company designs the dealer's site, hosts the site on its server, and processes credit card orders placed through the site. The system routes the ordering information to the dealer, who fulfills the order and receives the payment via its merchant account. Is company X responsible for making the website disclosures?

A. No. Company X is involved in online appliance sales indirectly. Its services to the appliance dealer fall into the category of those provided by the dealer's telecommunications provider, landlord, or accountant. In this case, the dealer would be responsible for posting the required disclosures.

Facts for Business

Q. A trade association operates a website that serves as a locator and host for individual appliance dealers' sites. Based on a template, each dealer site has the same layout, but is "personalized." The trade association controls what is posted on the sites, and dealers cannot alter their sites. Each dealer's site allows customers to order online: When they click on a "Shop Online" icon, customers are transferred to a page where they select their appliance and then click on a "Buy Now" icon. The ordering information is transmitted directly to the dealer, who fulfills the order. Who is responsible for making the energy efficiency disclosures?

A. The dealers are responsible for making the disclosures. Although the dealers allow the trade association to control the site's content, each dealer offers appliances for sale. That makes each dealer responsible for disclosing the energy efficiency information.

Q. A portal operates a shopping area. Visitors click to a page where they can select a category of appliances. After choosing a category, they get descriptions of the models offered by several dealers, with links to each dealer. Visitors can order appliances through the portal, which forwards the information to the dealer. Who is responsible for posting the disclosures?

A. The dealer is responsible for posting the disclosures. The dealer is advertising in a catalog by virtue of the content maintained on its own site.

Q. A website offers information about a variety of appliances and recommends specific models. Consumers can click on an icon to get information about online dealers who sell the appliances. They also get information from the dealers' websites, displayed in a frame on the page, that they can use to place an order. Who is responsible for posting the disclosures?

A. The dealers are responsible for posting the disclosures because they are offering the appliances on their websites.

FOR MORE INFORMATION

For more information about the Appliance Labeling Rule, visit ftc.gov/appliances. For more information about complying with various FTC rules and guides, such as those covered by the FTC's *Dot Com Disclosures* booklet, visit ftc.gov and click on Consumer Protection, then Business Information. Or, call 1-877-FTC-HELP.

YOUR OPPORTUNITY TO COMMENT

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards collect comments from small business about federal enforcement actions. Each year, the Ombudsman evaluates enforcement activities and rates each agency's responsiveness to small business. To comment on FTC actions, call 1-888-734-3247.

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER

Federal Trade Commission
Bureau of Consumer Protection
Division of Consumer and Business Education