

ONLINE MARKETING GUIDELINES

The Electronic Retailing Association (“ERA”) believes that consumer confidence is the key to the continued growth and success of the electronic retailing industry. In order to encourage fair, ethical, and responsible online marketing practices that will promote consumer confidence in electronic commerce, ERA has adopted the following “Online Marketing Guidelines,” which apply to all online advertising (including Websites and commercial e-mail) by ERA members.

GENERAL PRINCIPLES

ERA members should be aware of the laws and regulations that govern online advertising and marketing practices, and conduct their business in compliance with those laws and regulations.

ERA members should encourage the companies or individuals with whom they do business to follow the principles set forth in these Online Marketing Guidelines, and should not do business with firms that violate those principles or otherwise engage in dishonest or unethical business practices.

Because these guidelines cannot hope to anticipate and answer all the questions that may arise due to technological advancements and other future changes in the global electronic marketplace, ERA members should look to the spirit as well as the letter of these guidelines, always striving to be fair and reasonable in their dealings with consumers.

Most importantly, ERA members should tell the truth, the whole truth, and nothing but the truth to consumers.

GENERAL GUIDELINES FOR ADVERTISING

All statements made in an online advertisement shall be truthful and not misleading, whether or not they are specifically made with respect to the product or service being marketed.

Online advertisements must not contain deceptive implied claims, nor omit material information, the disclosure of which is necessary to prevent the advertisement from being deceptive. Any necessary qualifying disclosures should be readily noticeable, legible (or audible), and understandable to ordinary online consumers. In other words, disclosures should be easy to find, easy to read, and easy to understand. Online advertisers are encouraged to utilize the unique technological features that distinguish the Internet from television and other advertising media to enhance the effectiveness of their disclosures. The effectiveness of such disclosures is ordinarily enhanced by proximity to the claims they qualify.

No ERA member shall create or disseminate any online advertisement that has a deceptive format (i.e., that appears to be a not-for-profit Website or noncommercial e-mail created or dis-



seminated by a disinterested party) or that otherwise purports to be something other than an advertisement. Where necessary to prevent deception, online advertising should disclose clearly and prominently that it is advertising. In addition, online advertising should include the name of the advertiser, its e-mail address, and a postal address or telephone number that can be used by consumers to contact the advertiser.

All comparative online advertising should inform buyers of the benefits of the advertiser's product, and not run down a competitor's product. Comparisons should be presented fairly and accurately rather than in a contemptuous manner intended to degrade the competitive product.

All statements regarding prices and costs must be truthful and substantiated. For example, if an online advertiser claims that the current price for an advertised product is less than a former price, the former price must be a bona fide price at which the product actually was offered for sale. Comparative price advertising should compare only actual prices for comparable products and must not be otherwise misleading. When "free" or similar representations are made, any conditions or obligations upon which receipt of the "free" item are contingent should be disclosed, and the cost of the "free" merchandise should not be recovered by marking up the regular price of the product that must be purchased in order to receive the "free" product, or by lowering the quality or quantity of the product that must be purchased.

Online advertising should not disparage any person or group on the grounds of race, religion, national origin, gender, age, or sexual orientation, or include indecent or offensive content.

Particular care shall be taken in online advertising for products designed for use by children. Any such advertising should comply with ERA's "Guidelines for Marketing Children's Products," with the "Self-Regulatory Guidelines for Children's Advertising" issued by the Council of Better Business Bureaus' Children's Advertising Review Unit, and with the FTC's "Children's Online Privacy Protection Rule."

CLAIMS SUBSTANTIATION

There must be a reasonable basis, consisting of competent and reliable evidence, for all express or implied objective claims made in online advertising for a product or service.

If online advertising contains an express or implied representation that a claim's truth has been scientifically established or proven, the advertiser must possess a sufficient level of evidence to convince the relevant scientific community of the claim's truthfulness. At a minimum, an advertiser should always have the amount and kind of substantiation that it claims it has. Particular care should be taken to substantiate health or safety claims for products such as dietary supplements, drugs, diet and exercise products, and medical devices. All representations



regarding the safety or efficacy of such products or services must be substantiated by competent and reliable scientific evidence.

Pictorial representations (including before-and-after photographs) or demonstrations of the product being marketed or a competing product must not misrepresent any material feature of that product or the product's actual performance in real-life conditions. All demonstrations must actually take place as represented or the details of the demonstration (such as the actual elapsed time) must be disclosed.

Comparative advertising claims, whether about a competing product or the advertiser's own product, must be truthful and substantiated in the same manner as any other objective claim. Such claims must take into account the purpose for which the competing product and the advertiser's own product are intended, the manner in which they are normally used by consumers, and the instructions for use that accompany the products.

TESTIMONIALS AND ENDORSEMENTS

Testimonials and endorsements in online advertisements may not make representations that would be deceptive or could not be substantiated if the advertiser made them directly.

All testimonials from consumers shall reflect the honest opinions, findings, beliefs or experiences of the consumer and be generally representative of the results to be expected by the average consumer. Alternatively, the advertiser may clearly and prominently disclaim that the experiences of the consumer offering the testimonial are not representative of the results to be expected by the average consumer, or disclose what results the average consumer can expect.

If an online advertisement represents that an endorser uses the endorsed product, then the endorser must have been a bona fide user of the product at the time the endorsement was made. The advertiser should not continue to use an endorsement without reason to believe that the endorser remains a bona fide user of the product.

When an online advertisement represents that an endorser is an expert, the endorser's qualifications must in fact give him or her the expertise that he or she is represented as possessing. An expert's endorsement must be supported by an actual evaluation, examination or testing of the product or service he or she is endorsing that is at least as extensive as an expert in that field would normally conduct in order to support the conclusions presented in the endorsement. An online advertiser should not continue to use an expert endorsement without reason to believe that the views expressed in the expert's endorsement continue to represent his or her views.



Any “material connection” between an online advertiser and an endorser that is not reasonably expected by the audience and that would have a significant effect on the weight or credibility given to the endorsement by that audience – e.g., a family or business relationship – must be disclosed. (Audiences expect expert or celebrity endorsers to be compensated, so payments to expert or celebrity endorsers need not be disclosed.)

DISCLOSURE OF COSTS AND OTHER MATERIAL TERMS OF AN OFFER

The terms of an advertised offer should be sufficiently clear and complete so that the average consumer will understand what is being offered, what it costs, and what his or her ongoing commitments or obligations are, if any, prior to purchase of the advertised product or service. The advertiser should make it clear if accessories or other items depicted or mentioned in an online advertisement are optional and not included in the advertised price. All costs related to an offer (including postage and handling, taxes, etc.) and other material terms must be disclosed. Where a customer is able to purchase an advertised item online, all costs and other material terms must be disclosed online.

Offers involving continuity programs should comply with ERA’s “Guidelines for Continuity Programs.” If consumers may purchase a good or service offered on a continuity basis online, the material terms and conditions of the continuity program must be disclosed online.

Online advertisers must not misrepresent the cost of any software, data, images, or other items that may be downloaded or accessed by consumers. Any fees or other costs that are associated with downloading or accessing such items (other than the usual connection charges assessed by the consumer’s Internet service provider or local or long-distance telephone carrier) must be disclosed before any cost is incurred.

The cost of calling or connecting to an advertised “pay-per-call” or audiotext service (e.g., a 900 number) must be clearly and prominently disclosed in online advertising.

Online advertisers should not place any charges on telephone bills when they know or should have known that the charge was not authorized by the consumer responsible for paying the telephone bill.

WARRANTIES

Online advertising claims relating to a product warranty must be truthful and consistent with the terms of that warranty, and the advertiser should disclose any material conditions, limitations, or charges relating to the warranty. Any warranty offered with a consumer product should be properly designated as “full” or “limited,” and should contain the basic information required by law (e.g., what the warranty covers and does not cover, what the period of coverage is, what the



warrantor will do to correct problems, how the customer can obtain warranty service, and how state law affects the customer's rights under the warranty). Any requests for repairs, replacement products, or refunds under the terms of a warranty should be honored promptly.

A copy of the warranty must be made available free of charge to any consumer who requests one, and online advertisements that mention a warranty should either include a clickable icon or hyperlink that enables consumers to view the full text of that warranty or inform consumers how they may obtain a copy of that warranty without purchasing the product.

ORDER FULFILLMENT, MONEY-BACK REFUNDS, AND CUSTOMER SERVICE

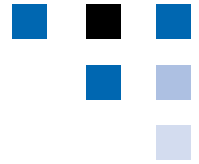
An ERA member should not advertise and offer merchandise for sale online unless it has a reasonable basis to believe that it will be able to ship that merchandise within the time specified in the offer (or, if no time is specified in the offer, within 30 days after receipt of an order). A member should not charge a customer's credit card account, debit a customer's checking account, or cash a customer's check or money order unless it has shipped or otherwise provided the goods ordered, or is prepared to ship or otherwise provide those goods immediately. If after receiving an order the marketer learns that the product cannot be shipped on a timely basis, it should notify its customers of that fact, allow them to cancel their orders if they wish, and make any necessary refunds promptly. A marketer should not substitute merchandise that materially differs from that ordered by a customer unless the customer agrees to the substitution.

A marketer who offers a satisfaction or "money-back" guarantee to its customers should honor valid refund requests promptly. Any online advertisement that mentions a money-back guarantee should disclose any material limitations or exceptions that may apply to that guarantee (e.g., "less shipping and handling"). Any marketer who offers a money-back guarantee should maintain an adequate reserve or otherwise ensure the availability of funds to satisfy refund requests.

An ERA member who offers consumers a "free trial" of an advertised product should not charge the customer's credit card, debit his or her checking account, or cash his or her check or money order until the free trial period has expired.

If you accept orders online, you should provide customers with an encrypted secure channel that uses 128-bit or stronger encryption for credit card and other confidential information.

An online advertiser should provide its customers with an e-mail address and a postal address or telephone number to use to communicate any complaints, inquiries, or refund requests, and should take all reasonable steps to respond to such complaints, inquiries, or refund requests promptly and courteously.



THE ONLINE COLLECTION AND USE OF PERSONAL INFORMATION

Online advertisers who collect personal information from consumers should not misrepresent the purposes to which that information may be put. Online advertisers should place “Privacy Policy” statements on their Websites that are readily noticeable, legible, and understandable, and that:

1. Provide notice concerning the Website’s information practices (e.g., how the site will use personal information collected from consumers),
2. Offer choice in how consumers’ personal information will be used,
3. Explain how consumers may obtain access to the information collected about them and maintained or used by the site, and
4. Address the security of consumers’ personal information maintained by the site from improper or unauthorized use by third parties.

Any online advertiser who shares personal information collected from consumers should provide consumers with the means to request that such information not be rented, sold, or exchanged. If a consumer requests that his or her personal information not be shared with third parties, that request must be honored. An online advertiser should not rent, sell, or otherwise provide a consumer’s credit card number, checking account number, or similar information to a third party (other than a third party who assists the member to process or complete authorized purchases or other transactions) without the consumer’s express authorization.

E-MAIL ADVERTISEMENTS

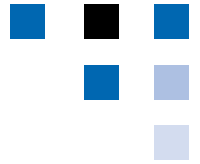
Online advertising in the form of electronic mail messages should not appear to be something other than advertising. (If it is not apparent from the content of the e-mail message that it is an advertisement, that fact should be clearly and prominently disclosed in the e-mail.) E-mail advertisements should not misrepresent the advertiser’s identity or e-mail address.

E-mail advertisements should provide consumers with the means to request that the advertiser not send them future e-mail advertisements, and to request that the advertiser delete their e-mail addresses from any lists they rent, sell, or exchange with other e-mail advertisers. If a consumer requests that the advertiser not send him or her future e-mail advertisements, or requests that the advertiser not share his or her e-mail address with third parties, that request must be honored.

E-mail advertisements should be posted to newsgroups, automated mailing list servers (“list-servs”), bulletin boards, chat rooms, or other online forums only when doing so is consistent with the forum’s stated policies.

SELF-CERTIFICATION/ENFORCEMENT

Subscription to these Online Marketing Guidelines is a condition of ERA membership. Members shall have the right to certify their compliance with these guidelines to members of the



general public and the media. Willful violation of the Online Marketing Guidelines is a basis for expulsion from the Association.