

## The Deodorant Dilemma

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During a visit to a local drugstore (part of a corporate franchise operation), after comparing the prices of a variety of anti-perspirants, Henry decided to purchase a Bonus Pack of Old Spice Anti-Perspirant. On the front and top panels of the bonus pack, it clearly indicates a "Buy 2 Get 1" Bonus. The shrink-wrapped bonus pack included three 48g containers of the product. The smaller print on both the top and front panels indicated the following: "COST OF BONUS INCLUDED IN PRICE OF 2 X 48g OLD SPICE INVISIBLE SOLID ANTI-PERSPIRANT." There was no price listed for the bonus pack on the bonus pack or on the shelf. However, the individual price of the 48 g size of the product was located on the shelf, indicating a price of \$4.29. Based on this information, as far as Henry was concerned, the price of the bonus pack should have been \$8.58 (2 x \$4.29). All products in question were located within the same shelf area of the store.

When Henry arrived at the checkout stand to pay for his purchase, the price of the Bonus Pack scanned at \$8.99. Henry informed the cashier that the price should be 2 x \$4.29 (i.e., \$8.58). The cashier immediately called for a price check. When the person who did the price check returned, she indicated that the \$4.29 price applied to the individual items, not to the Bonus Pack. The cashier informed Henry that he could buy the individual packages at the price of \$4.29 and forget about the bonus. Henry then informed the cashier that, under the store's Price Scanning Policy the store has with the Retail Council of Canada (the sign for this policy is posted at the front of the store and is attached to the register), he should get the bonus pack free, since it scanned wrong and is less than \$10.

The store clerk who did the price check then called for the manager of the day (i.e., MOD) to deal with the matter [actually this person was just the store's merchandiser, and not a manager or owner]. The situation was explained to him. The MOD insisted that the Bonus Pack price that scanned was the correct price, particularly, since there was no price on the shelf. The MOD indicated that the individual item price was not relevant to this sale. When Henry advised him that the individual price was relevant, the MOD then decided to phone head office for guidance.

When the MOD returned from making his telephone call, he indicated that Head Office supported his initial position - that the single item price was not relevant. However, he did offer to sell the Bonus Pack to Henry for \$7.99. Henry again informed him that, under the price scanning policy, the item has to be given to the customer free of charge; the MOD disagreed. Henry declined the \$1.00 price reduction, choosing to pay the original price in order to later substantiate his claim.

Henry told the MOD that he would be filing a complaint with the Retail Council of Canada and sending a copy of the complaint to the store's Head Office. The remedy Henry sought was to be

fully reimbursed for the cost of the Bonus Pack, including tax [i.e.,  $2 \times \$4.29 = \$8.99 + 0.63$  (GST)  $+ 0.72$  (PST) = \$10.34].

The above sequence of events, from the time Henry had his purchase scanned until he ended his interaction with the MOD was very time consuming for all parties involved. More than 20 minutes had transpired during this period. Later in the day, Henry returned to the store and purchased a single unit of the product for \$4.29. This action was carried out so that he would have documentation to verify his claim, along with using the original receipt.

After Henry filed his complaint with the Retail Council of Canada, copied to the Customer Service Department of the store, he received a response from the store. The store's position was that this situation did not reflect a scanning error, since no price existed at the shelf location. No compensation was offered by the store.

An interesting side note to this situation is that, the following day, the price of the 48g size of the product was on sale for \$2.99 (price on shelf and in the store's flyer). Also, all of the remaining bonus packs had either been sold or had been removed from the shelf.

**Focus:** Laws and regulations, relationships between channel members and channel facilitators, customer service, item pricing.

## Questions

1. Go to the Retail Council of Canada's website and examine the Price Scanning Policy that was established by all parties concerned. What are the specifics of this policy (i.e., when is a customer entitled to compensation and what is the nature of this compensation)?
2. Assume that the price scanning policy is not considered to be relevant, how would the (Federal) Competition Act apply? Review the Competition Act to determine which section(s) of this legislation could apply to this situation.
3. Assume that neither the price scanning policy nor the Competition Act is relevant, how would the (Federal) Consumer Packaging and Labelling Act apply? Review the Consumer Packaging and Labelling Act to determine which section(s) of this legislation could apply to this situation.

**Note.** A library and/or Internet search are required to find the required information. Your answers must be very specific and provide the specific details that apply (i.e., sections of relevant legislation, etc.). The information for the Competition Act and the Consumer Packaging and Labelling Act can be found on the website of the Competition Bureau. The Price Scanning Policy information can be found on the Retail Council of Canada website. Do not just copy and paste the relevant legislation,

paraphrase and incorporate the information within your answers. If you live in another country, what laws would apply to this situation?