## **UNIVERSITI TEKNOLOGI MARA**

# THE ADEQUACY OF THE LAWS AND REGULATIONS RELATING TO ONLINE ADVERTISING IN MALAYSIA FROM THE CONSUMER PROTECTION PERSPECTIVE

#### NUR HIDAYAH BINTI AB AZIZ

Thesis submitted in fulfillment of the requirements for the degree of Master of Laws

**Faculty of Law** 

December 2013

## **AUTHOR'S DECLARATION**

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student	:	Nur Hidayah binti Ab Aziz
Student I.D. No.	÷	2009577365
Programme	:	Master of Laws
Faculty	:	Faculty of Law
Title	:	The Adequacy of the Laws and Regulations Relating to Online Advertising in Malaysia from the Consumer
		Protection Perspective
Signature of Studen	t:	PP.

Date

December 2013

#### ABSTRACT

The emergence of the Internet has been currently affecting a number of areas in the business world including advertising. While online advertising presents a great number of opportunities in business-to-consumer (B2C) activities, yet, the global nature of the Internet has raised doubts in the field of law as to its suitability to the technological specificity of the Internet and its applicability to tackle the consumer issues relating to online advertising. As the law works differently online to the way in which it works offline, it is pertinent that the law must work in parallel with the systems established by the technology infrastructure. Therefore, the purpose of this study is to investigate the present state of the laws and regulations relating to online advertising for consumer protection in Malaysia. In order to reach this purpose, this study examined the extent to which the laws and regulations are adequate in protecting consumers in Malaysia. Proposals for improvement of the current position were considered in this study, and in view of that, this study also sought to compare the position in Malaysia with other jurisdiction such as the United Kingdom. Content analysis methodology was used in this study by means of analytical and comparative approaches. Interviews were also conducted with relevant authorities and luminaries in regard to online advertising. The study indicated that the current policy framework is inadequate as efficient and effective tools of control in protecting consumers against exploitation of their values, safety, behaviour and economic decisions. The findings had certain policy implications to improve the consumer protection within the sphere of online advertising.

## TABLE OF CONTENTS

ł	'a	g	e

AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
LIST OF TABLES	xiv
LIST OF FIGURES	xv
LIST OF CASES	xvi
LIST OF STATUTES	xvii
LIST OF CODES OF PRACTICE AND GUIDELINES	xviii
LIST OF ABBREVIATIONS	xix

#### CHAPTER ONE: INTRODUCTION

1.1	Background		
	1.1.1 Advertising and the Internet	1	
	1.1.2 An Overview of Online Advertising in Malaysia	2	
	1.1.3 Online Advertising Techniques	3	
	1.1.4 Online Advertising and Consumer Protection	4	
	1.1.5 Concluding Remarks	5	
1.2	Problem Statement	6	
1.3	Objectives of the Study	10	
1.4	Scope and Limitations of the Study	10	
1.5	Research Methodology		
1.6	Significance of the Study		
	1.6.1 The Consumers	13	
	1.6.2 The Advertisers	14	
	1.6.3 The Researchers	14	

### CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction			
2.2	The In	The Internet and Consumer Protection		
	2.2.1	The Specificity of the Internet	15	
		2.2.1.1 Global and Decentralized	15	
		2.2.1.2 Challenges to Legal Systems	17	
	2.2.2	Lack of Transparency	17	
		2.2.2.1 Impediments to Consumers	17	
		2.2.2.2 Disclosure of Information	18	
	2.2.3	The Need for Consumer Protection	18	
2.3	The S	The Status of Online Advertisement		
	2.3.1	The Rationales for Determining the Status	20	
	2.3.2	Divergent Approaches	20	
2.4	Issues Relating to Advertising Content			
	2.4.1	False and Misleading Advertising	22	
		2.4.1.1 The Widespread Problems	22	
		2.4.1.2 Moral and Legal Objections	23	
	2.4.2	Sex Appeal Advertising	23	
	2.4.3	Online Advertising Aimed at Children	25	
		2.4.3.1 Vulnerability of Children	25	
		2.4.3.2 Challenges for Regulation	26	
2.5	Spam	Spamming		
	2.5.1	Definition of Spam	27	
	2.5.2	Effects of Spam on Consumers	27	
	2.5.3	Consumer Protection against Spam	28	
		2.5.3.1 Global Consensus	28	
		2.5.3.2 Trespass to Chattels	29	
2.6	Concl	lusion	29	