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sales promotions

This checklist sets out different types of sales promotions and the key legal issues that your business should be aware of when running a sales promotion.



Sales promotions

Promotions like competitions or prizes are governed by various laws and voluntary codes. Failure to comply could result in you:

- Having to withdraw the campaign.
- Being fined.
- Suffering adverse publicity.
- Facing possible criminal prosecution.

Competitions

If there is an entry fee or some other contribution, e.g. calling a premium rate phone number, then success must depend on a substantial degree of skill. The competition should not just consist of guessing the outcome of a race, competition or other event, or guessing whether or not something will happen or is true, as these types of promotions can create legal problems.

Prize draws

A prize draw is a promotion where prizes are allocated by chance.

There must be no entry charge. In England Wales and Scotland you are allowed to require a purchase of a product as a condition of entry, but the price of the must not be inflated to cover the cost of the promotion.

The chances of success must be the same for everyone who enters a prize draw regardless of how they entered and the prize allocation must be by chance.

The rules are different and stricter for draws carried out in Northern Ireland.

A prize draw where there is an entry charge is deemed to be a lottery. You must be licensed to run a lottery and they are governed by complex rules and you must be licensed to provide a lottery.

More information

If you have any queries about the content of this checklist, please contact Amanda Doyle on amanda@doylelaw.co.uk.

The information in this checklist does not constitute legal advice and is provided for general information purposes only. No warranty, whether express or implied is given in relation to this checklist.

Price and value promotions

A price promotion could be money off or free extra volume or value.

The promotion must be a genuine price reduction or increase in volume that is applied for a particular period of time.

You must say when the offer ends or that it is "subject to availability". You should ensure that you estimate demand for the offer as accurately as possible.

The promotion must always be clear and not misleading. The comparison with the regular price or amount must be clearly marked and should not be ambiguous.

The goods must be the same quality and size as normally priced goods.

Free products (for example, "buy one get one free")

"Free" products must be that - free. The offer is not free if you have increased the price of any product the consumer must also buy or added other charges (beyond unavoidable cost, such as the true cost of freight).

Price comparisons and sales

If you are comparing the price to your previous or usual price (including volume promotions), then the previous price should have been the most recent price available for 28 consecutive days or more and comparisons should not be made with prices that were last offered more than six months ago.

Your business can reduce the sale price further if you wish, as long as you mention the interim price. You must be able to show proof of all prices used in comparison exercises.

You should not suggest the sale is for a shorter period of time than you intend. However, you can extend the sale period if you clearly announce it is an extension.

Notices saying, for example, "up to 50% off" can only be used if the maximum reduction quoted applies to at least 10% of the range of products on offer.

Introductory offer price

The offer must be limited in time and the product under promotion must be available after the promotion has ended at the same outlet but at the higher price.

Claiming an offer is limited when it is not is a criminal offence.

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