



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

PRICE REDUCTION

BUSINESS
GUIDELINES

INTRODUCTION

The Competition and Consumer Protection Commission (CCPC) is the statutory body responsible for promoting compliance with and enforcing competition and consumer protection law in Ireland.

If you are a business that sells goods, from 28 November 2022 you have new obligations when making price reduction announcements. These new obligations were introduced under the European Union (Requirements to Indicate Product Prices) (Amendment) Regulations 2022 (Amending Product Pricing Regulations). In simple terms, a price reduction announcement is a promotional statement by a seller that it has reduced the price of goods.

The biggest change concerns the transparency of price reductions. You must now provide specific information when announcing a price reduction, in particular by including the **'prior price'**.

These changes ensure that promotional announcements about price reductions are genuine. Businesses that do not comply could be subject to enforcement action by the CCPC.

OVERVIEW

All businesses who sell to EU consumers, including those offering goods via platforms, must comply with the new legal requirements. You must comply with all of the obligations in all distribution channels, such as in-store and online.

When making price reduction announcements you must:

1



Show the **prior price** of a good in the price reduction announcement. This is defined as the lowest price, or unit price (where applicable), applied in the previous 30 days before the price reduction was applied.

2



Base any reduction amount on the prior price.

3



Ensure the announcement is:

- easily identifiable as referring to the relevant goods
- clearly visible
- easy for consumers to read

4



In the case of a sales campaign where there are successive reductions in the price, the prior price you show should be the lowest price before the first of the price reductions was applied.

The obligations apply to businesses that sell goods to consumers. They also apply to businesses who sell goods on behalf of other businesses. They do not apply to services, including digital services and content.

The new regulations do not include a definition of a “good” and instead refer to “products”. The CCPC recommends businesses use the definition of a “good” in the Consumer Rights Act 2022 when considering which of their goods the new price reduction regulations apply to.

You can find details on general obligations on product pricing on the CCPC website.

WHICH BUSINESSES HAVE TO COMPLY?



The obligations apply to a business¹ that is the party in a contract with the consumer. This means the seller of the goods, and includes sellers using intermediaries (for example online marketplaces).

The obligations do not apply to:

1. Intermediaries that only provide the means for businesses to sell their goods. For example, online marketplaces.
2. Intermediaries that only aggregate and display information about the prices of other sellers. For example, price comparison platforms.

Below is more detailed information to help businesses comply with these new obligations.

WHAT IS THE PRIOR PRICE?



The prior price is the lowest price, or unit price (where applicable), applied to a product no less than 30 calendar days before applying a price reduction.

The day the price reduction is applied is NOT counted as part of the 30-day period.

You must identify the lowest price applied for the good during at least the last 30 days before applying the price reduction.

Example

A shop wants to make a price reduction announcement, and apply a price reduction announcement on 28 July for a hair dryer. It charged €45 for a hairdryer from 28 June to 15 July, then increased the price to €50 from 16 July to 24 July, further increasing the price to €55 from 25 July to 27 July - then €45 is the prior price.

Start of 30 day period 28 June	€45 28 June - 15 July	€50 16 July - 24 July	€55 25 July - 27 July	Price reduction applied 28 July
Price reduction cycle for hair dryer				

You are not required to say how long the prior price had been applied for. If a price reduction lasts longer than 30 days, the prior price is still the lowest price at least 30 days before the reduction was applied.

Under the Consumer Protection Act 2007, if you have stock with reduced prices, you have to have had the products on offer at the advertised original price for a reasonable period before the price was reduced.

The definition of “a reasonable time” is not specified by law, but the CCPC’s view is that an accepted practice would be to allow the reduced price for only so long as the product had been at the elevated previous price. For example, a product for sale at €100 for four weeks should only be advertised at the reduced price for no longer than four weeks.

You must base the reduction calculation on the prior price.

Example

A laptop cost €550 on 1 October, and increased to €600 on 15 October. The shop announces 20% off the laptop from 29 October. In this announcement, the shop must outline the prior selling price. This will be the lowest price applied in the 30-day period before the reduction is applied (€550). They must also base the reduction calculation on this price (20% of €550).

¹ Business incorporates “trader”, which is defined in the principal Regulations (S.I. No. 639/2002 - European Communities (Requirements To Indicate Product Prices) Regulation 2002), as “any natural or legal person who sells or offers for sale products which fall within the sphere of his or her commercial or professional activity”.

When to use the prior unit price

You may use the prior unit price if the selling price cannot be calculated until the consumer indicates how much they need. For example, if a consumer is buying fabrics or loose food items.

Selling price: the final price in euro, including VAT and taxes, for a unit of a good, or a given quantity of a good.

Unit price: the final price in euro, including VAT and taxes, for a unit of measurement, for example per kg, litre. For some goods, the unit of quantity is different, for example the unit of quantity for wine is 75cl.

PRIOR PRICE AND SALES CAMPAIGNS



Successive reductions as part of the same sales campaign

If you apply successive reductions one after the other as part of a sales campaign, you must use the lowest price in the 30 days before the first reduction as the prior price.

- You must gradually reduce the price without interruption.
- It must be part of the same sales campaign.
- The prior price is the same for all price reduction announcements during the campaign.

Example

The lowest price of a duvet in the 30 days before the sales campaign started was €40. The shop shows €40 as the prior price when it announces the first reduction, 10% off. They must use the same prior price when announcing and applying successive reductions of 20% and 30%.

PRIOR PRICE		€40
Reductions in same sales campaign	Reduction amount	Discounted price
1st reduction	10% off	€36
2nd reduction	20% off	€32
3rd reduction	30% off	€28

Separate sales campaigns within 30 days

The general obligations apply to separate sales campaigns that take place during a 30-day period. For example, “every Sunday in January, 10% off pillows” or sales campaigns that follow each other such as Black Friday, Cyber Monday or Christmas sales.

This means the prior price for each separate price reduction is the lowest price during at least the previous 30 days. This includes price reductions during the previous promotions.

Example

Laptop price 20 September–14 November = €1,500

Laptop price 15 November–24 November = €1,800

20% discount announced for Black Friday

Prior price = €1,500

Laptop price on Black Friday (25 November) with 20% discount applied = €1,200

Laptop price returns to €1,800 from 26–27 November

A new sales campaign for Cyber Monday is announced – 20% discount.

Prior price = €1,200

Laptop price on Cyber Monday (28 November) with 20% discount applied = €960

PRICE REDUCTION ANNOUNCEMENTS



You must state the prior price in all price reduction announcements. A price reduction announcement is any promotional statement made by a seller outlining that it has reduced prices for goods.

For example:

- Percentage discounts or reduced amounts such as “20% off” or “€10 off”.
- Showing a new lower price with the previous price such as “was €150, now €100”.

You must comply with the obligations even when a price reduction announcement does not include a measurable reduction. For example, “sales price” or “special offers”.

Specific good vs general price reduction announcements

The new obligations apply to price reduction announcements for a specific good on offer. There is a difference in your obligations in the case of price reduction announcements made by general statements.

Price reduction announcements can be made in various forms, including on the radio and television. They can also include:

- a reference to a specific good on offer, or
- general statements such as “20% off everything”

In an announcement about a specific good on offer, the prior price must be included. In a general price reduction announcement, the prior price does not have to be included in the announcement itself. However, you must show the prior price for the individual goods on price tags in shops or online.



A general price reduction announcement can also outline different discounts for different categories of goods. You must clearly show the different price reductions for each category. For example, “30% off red plant pots and 40% off green plant pots”.

When indicating the prior price of individual goods covered by a general price reduction announcement, there are two possibilities:

- 1.** In the past 30 days, you **have not** increased the price of individual goods and **have not** applied any other price reductions:
The prior price is the previous selling price of the goods. You will not need to change price tags or online information for the relevant goods.
- 2.** In the past 30 days, you **have** increased a price or applied another price reduction.
The selling price indicated on the tag or online cannot be used as the prior price as it will not be the lowest price in the past 30 days. You will have to adjust the relevant price tags or online prices for the goods covered by the general price reduction announcement.



General price reductions - group advertising

A central entity like a franchisor may advertise price reduction announcements on behalf of its members. This is called group advertising. However, each participating business is responsible for ensuring it displays the correct prior price for the relevant goods.

If a participating business has kept its prices the same in the 30 days before the price reduction is to be applied, they do not need to adjust the individual prior prices.

If this is not the case for goods featured in the campaign, the business must adjust the prior prices. This includes if they reduce the price of goods themselves followed by a reduction campaign by a central entity within 30 days.

Example

A shop selling a vacuum cleaner announces a flash sale of 40% off the vacuum cleaner for one weekend in March (4-6 March).

Price of vacuum cleaner on 8 February (30 days before the price reduction is applied) = €500

Price of vacuum cleaner on 4-6 March = €300

The price of the vacuum cleaner returns to €500 on 7 March.

Franchise group advertising campaign launched 10 March announces a 20% reduction on the vacuum cleaner from 10-15 March.

The individual shop must use the prior price of €300 on price tags or online, and sell the vacuum cleaner at €240 (20% reduction).

When making price reduction announcements, businesses can:

- Use the lowest price applied to a good in a period longer than 30 days as the prior price.
- Include references to other prices when announcing a price reduction. This is as long as they are clearly explained and do not distract consumers' attention away from the prior price. For example, "was €100, now €80, our lowest price in 3 months."
- Extend a reduction as long as it is clear to consumers that it is not a new campaign.

EXEMPTED PRICE PROMOTIONS



EXEMPTIONS

These obligations are focused on price reduction announcements. This means they do not apply to the following:

1. Long-term price reduction arrangements and specific individual price reductions.

For example:

- loyalty programmes (discount cards or vouchers)
- personalised price reductions (consumer birthday reductions, 10% off voucher on purchase).

However, they do apply when making announcements that appear personalised but are in fact offered to consumers in general.

For example, if you make available discount codes or vouchers to potentially all consumers visiting a store or shopping online during a specific period.

2. Price changes that do not involve a price reduction announcement.

The prices of goods can change at any time, and you are free to set them at whatever rate you wish. However, the new obligations apply when there is a price reduction announced.

3. Marketing that compares offers made by different businesses.

This also applies to price comparisons with other businesses, as long as the marketing does not create the impression of a price reduction.

4. Other techniques of price promotion that are not reductions.

For example, conditional offers (10% off when you buy two, or buy one/get one free).

What happens if a business does not comply?

Businesses that do not comply could be subject to enforcement action by the CCPC, such as criminal prosecution or issuing a fixed payment notice. The CCPC will monitor compliance with these Regulations, and investigate suspected breaches. In order to demonstrate compliance, the CCPC strongly encourages businesses to preserve records substantiating the pricing promotion.

Penalties

It is an offence to breach these Regulations, and businesses who do so may face a Class A fine. When determining what amount to fine an offending business, a court will consider factors such as the nature, gravity, scale and duration of the breach.

What is the status of these guidelines?

These guidelines reflect the views of the CCPC as of November 2022. The CCPC reserves the right to amend this guidance as necessary.

These guidelines do not constitute legal advice. A business must decide whether its conduct and/or that of its staff, complies with consumer protection law. However, these guidelines will help businesses in making that assessment. If a business has doubts about whether or not its conduct complies with the law, they should seek independent legal advice.



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