

ADVERTISING AND DISPLAYING PRICES

Was/Now, strike through or two-price advertising

One of the common advertising strategies used by businesses to attract sales is to mark down products for a limited period and highlight the savings to be made.

Was/Now also known as strike through pricing or two-price advertising occurs when a business advertises that a product was a certain price but is now on sale for a discounted price. It also applies when a business uses a percentage amount in savings for example 60% savings.

Businesses often advertise savings on products by:

- comparing to their previous non-sale price;
- comparing to their wholesale price;
- comparing to their a competitor's price; or
- comparing to the recommended retail price (RRP)

The use of Was/Now price statements is likely to represent that consumers will save money by purchasing the product during the advertised sale period.

Using Was/Now pricing is a legitimate marketing technique as long as it complies with the law. Prices displayed must be clear, accurate and not mislead consumers about the savings that may be achieved.

Was/Now pricing can be misleading

It is misleading to advertise that a product was previously sold at a higher price unless it was actually sold at that price for a reasonable time.

For example stating that a product WAS ~~\$150~~/NOW \$100 can be misleading if the product had not been offered for sale at the specified 'WAS' price of \$150. It can also be misleading if only a limited amount of the product were sold at the higher price in the time directly before the sale began. The reasonable period will depend on factors such as:

- the type of product or market involved; and
- the usual frequency of price changes.

If a business has a policy or practice of discounting goods when not on sale and uses Was/Now advertising in relation to sale periods, there is a significant risk that the use of Was/Now advertising will involve conduct that is misleading.

Tips for businesses

- Do not use Was/Now pricing to misrepresent the savings the consumers will achieve.
- When asked to substantiate the discounted prices businesses must demonstrate that a reasonable amount of products were sold at a higher price or at least had them offered for sale at the higher price for a reasonable period before the sale commenced.
- Keep records that will prove the period a product was offered for sale at various prices and that the item was actually sold.

If you require more information contact Consumer Affairs on 1800 019 319 or visit www.consumeraffairsnt.gov.au