

Commercial & Consumer newsletter

New Code of Conduct on price reduction announcements

The new Code of Conduct on Price Reduction Announcements, by virtue of which the Code of Conduct in force until now (Decision No. 66877/30-08-2024 of the Minister of Development) is abolished, provides clarifications and additions to the complex legislative status on discounts and offers. The most important points of the new Code are set out below.



The General Rule and Scope

Any announcement of price reduction shall indicate the prior price applied by the seller during the thirty (30) day period prior to the application of the price reduction. However, in case of a progressive (**without interruptions**) price reduction within sixty (60) days, the prior price shall be the lowest price in force prior to the application of the first of the successive price reductions.

As explicitly stated in the new Code, the seller/retailer is responsible for the compliance with the General Rule, and he must in any case comply with the relevant legislation, even if he has received promotional offers from his supplier.

The General Rule also applies to outlet stores.

The relevant legislation on the announcements of price reductions is in force since 2022, however according to recent confirmations from the Ministry of Development, audits and possible imposition of fines will start from March 2025.

Exception to the General Rule

The General Rule does not apply to the announcement of price reduction concerning fresh and perishable agricultural products and food products rendered unsuitable for consumption after 30 days from their production.

However, this exemption does not apply in the case of meals provided by restaurants which is considered to be provision of restaurant services.

The main clarifications/additions to the new Code

- a. The use of the Recommended Retail Price (RRP)
 - The recommended retail price is the price that a manufacturer or a supplier independently suggests to retailers to sell a product. It should not be false and should not be used to circumvent the General Rule on the announcement of price reductions.
 - It is prohibited to use the RRP as a reference price for the communication of a price reduction.
 - Traders must have evidence that the recommended price is the ordinary selling price of the product on the market.
 - The RRP cannot be used by the supplier/manufacturer himself in case he makes his products available for sale.
- b. The concept of personal deductions that are not included in the General Rule
 - Sellers may offer personal discounts through loyalty programmes, without the obligation to mention the reference price, unless the discount is offered to *all* consumers.
 - A *personalised/personal* discount should be addressed to a specific category of consumers and should not be accessible to all. A discount is considered personalised where there is a barrier to entry for all consumers to receive said reduction and is assessed on a case-by-case basis. Qualitative and quantitative criteria, such as the amount of previous purchases or the consumer's purchasing profile, the consumer's birthday discount or the application

to consumers who pay a **non-negligible** fee to obtain a membership card in a store, are taken into account in characterising the price reduction.

- The issuance of a store membership card, which is issued to *all* customers of the store without any conditions, by simply registering their contact details, is not considered an actual personalised price reduction.
- c. Cases of prohibition of unfair commercial practices (art. 9a-9i of Law 2251/1994)
- The sale of products at a permanent discount throughout the year may be considered an unfair commercial practice and therefore prohibited, according to the provisions on unfair commercial practices of the Law on Consumers' Protection (Law 2251/1994).
 - Offers in the form of 1+1 do not fall under the rule on announcements of price reductions, but are checked for compliance with the provisions on unfair commercial practices.
 - The discount may not be calculated at the till. A reference to a 30% discount on the value of a "basket of products" may be considered misleading and therefore an unfair commercial practice.
 - A permanent discount (e.g. sticker -1€) constitutes an unfair commercial practice.
- d. Multipack Offers
- They are allowed without time limit, provided that the individual product (mother code) is available on the shelf in sufficient stocks.
 - If the seller does not want to or cannot make available the individual product along with the multipack, then he must not make available the multipack for sale for more than sixty (60) days. The seller should mention in the offer the *ordinary* selling price of the product.
 - For short term offers (up to 60 days), the presence of the individual product on the shelf is not required.
 - If there is a price reduction on the individual product and a combined offer (e.g. 1+1), then the price of the combined offer should be calculated according to the final price of the individual product.
- e. Alternations between Price Reductions and Offers
- The alternations between price reductions and offers in the form of 1+1 must comply with the provisions on unfair commercial practices. On a case-by-case basis, they may be considered misleading. The main criterion is whether the price on which the seller relies for the offer is true and represents the **ordinary** selling price of the product.
- f. The announcement of reduction "up to"
- The announcement of reduction "up to" is allowed if a **significant percentage of the products** of the group in question are offered at the maximum discount indicated in such a way that the overall picture presented to the consumer confirms the claim.

g. Rules for Offer Brochures

- It is permitted (without applying the General Rule) to list products in brochures with prices without discount rates and titled “FAVOURITE PRODUCTS IN GOOD PRICES” or “FAVOURITE PRODUCTS IN SUPER PRICES”, provided that it does not give the impression of comparison with other time periods.
- Retailer chains which issue a single brochure for all their stores should, in addition to mentioning the discount, indicate the initial and final price for each product they list. If there are franchised stores in the chain which have their own pricing policy, then it should be explicitly and clearly stated in the brochure or television advertisement that they are not included in the respective announcement regarding the initial and final price and it should be ensured that it is clear to the consumer entering such a store that it is a franchised store.

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