

Section 4. Advertising and Pricing requirements

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Websites or Brochures displaying package holidays are required to indicate the price of each package in a legible, comprehensive and accurate manner. All price indications, including those on websites should make clear the basis for the price shown, e.g. departure date or standard of accommodation.

You should include any non-optional extra charges in the basic price and should not show them as additions, unless they are only payable by some consumers, e.g. single room supplements.

If the price displayed is not a fixed offer but liable to change before the consumer makes a booking, this should be made clear wherever it applies, e.g. by a box or annotation on each page of the brochure or webpage. The way in which the price will be calculated must be clearly explained, and the consumer

directed to where in the brochure or website the information is available.

If you reserve the right to increase prices after consumers have made their booking, this should likewise be consistently brought to the consumer's attention and the consumer directed to where in the brochure or website the information is available.

The Regulations restrict the ability of the Organiser to increase prices after the consumer has booked. So, Organisers may only alter the price of a package travel contract if that possibility has been reserved in the contract, and relates to these three scenarios:

1. Increase in transport costs due to changes in fuel prices or other power sources
2. Changes in taxes or fees on travel services imposed by third parties not involved in performance of the package, e.g. tourist taxes.
3. Exchange rates relevant to the package.

If a right is reserved to change the price for the reasons above, the contract must also allow for a price reduction if the same factors lead to cost reductions for the Organiser.

Furthermore, the price cannot be changed unless the Organiser notifies the traveller no less than 20 days before the start of the package. Price increases over 8% of the original package price are considered a significant change to the package and trigger the traveller's right to terminate the contract without a termination fee.

The Consumer Protection from Unfair Trading Regulations also prohibit 'misleading actions' and 'misleading omissions' that cause, or are likely to cause, the average consumer to take a different transactional decision, despite it being in the same time period.

We advise that advertisers should not provide information in a manner that is unclear or ambiguous. We have advised a number of larger Organisers that their advertising should not falsely state that a holiday price will only be available for a very limited time, in order to elicit an immediate decision. e.g. Luxury resort chain Sandals offered a seven-night all-inclusive break to Jamaica for £1,465 per person in its Summer Mega Sale. 'Save up to 60%... Hurry!' 'Only one day left,' the advert read.

However, the day after the 'sale' ended, the price dropped by £50 per person – and continued to run for another week – so no need to hurry after all as they added another seven days to the countdown clock!

The next important element is the availability of the advertised prices.

There are a number of requirements for those who advertise holiday prices. Price promotions should not contain false information about the price, 'the manner in which price is calculated' or the 'existence of a specific price advantage'.

The following are examples that may breach this requirement:

- advertising a price promotion for a product that is not in fact available at the advertised price;
- comparing your current price to a reference price that is not genuine. For example, price promotions which aim to demonstrate good value by referring to another, typically higher, price.

Examples of reference pricing are:

- 'was/now' prices, which compare an advertised price to a price the trader has previously charged for the product;
- after-promotion prices or introductory prices, which compare the current advertised price to a price the trader intends to charge in the future;
- comparing your own price to the higher price of a competitor but presenting the higher price as your own previous price;
- excluding a compulsory charge from your headline price;
- claiming a discount that is not in fact given to the consumer;
- claiming a discount for all of your holidays when all holidays are not in fact included in the offer – for example, '10% off all package holidays booked before end of September' when holidays to Spain are excluded. In this particular example we would need to ensure that the advert was not misleading and we would enforce the rules of the Consumer Protection from Unfair Trading Regulations.

Where holidays are advertised at a 'from' price, it has always been our view that there should be 10% of the holidays at this price. However, we and the Advertising Standards Authority (ASA) both now agree that there should be a significant number of holidays at the 'from' price and not specifically 10% as promotions vary. In advising Organisers regarding price promotions we always insist that the advert shall carry the statement that the holidays are always subject to availability.

We are also aware that some Organisers advertising pricing promotions online, like to highlight their prices in, "real time availability".

There is nothing incorrect with this type of advertising as long as there is a clear statement as to the length of time these prices are available. The examples on the facing page show how consumers can be confused by the wording in some price promotions, specifically concerning the amount of availability at the advertised price.

The ASA provide more advice on price promotions which can be obtained from www.asa.org.uk

Case study: Significant proportions

These mock adverts give you an example of how confusion with advertising can sometimes cause problems for consumers:

Sample advert text

Fantastic fares to St Malo!

Save £££'s by travelling to St Malo with us!

From

£235

Car + 2 return!

There should be a 'significant proportion' at this price

Sample advert text

Enjoy a break in France

Great value 4-day breaks this Autumn!

£175

Car + 2 return!

All the services should be at this price

Sample advert text

4 Nights in Jersey

At our 4* waterfront hotel

From only

£299

Per person

So there should be a 'significant proportion' at this price!

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