

CONSUMER AFFAIRS

Guidelines for traders

Gifts, Prizes and Gift Vouchers

This fact sheet provides some advice to retailers and service providers when offering gifts and prizes for promotion, and/or retailing gift vouchers.

GIFTS AND PRIZES

The rationale behind you providing generous gift vouchers or prizes to charitable and fundraising events is to promote your business and its services to prospective clientele and hopefully they will recommend your business to their friends.

If you offer gifts or prizes to entice customers to a special sale or promotion, it is important that you actually supply them as offered.

You can avoid most problems by following these principles:

- ensure that you disclose upfront any special terms and conditions to be met before the gift or prize is available;
- do not disguise the cost of the gift or prize by building it into the selling price of the advertised goods; and
- do not supply gifts or prizes substantially different from those promised in your promotion.

KEY POINTS WHEN ISSUING GIFT VOUCHERS

Gift vouchers, even those which are donated as prizes, are a contract. The recipient has the right to receive goods to the value nominated on the voucher and is bound by any conditions specified on the voucher.

The voucher should state clearly any conditions applying to its issue, including:

- the value of the voucher;
- the validity period (expiry date); and
- any restrictions on its use.

Retailers and service providers should also be particularly careful to ensure that full details of vouchers issued are retained as part of the company's accounting records.

This will avoid problems which might arise if a voucher is presented to your business several months or even years after it was purchased (assuming no expiry date was included on the voucher).

In the event of buying or selling a business, outstanding vouchers should be declared in the accounting records.

First impressions are lasting impressions; therefore it is in your best interest to ensure that the recipients of gifts, prizes and vouchers receive the goods as per the contract.

Follow a few general rules and gain the most out of your promotion and maintain customer satisfaction.

For further information contact Consumer Affairs

Old Admiralty Towers, 68 The Esplanade, GPO Box 1722, Darwin NT 0801
Ph: 08 8999 1999 - Fax: 08 8935 7727

or

Level 1, Belvedere House, Parsons Street, PO Box 1745 Alice Springs NT 0871
Telephone: 08 8951 8606 Fax: 08 8951 5442

or phone 1800 019 319

Email: consumer@nt.gov.au

Web site: consumeraffairs.nt.gov.au

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