

# Pricing Practices

## Loyalty pricing



### WHAT are the obligations?

Loyalty pricing refers to promotions that provide consumers who have signed up to a loyalty scheme with a discounted or preferential price on selected products.

Regular price  
£3.00

*Member price!*  
**£2.50**

In effect, **this is a form of reference pricing** (i.e. when businesses use price promotions that compare the current price to another / “was / now” pricing).

When using loyalty pricing schemes:

- any comparison between a non-loyalty price and a discounted loyalty price **must reflect a genuine price advantage** or saving;
- traders should avoid manipulating or inflating the non-loyalty price to make the promotion appear more attractive;
- the **non-loyalty price must be a genuine**, “usual” selling price for the item, established by offering the product for sale at that price for a significant period and making a significant number of sales at that price; and
- price promotions must not be structured or sequenced in a way that could mislead consumers about the saving offered (particular care is needed with consecutive or back-to-back promotions, which can overstate savings).

### WHAT should businesses do now?

- Review your current pricing practices to determine if they are compliant.
- See the **“How to Comply” section below for compliance guidance / tips.**
- See also our **Pricing practices – Reference Pricing guide.**
- Consider training and guidance for sales / marketing and other staff involved in pricing strategies and communications.



## HOW to comply?

Loyalty pricing has been scrutinised recently in the UK by the Competition and Markets Authority (CMA) as part of its review of loyalty pricing in the UK groceries sector:

- the CMA's report concluded that loyalty pricing offered genuine savings for consumers relative to the equivalent non-loyalty pricing; and
- the CMA issued guidance on how supermarkets should present loyalty prices to ensure they are not misleading under consumer laws. This guidance is a helpful reference for all traders offering loyalty pricing schemes and aligns with the CMA's approach to general reference pricing requirements.

### The basics:

#### Establish a "genuine" non-loyalty price before the promotion starts

- The non-loyalty price (against which the loyalty price is assessed) must be the **realistic price** that shoppers would pay if the product was not on promotion.
- **Do not manipulate prices to make promotions look more attractive** (e.g. increasing the non-loyalty price shortly before, or reducing it shortly after, a loyalty promotion – such as raising the price from £2 to £4 before offering a "£2 member price").
- The "genuine" non-loyalty price should be established by offering the product at that price for a **significant period immediately before the loyalty price promotion** (equal to or longer than the duration of any subsequent loyalty price promotion) and making a **significant number of sales at that price**.
- The non-loyalty price should continue to be charged to non-members during the loyalty promotion, and to all shoppers after the promotion has ended (unless genuine cost movements justify a change).

#### Avoid misleading pricing patterns

- Consecutive promotions have the potential to mislead shoppers – e.g. promoting a "was / now" deal after offering a loyalty price may be misleading where the non-loyalty price is used as the 'was' price if the majority of shoppers were unlikely to have paid the non-loyalty price, due to a large loyalty scheme membership. Traders should therefore avoid running consecutive promotions that risk misleading shoppers in this way.
- For example, the below promotion sequence is likely to mislead consumers:
  - **July:** Pasta sauce is sold at £2.20 to all shoppers;
  - **August (Promotion 1):** Loyalty scheme members pay £1.65; whilst non-members pay £2.20; and
  - **September (Promotion 2):** All shoppers pay £1.50, advertised as "was £2.20 / now £1.50".

Promotion 2 may mislead the average consumer, as it presents £2.20 as the previous price even though the product was recently offered (and likely purchased in greater volume) at £1.65.



## WHERE are these obligations set out?

**The UK Digital Markets, Competition and Consumers Act 2024 (DMCC Act):** this includes provisions to protect consumers by prohibiting unfair commercial practices, including prohibitions against misleading acts or omissions, or aggressive practices.

- **CMA guidance:**
  - on 27 November 2024 the CMA published its [Findings Report](#) on "Loyalty pricing in the groceries sector"; and
  - on 18 November 2025, the CMA published its updated Unfair commercial practices guidance - "[Guidance on the protection from unfair trading provisions in the DMCC Act](#)".