

Using loyalty programs as a promotional strategy in Colombia

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The Superintendency of Industry and Commerce (SIC) recently defined the rules applicable to loyalty programs in Colombia.

Loyalty programs that attract consumers to products or services by providing benefits, such as points, are categorized as "offers and promotions with incentives" by the Consumer Statute.

Those who promote or publicize loyalty programs are governed by the rules of the Consumer Statute and the Single Circular of the Superintendence of Industry and Commerce in order to avoid acts of deception to consumers through pieces of misleading advertising.

All advertising material, including loyalty plans created by the producer or supplier of a product or service, must provide the consumer with sufficient, clear, truthful, timely and accurate information regarding the products they offer in market.

Advertising will be deemed misleading when the conditions of loyalty program associated with a product or service are untruthful about its components, properties or benefits or when information provided is incomplete or not transmitted in a suitable way.

Finally, the SIC argues that the principles of economic freedom enshrined in the Constitution allows for individuals to carry out activities of an economic nature that create, maintain or increase assets. However, such freedom is limited by the rights of others and by the prevalence of the general interest.

Accordingly, entrepreneurs can enact market strategies for goods and services in a way they consider most appropriate as long as the limits imposed by the law and the general principles of law are respected.

For more information or assistance regarding this subject, please do not hesitate to contact us.

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