

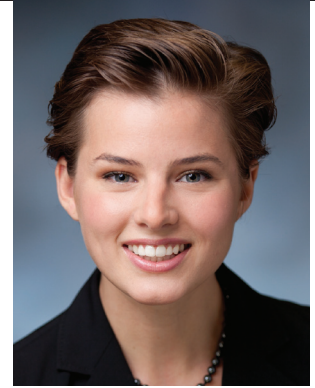
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Online Contests

Make them effective by simplifying the mechanics.



WINTERS



POPLAWSKI

Any good marketing department can tell you that easy-to-understand contest mechanics are the working engine of an effective online contest. Recently, we have noticed a concerning trend online: Businesses often try to do too much with a single contest or sweepstakes.

Why does this happen? It is easier to deploy a contest or sweepstakes online than through the traditional in-store retail approaches. Websites such as Facebook, Twitter and YouTube want your business and encourage you to conduct contests through them. And as the battle for eyeballs heats up in your business's marketplace, the need for salience in front of a target audience increases. This can (and should) drive a marketing or promotions department to dream up ingenious ways to reach a target audience.

From a business perspective, complicated contest mechanics can lead to confusion among entrants and may dissuade people from entering altogether.

In coordination with a strategically sound marketing and advertising plan, a good contest might just be the promotion your product or service needs to gain attention and induce trial.

However, as with a juicy apple in the Garden of Eden, we often counsel clients to resist the temptation to try to accomplish too much with a single contest or sweepstakes. When developing an online contest — whether it features a points-based redemption system, skill-based prizes or multiple levels of entry — it is important to keep contest mechanics simple, easy to understand and easy to administer.

You might think this sort of advice is obvious and goes without saying. But we find ourselves regularly saying it. From a business perspective, complicated contest mechanics can lead to confusion among entrants and may dissuade people from entering altogether. From a legal perspective, online contests must comply with online data privacy laws, the CAN-SPAM Act (which sets rules for commercial emails), and the aforementioned third-party website terms and conditions. If your contest involves the creation of any sort of intellectual property (e.g., a photo submission contest), then the rules and administrative mechanics will need to address the

licensing and ownership of the submissions, as well as the publicity rights of participants and winners.

As if that's not enough, it is important to understand how games of chance versus games of skill may affect your contest rules. For example, games of chance such as random drawings may not require "consideration." This generally means you may not require that entrants pay money, purchase your products or services or even fill out a marketing survey in exchange for participation in your contest. If your contest is one of skill, however, these limitations may be lifted. So, when first brainstorming your contest, consider whether your promotional goals can be accomplished with a game of skill rather than a game of chance.

Point systems have a particular tendency to complicate a contest. We often find that clients want to tie together their point systems with various methods of entry. This approach can work, but you must remain aware that an online contest of chance will very likely require a free alternative method of entry. A participant who enters a contest using a free alternative method of entry must be treated equally and have the same chances of winning as a participant who entered using the promoted method of entry. In this context, the more complicated the point system, the more difficult it will be to value each free alternative method of entry.

A multilevel promotion may, by its nature, simply be more complicated in the online environment. So be it. Businesses must still take care to ensure that participants can easily understand how to enter, when to enter and what the prizes will be, while not offending the various controlling federal, state and local laws. As online contests become more complex, it's helpful to know what options will best serve your promotional goals and objectives.

STEVEN B. WINTERS is a shareholder at Lane Powell, where he leads the intellectual property and complex transactions practice for the firm. **LISA D. POPLAWSKI** is an attorney at Lane Powell, where she focuses her practice on mergers and acquisitions, securities, corporate finance and corporate governance. Steve and Lisa regularly advise companies on the legal aspects of advertising and promotions. Reach him at winterss@lanepowell.com or 206.223.7740. Reach her at poplawskil@lanepowell.com or 503.778.2164.