

# 5 pitfalls of refer-a-friend sweepstakes options

When I saw an ad for a new Mexican restaurant that opened near my office, I thought about trying it. When I received a 10% off coupon in the mail, I thought about it again. But when my brother told me it was now his favorite restaurant, I went there for lunch on that very same day.

Without a doubt, a referral from your current customers is the best source of new customers. The same principle applies to sweepstakes and contests: You can increase participation through use of referrals.

As a result, “refer-a-friend” options are becoming very popular in the sweepstakes world, particularly with promotions pushed online or to social media sites.

These options appear in a various forms: “Refer-A-Friend,” “[Send-A-Friend](#),” “[Tell-A-Friend](#),” “[Tweet-A-Friend](#),” and other variations, all of which basically do the same thing. Facebook’s “Share” feature has a very similar function.

Sweepstakes sponsors routinely incentivize their customers with rewards of coupons, gift cards, products, or additional entries into the sweepstakes if they forward the promotion to friends. It’s clear: Refer-a-friend options are here to stay.

However, refer-a-friend options carry some risks. Before you ask sweepstakes or contest entrants to refer the promotion to a friend, be aware of five potential pitfalls:

### 1. **Being careless with consideration**

Make certain referring a friend doesn’t constitute the “consideration” required to enter the sweepstakes. If there’s no other way to enter the sweepstakes other than referring a friend, that requirement could be viewed as “consideration” under state law, which may result in authorities classifying the sweepstakes as an illegal form of gambling.

### 2. **Sending messages that could be ‘spam’**

Be aware that providing gifts or rewards to incentivize an entrant to refer your promotion through an e-mailed message to a friend may result in the application of the CAN-SPAM Act. Under the CAN-SPAM law, the sponsor may have to comply with the Act’s requirements regarding email messages, and the sponsor may be considered the “sender” of the e-mail to the friend.

### 3. **Playing favorites**

If the person referring a friend receives additional entries or otherwise increases their chances of winning the sweepstakes, ensure that entrants who pass on the “refer-a-friend” option have equal opportunities to obtain an identical number of additional entries.

### 4. **Allowing unlimited entries**

You may also want to consider placing conditions and limitations on the friends to whom the sweepstakes is being referred. For example, you may want to limit the number of referrals that one person can make, as a means of capping any problems that may arise by one entrant submitting huge numbers of inappropriate referrals. Similarly, it may be important to restrict referrals to persons over a certain age, those in a defined geographic area, or anyone employed by a sponsor. The bottom line is that all entrants must have the same odds of winning the prize(s).

### 5. **Not seeking consent**

You should also make certain that the friend to whom the sweepstakes is referred meets the eligibility requirements of the sweepstakes and is aware of and consents to the releases and disclosures contained in the official rules.

Referrals to friends can be a very effective way to increase the benefits of sponsoring a sweepstakes, as long as you take these precautions.



By the way, please use the icons above to forward this post to a friend.

*This post was written by retired Thompson Coburn partner Dale Joerling. If you have any questions about the topics discussed in this post, please contact Thompson Coburn partner [Hap Burke](#).*

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