

May I Run Sales and Promotions Which Will Negatively Impact the Other Competing Store?

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Question: Is a store permitted to undercut its competitor by running sales and promotions that may draw away customers?

Answer: As we said previously, one is allowed to compete with another store, as long as he does not put that store out of business.

When one runs a sale, it may have an adverse impact on the competitor's store, but generally speaking, it should not put him out of business. The other store has the option of acting in kind and running sales on other items to attract customers to shop in his store. Since it is an even playing field, we have no reason to assume that anyone will have their business ruined; therefore, running sales and promotions would be permitted.

Similarly, sometimes a local *tzedakah* organization will sell clothing or food for very cheap prices before yom tov to people who need these items. Since this is only done once or twice a year, it's true it may negatively affect the pre-yom tov profit margins of local businesses, but it will not destroy them completely; therefore, this would be permitted.

Having said this, if a business with strong financial backing would engage in a practice where they would slash the prices on every item in the store to below cost price, with the intention of completely undercutting their competitors and closing them down, that would be forbidden. Since the competitors cannot act in kind and still remain afloat, doing something like this would be considered completely ruining the other business, which is forbidden.