



## Deceptive advertisements of Malév

**The Competition Council of the Hungarian Competition Authority (Gazdasági Versenyhivatal, hereinafter: GVH) stated in its decision reached on 27 March 2007 that the marketing communication activity of Malév Zrt. misled consumers several times between 2004 and 2006. The air carrier gave insufficient information about the price of travel services and about the amount of additional charges. For this infringement, the Competition Council fined Malév HUF 30 million (approximately €120 thousand).**

During the last years, significant changes occurred on the market of passenger air transport. Low cost airlines challenged the classical national airlines. These airlines generally offer low fares in exchange for the elimination of many traditional passenger services. As a result of the stiff competition, furthermore, the aggressive marketing and advertisement strategy of the low cost airlines, the traditional companies felt forced to offer similarly flexible and lower ticket prices.

Airline advertisements influence consumers' choice. As a consequence of the insufficient information published by the air carriers, consumers only realize when they are paying for their tickets that the actual price is higher than it was promised to be by the advertisement. Before the takeoff, airlines may charge additional costs, like airport fees, service fees or various taxes and charges. Moreover, in contrary to previous practice, it happens several times that the advertised prices apply only to one-way tickets. Considering these practices, the GVH, in order to clean the market from unlawful practices, started proceedings against several airlines.

In one of the competition supervision proceedings, the GVH found Malév's certain advertising campaigns of 2004 and 2005 to be capable of deceiving consumers. Furthermore, the GVH stated that the airline also infringed competition law when it used the attribute unique in its banner campaign "unique prices, unique cities".

Furthermore, according to the opinion of the GVH, those of the radio advertisements were unlawful, which only indicated the basic tariff for which, however, clients were unable to travel. Those advertisements were also found to be infringing, which did not state the conditions under which the reduced prices announced in actions would apply. Examining the advertisements published in the printed media, the GVH considered the small printed sections to be part of the advertisements. Hence, as the GVH established, only those advertisements infringed the law, which did not contain the price actually to be paid or which did not provide information about the size of the additional costs. In the case of the hoardings, the GVH scrutinized only, whether their main message was formulated carefully, taking into account the minor role that small letter messages given by hoardings play in informing the target persons. When determining the amount of the fine, the GVH took the advertising costs of Malév as a starting point. It also considered how often the advertisements were published and how many consumers they reached. It was a mitigating circumstance that Malév co-operated during the proceeding and furthermore, that the airline did not repeat the violations which were found in an earlier proceeding. Considering all this,

the GVH decided to impose a fine of HUF 30 million (approximately €120 thousand) on Malév.

The registration number of the case is: **Vj-147/2006**.

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Hungarian Competition Authority

Communications Section

Further information:

András Mihálovits

Gazdasági Versenyhivatal

Address: 1054 Budapest, V., Alkotmány u. 5

Postal address: 1245 Budapest 5. POB 1036

Telephone: +36-30 618-6618

E-mail: Mihalovits.Andras@gvh.hu

<http://www.gvh.hu>