



GAZDASÁGI
VERSENYHIVATAL

The advertisement campaign of Electronics about the rebates infringed the competition law

The Competition Council of the Hungarian Competition Authority (GVH) established in its decision that the leaflets titled "*Euronics Műszaki Áruházlánc*" („Euronics Retail Chain for Technical Goods” of Euronics Kft. published between 10 April 2006 and 9 August 2006 about its rebates was suitable for deceiving consumers. The four undertakings concerned by the case were fined HUF 45 million as a total.

The leaflets informed their readers on promotions relating to uniform rebates, which were granted to consumers by the prices at which consumers could buy the goods that were popularized by the leaflets and were available for consumers in each of the 134 outlets belonging to Euronics Retail Chain. The extent of the reduction was identified in every leaflet as the difference between the “reduced price” and the “retail price recommended by the distributor”, as of the basis of the comparison. The GVH found, that the price indicating practise used in the leaflets infringed the law.

During the proceeding it was established, that the retail chain acting under the name Euronics comprises outlets of Vöröskő Kft., Elektro-Quality Kft. and Bravotech Kft., either owned or operated, based on a franchise, by the aforementioned companies, each of which – or in the case of Bravotech each of the outlets of which – conducted their own, independent business policy per undertakings– including the setting of non-promoted (non-action) prices for the products. It could be established due to these circumstances that neither the retail prices of the individual outlets nor any average price of those retail prices could be equal to the prices recommended by the distributors. As far as their contents are concerned, prices recommended by the distributor are not the same as list prices used in business practice, either. An important feature of the list price is products are available in fact at list prices even though rarely do this as they usually prefer the actual discount prices. However consumers could not buy or could only accidentally buy the products, which are subjects of actions, in Euronics-outlets in non-action situations.

Taking the abovementioned facts into consideration, the price recommended by the distributor does not contain any meaning for the consumer, which could help him/her to form an opinion about the extent of the discount, which the reduced price grants to him/her in comparison to the recommended price. The price recommended by the distributor is only a proposal, the retailers can depart from it at any time, in any direction and to any extent. Thus it could not be stated correctly, that the price recommended by the distributor would be some kind of an average or a determining element of the actual retail prices.

The price indicating practice, which indicates in the leaflets the margin between the reduced price and the price recommended by the distributor gives consumers the impression that price actions usually give and makes consumers think, that they can receive a significant price reduction. In the retail trade of technical goods consumers are especially sensitive to the promise of discounts and rebates. Therefore the promise of an available price reduction is in itself suitable for influencing the purchasing decisions of consumers who do not really know the extent of the reduction. Hence, the GVH assessed the price indicating practices in question as a practice, which is suitable to mislead consumers.

During the proceeding the GVH established that the infringement was committed not only by Euronics, which published the leaflets, but also by its owners Vöröskő, Bravotech and Elektro-Quality Kft. The four undertakings were fined altogether HUF 45 million and these were prohibited from the continuation of the infringing conduct.