



GAZDASÁGI
VERSENYHIVATAL

TESCO fined HUF 100 million for unfair manipulation of consumer choice

The Competition Council of the Hungarian Competition Authority established in its decision issued on 6 July 2006, that Tesco-Global Áruházak Zrt. pursued a behaviour capable of unfair manipulation of consumer choice, when it made false declarations concerning several products in its advertisements. The Hungarian Competition Authority (hereunder: GVH) when calculating the HUF 100 million fine took the fact that this was the ninth decision made against TESCO into account as an aggravating circumstance.

The present competition supervision proceedings concerns certain declarations on its products made in a few million copies of advertising brochures.

The purpose of the prohibition of unfair manipulation of consumer choice is the protection of consumer's free choice between goods and services, rendering the manipulation of consumer choice unlawful, which results in the restriction and distortion of competition. These rules protect competition on the market in such a way, that they do not allow the mechanism of consumer choice to be unfairly manipulated. Unfair manipulation of consumer choice has or might have an impact on competitors and on the choice between the same products or on products which are reasonable substitutes for one another, thus affecting the competitive process.

It is a general requirement of competition law towards undertakings pursuing an economic activity with the aim of profit making to give true and correct statements regarding themselves or the substantial features of their products. In case of discounts and declarations made in advertisement brochures this requires that the consumer must be placed in a position in which he can have an accurate image of the discount, the terms of the reduction, the products available on a discount or the products advertised in brochures.

The GVH established in its decision that

1. TESCO stated in its advertisement brochure (valid between 27 July 2005 and 9 August 2005), that by buying the „Fuji FinePix” digital camera consumers will save 35% and they will get a 16 MB xD card for free, although these declarations proved to be false;
2. TESCO published a different picture of the product called „Cindarella-kastély” in its advertisement brochure, which had much more favourable features than the product sold on its premises;
3. the „Bosch HSF44K32NO” gas cooker promoted in the advertisement brochure valid between 30 november 2005 and 24 december 2005 was not available in every TESCO shop on the first day of the discount.

4. the „Sony S60” digital camera promoted in the advertisement brochure valid between 14 december 2005 and 24 december 2005 was not available in every TESCO shop on the first few days of the discount.

The Hungarian Competition Authority (hereunder: GVH) when calculating the HUF 100 million fine took the fact that this was the ninth decision made against TESCO into account as an aggravating circumstance.

Case number: Vj-22/2006.

Budapest, 6 July, 2006

Gazdasági Versenyhivatal
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