



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 unfairly manipulating 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 into account the fact that this was the ninth decision made against TESCO as an aggravating circumstance.

The present competition supervision proceeding concerns the information given on its products Tesco 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 from goods or services, declaring 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 may have an impact on competitors and on the choice from the same products or from 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 about themselves or the substantial features of their products. In case of sales actions and statements made in advertisement brochures this requires consumers to be placed in a position in which they can have an accurate image of the action, of how to utilize it, of the products available in it 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 can save more than 35% and they will get a 16 MB xD card for free, although these statements proved to be false;
2. Tesco published the picture of a product called „Cindarella-kastély” („Cindarella castle”) in its advertisement brochure, i. e. the picture of a product which had much more favourable features in comparison to that sold in its premises;
3. the gas cooker „Bosch HSF44K32NO” promoted in the advertisement brochure valid between 30 November 2005 and 24 December 2005 was not available in all of Tesco's stores in the first few days of the action;

4. the digital camera „Sony S60” promoted in the advertisement brochure valid between 14 December 2005 and 24 December 2005 was not available in all of Tesco’s stores in the first few days of the action.

The GVH took into account when calculating the HUF 100 million fine, the fact that this was the ninth decision made against Tesco as an aggravating circumstance.