



GAZDASÁGI
VERSENYHIVATAL

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. mislead 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. As an answer to the development of tourism, low cost airlines were set up besides the classical national airlines. These airlines do not satisfy luxury demands; rather they have the goal to attract with lower prices. 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 could have been utilized. Examining the advertisements published in the printed media, the GVH also considered the small printed sections as being part of the advertisements. Therefore, only those advertisements infringed the law, which did not contain the exact price. In the case of the giant posters, the GVH scrutinized whether the main message was formulated circumspectly and whether the small lettered sections contained the main information.

Determining the amount of the fine, the GVH take 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 since the last proceeding the airline did not commit any violation of the law. On the basis of all this, the GVH decided to impose a fine of HUF 30 million (approximately €120 thousand) on Malév.