



GAZDASÁGI  
VERSENYHIVATAL

## **Rebates offered by Intersport proved to be a fake**

**Ads published by Intersport promised more beneficial rebates than the ones available in reality, thus misleading consumers – established the Hungarian Competition Authority (the GVH). The sports retail chain was fined HUF 5 million (approx. EUR 17 thousand).**

The GVH initiated a proceeding against Intersport Austria GmbH in July 2008 investigating the discount practices of the sports chain between June 2007 and July 2008. There are nine Intersport stores operating in Hungary. Intersport Austria GmbH concluded franchise contracts with independent sports retailers to use the Intersport brand and to operate the stores. In the period under investigation, the stores published several ads on different discounts, each of them containing an “original” price lined through and a discount price. According to the advertising practice of Intersport, the rebate offered to consumers was highlighted in the ads. In some cases a notice with tiny letters appeared on the edge of the page announcing that the original prices in the ads are the selling prices recommended by the manufacturer/supplier. However, the GVH found that the ads obviously suggested that Intersport was offering rebates concerning the retail prices applied in its stores.

According to the GVH, it is eligible for the deception of consumers if an undertaking only applies the prices lined through temporarily in the ads temporarily or not at all applies them prior to the discount period. Intersport had never applied the prices lined through in retail trade, thus the significant rebates it offered concerned prices that had never been applied for the advertised products. Since the prices recommended by the suppliers were many times significantly higher than those actually applied by Intersport prior to the discount period, the amount of the rebate appearing in the ads was much higher than the real one. This practice of Intersport created the false impression of saving more money to consumers.

The GVH established that the ads of Intersport stores were eligible for the deception of consumers, thus Intersport Austria GmbH was fined HUF 5 million (approx. EUR 17 thousand). Both the franchisor and the franchisee undertakings were found liable for the infringement, since the publishing of the ads served the interests of all parties. However, only Intersport Austria GmbH was fined, because being the franchisor it had played a primary and significant role in the development of the infringement. When calculating the amount of the fine the GVH considered as an aggravating circumstance that Intersport /must have been aware of its marketing practice being unlawful according to the Hungarian law. In the case of its own brand products Intersport put an end to its advertising practice objected by the GVH during the proceeding and in the case of other products the unlawful practice was slowed down, which proved to be a mitigating circumstance.