

eMag Fined HUF 50 million for Failing to Meet its Commitments to the GVH

30 January 2023, Budapest - Based on the investigation of the Hungarian Competition Authority (GVH), the operator of the eMAG webshop breached certain obligations undertaken to the GVH and its users in compensation for its previous infringing actions. However, the part of the compensation scheme completed so far has achieved its objective, i.e. the Competition Authority's proceedings have directly benefited consumers by more than HUF 1 billion by the end of 2021.

In 2021, the national competition authority [imposed a HUF 200 million fine and obliged the operators of the eMAG webshop to implement its HUF 4 billion compensation commitment](#), after finding that their practices were persistently unfair to consumers. Part of the set of commitments (the HUF 3 billion programme to support domestic undertakings) will be completed only in autumn 2024, but the deadline for eMAG to compensate consumers and correct unlawful price discrimination has passed. As in all similar cases, the competition authority therefore examined whether the conditions were met.

The follow-up investigation found that the redemption of coupons for consumer compensation exceeded the minimum threshold set by the GVH until December 2021, i.e., the authority's obligation resulted in direct compensation of more than HUF 1 billion for domestic consumers. However, the investigation also found weaknesses in the implementation of the requirements.

According to the findings of the national competition authority, the webshop excluded certain products from the use of the coupons, breaching its commitments. Some product ranges (such as Extreme Digital's entire product range) were only temporarily affected by the deficiency, while some less demanded product categories were affected permanently.

In addition, the group has not fully aligned its price unlawful display practices with its own commitment to promote informed consumer choice. Although the webshop stopped using fake "original prices" as a marketing tool, it has introduced a new price comparison basis by displaying the supplier's recommended retail price (RRP). The competition authority found these benchmark prices to be unjustifiably and unrealistically high and not effectively prevailing in the market. Therefore, contrary to the commitments made by the undertaking, the established price display practice continued to mislead consumers into believing that the webshop was offering them a significant discount.

Taking into account, among other things, the extent and gravity of the infringement and the role of the undertakings in the market, the Competition Council of the GVH imposed a fine of HUF 50 million on the webshop operators Dante International S.A. and Extreme Digital - eMAG Kft.

The Competition Authority also strongly urges undertakings to fulfil the obligations voluntarily undertaken by them to reduce fines, as set out in the decision, accurately, on time and with the content of the commitment.

GVH registration number of the case: **VJ/47/2021**

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