

EU Fines Vendors for Price Fixing

Written by Frederick Douglas
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The European Commission fines Asus, Denon & Marantz, Philips and Pioneer for breaking EU antitrust rules, leading to higher prices for "kitchen appliances, hair dryers, notebook computers, headphones and many other products."



The announcement follows the recent €4.3 billion antitrust fine put on Google, the result of "illegal practices regarding Android mobile devices to strengthen dominance of Google's search engine." As for the 4 above mentioned vendors, the EC points out all engaged in "fixed or minimum resale price maintenance (RPM)," or not allowing retailers to set own product prices.

According to the EC, if retailers failing to follow vendor orders faced threats or sanctions of the supply blocking variety. This particularly affected online retailers, who use pricing algorithms to adapt retail prices to the competition. As such, the pricing restrictions had a broader impact on the overall online prices for the respective CE products. In addition, the vendors used "sophisticated monitoring tools" to track resale prices in the channel, and intervene quickly in case of price drops.

Asus is accused of monitoring the resale prices of "certain" PC hardware, including notebooks and displays, in Germany and France during the 2011-2014 period. Denon & Marantz engaged in the resale price management of audio and video consumer products in Germany and the Netherlands during 2011-2015, and Philips engaged in resale price maintenance in France during 2011-2013 on a range of CE products.

Pioneer is arguably the biggest offender according to the EU, since it not only indulged in resale price management, but also limited the ability of retailers to sell-cross border to customers in other member states. Such behaviour took place during 2011-2013 and concerned 12 countries (Germany, France, Italy, the United Kingdom, Spain, Portugal, Sweden, Finland, Denmark, Belgium, the Netherlands and Norway).

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All four companies cooperated with the EC in the case, and as a result got reductions in the fines ranging from 40% (Asus, Denon & Marantz, Philips) to 50% (Pioneer).

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