

Examples of misleading marketing on Wish.com

The Danish Consumer Ombudsman is currently investigating the marketing on Wish.com on which background she will determine whether the online marketplace and e-commerce giant, Wish.com, should be reported to the police.

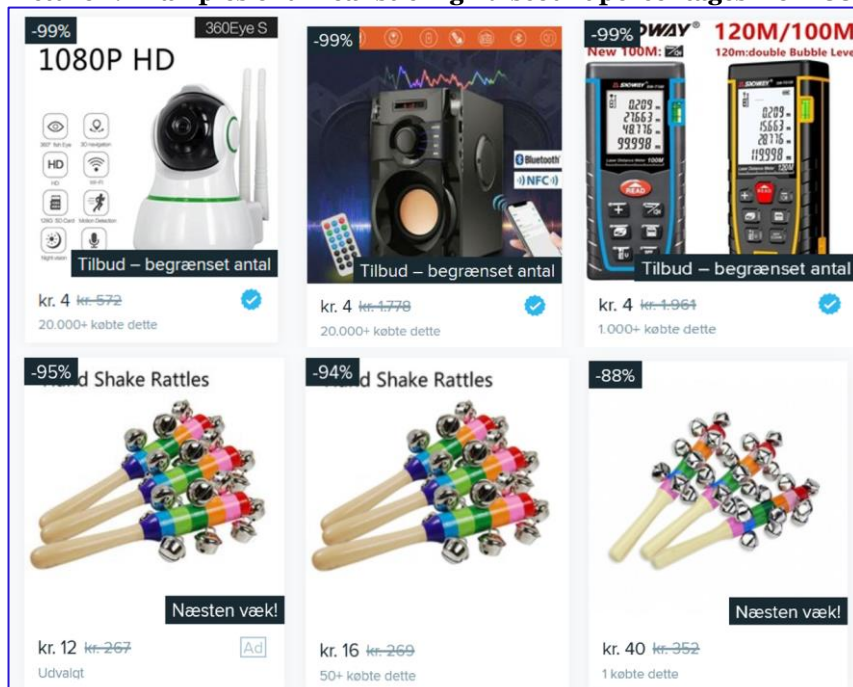
It is our experience at the Danish Chamber of Commerce that Wish.com does not seem to comply with Danish rules and recommendations on marketing behavior. In connection with our study of 50 products bought on the online marketplaces Wish.com, Amazon and AliExpress, we have experienced and documented severe breaches of relevant law such as product safety, consumer protection, VAT etc. Furthermore, we have encountered many marketing related issues on Wish.com, which this short memo will illustrate examples of.

Price marketing and before and after prices

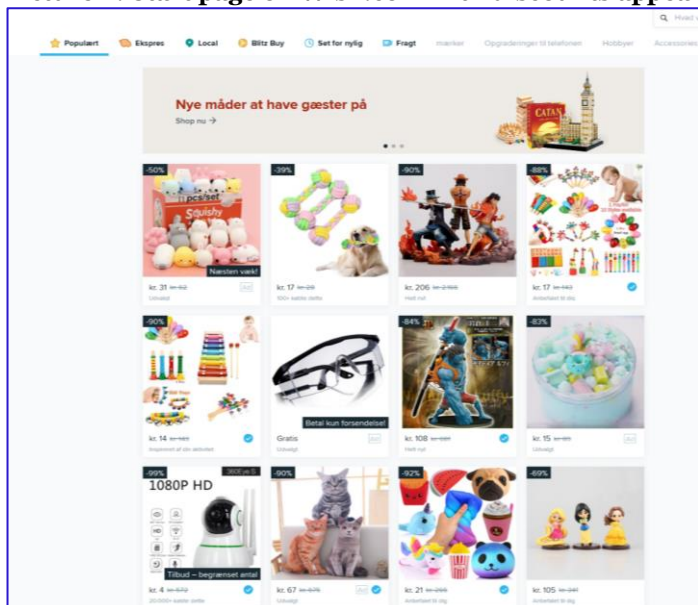
According to the Danish marketing rules, before and after prices must be reflecting a real discount and is not allowed to be fake. However, according to Wish.com they cannot guarantee that the products has been sold to the "before" price.

It appears that there are many examples of unrealistic "before" and "after" prices – e.g. savings over 90% on Wish.com. In fact, almost all products seem to be on sale with extreme price reductions as can be seen on the pictures below.

Picture 1: Examples of unrealistic high discount percentages from 88-99%.

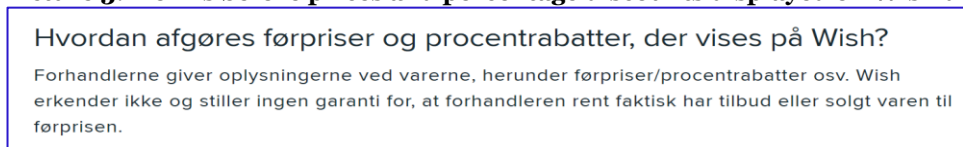


Picture 2: Start page on Wish.com with discounts appearing unrealistically high up to 99%



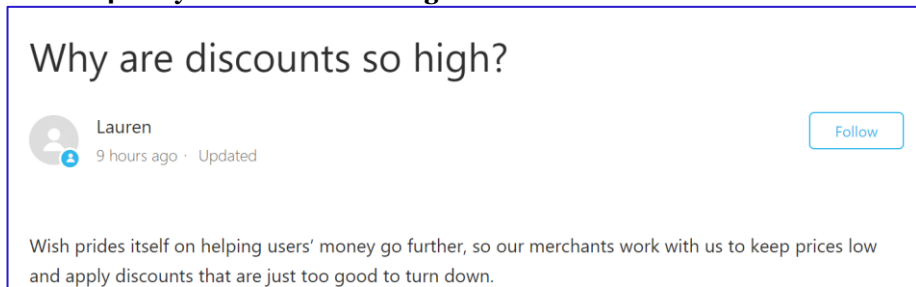
Wish.com states that it is the third-party sellers on the online marketplace – the “merchants” – who informs about the before price. As can be seen below, Wish states on the website regarding how the before prices and discount percentages are decided: *”The merchants give us information about the products including before prices/ discount percentages etc. Wish does not recognize nor guarantee that the merchant actually has offered or sold the product to the before price”¹.*

Picture 3: How is before prices and percentage discounts displayed on Wish determined?



On another help page, as seen on the picture below, Wish.com employee “Lauren” states that discounts are so high because “Wish prides itself on helping users’ money go further”. Therefore, Wish works with the third party sellers “to keep prices low and apply discounts that are just too good to turn down”. The question is, however, whether the discounts also are too good to be true as they, in our experience, appear to be.

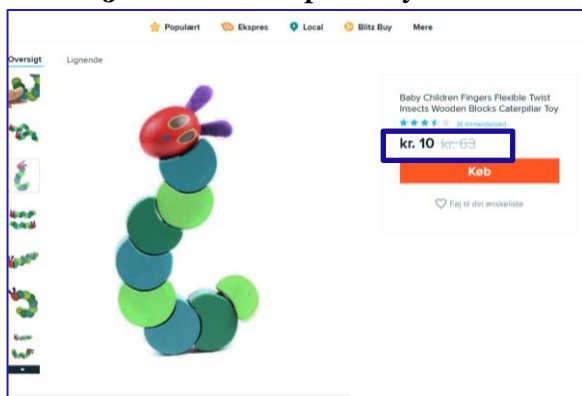
Picture 4: Why are discounts so high on Wish?



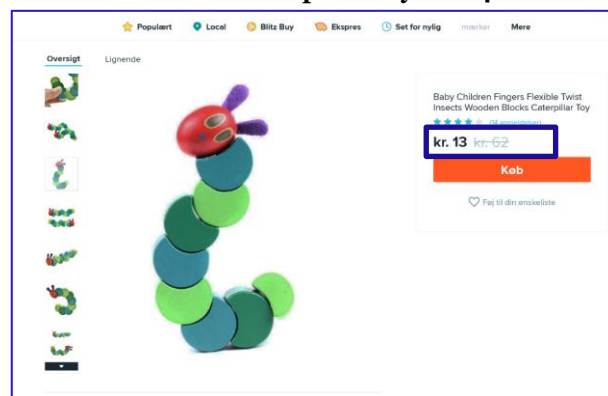
¹ Our translation from Danish. See original quote on picture 3.

In connection with our study of product bought on online marketplaces, we have experienced that the products, we have purchased has always has an extremely high discount and has never, when we regularly have checked, had a price near the before price. For example the following wooden caterpillar toy, which we purchased the 19th of November 2019 for DKK 10. As shown in the pictures below, the toy has regularly been around this price from DKK 10-16, while the “before” price has been at least 3,5 times higher ranging from DKK 56-63.

Picture 5: Wooden caterpillar toy 18.02.20



Picture 6: Wooden caterpillar toy 02.04.2020



Picture 7: Wooden caterpillar toy 14.01.21



Price marketing and VAT

On Wish.com there is no indication on whether the prices are including Vat. According to Danish legislation, the prices should be including VAT, however, Wish states that they do not collect VAT in Denmark.

Most of our purchases on Wish.com has not been VAT-guilty, since the price of the products have been below the VAT de minimis exemption limit at 80 DKK. However, 9 of the purchases have been VAT-guilty, yet in none of these cases the VAT has been. This is because the price indicated on the package has been way lower than the price, we have paid. This allows the products to enter Denmark without paying the liable VAT.

An example of this is our purchase of colorful small magnets, which we bought for 92 DKK, i.e. above the VAT de minimis exemption limit. However, the price indicated on the package was only 12 DKK (~2 \$), thus it was almost 8 times lower than the actual price paid. Therefore, the product could enter Denmark without paying VAT.

Picture 8+9: VAT fraud – Price paid is almost 8 times higher than the price on the package

Vareoplysninger



**10 farver 5mm 1000/512/252/200/100/32 STK
Magnetisk boldlegetøj Puzzle Cube Dekompression
Legetøj DIY Legetøj**

DKK kr. 91,93

Multicolor, 36 PCS - 6 Colors, Antal 1
Forsendelse: DKK kr. 55,00



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Even though only 9 of our purchases were VAT-liable, the price paid, and the price indicated on the package have not matched each other on any of the packages except one. This means that even when the packages are below the VAT de minimis exemption limit, the prices are forged. In multiple instances, the price on the package has even been above the actual purchase price. For example, another wooden caterpillar toy, which only costed us 17 DKK. However, the price indicated on the package was 27 DKK i.e. almost twice as expensive as the actual price paid.

These conclusions illustrate how widespread the VAT fraud issues are on Wish.com. It appears that there is a system, which forges prices on the packages. This system resembles a bingo wheel, where a random price below the VAT de minimis exemption limit at 80 DKK is drawn from the bowl and becomes the price, which is put on the package.

Price marketing and the active role of Wish.com

Why have our displayed prices changed on Wish?



Merchant Support

8 hours ago · Updated

Follow

You as the merchant indicate the price of each item when uploading products onto the platform. We always try to make sure that the final price is either the target retail price or something very close to it.

Wish will pay merchants based on the prices they list for their products. Wish reserves the right to adjust the prices displayed to users to optimize sales for our merchants. This does not affect the amount or percentage Wish has agreed to pay to merchant for their products

However, there may be a difference in the price suggested by the merchant and the price users see on Wish. We do this to optimize exposure and number of transactions. We will make sure the final checkout price is as close to the retail price as possible.

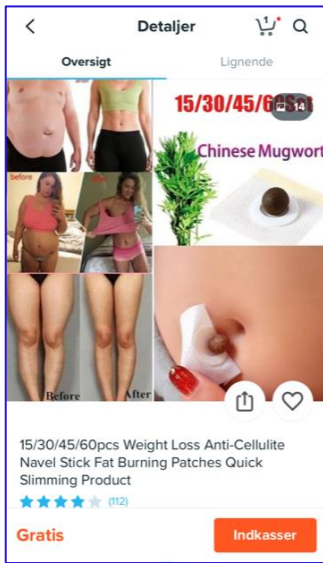
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² <https://merchantfaq.wish.com/hc/en-us/articles/205211297-Why-have-our-displayed-prices-changed-on-Wish->

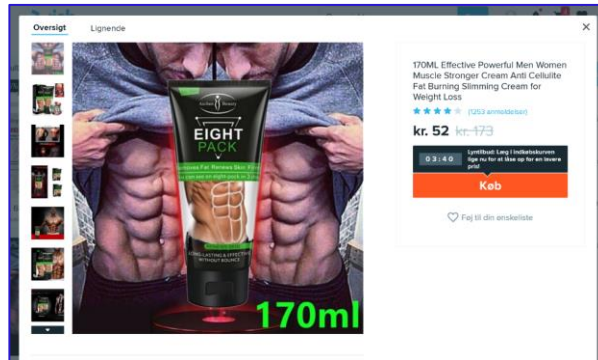
Misleading marketing

In our experience, many of the listings on Wish.com appears to be misleading in their marketing. For example, beauty products with sales pictures of seemingly unrealistic results. Examples of these can be seen in the pictures below. They include a “Chinese mugwort”, which makes you loose weight dramatically by entering it to your belly button. It includes face creams, which apparently removes both all your wrinkles and resolves all your skin problems. Furthermore, it includes a body cream, which promises that an eight-pack will appear after only three days.

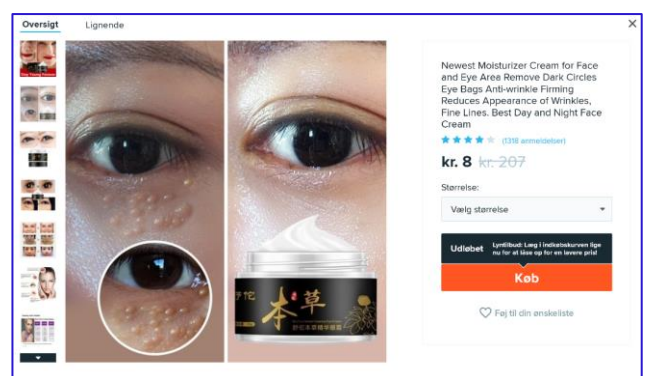
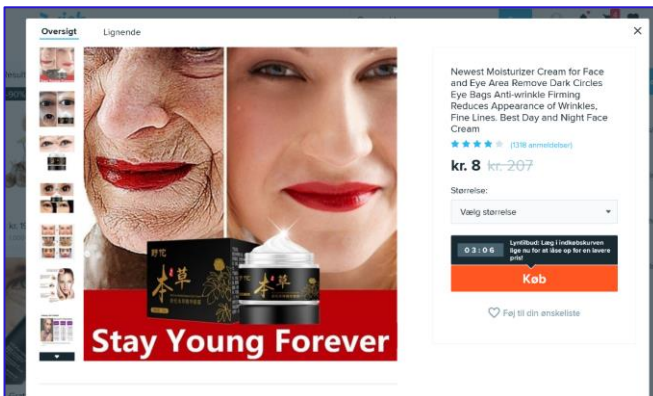
Picture 10: Chinese Mugwort gives extreme weight loss



Picture 11: Body cream, which results in an eight-pack within three days



Picture 12+13: Cream, which removes and resolves wrinkles and skin problems



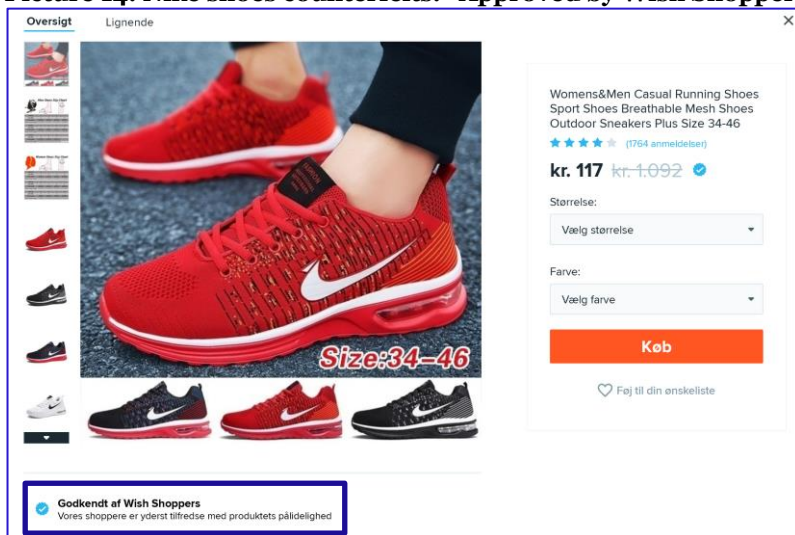
Marketing of counterfeits

The number of shipments of illegal copy products that the Danish Customs has detained is increasing and especially in 2019 the amount has exploded. It is a widespread problem that while consumers think they are paying for the real model, they receive a copy product instead. This has happened to more than every tenth Dane who has bought goods online within the last six months. In 54% of the cases, China is the country of origin for the online stores, where Danes buy counterfeit goods. In the Danish Chamber of Commerce's study of counterfeit goods, more than one in three counterfeit goods was purchased on Wish.com.³

If you examine the marketing on Wish.com, it is not surprising that consumers are misled into buying counterfeit goods. Some products mimic well-known brands like Nike, but with small changes to the logo, as seen below. The sales list is also labeled "Approved by Wish Shoppers. Our shoppers are extremely satisfied with the product's reliability". This may mislead consumers into believing that the product is real Nike shoes.

Furthermore, the unrealistic discounts increase consumer confusion, as the sales listings on Wish.com appear to be great deals on genuine Nike shoes, which normally costs around the indicated before-price. Besides, the product has received 4/5 stars from the user reviews once again misleading consumers to believe the shoes are real, and it is also very difficult to see if these reviews are genuine. Overall, it is very difficult for the individual consumer to figure out whether the product is genuine or a counterfeit product.

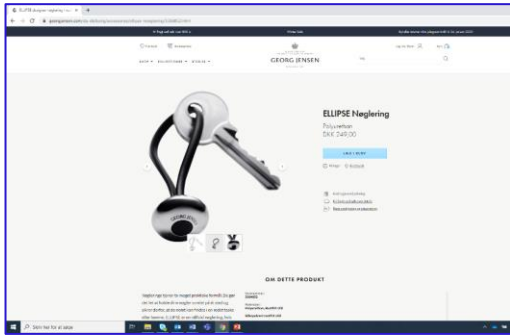
Picture 14: Nike shoes counterfeits. "Approved by Wish Shoppers"



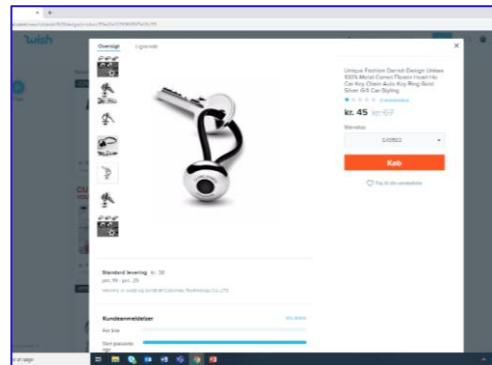
³ <https://nyheder.tv2.dk/business/2020-01-09-400000-danskere-snydt-af-kopivarer-paa-nettet>

In other cases, the counterfeits (or the pictures from their sales presentation) are so accurate that it is impossible to tell the difference between the copy and the real item. An example of this is the Georg Jensen keychain below. On Georg Jensen's own website, the keychain costs DKK 250, while on Wish.com it only costs DKK 45.

Picture 15: Georg Jensen keychain - real



Picture 16: Georg Jensen keychain - counterfeit



On Facebook, Wish.com markets selected sales listings from third-party merchants on the platform. In these advertisements, which Wish.com selects, there are also many counterfeit goods. Examples of this are seen below. The consumer is further misled by the text "STOP paying over-prices in the shops".

Picture 17+18: Marketing of counterfeits on Facebook



Conclusion

It is our experience that Wish.com does not comply with the advice and rules that apply to marketing in Denmark. This is despite the fact that the platform markets itself in Danish and uses the Danish as a brand for one of their concepts, and thus targets the Danish consumers directly.

In our experience, the issues in particular regard price marketing. E.g., Wish.com explains that the prices on the website do not include VAT. In our case, all packages purchased from Wish.com that have been subject to VAT have fraudulently not paid the VAT, since falsified low prices were indicated on the packages, which thus goes below the current VAT de minimis limit of DKK 80. Another issue regarding price marketing at Wish.com are the before and now prices. In almost all cases, the sales listings on Wish.com have a very high stated percentage savings. It is our perception with the products that we have purchased that the goods are never sold at the indicated before-prices. If this is the case, the offer is artificial and not an expression of an actual saving, which is contrary to the Consumer Ombudsman's rules for price marketing.

These issues distort competition and create uncertainty for consumers. Trading platforms are today among consumers' favorites when shopping online, but the legislation does not guarantee them adequate protection. The Danish Chamber of Commerce's survey of products on platforms showed that the vast majority of the 50 products we bought did not comply with the rules for product safety, consumer protection, and VAT. If the marketing rules are not met either, as it seems is often the case with Wish.com, it is clear to see that Danish companies are outcompeted on unfair terms.

Wish.com's new features, 'Wish Local' and 'Sent from Denmark', show the platform's growing presence in Denmark. The platform's products are now on Danish shelves: with Wish Local, Danes can pick up the products in local stores, and with the 'Sent from Denmark' concept, the products are also sent from local Danish companies directly to consumers. This emphasizes the need to make platforms responsible on an equal footing with Danish companies and restore fair competition.

Platforms are not held accountable or liable on a level playing field with the physical companies with which they are comparable. The issue of irresponsibility is perhaps best illustrated by Wish.com's response to the Consumer Council's test of feet in toys, which was broadcast on TV2.dk on 24 June 2019:

"In an email to TV 2, Wish writes that they were not aware that the products were illegal:

- With more than two billion products, we place our trust in society to help ensure that our products live up to the standard our customers demand, writes Wish.
- We are grateful that TV 2 and the Consumer Council Think have chosen to inform us. "