

Snled Purification Technology Co., Ltd.

1548th Commissioners' Meeting (2021)

Case: Snled Purification Technology violated the Fair Trade Law by selling water purifiers under guise of raffle activities

Keyword(s): Water purifier, Raffle activity

Reference: Fair Trade Commission Decision of June 16, 2021 (the 1548th Commissioners' Meeting); Disposition Kung Ch'u Tzu No.110047

Industry: Retail Sale of Electrical Household Appliances in Specialized Stores (4741)

Relevant Law(s): Article 25 of the Fair Trade Law

Summary:

1. The informant in this case went shopping at a small book fair in Taichung City on November 11, 2019 and was given two raffle tickets by Snled Purification Technology Co., Ltd. (hereinafter referred to as "Snled Purification Technology"). On December 5 of the same year, he received a call from Snled Purification Technology saying that he had won a feedback prize and he could pay the preferential price of NT\$3,800 to purchase a water purifier. After checking online, he thought such conduct was in violation of the Fair Trade Law. Therefore, he filed the complaint with the FTC.
2. Findings of the FTC after investigation:
 - (1) Between November and December in 2019, Snled Purification Technology cooperated with the stores at a special sale event and held five raffle activities. The content of the flyers and tickets for each raffle activity were similar. Each ticket had two chances to win a prize. The first chance was "matching the ticket number of Lotto winning numbers and making a purchase." Depending on the quantity of number matches, the manager prize allowed the winner to pay NT\$6,000 to buy a 50-inch LED TV, the store supervisor prize allowed the winner to pay NT\$4,000 to purchase a bedspread set, and the feedback prize allowed the winner to get a water purifier for NT\$3,800. The second chance was "lot drawing for free 3C household appliances." The offers made the activity participants full of expectations, and the company took the opportunity to collect people's personal information to push water purifiers.
 - (2) During the five raffle activities, seven people won the opportunity to buy water purifiers. According to the FTC's questionnaire survey and phone interviews, most interviewees expressed they would not have

purchased the water purifiers if they had not received the prize-winning notification.

3. Grounds for disposition:

When most of the people participated in the raffles, they had no intention to buy water purifiers. During those activities, Snled Purification Technology claimed the market prize of each water purifier was NT\$32,000. However, the company had never sold one single water purifier at that price. The company said a raffle winner could buy a water purifier at the preferential price of NT\$3,800. Caught in the information asymmetry, raffle winners were misled to believe that it would be a good bargain and make the purchase because of their wrong perceptions about the water purifier's quality. The overall marketing practice was deceptive and obviously unfair conduct that could affect trading order. It was in violation of Article 25 of the Fair Trade Law. In addition to ordering Snled Purification Technology to cease the unlawful act, the FTC also imposed on it an administrative fine of NT\$50,000.

Appendix:

Snled Purification Technology Co., Ltd.'s Uniform Invoice Number:
54298936

Summarized by: Chien, Hao-Yu; Supervised by: Yeh, Su-Yen