

HiKids Co., Ltd.

1599th Commissioners' Meeting (2022)

Case: HiKids violated the Fair Trade Law for holding activities under the pretext of public interest groups to market products

Keyword(s): Public interest group, digital teaching material, inappropriate marketing

Reference: Fair Trade Commission Decision of May 18, 2022 (the 1599th Commissioners' Meeting); Disposition Kung Ch'u Tzu No.111029

Industry: Software Publishing (5820)

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

Summary:

1. Taichung City Government forwarded complaints from private citizens about HiKids Co., Ltd. (hereinafter referred to as "HiKids") held parent-child activities under the pretext of public interest groups such as Little Sun Diversified Learning Development Association (hereinafter referred to as "Little Sun Association") and Dandelion Parent-Child Education Association (hereinafter referred to as "Dandelion Association") to market digital teaching materials. The salespeople claimed to be either government agency personnel or teachers; most consumers let their guard down and made purchases in a hurry without thinking it over. The practice jeopardized the interests of consumers while it was also unfair competition to other teaching material businesses. The conduct was in violation of Article 25 of the Fair Trade Law.

2. Findings of the FTC after investigation:

HiKids marketed a program named HiKids Academy for Gifted Children. Over the years, the company sponsored Little Sun Association and Dandelion Association to hold their parent-child activities, such as drawing competitions and DIY events, and at the same time distributed its advertising leaflets through kindergartens to attract children and their parents to attend. Then the staff members of the company sold the program to the parents under the pretext of public interest group personnel or teachers. HiKids also printed out advertising flyers for a "Young Children Learning Game Selection", which carried the logo of Little Sun Association, to guide parents to the company's website to sign up and leave their personal information, including names and phone numbers, so that the company could use the information to market the HiKids Academy for Gifted Children. In addition, HiKids posted an advertising banner on the websites of Little Sun Association and Dandelion Association. Users clicking the banner would be directed to the HiKids

Academy for Gifted Children website.

3. Grounds for disposition:

- (1) Over the years, HiKids sponsored Little Sun Association and Dandelion Association to hold their parent-child activities, such as drawing competitions and DIY events, and distributed advertising leaflets through kindergartens to attract children and their parents to attend, so that the company could market the HiKids Academy for Gifted Children. However, the advertising leaflets for the activities and pictures posted at the activity venues did not disclose that HiKids was the vendor of HiKids Academy for Gifted Children. Neither did the uniforms and ID passes of the salespeople show the company name. For this reason, the people attending the parent-child activities were unable to tell the difference between HiKids' salespeople and the personnel of the two associations. Moreover, the salespeople claimed to be either staff members of the public interest groups or teachers and ran tests on the children to promote and market the HiKids Academy for Gifted Children.
- (2) HiKids printed out advertising flyers for the Young Children Learning Game Selection for kindergartens to give to children along with presents during drawing competitions held by Little Sun Association. The flyers carried the logo of Little Sun Association and the website where the Young Children Learning Game Selection could be downloaded for free. The company took advantage of the trustfulness of parents in public interest groups, knowing that they would think the learning materials were provided or recommended by Little Sun Association and would be willing to visit the website to sign up and leave their names and phone numbers for the download and trial of the HiKids Academy for Gifted Children. The company produced the advertising flyers for the Young Children Learning Game Selection to market the HiKids Academy for Gifted Children but did not indicate its company name and only printed the logo of Little Sun Association on the flyers. At the same time, there was also the wording of "Entire curriculum to be downloaded for free." Obviously, HiKids intentionally concealed that fact that it was the business selling the HiKids Academy for Gifted Children in order to increasing the success rate of marketing the program.
- (3) HiKids posted an advertising banner on the websites of Little Sun Association and Dandelion Association. Users clicking on the banner would be directed to the company's HiKids Academy for gifted Children website. However, the webpage did not disclose the name of the company and the fact that the company was the vendor of the HiKids Academy for Gifted Children. The link from the websites of Little Sun Association and Dandelion Association directed consumers to browse the company's website and download the trial kit of the product. It increased the success

rate of sales. That was solid proof that HiKids took advantage of the activities held by the public interest groups and concealed the fact of the company was the seller of the HiKids Academy for Gifted Children to mislead consumers to make purchases.

- (4) HiKids distributed advertising leaflets for parent-child activities held by Little Sun Association and Dandelion Association to market its products for more than four years. The two associations conducted two to three parent-child activities each month and 50 to 150 children were attracted to attend each time. Meanwhile, HiKids printed out thirty thousand flyers for the Young Children Learning Game Selection. Apparently, HiKids intended to market to a large number of general potential consumers. Accordingly victims were many and there was no doubt that the conduct could affect trading order and was in violation of Article 25 of the Fair Trade Law. Therefore, the FTC imposed an administrative fine of NT\$2 million on the company.

Appendix:

HiKids Co., Ltd.'s Uniform Invoice Number: 16205556

Summarized by: Hsu, Cho-Yuan ; Supervised by: Yu, Wei-Jhen