

ECC-Net calls for more regulation to protect consumers against dropshipping

Dropshipping platforms do not always provide full information to consumers and do not always comply with the current online commerce regulations.

Madrid, 01 August 2024. The European Consumer Centres Network ([ECC-Net](#)) has published a [document](#) analysing the functioning of dropshipping, the compliance of dropshipping platforms with European regulations, and includes a series of recommendations to improve the protection of consumers' rights when buying from these sellers.

Misleading and abusive practices

As highlighted in this report, some such shops often engage in misleading practices such as including descriptions of the quality of products that do not correspond to the actual quality, or misleading claims about the European origin of goods using misleading domain or brand names. They even advertise goods as "local products" when in fact they come from third countries. ECC-Net has also detected that they use dark patterns in the form of false offers for supposed product liquidations including messages such as "only today", "last units", "15 customers are interested in this item right now" or "10 customers have just bought this product". They also post misleading offers of free shipping to manipulate consumers into buying impulsively.

Greenwashing

Similarly, they often use "greenwashing" claims to promote supposedly environmentally friendly products, claiming for example that direct distribution results in lower carbon emissions. Even if the quality of the product does not meet the consumer's expectations, these companies often dissuade consumers from returning the product by offering price discounts and claiming that they are contributing to the reduction of CO2 emissions.

Health risk

ECC-Net also warns that some products sold in these shops can cause serious health problems. According to the findings of a study conducted in 2022 by the Swedish Chemicals Agency ([KEMI](#)), dropshipping shops had the highest rates of non-compliance with product safety standards (72%), followed by [marketplaces](#) (60%) and traditional online shops (39%).

Lack of information

According to European rules, when buying products and services anywhere in the EU, businesses must provide consumers with accurate and sufficient information to enable them to make an informed purchasing decision. Furthermore, this information must be clear and understandable. However, according to complaints handled in the ECC-Net network, the information provided by dropshipping merchants is not always complete and, in some cases, information on cancellation and return policies is inconsistent. Similarly, some sellers do not inform about possible additional import and customs costs, and the product shown on the invoice does not match the product actually delivered. Similarly, it has been found that sometimes the seller's contact details do not appear and no customer service is offered. Some dropshipping shops even use fake reviews and labels from other companies that offer quality and safety seals in the digital environment, such as "Trusted Shops". There are even cases where the supposed manufacturer does not exist and disappears after the order is performed.

Non-compliance with delivery deadlines

On the other hand, although European legislation also establishes a 30-day delivery period for products purchased online, it is common that orders purchased on dropshipping platforms do not comply with this regulation and, once the purchase has been performed, consumers are repeatedly informed that deliveries have to be postponed again and again. In some cases, products are even sold even though the seller knows that they are out of stock and therefore cannot be delivered.

Problems with returns

One of the consequences of the poor quality and defects of the products sold in these shops is that consumers eventually choose to return them. However, the companies do not provide adequate information on how to make use of the legal guarantee or their right of withdrawal, and do not even provide an address where they can return the product. In other cases, the cost of returning the product to a third country often exceeds the value of the product and the company does not adequately inform the consumer. It even happens that companies in a third country refuse or do not accept returns. In addition, there are cases where, in the event of a return, shops do not notify the payment providers of the return and the consumer is still charged for the unpaid amounts after the purchase has been returned.

ECC-Net recommendations

These are the measures proposed by ECC-Net to address the problems identified with dropshipping:

- ✓ Develop a common European regulation specific to dropshipping that covers the problems inherent to this business model.
- ✓ Dropshipping shops should provide transparent and comprehensible information on:
 - The country from which the product originates.
 - The contact details and full address of the supplier.
 - All return costs.
 - Customer service centre and its response obligations.
- ✓ Before publishing a website, it would be necessary for the competent authorities to monitor it to ensure that it complies with existing European legislation. For example, with the Unfair Commercial Practices Directive which prohibits misleading commercial practices such as giving false information about products; the Digital Services Act which prohibits "dark patterns"; or the Personal Data Protection Regulation which requires companies to inform users when they collect information about their personal data and to indicate how to exercise their rights of access, modification or deletion.
- ✓ Provide accurate, clear and sufficient information on the right of European consumers to return purchases to a European address, even if the seller is based outside the European Union. Under no circumstances should consumers be obliged to pay high costs for returning a parcel to a third country.
- ✓ Dropshipper shops - as sellers - must assume their responsibility towards consumers and should not direct consumers to the manufacturer in case of problems. The same rules should also apply to influencers who sell products via dropshipping on social media. All dropshipping sellers should ensure that products comply with safety regulations.
- ✓ Incorporate exemplary sanctions for dropshipping companies that do not comply with e-commerce regulations and, in general, with current European regulations that protect the rights and safety of consumers.

About dropshipping

Dropshipping is a retail model that allows sellers to sell products without having to purchase them in advance. In this case, the seller subcontracts to a third party - the dropshipper, which is usually a manufacturer or wholesaler - the performance of orders: storage, packaging, shipping and delivery of products to customers. In this way, when the seller sells an item, he buys it from a third party who ships it directly to the final customer. The seller, therefore, takes care of order management and invoicing, while the outsourced company takes care of storing, packaging or shipping the products. Also referred to as "customer-direct commerce", this is a business model that emerged with e-commerce and gained significant importance with the COVID-19 pandemic.

Source of information: [ECC-Net](#)