



Exploratory study of consumer issues in online peer-to-peer platform markets

Task 4 – Case study: Wallapop

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Task 4 – Case study report: Wallapop



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1 Introduction

1.1 Platform overview

Wallapop is originally a second-hand goods sales platform that connects peer consumers and peer providers.¹ Wallapop can only be used through its app, however the platform has also a website which provides information on the service to peers. Apart from selling or buying second hands goods, peer users can swop goods. The use of the platform is free of charge.

Wallapop is currently available in four European countries: Spain, France, Italy and the UK². Additionally, Wallapop operates in the USA and Mexico. The application is available in Spanish, English, Catalan, Basque, French, Galician, Italian, and Portuguese³.

Wallapop is a **matching service** between the supply of peer providers and the demand of peer consumers. The platform provides search functions and filters to facilitate the matching process. The online messaging system allows peers to negotiate the price of an item, to communicate whether they are willing to barter in addition to purchasing the item and to agree on a pick-up location. The platform is based on local transactions and in-person handovers of goods and cash (see also section 2.2.1).

In its first 18 months of existence, the platform registered more than 25m in user conversations, more than €2bn in value of products advertised, more than €450m in value of products sold. As of September 2015, the application had been downloaded more than 11 million times⁴. According to a Wallapop representative, the platform has today 32 million registered users worldwide⁵.

Wallapop has raised around €130 million in various rounds of funding since its inception in 2013.⁶ Much of this investment has been used to promote Wallapop via TV advertising, especially in Spain, the UK and the US.⁷

Use of platform is free of charge for peers. However, in 2016, Wallapop launched its first paid service for featured listings (top of the search page) for 24 hours, a feature that allows peer providers to boost the visibility of their listings/products.⁸ The cost of the feature varies slightly by type of product and region, but it is €1.99 in Wallapop's main urban markets such as Barcelona, Madrid and London.⁹

Wallapop and Letgo combined their operations in the U.S. to scale up in competition against well-established platforms such Craigslist and eBay and newer entrants such as OfferUp, 5miles and Facebook's Marketplace.

1.2 User experience

There are two types of user experiences on the platform:

- Peer providers who list their products; and
- Peer consumers who search for, exchange and/or and purchase products.

Peers who are active as both providers and consumers do not need to have two separate accounts for listing and purchasing. The first step for peer users is to download and

¹ Within the scope of this case study, desk research and the mystery shopping exercise were carried up until December 2016. Some minor clarifications regarding the core research results were sought until February 2017.

² Interview with the platform 18/08/2016

³ Information available at: <http://www.app64bits.com/wallapop-download/?filter=wallapop>, accessed on 08/02/2017

⁴ Information available at: <https://rincondelatecnologia.com/wallapop/>, accessed on 08/02/2017

⁵ Interview with the platform 18/08/2016

⁶ Information available at: <http://mobileworldcapital.com/wallapop-and-the-race-to-beat-craigslist/>, accessed on 08/02/2017

⁷ Information available at: <https://www.aimgroup.com/2016/09/24/wallapop-launches-paid-service/>, accessed on 08/02/2017

⁸ Interview with the platform 18/08/2016

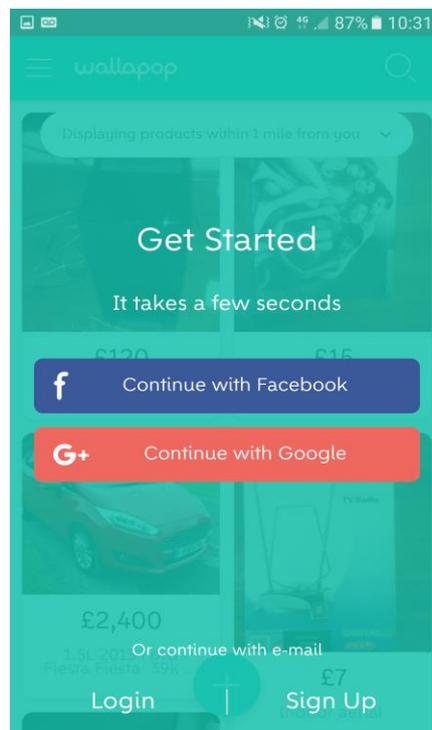
⁹ Information available at: <http://ecommerce-news.es/mobile/wallapop-estrena-la-funcionalidad-destacar-anuncios-empieza-facturar-47545.html>, accessed on 08/02/2017

install the Wallapop app. To list or purchase a product, peer users need to register using their Facebook or Google account or by submitting an email address, name, and password. Peers have to confirm their email, Facebook or google account upon registration. The tools used for this are:

- Email account – Wallapop sends an email to peer users, this email includes a button called 'verify my email'. When pressing it, peer users are directed to a page on the app which shows "Your identity has been verified".
- Facebook account – if a peer user registers through their Facebook account; they are directed to Facebook to insert their account password. In the peer user's profile, it then shows that their Facebook account has been verified.
- Google account – Wallapop sends an email to the peer user's google account which includes a button called 'verify my email'. When pressing it, peer users are directed to a page on the app which shows "Your identity has been verified".

Figure 1 below shows the three registration options in Wallapop's app.

Figure 1: Registration options on Wallapop (Android app version)



Once logged in, peer users see a list of products available in their area, within 1 mile (Figure 2). The search radius widens automatically as the peer user scrolls down. Moreover, as presented below, the radius of searches as well as the search location can be changed manually (Figure 3).

Figure 2: Wallapop home screen after login and user menu bar (Android app version)

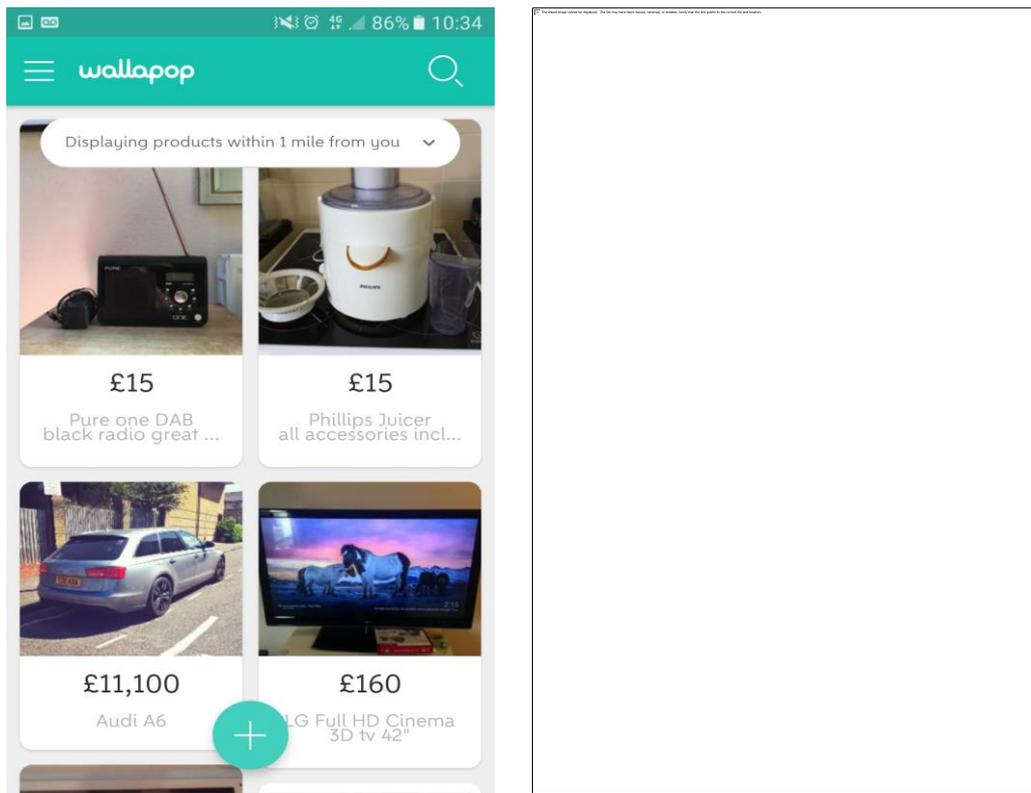
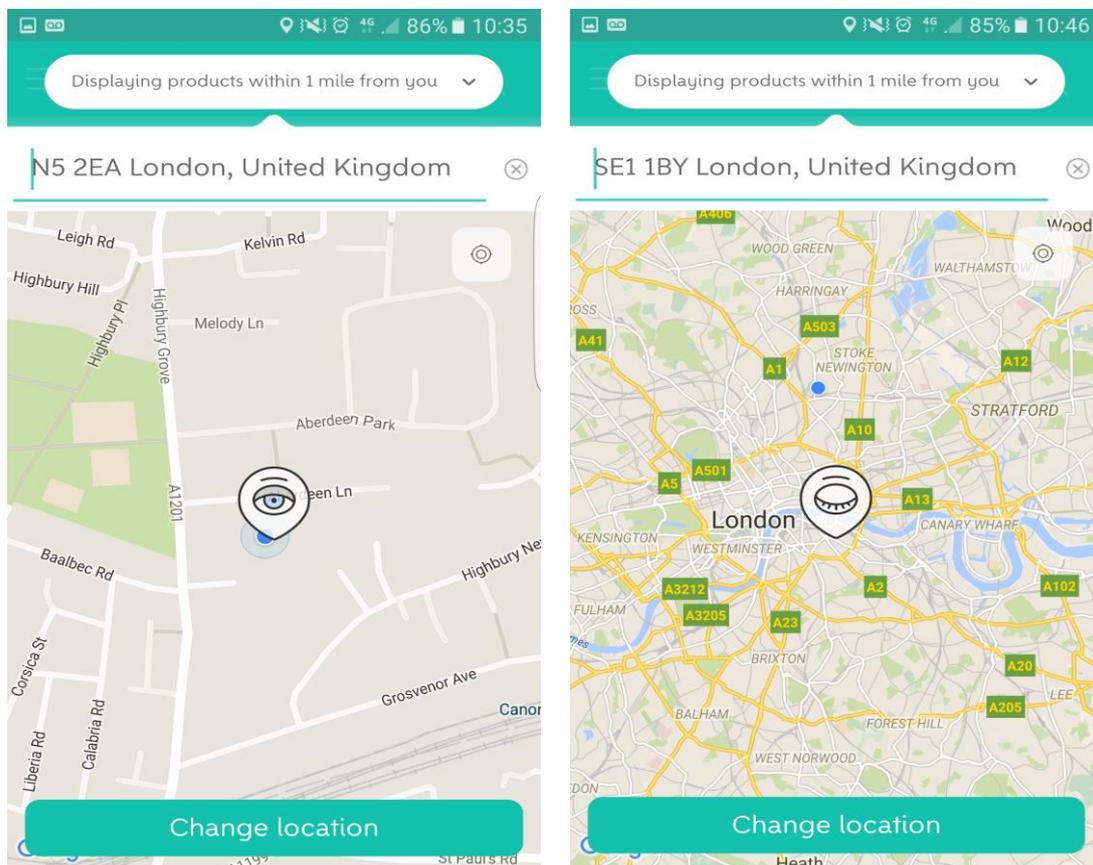


Figure 3: Choosing the location (Android app version)



Peer consumers can not only search for products by location but also by using Wallapop's search engine. Various filters allow narrowing the search and they include: keyword, price range, category, listing within last 24 hours etc. The process of searching and expressing interest in a product is shown in Figure 4 and 5. If the peer consumer is interested in a product he/she needs to tap the product photo in order to open the seller's page and directly contact him by using the app's built-in chat system (Figure 5).

Figure 4: Searching for a product on Wallapop (Android app version)

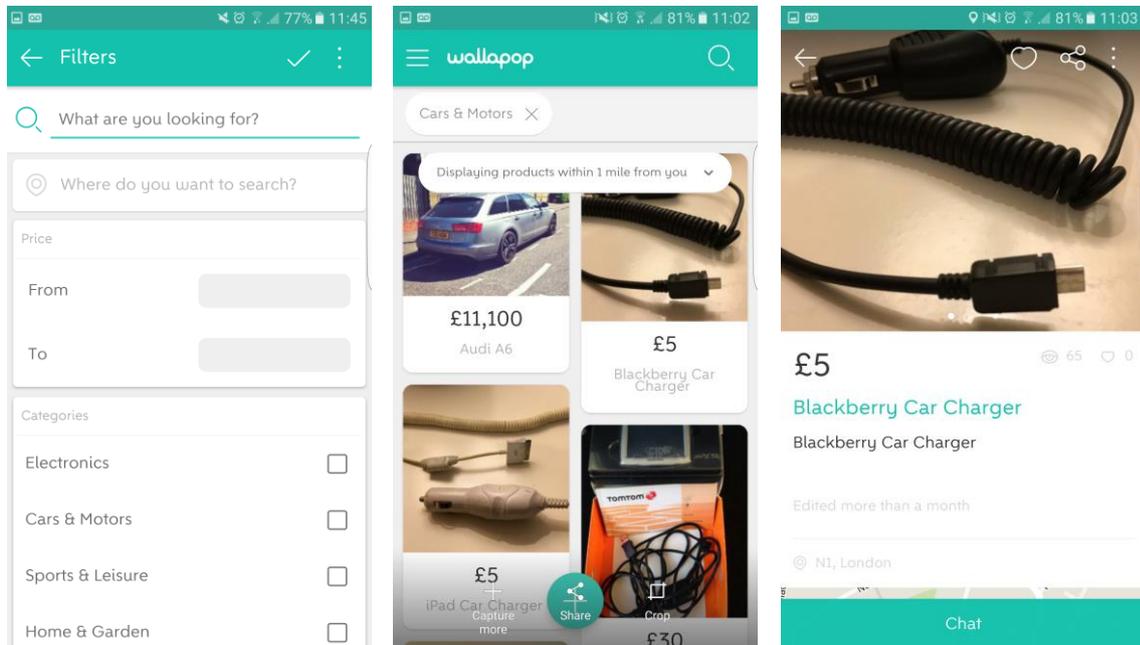
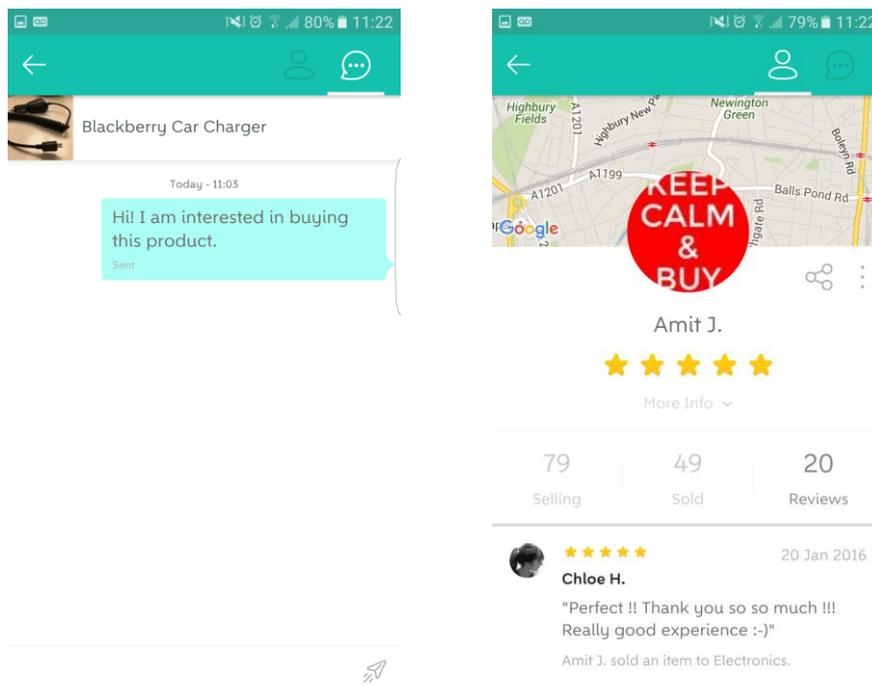


Figure 5: Purchasing a product on Wallapop (Android app version)



In the **peer provider** profile, the peer consumer can identify the number of products currently published, the number of products sold and the reviews received by the seller. In addition to the written review, there is also a star rating system (Figure 5). Transactions are concluded and paid offline, in face-to-face meetings between peers. Wallapop's geo-location function facilitates transactions between peers who live in the same neighbourhood in a short timeframe and without delivery fees. If the two peer users agree on a deal, they will choose a location to meet up in person. Peer users do not need to exchange phone numbers or any other personal information, but use Wallapop's chat system to agree on a time and place to complete the transaction. At the encounter, peer consumers have the chance to inspect and test the item before proceeding with the payment.

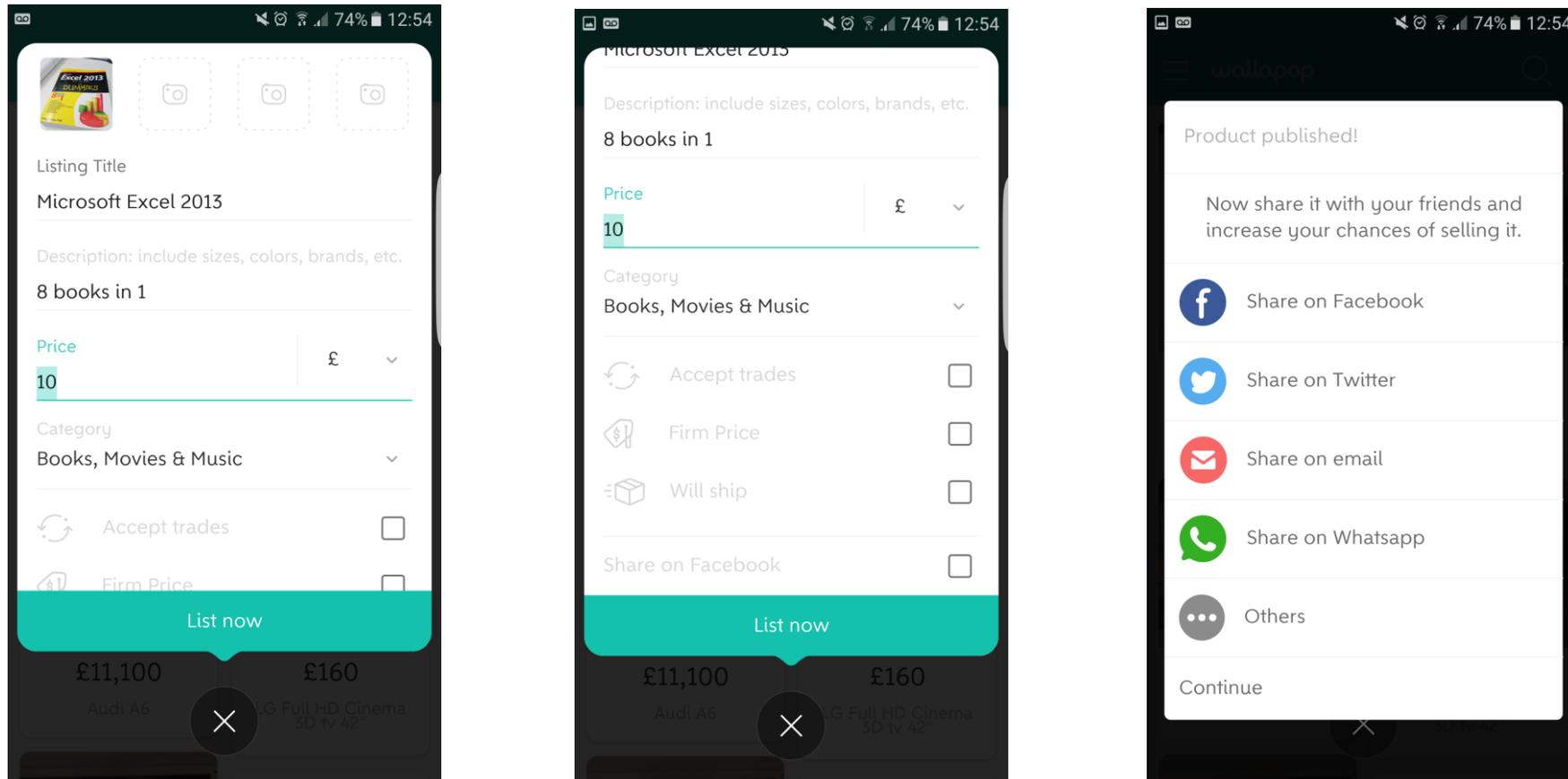
Peer providers can add a listing in 5 steps:

- take a picture of the product and add the listing title,
- write a brief description,
- set a price and add it to a category,
- tick if they accept bartering, indicate whether the product has a fixed price (meaning peer provider will not negotiate the price) and whether the peer provider offers shipment services.
- Finally, post the product on the app's market place and wait for buyers get in contact.

Peer providers can offer shipment services when posting a listing in Wallapop, however the platform recommends completing transaction only in person and locally¹⁰. In order to increase the chances of selling, the peer provider also has the option to share the product with Facebook friends, twitter followers and/or phone contacts (WhatsApp and text message). Figure 6 shows the steps to list a product and sharing options for peer providers.

¹⁰ Information available at: <http://www.wallapop.com/faq>, accessed on 08/02/2017

Figure 6: Selling a product on Wallapop (Android app version)



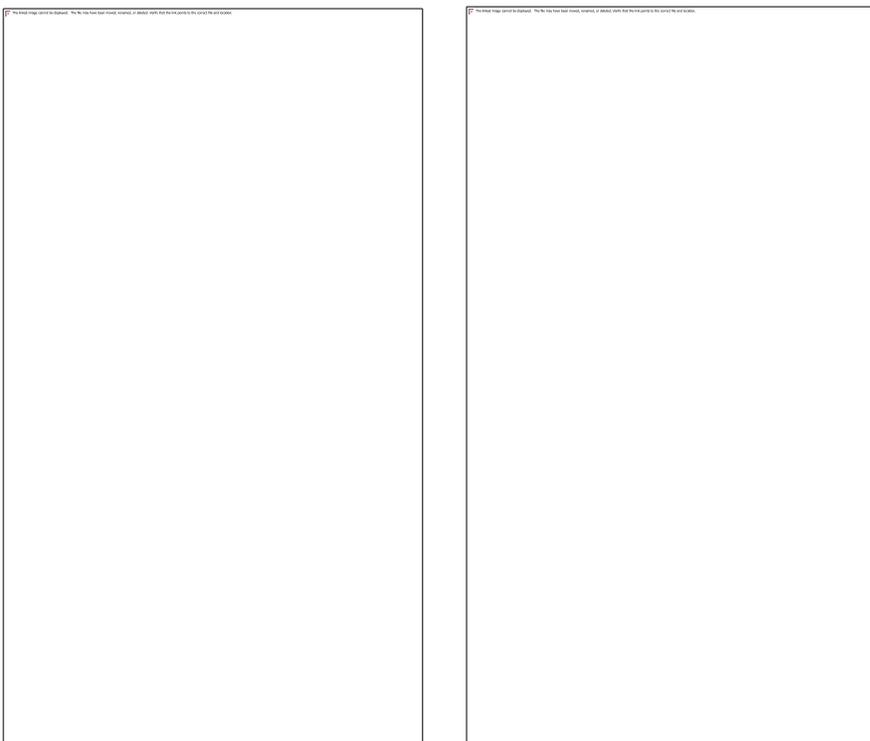
Peer providers can indicate items as reserved in case a purchase is under negotiation, and can un-reserve it to make it reappear on Wallapop’s product list (Figure 7)¹¹.

Figure 7: Reserving a product on Wallapop (Android app version)



Peer providers can pay for featured listing for 24 hours. This service costs 1.99 EUR and it can be paid to Wallapop using the peer provider’s Apple App store or Android app store accounts. The figure 8 shows the pop-up message on “featuring your listing” that appears on the app after posting a product.

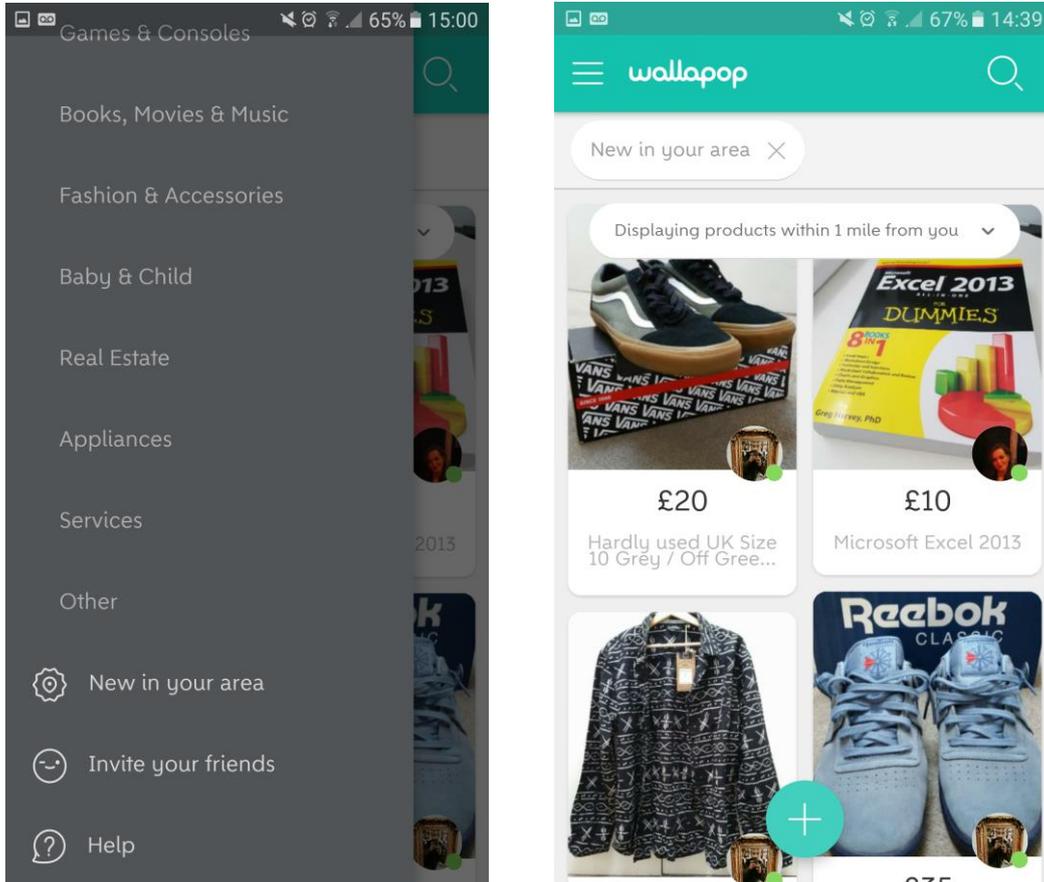
Figure 8: Feature your listing service



¹¹ information available at: <https://uk.wallapop.com/faq>, accessed on 08/02/2017

For **peer consumers**, besides the option to search products by category, the platform also has a separate feature to see the newest products listed in the peer’s area (Figure 9).

Figure 9:Checking the new products available in the area (Android app version)



2 Assessment of the platform

2.1 Evolution of the platform business model

2.1.1 Development of the platform

Wallapop is a Spanish start-up launched in October 2013 by Gerard Olivé, Agustín Gómez and Miguel Vicente, who also founded other successful start-ups in Spain¹², such as LetsBonus.¹³ Three months after launching Wallapop in Spain, Wallapop made its service available also in UK and France. To date, Wallapop raised EUR 130 million investment, with first EUR 40 million raised only 18 months after its establishment. This investment contributed to Wallapop's immediate growth in both users and downloads (as of September 2015, the app has been downloaded more than 11 million times).¹⁴

According to the CEO, Agustín Gómez, the main features of Wallapop are immediacy, the mobile format and the local factor.¹⁵ These helped Wallapop become the leader in the Spanish classifieds market and one of the top early mobile players in the USA.¹⁶

Since its foundation, the company's business model has been based purely on funding from external investors¹⁷. Up to May 2016 Wallapop did not generate revenue but survived with investors' money injections. The focus of the company and its investors in the start-up phase was user growth¹⁸ rather than monetization. The figure 10 shows – based on web visits – that user growth was very strong at the end of 2015 and at the beginning of 2016 before levelling off at around 4m monthly web visits in February, March, April and May of 2016.

Figure 10: Worldwide Monthly web visits on Wallapop¹⁹

Monthly Web Visits



In 2015, Wallapop made its first acquisition by buying "Sell It" - a start-up co-founded by OLX's Fabrice Grinda. Wallapop resold it shortly after for an undisclosed amount²⁰. Also in 2015, Wallapop entered the US market.

¹² Information available at: <https://novoed.com/venture1-2014-2/reports/256159>, accessed on 08/02/2017

¹³ Information available at: <http://www.emprendedores.es/casos-de-exito/wallapop-miguel-vicente-unicornio-emprededor-aplicacion-de-exito>, accessed on 08/02/2017

¹⁴ Information available at: <https://novobrief.com/barcelona-best-kept-secret-wallapop-40-million-war-chest/>, accessed on 08/02/2017

¹⁵ Information available at: <http://www.viaempresa.cat/ca/notices/2016/05/the-secret-to-wallapop-s-success-19133.php>, accessed on 08/02/2017

¹⁶ Information available at: <http://www.viaempresa.cat/ca/notices/2016/05/the-secret-to-wallapop-s-success-19133.php>, accessed on 08/02/2017

¹⁷ Interview with the platform 18/08/2016

¹⁸ Information available at: <https://novobrief.com/barcelona-best-kept-secret-wallapop-40-million-war-chest/?via=indexdotco>, accessed on 08/02/2017

¹⁹ Geographical coverage – ES,FR, UK and US

²⁰ Information available at: <https://index.co/company/wallapop/acquirees>, accessed on 08/02/2017

In 2016 Wallapop merged with LetGo to consolidate its position in the resale of second hand goods market. The two Spanish start-ups combined operations in the US to scale up and compete with larger competitors like Craigslist or eBay, but also newer entrants, such as OfferUp. The group has raised an additional EUR 90 million from existing shareholders to build out the business in the US. Even though Wallapop is the bigger company in terms of staff, the US business will be controlled by LetGo due to its higher popularity in the United States²¹.

2.1.2 Wallapop today

Today, Wallapop’s focus is not only on user growth but also on encouraging repeat business among existing users. The platform is trying to prove to users that it is not just a second-hand selling platform **but a wider marketplace where anything can be sold and found.**²² Therefore, Wallapop has been actively looking at which new services it could offer to its users, such as highlighted listings and payment services.

A payment service is being developed for peer users to pay for products through the platform and to purchase add-on platform services. According to the platform, the payment service will mostly be used by peer consumers purchasing high-value items (i.e. cars, mobile phones, computers etc.).²³

2.2 Current business model

2.2.1 Business model and pricing

The business model canvas of Wallapop (Table 1) graphically captures the current strategic landscape of the company.

Table 1: Perceived business model canvas for Wallapop

| <i>Key partners</i> | <i>Key activities</i> | <i>Value proposition</i> | <i>Customer relationship</i> | <i>Customer segments</i> |
|---|---|--|--|--|
| <ul style="list-style-type: none"> - community - investors | <ul style="list-style-type: none"> - user growth - network building - customer service | <ul style="list-style-type: none"> - local factor - immediacy of chat - affordability - face-to-face sales | <ul style="list-style-type: none"> - Co-creation - Automated services - communities | <ul style="list-style-type: none"> - multi-sided platform (targeting both providers and consumers) - Special emphasis on millennials |
| | <i>Key resources</i> | | <i>Channels</i> | |
| | <ul style="list-style-type: none"> - community - technology | | <ul style="list-style-type: none"> - direct online: apps and informative website | |
| <i>Cost structure</i> | | <i>Revenue streams</i> | | |
| <ul style="list-style-type: none"> - fixed costs - variable costs - advertising/PR | | <ul style="list-style-type: none"> - investors - featured listings (just recently) | | |

²¹ Information available at: <https://techcrunch.com/2016/05/10/wallapop-and-letgo-two-craigslist-rivals-plan-merger-to-take-on-the-u-s-market/>, accessed on 08/02/2017

²² Interview with the platform 18/08/2016

²³ Interview with the platform 18/08/2016

Wallapop's **business model** differs substantially from traditional second-hand goods selling, platforms such as eBay and Segundamano. Wallapop's added value is the local factor, immediacy of chat function via the app and direct offline sales between peer users. Wallapop business model was designed around the idea of peers having a flea market in their pockets, thus Wallapop's website is mainly informative.

Like its main competitor Letgo, Wallapop has to date focused mostly on user growth²⁴ and its **main costs** therefore relate to marketing and advertising campaigns. Wallapop has also other costs such the technological setup, fixed costs like servers and variable costs like salaries to permanent employees. Compared to the above-mentioned traditional players, Wallapop does not have costs for other services as sales are conducted face-to-face and the platform does not (yet) offer payment or insurance services.

The platform aims to create value by fostering **trust among peers**, and by facilitating transactions through search functions and a messaging system. This generates "network effects" where the more peers sign up, this increases the attractiveness of the platform and attracts further users.

Wallapop does not **provide price guidelines**. It does however highlight to peer providers that they should search for similar items on the platform to get an idea of what similar items are worth.²⁵ One of the steps in listing an item on Wallapop refers to "deciding upon a fair price"²⁶, but peer providers remain the ultimate price-setters. The application also offers the option of trading in kind (i.e. exchange of products rather than a monetary transaction). Through the built-in chat system, the peers can negotiate the price of the product via the platform.

2.2.2 Payment

Wallapop is free of charge and most P2P transactions are cash-based. Peer consumers can directly contact a Wallapop peer provider to set up a meeting, see the product and negotiate the price. Peers may also arrange payment through other means outside the platform – but there is no guarantee that the item will be dispatched²⁷.

Payments for featured listing giving higher visibility are done through Apple and Google app stores used by peers when downloading Wallapop's app.²⁸

In the near future, Wallapop plans to introduce a payment service for peers to pay for products through the platform. This is due to the increase of high-value products being listed on the platform²⁹. The platform will retain the payment (escrow service) until peer consumers receive and verify the quality and state of the product. The platform will most likely charge a fee for each transaction³⁰. Wallapop also plans to collaborate with third parties such as insurance companies.

2.3 Consumer Experiences

2.3.1 Satisfaction with overall experience and likelihood to use the platform again

According to the Task 2 survey, 78,8% of peer consumers and 72,7% of peer providers were either satisfied or very satisfied with their experiences on the platform (see Figure 11). However, this is less than the overall satisfaction level reported for (Re)Sale of Goods platforms (84.5% and 78%), and all P2P platforms in general (83.4% and 77.2%) for this study.

²⁴ Information available at: <https://www.bloomberg.com/news/articles/2016-08-25/ebay-rival-letgo-touts-sales-growth-as-vcs-foot-the-bill>, accessed on 08/02/2017

²⁵ Information available at: <http://www.wallapop.com/faq>, accessed on 08/02/2017

²⁶ Information available at: <http://www.wallapop.com/faq>, accessed on 08/02/2017

²⁷ Information available at: <https://www.androidpit.com/wallapop-app-review>, accessed on 08/02/2017

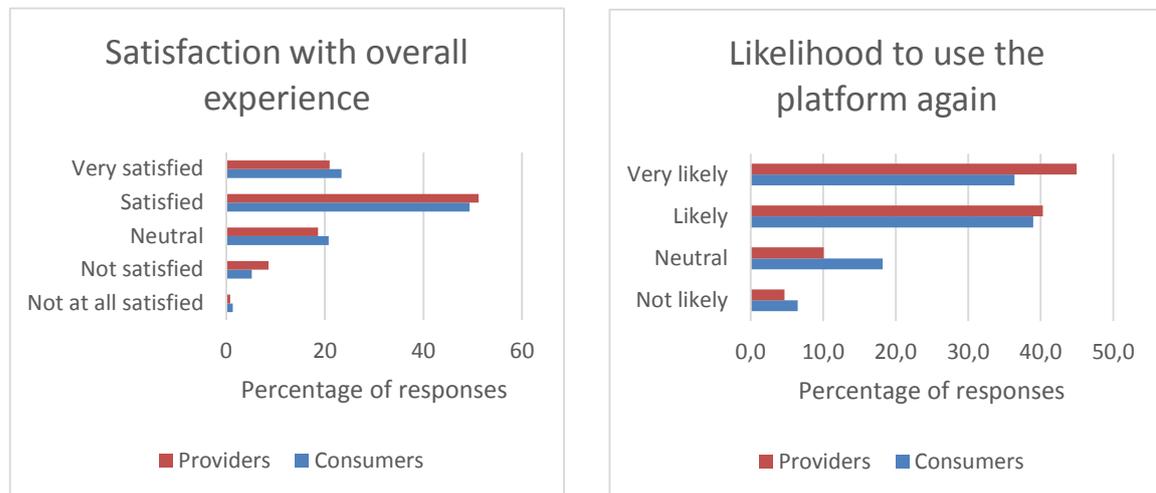
²⁸ Information available at: <http://es.wallapop.com/toc> - 9. Servicio de visibilidad, accessed on 08/02/2017

²⁹ Interview with the platform 18/08/2016

³⁰ Interview with the platform 18/08/2016

The likelihood of using the platform again, with 75.3% of peer providers and 75.4% of peer consumers saying they are likely or very likely to use the platform again is also lower than the overall satisfaction level reported for (Re)Sale of Goods platforms (85.7% and 88.7%), and all P2P platforms in general (86.6% and 82.4%) for this study.

Figure 11: Satisfaction with overall experience on Wallapop and likelihood to use the platform again in the future



Source: GfK survey of 206 respondents, Task 2 (sample of 206 respondents)

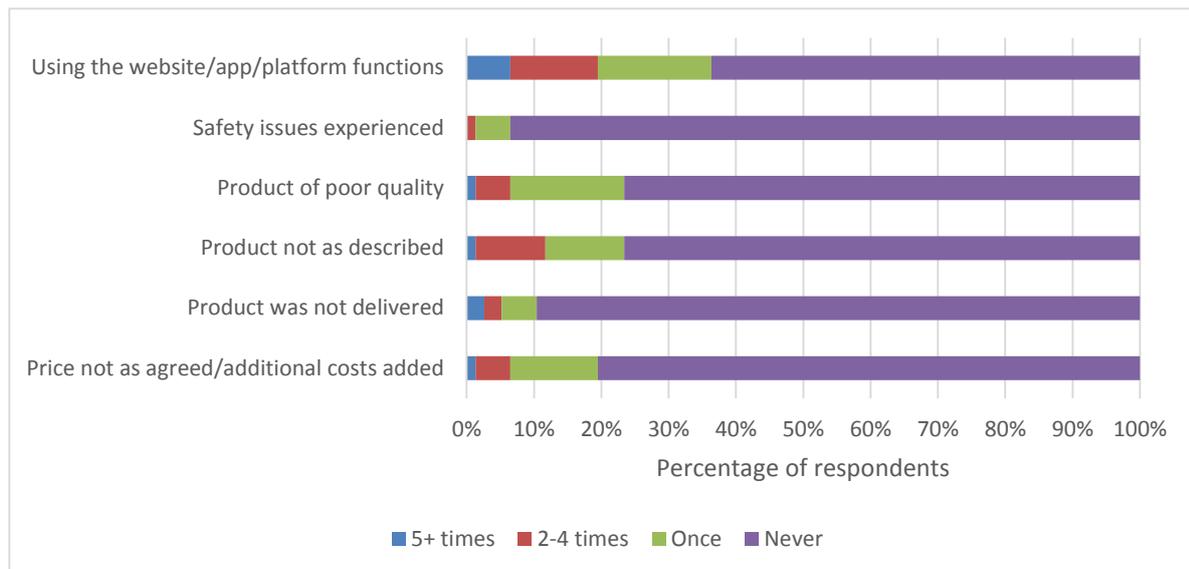
2.3.2 Frequency of problems encountered on the platform

Task 2 survey asked users of Wallapop whether they had experienced problems when using the platform, and, if so, what kind of problems (ranging from problems in using the platform, to problems with concluding the transaction, price or problems with the product or the service itself).

More than half of the users (51.3%) of Wallapop had experienced one or more of these problems at least once. This is slightly less than the figure reported for the resale goods sector (53.7%) and for all P2P platforms (55%).

Task 2 survey results also show that most peer consumers encounter problems when using Wallapop service, as indicated in Figure 12. The problem faced by peer consumers most frequently, was related the use and functioning of the app, with 6.5% of respondents saying that they had this problem more than 5 times, 13% between 2 to 4 times and 16.9% at least once. Peer consumers reported more problems regarding the price (19.7%) than the average for the (Re)Sale goods platforms. It should be kept in mind that these results are based on a small sample of users, thus not entirely representative of the problems faced by Wallapop users.

Figure 12: Problems experienced on Wallapop – Frequency breakdown (Peer consumers)



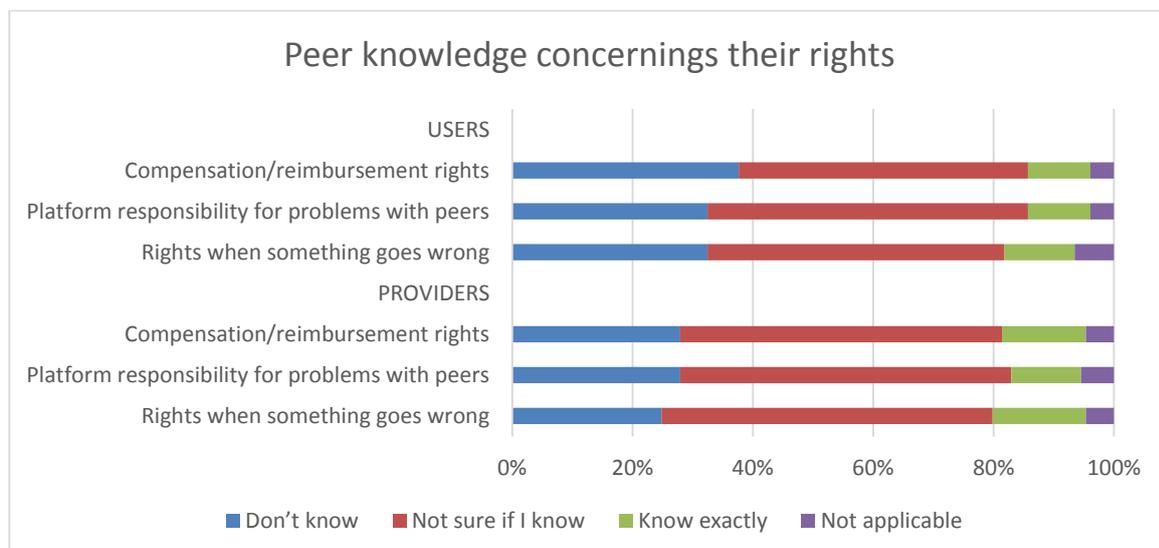
consumers)

Source: GfK survey, Task 2 (sample of 77 peer consumers)

2.3.3 Knowledge of rights and obligations

Additionally, the Task 2 survey indicates that peers using Wallapop are not aware of their rights or the platform’s responsibilities in case something goes wrong (see Figure 12 below). One striking result is that a large majority of peer consumers do not know or are not sure if they know their rights for compensation/reimbursement (85.7%), the platform’s responsibility with peers (85.7%) or their rights when something goes wrong (81.8%). Wallapop users know less about their rights compared to the average resale platform user in the survey: 36,4% of users using resale platforms know the right to get compensation or be reimbursed if something goes wrong, 33,1% know of the platform’s responsibility in case of a problem with a provider and 37,7% of peer consumers using other resale of goods platforms claim to know their rights when something goes wrong.

Figure 13: Knowledge of rights and responsibilities on Wallapop



Source: GfK survey, Task 2 (sample of 206 respondents)

Finally, providers were asked if they experienced a problem with the person they were providing the product/service to. The results show that 8.5% of Wallapop providers

experienced a problem with the other peer. This is less than the figures reported for all sectors (14%) and for the resale goods market (13.4%).

2.4 Transparency aspects

2.4.1 Information to platform users (clarity, easy accessibility)

The platform's identity is stated in company registries in Barcelona, Spain, as a **for-profit entity** "Wallapop Spain SL", but its current liquidity is largely assured by outside investors. The registration number and further details of the legal entity can also be found in Wallapop's terms and conditions page (General information about the Website). However, on the website or app it is not stated that Wallapop is a for-profit entity.

To date, Wallapop's gives no information about national income taxes or other taxes applicable when buying or selling second hand goods. In 2015, the Spanish media published information on how to declare profits of products sold through the app. Following this media-release, a Wallapop spokesperson confirmed that the platform would, in future, include information on applicable rules and tax obligations for peer providers/consumers on their app and website.³¹

Wallapop does not have a **pricing mechanism for peers**. However, the platform recommends peer providers to set a fair and competitive price for their item by searching on the platform for similar items before listing theirs, in order to get a good idea of what the item is worth³².

Unlike other second-hand goods platforms (e.g. eBay), Wallapop **does not make the distinction between private and commercial peer providers** at any point of using the app. There is also uncertainty regarding peers' identity since Wallapop only checks user identity through email, Facebook or google accounts without any pre-screening of peers (verification of identity documents or criminal record check).

Wallapop includes a **set of guidelines for peer interactions** under its FAQ page, Wallapop Rules³³ and Safety sections. The Wallapop Rules³⁴ section contains general rules on the use of the service along with a list of prohibited content which might pose a risk to users. On the FAQ page, the platform includes information on how peers should interact – including tips for selling and buying, communicating with peers etc.³⁵. However, peers are not obliged to accept these rules upon registration.

Peer users are encouraged to report fraudulent activities and they need to mention the reason for their suspicion including: miscategorised, selling people or animals, joke, fake item, offensive content, photo does not match, selling food/drugs or medicine or other. According to Wallapop spokesperson, the platform collaborates closely with local/national police to identify fraudulent profiles and to stop peers selling stolen goods through the platform.³⁶ Regular meetings take place between representatives of Wallapop and local police.

Information about **safety issues** are clearly listed under Safety sections³⁷. Safety advice is also given in an elaborated Safety Guidelines section which contains safety tips when meeting a stranger for the first time and tips on how to avoid scams.

The platform's Terms and Conditions also set out the **platform's liability**. Even though Wallapop has the previously mentioned monitoring mechanisms in place, it does not take responsibility for the transactions between peers. Wallapop clearly states that items for sale or sold through the platform are not owned by the platform, and that the platform is

³¹ Interview with the platform 18/08/2016

³² Information available at: <http://uk.wallapop.com/faq>, accessed on 08/02/2017

³³ Information available at: <http://uk.wallapop.com/rules>, accessed on 08/02/2017

³⁴ Information available at: <http://uk.wallapop.com/rules>, accessed on 08/02/2017

³⁵ Information available at: <http://uk.wallapop.com/faq>, accessed on 08/02/2017

³⁶ Interview with the platform 18/08/2016

³⁷ Information available at: <http://uk.wallapop.com/safety>, accessed on 08/02/2017

not a party in the transaction. Sale transactions are carried out exclusively between peer consumers and peer providers and Wallapop does not review or validate products that users provide through its service. Wallapop is not responsible for damages of any nature arising from content and activities of users and/or third parties, or for the lack of legality, reliability, usability, accuracy, completeness and timeliness thereof.

Wallapop **does not provide clear rules or guidelines for making complaints** or in case something goes wrong. It only provides a detailed FAQ Wallapop Rules and Safety sections that aim to minimise problems when using the platform.

To sum up, certain information can be either found in the platform's FAQ, Wallapop Rules and Safety Guidelines, as well as in the Terms and Conditions. Information is accessible in the help section of the app or in the website at the end of each page. Wallapop's responsibility and involvement in the transaction is not particularly clear when using the platform as this information is only available in the Terms and Conditions page. However, since transactions are concluded face-to-face it is not clear for peers when and how platform is involved in the transaction³⁸.

Some information is only provided in the FAQ, such as how to report a problem, whereas other information is only provided in the Terms and Conditions, such as provisions regarding the platform's liability. Guidelines for peer interactions can be found in FAQ, Wallapop Rules and Safety Guidelines. This fragmented dissemination of information may impact ease of access to peer users. However, the language in these sections is very easy to understand and clarified with concrete examples (i.e. what to ask a provider when a peer consumer starts a chat) which aids understanding.

2.4.2 Terms and conditions

Wallapop's **Terms and Conditions** are structured into 20 paragraphs in the following way:

³⁸ Mystery shopping, 21/09/2016

- | | |
|--|---|
| 1. Acceptance | 12. Indemnity |
| 2. Age and Ability to Bind | 13. Waiver and Modification |
| 3. Modifications | 14. Construction |
| 4. Personal Data | 15. Severability |
| 5. Password | 16. Claims |
| 6. Linked Sites | 17. Assignment |
| 7. Intellectual Property and Content | 18. Survival After Termination |
| 8. Moderation | 19. Notices and Provider of the Service |
| 9. Copyright Complaints | 20. Entire Agreement |
| 10. No Right of Withdrawal | |
| 11. Disclaimers and limitations of liability | |

In its Term and Conditions, the platform reserves the right to³⁹:

1. Monitor or stop monitoring services, including any content shared by peer users.
2. Deny temporarily or permanently peers users from accessing all or some features of the Wallapop matching service.
3. Suspend, terminate, modify or delete any account.
4. Stop providing services as whole or partly at any time.
5. The platform states that it has no duty to notify peer users of any monitoring, moderation, exclusion, availability or unavailability of the service and of any suspension, termination, modification or deletion of any account. Moreover, it does not have a duty to compensate for any loss associated therewith.

Section 10 of the Terms and Conditions states that peers **do not have the right of withdrawal**⁴⁰, as the relevant legislation does not apply to Wallapop's peer users or the platform services. Peer users at Wallapop meet in person to conclude a transaction. Thus, it is up to the peer provider to accept returns.

Section 11(Disclaimers and limitations of liability)⁴¹ underlines that Wallapop is not liable in case something goes wrong in the peer to peer transaction. Peer users are solely responsible for interactions with other users. Wallapop is merely an intermediary between peer users, and it does not accept any liability for the use peers make of the platform or the conditions, source and quality of the products offered.

Moreover, there is no mention of responsibilities/liability of the **peer supplier**. The T&Cs generally state that all users must agree to use the Service in accordance with all applicable laws, ethics, public policy and terms.

There are guidelines for peer interactions in the Wallapop Rules section, for example about which items can be listed on Wallapop, and a FAQ section with tips for selling and for buying. These sections are merely given as a guide and they do not represent legal documents.

Wallapop reserves the right to remove listings and profiles offering products that are not to be sold on the platform. A list of the products that cannot be sold through Wallapop is in the terms and conditions.⁴² Wallapop's moderation team reviews listings that might contain fraudulent content or offer unaccepted products.⁴³ The platform also reserves the

³⁹ Information available at: <http://www.wallapop.com/toc>, accessed on 08/02/2017

⁴⁰ Information available at: <http://www.wallapop.com/toc>, accessed on 08/02/2017

⁴¹ Information available at: <http://www.wallapop.com/toc>, accessed on 08/02/2017

⁴² Information available at: <http://www.wallapop.com/toc>, accessed on 08/02/2017

⁴³ Interview with the platform 18/08/2016

right to ban users from Wallapop temporarily or indefinitely for infringing the terms and conditions or impeding any improvements to the platform.⁴⁴

Even though the Terms and Conditions are easy to understand and not very lengthy, not all information to peer users can be found there. Relevant information for peer users is also presented in the Privacy Policy, Wallapop rules, Safety Guidelines and FAQ. This may not help peer users in finding the information they are looking for quickly. Indeed, Figure 12 (section 2.3.3) shows that Wallapop's peer users are not always aware of their rights or the platform's responsibilities in case something goes wrong.

2.4.3 Data protection

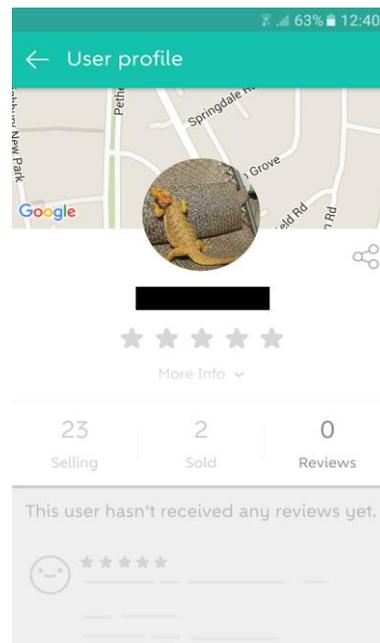
Wallapop's **Privacy policy** is not included in the Terms and Conditions page. The Privacy Policy section is structured with numbered paragraphs like the T&Cs, which facilitates reading. Moreover, the vocabulary used in this section is not complex and it does not include technical elements, which contributes to a good understanding of how the platform uses the information provided by peer users. The Privacy Policy section covers the following topics:

- Collection and Use of Personally Identifiable Information
- Collection and Use of Non-Personal Information
- Automatic Data Collection
- Use of Personally Identifiable Information
- International Transfer of Data
- Security Measures
- Minimum Age
- Viewing of Personally Identifiable Information Among Users
- Messages
- Third-party Websites or Services
- Cookies
- Do Not Track Signals
- How to Contact Us

⁴⁴ Information available at: <http://www.wallapop.com/toc>, accessed on 08/02/2017

Regarding data protection, the **Privacy policy** highlights that Wallapop uses “commercially reasonable efforts to protect personal identifiable information” from loss and unauthorized access. However, it also states that the security system can fail. Thus, Wallapop cannot guarantee the security of its databases, nor can it guarantee that personal identifiable information will not be intercepted, copied, accessed, or stolen. Therefore, peer providers may be concerned that their location could be seen by any user on the app. For instance, in the Figure 14 the user’s location can be detected by clicking on the map available in the profile.

Figure 14: Peer provider’s location on Wallapop (Android app version)



Personal data is collected when peer users register on the platform (person’s name, home address, email address, phone number and any other information provided voluntarily) and through an automatic data collection technology⁴⁵. The automatic data collection technology (including cookies) gathers information from peer users’ computers (Wallapop website) and phones (Wallapop app) to track their use of the service and to collect basic information about peer users and their usage habits. This includes information about operating systems, IP addresses, browser type, language, referring and exit pages, URLs, keywords, date, time, amount of time spent on pages, what sections of a website peer users visit, and similar information concerning the use of the Wallapop service.

Furthermore, personal information is disclosed to:

- Other peers (any information peer users choose to make available to other users of the service, meaning any information provided to the platform at the registration or any other stage).
- Third parties to perform certain business-related functions. Examples include mailing information, maintaining databases, hosting services, and processing payments.
- Government authorities
- Business partners.

⁴⁵ <http://www.wallapop.com/priv>

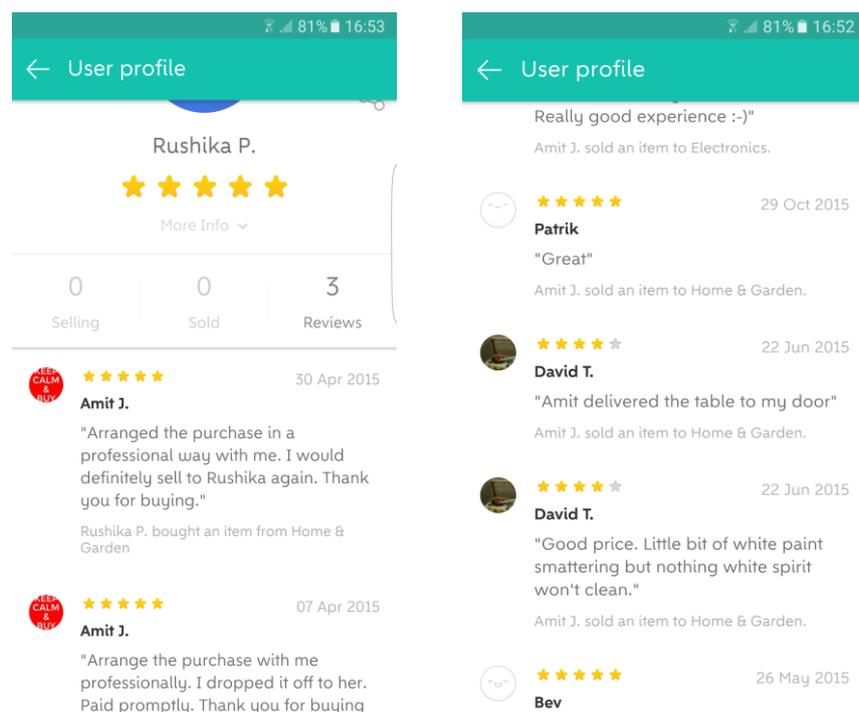
Wallapop reserves **the right to transmit personally identifiable information (PII)** to third parties for business-related activities (e.g. mailing information, maintaining databases, hosting services etc.) When Wallapop employs a third party to perform a function of this nature, the platform provides them with the information that they need to perform their specific function, which may include PII of users. Wallapop requires such third parties to maintain the confidentiality of the information provided and use such information only as necessary to provide Wallapop with designated services. However, Wallapop does not provide information to peers when these data are shared with third-parties.

2.5 Trust building and verification of information

2.5.1 Peer reviews and ratings

Peer reviews are a key element for maintaining trust in the platform. Profiles include reviews to build reputations and trust between users of the online marketplace. Wallapop provides a **two-sided review mechanism**. Peers can rate others through a star-rating system and provide written feedback about the quality of the transaction, product, price etc. Moreover, peer users can also see how many products a peer user has sold, how many products she/he is currently selling and the star-rating. The figure 15 displays a few examples of Wallapop reviews:

Figure 15: Peer reviews and ratings on Wallapop (Android app version)



To leave a review after a sale, the peer provider must mark the product as sold. The peer provider is then shown a screen where s/he can select the peer consumer's name, and leave a rating (from 0 to 5 stars) as well as a written review. Simultaneously, when marking the product as sold, the peer consumer receives a notification prompting them to rate their experience with the peer provider. Peer users cannot edit their reviews or star-rating after they have submitted them. Both reviews will be registered in peer users' profiles and will be visible for other peer users. Peer consumers can review a peer provider if the peer provider has also reviewed them while peer providers can review a peer consumer right after marking their product as sold

Wallapop has a **moderation team** which monitors peer user activities within the platform daily.⁴⁶ Fraudulent/suspicious profiles and publications are detected by the platform's keyword search mechanism, users reporting profiles/listings as fraudulent and local/national authorities who inform the platform about scams.⁴⁷ Profiles reported as fraudulent by peers are followed closely by the client service department and deleted if necessary. Profiles that are reported more than three times will be blocked until the customer service department assesses the profile.⁴⁸

Even with the monitoring of fraudulent activities by Wallapop's moderation team, the platform has many scammers. This is the main element of concern for **peer providers** many of whom complain about the large number of fake buyers who try to take advantage of them.⁴⁹

2.5.2 Verification of peer information by platform

As indicated in Section 1.1.1, there are three ways to confirm peer users online account when registering on Wallapop, through their email account, Facebook account or Google account.

Wallapop gives peer users additional options to confirm their online accounts or phone number after registration, but this is not obligatory. These include:

- Fill in a google plus profile – indicating an age range, language and proving profile picture and profile URL.
- Phone number verification – Wallapop sends peer users a message with a pin code that will need to be entered when opening the app again.

Offline ID documents such as passport or national ID card cannot be submitted to the platform and consequently criminal record checks are not performed by Wallapop.

2.6 Complaints, redress and insurance

2.6.1 Complaints handling mechanisms

Wallapop has an extensive **FAQ section** which provides answers to common questions and explains how to contact **Wallapop's team** through the help desk section of the app. The FAQ section provides guidelines on how to report an abusive user and how to report an abusive listing. Additionally, in the Privacy Policy section of Wallapop's app and website the email address of the support team is provided.

Wallapop's help desk provides dedicated support for user accounts, selling, buying, and technical problems (Figure 16).

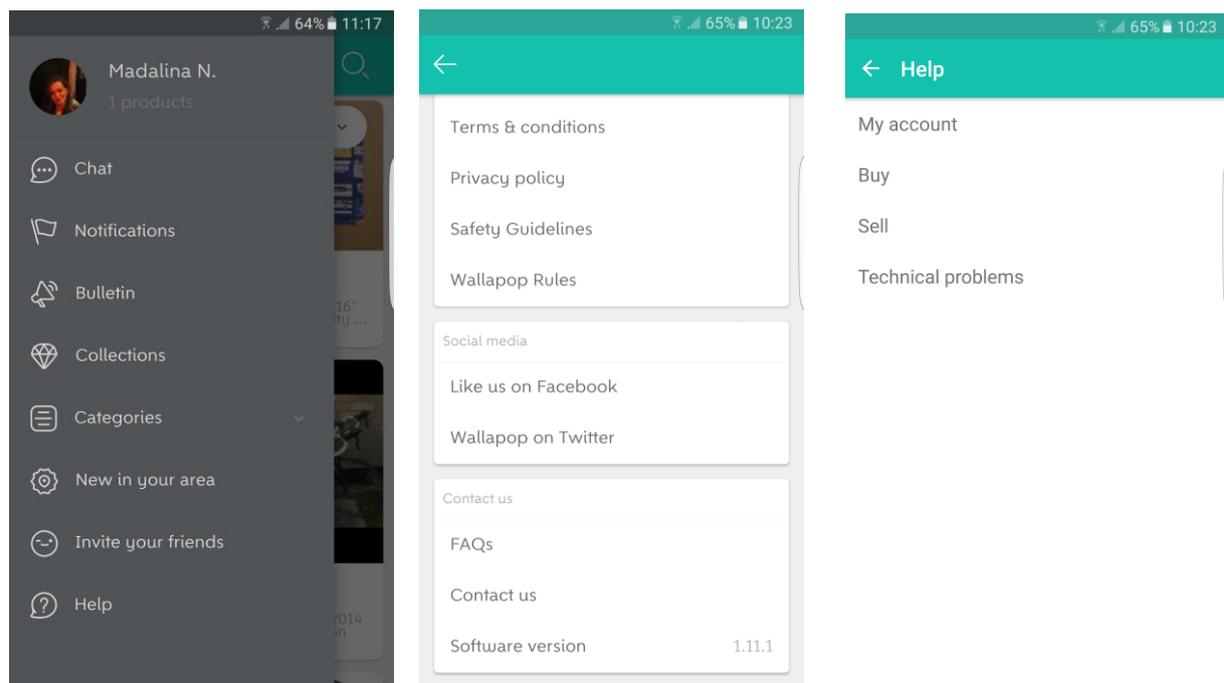
⁴⁶ Interview with the platform 18/08/2016

⁴⁷ Interview with the platform 18/08/2016

⁴⁸ Interview with the platform 18/08/2016

⁴⁹ Interview with the platform 18/08/2016

Figure 16: Help section on Wallapop (Android app version)



If something goes wrong, peer users can issue a complaint and/or ask for technical assistance. There are two ways peers can contact the customer service through the app's help section (for issues with your account, questions related to buying and selling at Wallapop and technical problems) or by email to support@wallapop.com. The help section gives advice on the most common problems identified by peers and it assists peers on how to use the platform. Alternatively, if peers still need help, the platform offers email contact with its staff. However, information on how complaints are processed or how much time it takes to process them is not available on the website.

2.6.2 Access to redress

There is no resolution centre available and no access to redress by Wallapop. This means the platform does not offer to solve any issues regarding peer-to-peer transactions. It is up to the peers to negotiate refunds and for the peer provider to accept returns in case a peer consumer is not satisfied with the purchased product.

In case of litigation between Wallapop and the user, the latter may file action in the Spanish courts or in the courts applicable to the User's place of residence⁵⁰.

2.6.3 Access to Insurance

Wallapop does not provide insurance services to platform users.

2.7 Cross-border dimension

As a person-to-person second-hand goods selling platform, potential for **cross border interaction between users is limited** on Wallapop. The core advantage of Wallapop is its geolocation technology, which displays second-hand products for sale within a radius of a few kilometres enabling buyers and sellers to meet up in person. Thus, the app is used mostly for local transactions.

⁵⁰ Information available at <http://es.wallapop.com/toc>, accessed on 08/02/2017

3 Conclusions

3.1 Main findings

3.1.1 Contribution to the business model typology

Wallapop's business model is quite different to more traditional second-hand goods selling platforms, but it does have common characteristics with some more recent platforms (e.g. Letgo).

Wallapop also influences the way transactions occur between peers by fostering trust through different mechanisms. The platform shares several characteristics with the second type of business model identified in the Final Report (**active management**) as the platform:

- Actively matches demand and supply through search functions/filters and/or instant messaging system;
- Provides guidance for posting listings;
- Facilitates user information checks (through email or social media);
- Monitors user activity and controls access to the platform;
- Provides guidance for P2P interactions;
- Manages peer review and reputation system (ratings); and
- Monitors peer reviews with the right to delete them.

However, Wallapop differs from the active management model when it comes to revenue generation, as it does not yet have payment services or transaction fees for peer users but only charges for featured listings.

3.1.2 Consumer experiences

Task 2 survey show that Wallapop peer users are either satisfied or very satisfied with their experience on the platform and that they are very likely or likely to use it again (over 70% of 206 respondents). However, this is less than the overall satisfaction level reported for (Re)Sale of Goods platforms (over 75%).

Task 2 survey results also show that most peer consumers encounter problems when using Wallapop service. The problem faced by peer consumers most frequently, was related the use and functioning of the app, with 6.5% of respondents saying that they had this problem more than 5 times, 13% between 2 to 4 times and 16.9% at least once.

Additionally, the Task 2 survey indicates that peers using Wallapop are not aware of their rights or the platform's responsibilities in case something goes wrong. A large majority of peer consumers do not know or are not sure if they know their rights for compensation/reimbursement (81.4%), the platform's responsibility with peers (82.9%) or their rights when something goes wrong (79.8%). Wallapop users know less about their rights compared to the average resale platform user in the survey.

3.1.3 Transparency of the platform, including information provided to peers

Information about liability of the platform, safety mechanisms and guidelines for P2P transactions is available on the platform, either in the FAQ, Wallapop Rules, Safety Guidelines or in the Terms and Conditions. All these sections of the app and website are well structured in paragraphs with clear headings, which makes the information more readable for peer users.

However, the fact that the information is fragmented across these different pages of the website can undermine clarity. Indeed, Task 2 survey results confirm that around 80% of peer users are not aware or uncertain about their rights on the platform.

3.1.4 Trust building and verification of information

Trust building relies mainly on peer reviews and ratings and online user data confirmation of peer users.

Optional peer reviews and ratings are posted after each transaction. They are published on peer users' personal profiles. However, peer consumers can only leave a review of a peer provider if the provider has left a review of consumer beforehand. The platform reserves the right to delete reviews in specific cases (e.g. when they include abusive language).

3.1.5 Access to complaints, redress and insurance

Peer users can communicate their complaints to the platform through the website and app (using the Helpdesk) or by email. However, Wallapop does not provide insurance services to platform users and there is no access to redress via the platform.

3.1.6 Cross-border issues

As a person-to-person second-hand goods selling platform, cross border interaction between users is limited on Wallapop.

3.2 Good practices

Wallapop has a moderation team that supervises and controls all activities in Wallapop to limit scams and unauthorised sales.

Wallapop gives guidelines for peer consumers on how they should meet with peer providers and inspect the item before they purchase it.

Wallapop is clear about its role in the transactions between the peers: it states that items for sale or sold through the platform are not owned by the platform, and that the platform is not a party in the transaction.

3.3 Elements of concern

Wallapop relies on identity information provided by peers through email confirmation, or links to Facebook or Google accounts to establish a user account. Wallapop does not require proof of peer users' identity, which means it cannot ensure a safe environment when peer meet face to face.

Data protection is another element of concern. Wallapop cannot guarantee the security of its databases, nor can it guarantee that personal information will not be stolen. Thus, peer users may be concerned that their location and other personal data could be seen by any user on the app and use for fraudulent activities.

3.4 Future developments

Wallapop may in future include a payment service on the platform and an escrow service for high-value items. However, a spokesperson for the platform highlighted that the decision to include these two services is only being considered at the moment and it is not yet final.⁵¹

⁵¹ Interview with the platform 18/08/2016