

Platform Capitalism and Exploitation of Merchants: A Case Study of TEMU's "Refund Without Return" Policy

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Abstract

This paper critically explores how TEMU, an emerging global e-commerce marketplace, demonstrates the power dynamics of platform capitalism through exploitative practices against merchants. The research applies the methodology of digital ethnography, collecting data from social media platforms like TikTok, Reddit, Meta and YouTube, and Chinese online discussion forums. Through thematic analysis and engagement with frameworks of platform capitalism, diffusion of responsibility and digital labor, this paper finds that TEMU's "Refund Without Return" policy and the associated five-fold penalty mechanism represent the concept of "unilateral agreement" that places an unreasonable burden on small merchants. Merchants heavily rely on TEMU's access to the extensive global customer base; this dependence on TEMU deprives them of bargaining power, leading them to uncertain financial penalties for customer returns. Due to unstable profitability and the failure to challenge the platform policies, merchants collectively experience emotional distress. At the same time, social media platforms function as communities for TEMU customers to openly share, recognize and celebrate exploitative strategies of the "Refund Without Return" policy. These behaviors are considered smart customer behavior and "happy shopping," collectively normalizing exploitative refund practices. Notably, the consensus in customer communities redefines the moral narrative of customer behaviors in the global e-commerce marketplace. This customer-driven exploitation further intensifies merchants' instability and promotes a customer exploitation subculture. Altogether, the "Refund Without Return" policy becomes a systematic exploitative tool that demonstrates systemic injustices and power imbalance in platform capitalism.

Keywords: Customer Exploitation; Digital Ethnography; Digital Labor; Platformization; Platform Capitalism