

Understanding Penalty Points

Edited: 03/02/2021

OBJECTIVES

To help sellers understand how to reduce/avoid receiving any type of penalty points and also how to better manage their stores more effectively with tips & strategies.

CONTENT

1. What is Seller Penalty Point System?
2. Non-Fulfilment Rates
3. Late Shipment Rates
4. Listing Violations
5. Customer Service Violations

1. What is Seller Penalty Point System?

What is the seller penalty point system?

It's a point-based system designed to help you achieve operational excellence by tracking your performance and highlighting key areas for improvement. We designed this system to help you grow your business by ensuring customer loyalty through operational excellence. You will maintain all your seller privileges as long as you take steps to improve and stay on target.



Access to full range of seller privileges

Reward good performing sellers by giving them access to our full range of seller privileges, while limiting privileges to sellers who require more time to improve.



Preferred Seller program

Provide good performing sellers with priority consideration into our [Preferred Seller program](#).

What are the penalties?

Every Monday, we will evaluate and update sellers on how well they've performed in the previous week on the following key metrics. Points are issued if sellers fail to meet their performance targets.

- Seller privileges may be temporarily withdrawn for sellers that accumulate a high number of Penalty Points. **The more points accumulated, the fewer privileges the seller will enjoy**
- Depending on the penalty tier reached, **selected seller privileges will be temporarily suspended (for 28 days)** based on the table on the next slide
- We will reinstate any lost seller privileges after **28 days** as long as you take steps to improve and stay on target
- However, any points accumulated will remain on record until the quarter ends. **Points will reset to 0 at the start of each quarter (1st Monday of January, April, July, and October)**

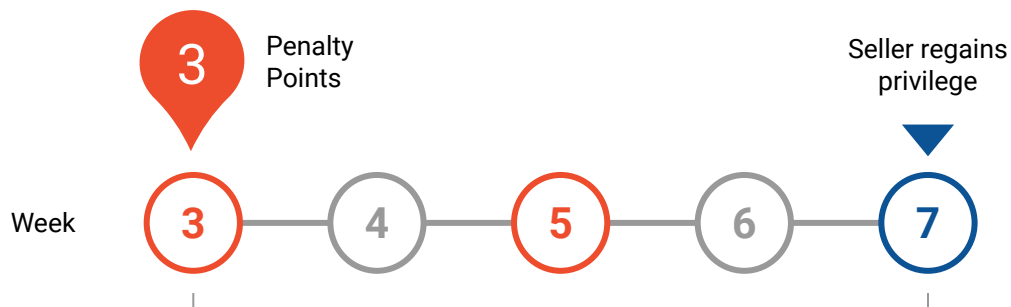
What are the penalties? (cont.)

Penalty Points may be issued to sellers who do not meet Shopee's performance targets. Performance is measured on a weekly basis. Sellers will be updated on their performance at the start of each week.

Tier	Penalty Points Accumulated	Relevant Punishments (for 28 days)
5	15	- Ban from marketing campaigns - Remove free shipping or shipping rebates - Deboost listings (Severe) - Block listing creation and editing - Freeze account
4	12	- Ban from marketing campaigns - Remove free shipping or shipping rebates - Deboost listings (Severe) - Block listing creation and editing
3	9	- Ban from marketing campaigns - Remove free shipping or shipping rebates - Deboost listings (Severe)
2	6	- Ban from marketing campaigns - Remove free shipping or shipping rebates - Deboost listings (Moderate)
1	3	Ban from marketing campaigns

Calculation of Penalty Points (Example 1)

Seller A



- Seller A is issued 3 Penalty Points in Week 3
- Seller is banned from marketing campaigns for 28 days
- Seller regains privilege on Week 7

Calculation of Penalty Points (Example 2)

Seller B



- Seller B is issued 3 Penalty Points in Week 3
- Seller is banned from marketing campaigns for 28 days
- Seller does not improve and accumulates 6 Penalty Points by Week 5
- Seller is not allowed to participate in marketing campaigns, will not receive shipping subsidies, and listings will be deboost (moderate) for 28 days
- Seller regains privileges on Week 9

Shopee focuses on 2 key fulfilment metrics

Shopee Fulfilment Metrics

Non-Fulfilment Rate

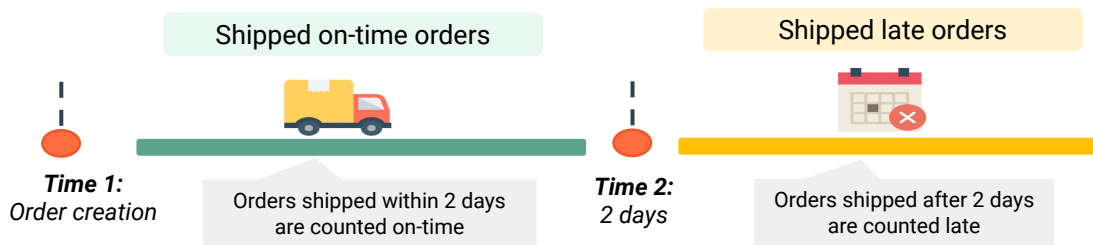
The Non-Fulfilment Rate reflects the percentage of total orders that were cancelled and returned due to the seller's fault in the past 7 days

$$\text{Non-fulfilment rate} = \text{Cancellation rate} + \text{Return-refund rate}$$

Targets

Threshold	Number of NFR orders	Points Issued
10%	<30	1 point
	30 or more	2 points

Late Shipment Rate



$$\text{Late shipment rate} = \text{Late shipped orders} / \text{Total shipped orders}$$

Threshold	Number of LSR orders	Points Issued
15%	<50	1 point
	50 or more	2 points

2. Non-Fulfilment Rate (NFR)

Non-Fulfilment Rate (NFR)

Order Non-Fulfilment Rate is the percentage of orders (out of total orders) that were either cancelled or returned in the past **7 days**. When computing this metric, the system will **consider all order cancellations initiated by the seller or cancelled by our system**. You should target to keep your order non-fulfilment rate **below 10%**.

Shopee Fulfilment Metrics

Targets

Non-fulfilment rate

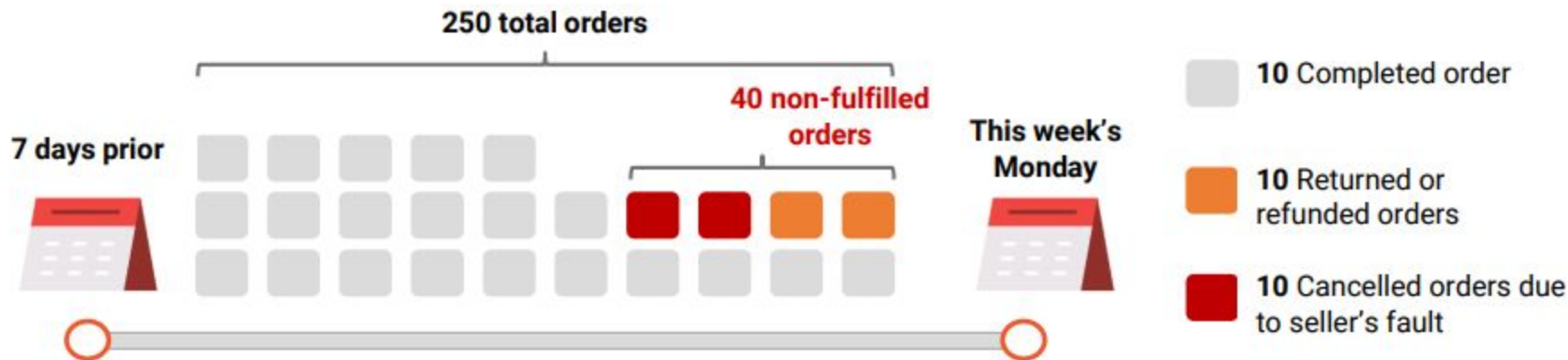
The Non-fulfilment Rate reflects the percentage of total orders that were cancelled and returned due to the seller's fault in the past 7 days.

Non-fulfilment rate = Cancellation rate + Return-refund rate

Threshold	Number of NFR orders	Points Issued
10%	<30	1 point
	30 or more	2 points

For more details on NFR, please refer [HERE](#).

How is Non-Fulfilment Rate (NFR) calculated?



Example:

- Seller A has 250 total orders
- 40 orders are non-fulfilled
- Seller A's NFR is: $40 \div 250 = 16\%$

Seller A has **NFR of 16%** which **exceeds the target of 10% and 30 non-fulfilled orders**. Hence, Seller A will receive **2 penalty points from high NFR this week**.

What are the main causes of high Non-Fulfilment Rate (NFR)?

High Cancellations:



Product is Out of Stock



System cancellation of orders
due to inactivity for 7 days



System cancellation of orders
due to failure to ship within
Days to Ship period

High Returns:



Item not received

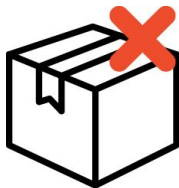


Wrong item



Damaged item

How can I reduce Non-Fulfilment Rate (NFR)?



Avoid Out of Stock situations



Turn on *Vacation Mode* when you are away



Ship orders on time



Pack the right products



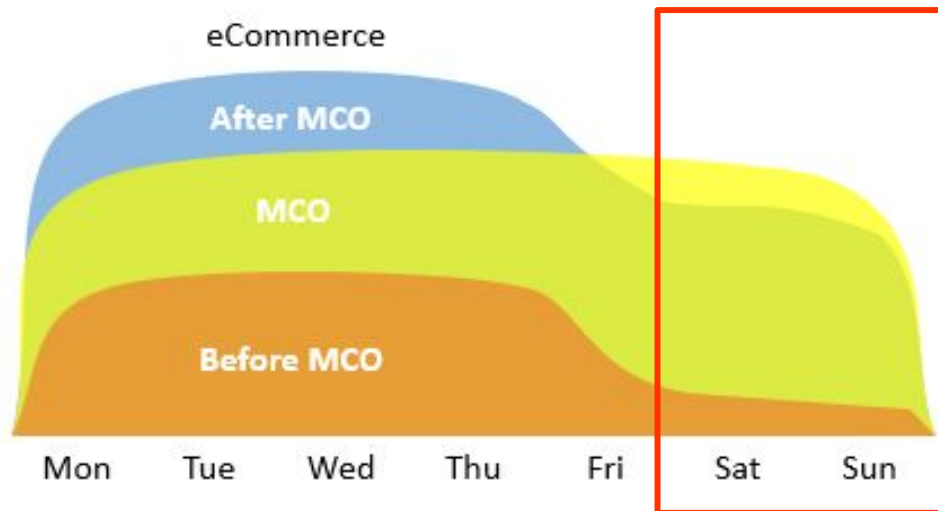
Check for any damages or defects when packing



Provide accurate descriptions

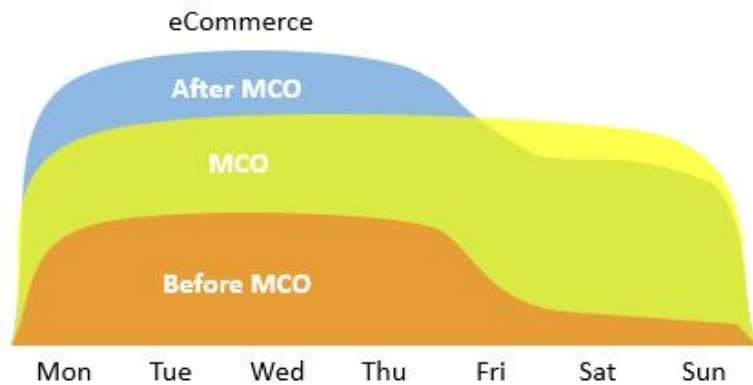
For more details, please refer [HERE](#).

Weekdays & Weekends Used to Be More Distinct



Best time to **pack** orders
are on weekends

Fulfilling Orders Immediately on Weekends Increases Sales



Sellers who pack orders 7 days a week have a **Conversion Rate (CR) 19.7%** higher than sellers who pack orders <5 days a week (i.e. 19.7% more sales for the same traffic). This is linked to **Average Preparation Time (APT)**

Sellers

Packs <5 Days a Week

Packs 7 Days a Week

3. Late Shipment Rate (LSR)

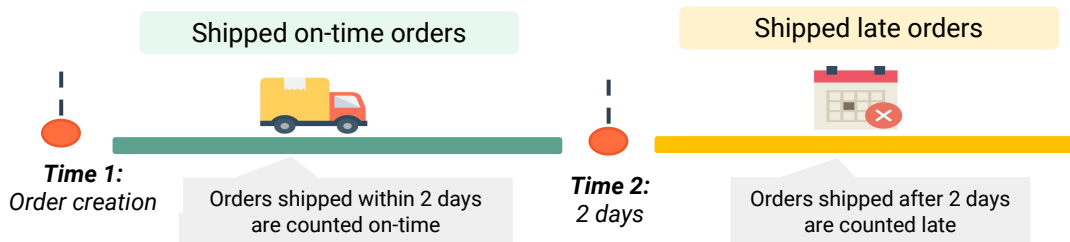
Late Shipment Rate (LSR)

Late Shipment Rate is a feature designed to track and minimise the number of late orders. LSR **reflects the percentage of orders (out of total orders) that were shipped out late in the past 7 days**. An order is shipped late if the time of shipment is later than **2 days** (for ready stocks). You should target to keep your order late shipment rate **below 15%**.

Shopee Fulfilment Metrics

Targets

Late Shipment Rate

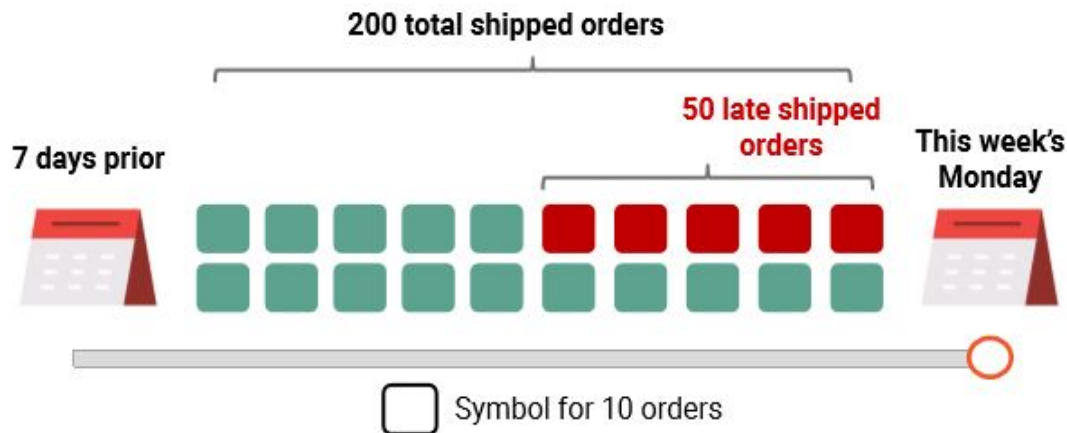


Threshold	Number of LSR orders	Points Issued
15%	<50	1 point
	50 or more	2 points

$$\text{Late shipment rate} = \text{Late shipped orders} / \text{Total shipped orders}$$

For more details on LSR, please refer [HERE](#).

How is Late Shipment Rate (LSR) calculated?



Example:

- Seller A has 200 total shipped orders
- 50 orders are shipped late
- Seller A's LSR is: $50 \div 200 = 25\%$

Seller A has an **LSR of 25%** which **exceeds the target rate of 15% and 50 late shipped orders**. Hence, Seller A will receive **2 penalty points due to high LSR this week**.

Note: When computing this metric, all orders will be included except auto-cancellation orders (already included in the Non-Fulfilment Rate calculation).

What are the main causes of high Late Shipment Rate (LSR)?



Out-of-stock
Inventory



Insufficient manpower to
pick and pack orders



Inaccurate demand forecasting during
campaign or promotion period

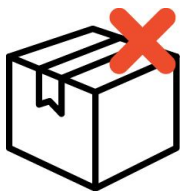


No proper order
management process



Seller is away or
on leave

How can I reduce Late Shipment Rate (LSR)?



Avoid Out of Stock situations



Manpower planning
(especially during campaigns)



Forecasting



Prioritise orders



Turn on Vacation Mode
when you are away

For more details, please refer [HERE](#).

4. Listing Violations

Listing violations

Sellers who breach Shopee's terms and policies will be notified accordingly to edit the listings and remove all elements which violates the aforementioned policy. Failure to do so will result in the listings being deleted and they will incur penalty points as shown under the Seller Penalty Points System.

The more listings violation a seller flagged, the more penalty points the seller will incur. Points are issued if sellers fail to meet their performance targets.

Listing Violation Type	Target	Penalty Point
Prohibited listings / advertisements	< 2	1
Spam	< 5	1
Counterfeit	< 2	1

Seller Tips!



Note: Sellers with severe listings violations will **earn 2 penalty points**.

- Sellers who reupload listings previously banned due to spam (wrong category, keyword spam, wrong attributes etc.) without editing will have their listings deleted and **earn 1 penalty point**.
- Sellers who reupload previously deleted listings will **earn 1 additional penalty point**.
- Sellers who upload listings in prohibited categories will have their listings deleted and **earn 1 additional penalty point**.

Advertisements, switched listings, misleading discounts, and prohibited listings



Advertising for services / company



Switched listings

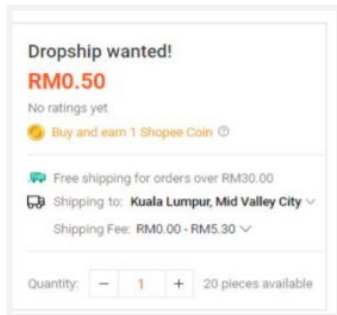


Misleading Discount

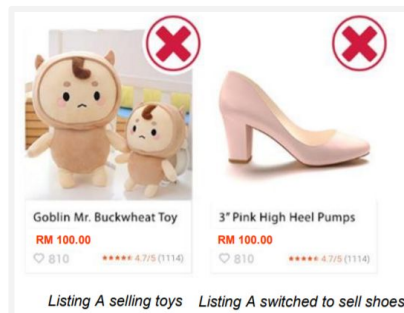


Prohibited Items

Example:

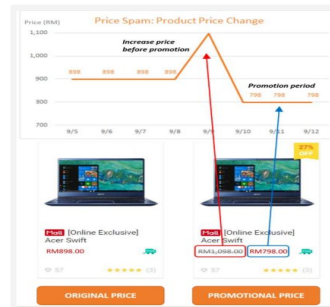


Example:



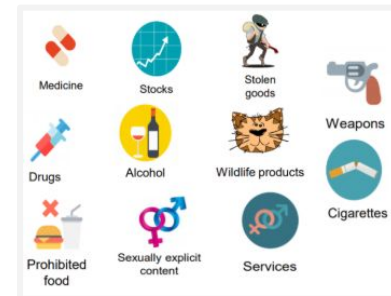
Listing A selling toys Listing A switched to sell shoes

Example:



<https://shopee.com.my/events3/code/2779616051/?smtt=3.10053588>

Example:



<https://shopee.com.my/docs/3598>

For more details on prohibited listings, please refer [HERE](#).

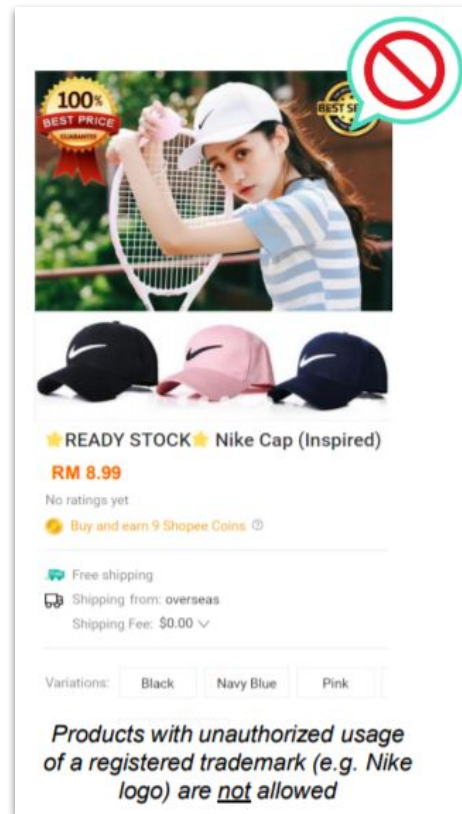
Counterfeit listing

The sale of counterfeit items is strictly prohibited and will be deleted. Counterfeit items are products that are made in exact imitation of an existing brand with the intention to deceive or defraud.

Sellers with such counterfeit listings will incur penalty points under Shopee's Seller Penalty Points System. Repeated offender's account may be frozen.

In the event that your listings are indeed genuine but flagged for counterfeit, please submit your authenticity proof evidence to [Shopee Customer Service Team](#).

For more details on counterfeits, please refer [HERE](#).



100% Authentic Money Back Guarantee

100% Authentic Money Back Guarantee tag



100% Authentic Guarantee
Guarantee Authentic or Money Back

- Introduced to Preferred Sellers to boost store sales and increase buyers' confidence on Shopee
- All products of Preferred Sellers will be tagged **automatically**
- Buyers can raise a return/refund request if they received any counterfeit products
- If product is proven to be fake (not original), buyer will be eligible for **100% Refund Guarantee** borne by the seller

What happens when a product is claimed to be counterfeit?

- Seller will receive an in-app notification
- Seller can provide proof of authenticity for the flagged listing through Seller Centre

What are the consequences of selling counterfeit products?



**Buyer will be eligible for
Money Back Guarantee
borne by the seller**



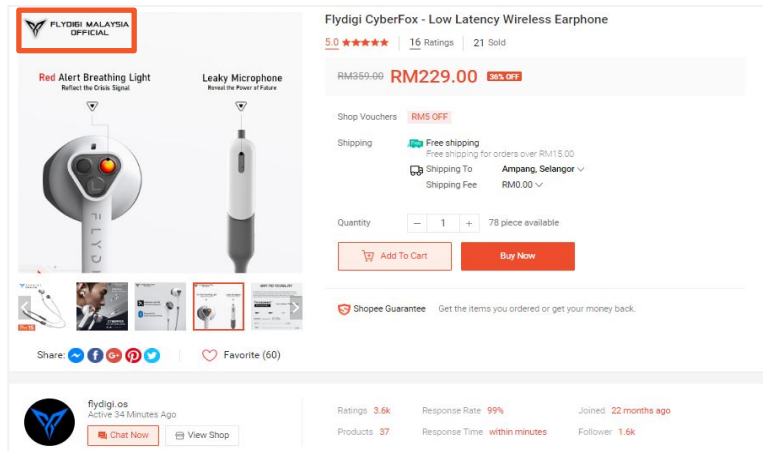
**Seller will be removed from
Preferred Seller program**

To learn more about 100% Authentic Money Back Guarantee, please tap [HERE](#)

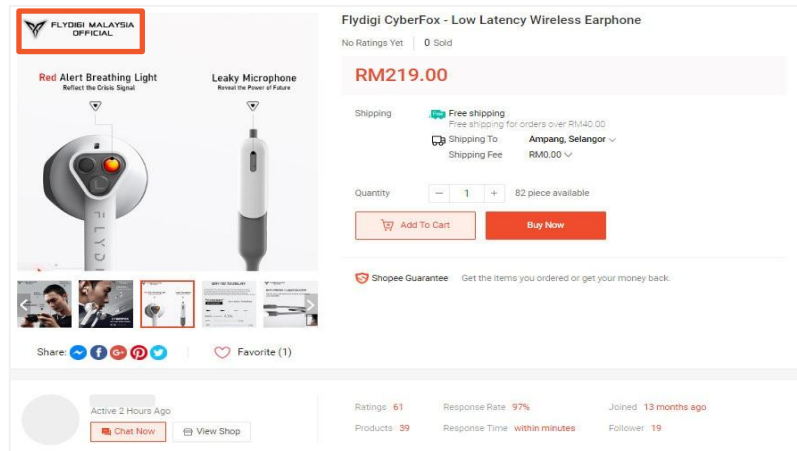
Unauthorised copied listings

Unauthorised copied listings refer to listings that have been confirmed to **misuse other sellers' images or details without consent**. All unauthorised copied listings are strictly prohibited and will be **suspended** if found in violation.

Sellers with such copied listings will incur penalty points unders Shopee's Seller Penalty Points System.



✓ **Original image**



✗ **Copied image**

For more details on unauthorised copied listings, please refer [HERE](#).

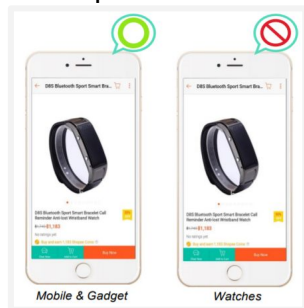
Private & Confidential

Spam (Duplicate listings, attributes, keywords, brand spam)



Duplicate Listings

Example:

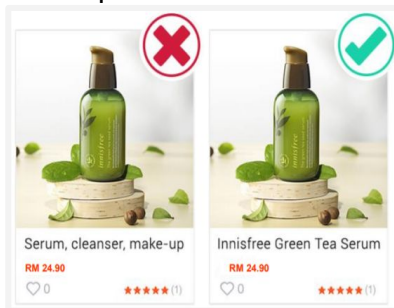


<https://shopee.com.my/web/events3/code/2459038824/>

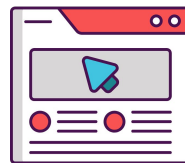


Brand/ Keyword Spam

Example:

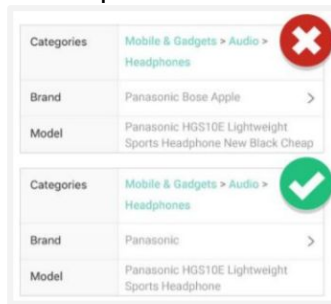


<https://shopee.com.my/events3/code/2600045937/>



Attribute Spam

Example:

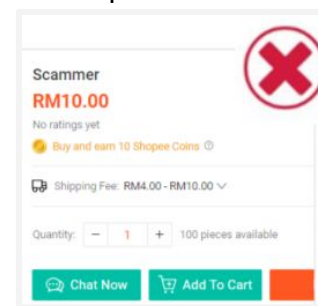


<https://shopee.com.my/events3/code/2659227738/>



Junk/ Vulgarity

Example:



For more details on spam listings, please refer [HERE](#).

5. Customer Service Violations

Customer service violations

Every **Monday**, we will evaluate and update sellers on how well they have performed in the previous week on the following key metrics. Points are issued if sellers fails to meet their performance targets.



Rude / abusive chat

Sellers reported by other users for having abusive behaviour on chats may receive penalty points

2 Points



Request buyer to cancel

Sellers who are detected by Shopee's system to be asking buyers to initiate cancellation will receive penalty points

2 Points

Seller Tips!



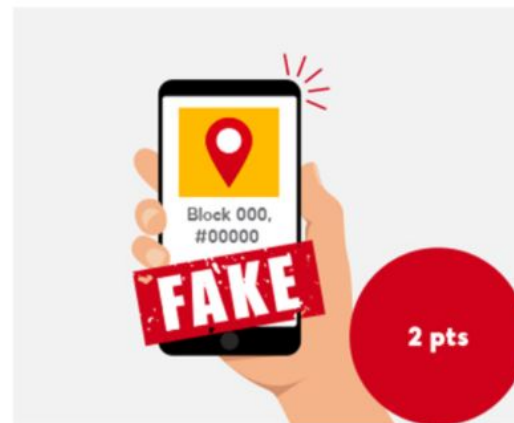
Chats from orders canceled by buyers are manually reviewed weekly. If they are caught asking the buyer to cancel the order due to the seller's own issue, they will receive **2 penalty points** under CS violation that week.

Example chats:

- "Hi, your item is out of stock. Please submit your cancellation for us to approve. Thanks!"
- "No stock, please cancel the order and the cancel reason please choose: others."

Fake Return Address

Ensure that your return address is where you'd like the buyer to return the parcel to. Entering a fake/invalid return address will incur 2 penalty points.



**Entering invalid
return addresses**

Performance Metric	Target	Point Issued
Fake return address	Zero	2 points

Fraud - False Transactions

Sellers (as well as staff who managed your shop) **should not buy or attempt to buy from your own shop.**

Some of the scenarios that will cause you to incur penalty points under fraud for false transactions are as follow:

- Buyer is having issues while trying to checkout from your shop. While you try to understand what went wrong, you try to replicate the issue by trying to buy/checkout from your own shop.
- Buyer is having issues on applying Shopee/Seller voucher during checkout. While you try to understand what went wrong, you try to replicate the issue by trying to buy/checkout from your own shop with the voucher code.

Performance Metric	Target	Point Issued
Checkout without voucher used	Zero	1 point
Checkout with voucher used		2 points

Fraud - Shipping Fraud

What is Shipping Fraud?

- Cases where a seller **intentionally sends an empty parcel, or a parcel containing an item that is irrelevant and of a lower value**, instead of the actual item ordered.

Examples of Shipping Fraud:

What buyer ordered	What buyer received
A box soap	An empty box
A rice cooker (worth RM1000)	A set of Superman sticker (worth RM5)
A shoe (worth RM1000)	A RM10 voucher
A phone (worth RM 2000)	A phone case (worth RM10)
A TV	A "We are sorry note, your shipment is delayed" note



Shipping empty parcels

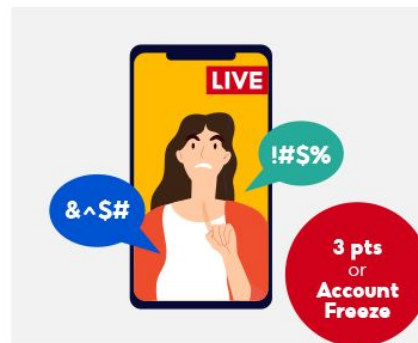
Performance Metric	Target	Point Issued
Shipping Fraud	Zero	3 points for first offence
		6 points for second offence
		Account freeze for third offence onwards

Social Selling Policy

To ensure that Shopee Feed and Shopee Live platforms remain a friendly and safe environment for buyers and sellers, penalty points will be issued for inappropriate content. This includes explicit/sensitive content*, harassment of others, or the promotion of prohibited items.

***Explicit/sensitive content** refers to the following:

1. **Promotion of pornographic content**
2. **Information to incite hate, unrest, and/or discrimination**
3. **Harassment and cyberbullying**



**Explicit / Sensitive content
Harassment**



**Promotion of prohibited
items**

Performance Metric	Target	Point Issued
Inappropriate content on Shopee Feed and/or Shopee Live, deemed as severe violations.	Zero	3 points
Repeated severe violations for Shopee Feed and/or Shopee Live		Account freeze

Penalty Points Summary

Every **Monday**, we will evaluate and update sellers on how well they have performed in the previous week on the following key metrics. Points are issued if sellers fail to meet their performance targets.

Operational Excellence Pillar	Minimum Performance Target	Penalty Point Issued Per Week for Non-Compliance
Fulfilment	Non-fulfilment rate < 10% and number of non-fulfilled orders < 30	1 point (2 points if NFR > 10% and number of non-fulfilled orders > 30)
	Late shipment rate < 15% and number of late shipped orders < 50	1 point (2 points if LSR > 15% and number of late shipped orders > 50)
Listing / Content	No prohibited listing or advertisement	Up to 2 points
	No IP Infringement or counterfeit	Up to 2 points
	No listing spam (e.g. keyword, price, duplicate)	Up to 2 points
Customer Service	No rude / abusive chat or review reply	2 points
	No request for buyers to cancel orders	2 points

For more details on Seller Penalty Points System, please do refer [HERE](#).

CONTINUE NEXT SLIDES >

Penalty Points Summary (cont.)

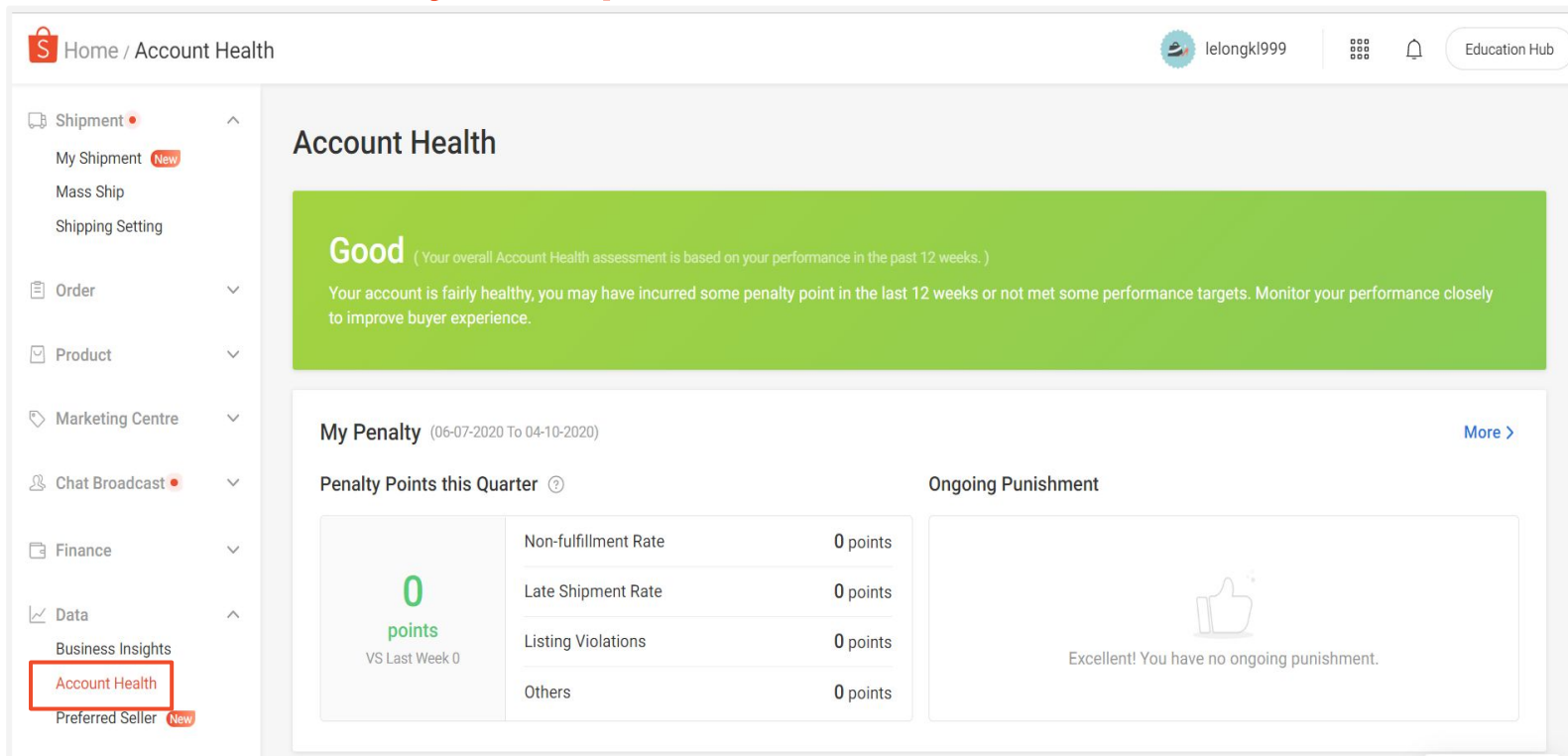
Every **Monday**, we will evaluate and update sellers on how well they have performed in the previous week on the following key metrics. Points are issued if sellers fail to meet their performance targets.

Operational Excellence Pillar	Minimum Performance Target	Penalty Point Issued Per Week for Non-Compliance
Fraud / False Transaction	No attempt in buying from own shop	Up to 2 points
	No fake return address	2 points
	Shipping Fraud first offence	3 points
	Shipping Fraud second offence	6 points
	Shipping Fraud third offence onwards	Account freeze
Social Selling	No inappropriate content on Shopee Feed and/or Shopee Live, which deemed as severe violations.	3 points
	Repeated severe violations for Shopee Feed and/or Shopee Live.	Account freeze

For more details on Seller Penalty Points System, please do refer [HERE](#).

Private & Confidential

Where to check if you're penalised?



Home / Account Health

lelongk1999 Education Hub

Account Health

Good (Your overall Account Health assessment is based on your performance in the past 12 weeks.)

Your account is fairly healthy, you may have incurred some penalty point in the last 12 weeks or not met some performance targets. Monitor your performance closely to improve buyer experience.

My Penalty (06-07-2020 To 04-10-2020) [More >](#)

Penalty Points this Quarter ⓘ		
0 points VS Last Week 0	Non-fulfillment Rate	0 points
	Late Shipment Rate	0 points
	Listing Violations	0 points
	Others	0 points

Ongoing Punishment

Excellent! You have no ongoing punishment.

Account Health

You may access Account Health on: **Seller Centre > Data > Account Health**

Where to check if you're penalised? (cont.)

Account Health

Good

(Your overall Account Health assessment is based on your performance in the past 12 weeks.)

Your account is fairly healthy, you may have incurred some penalty point in the last 12 weeks or not met some performance targets. Monitor your performance closely to improve buyer experience.

My Penalty (06-07-2020 To 04-10-2020)

[More >](#)

Penalty Points this Quarter ?

0 points VS Last Week 0	Non-fulfillment Rate	0 points
	Late Shipment Rate	0 points
	Listing Violations	0 points
	Others	0 points

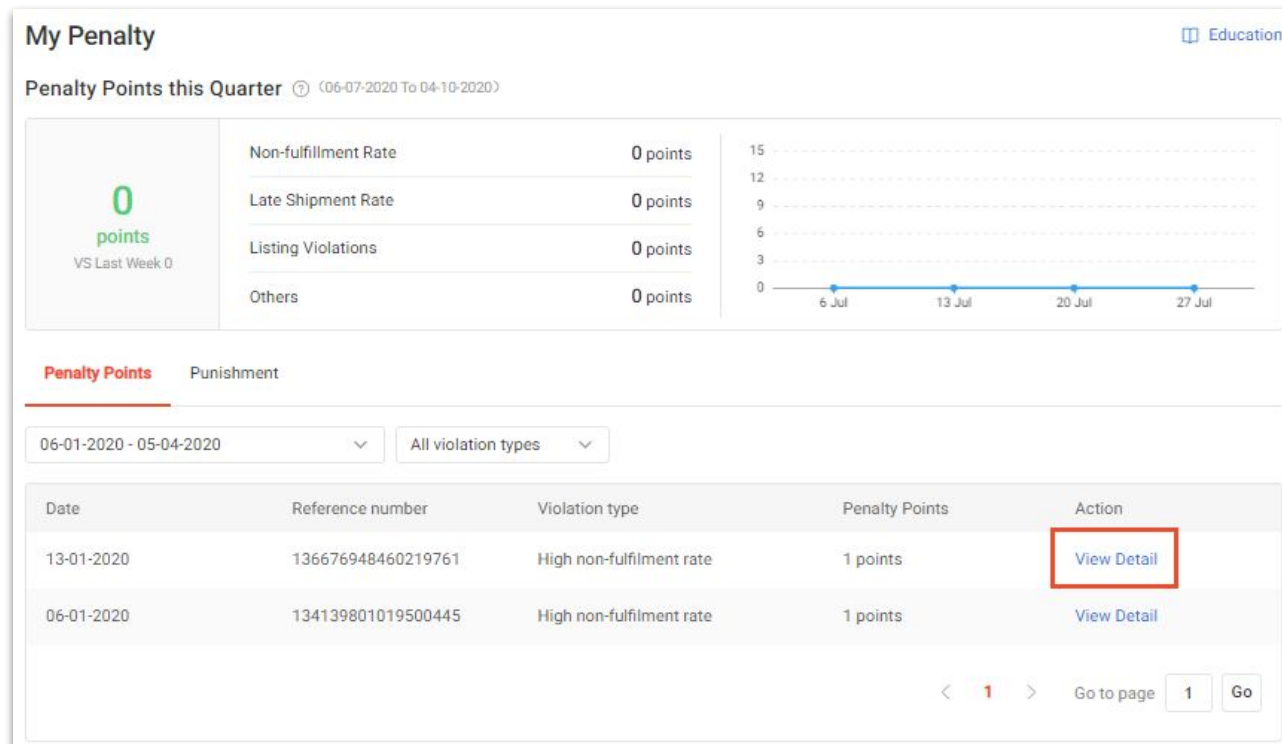
Ongoing Punishment



Excellent! You have no ongoing punishment.

You may view your penalty details on: ***Seller Centre > Data > Account Health > My Penalty > More***

Where to check if you're penalised? (cont.)



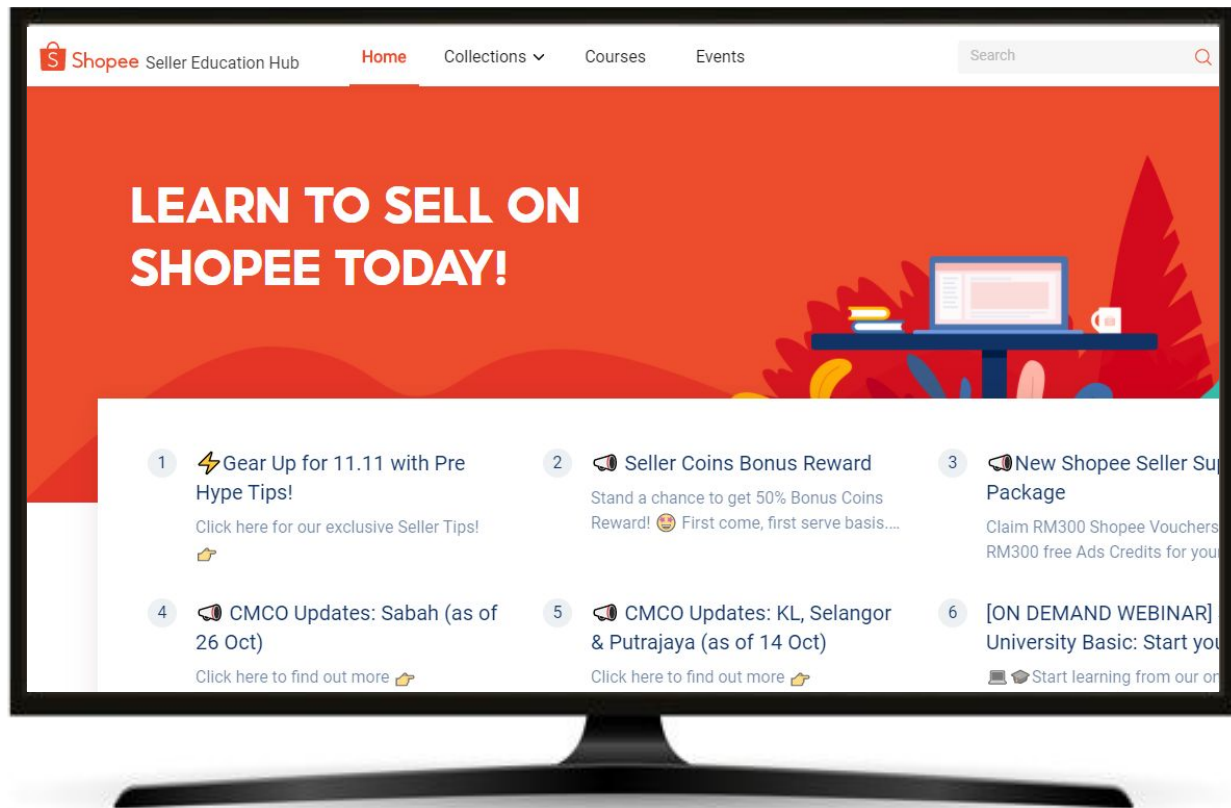
You may view your penalty details on: ***Seller Centre > Data > Account Health > My Penalty > More > View Detail***

What to do if you receive penalty points?



Note: Remember to **submit appeal on the same week that you received the penalty points.**

Seller Education Hub: Shopee Encyclopedia



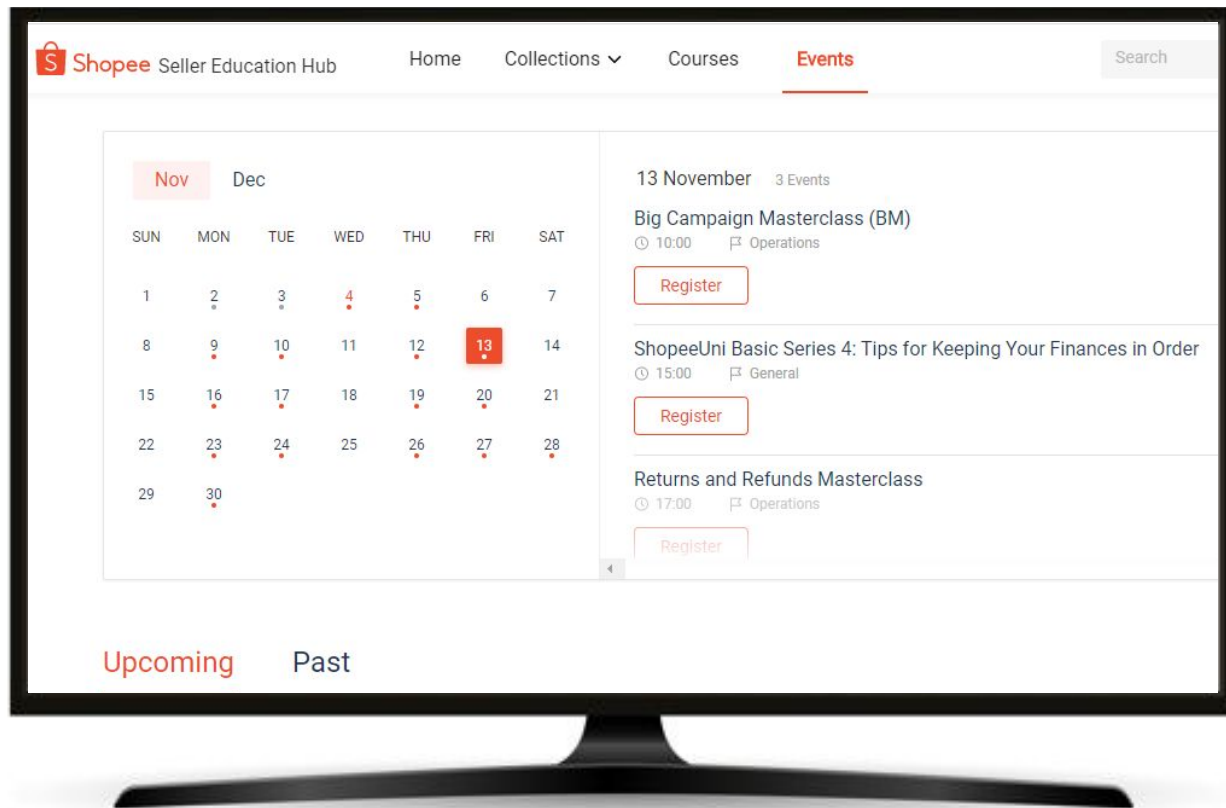
Step 1
[Go to SEH!](#)



SCAN ME

Step 2
Type at Search Bar to
find the latest
information

Seller Education Hub: Check Out the Calendar For Live Webinars!



Step 1
Go to SEH

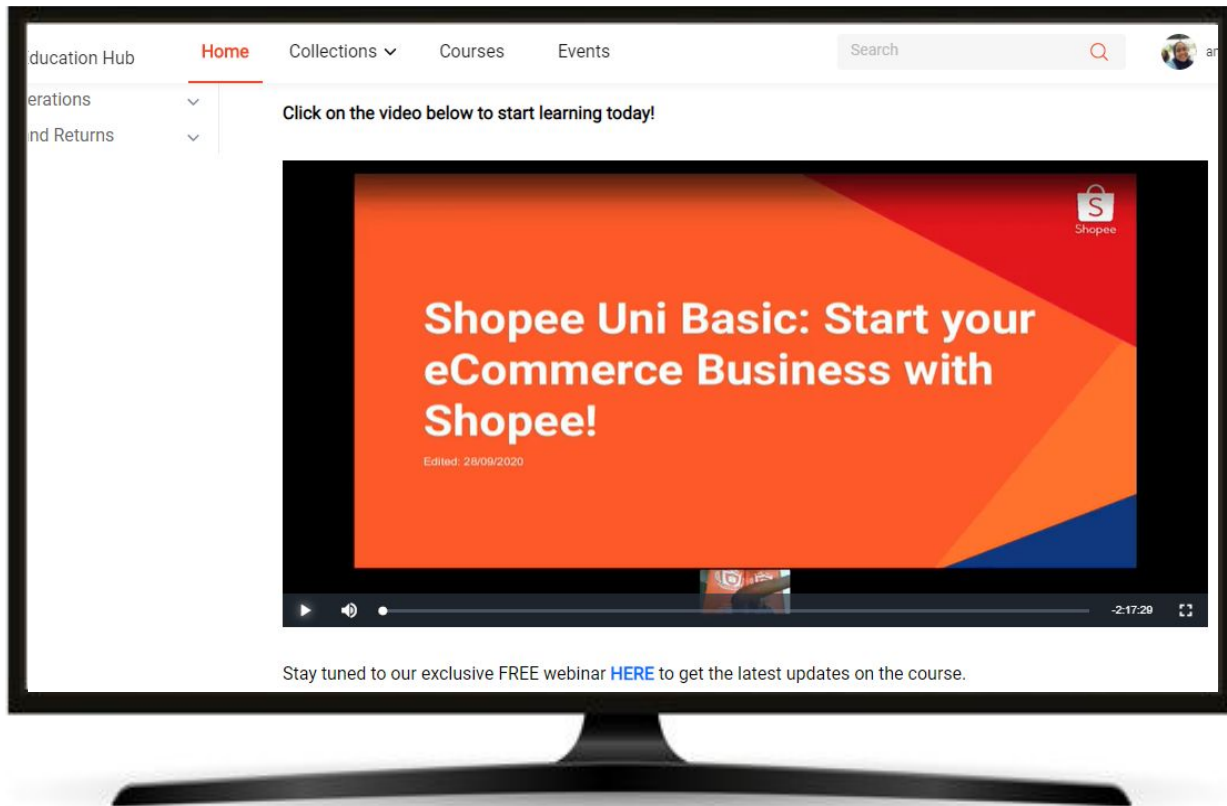
Step 2
Click "Events"

Step 3
Register for desired Live Webinars!

[Register Now!](#)



Seller Education Hub: Watch On Demand Webinars!



Step 1

Go to SEH and scroll down to bottom

Step 2

Click "Maximise Sales"

Step 3

Select the desired webinar

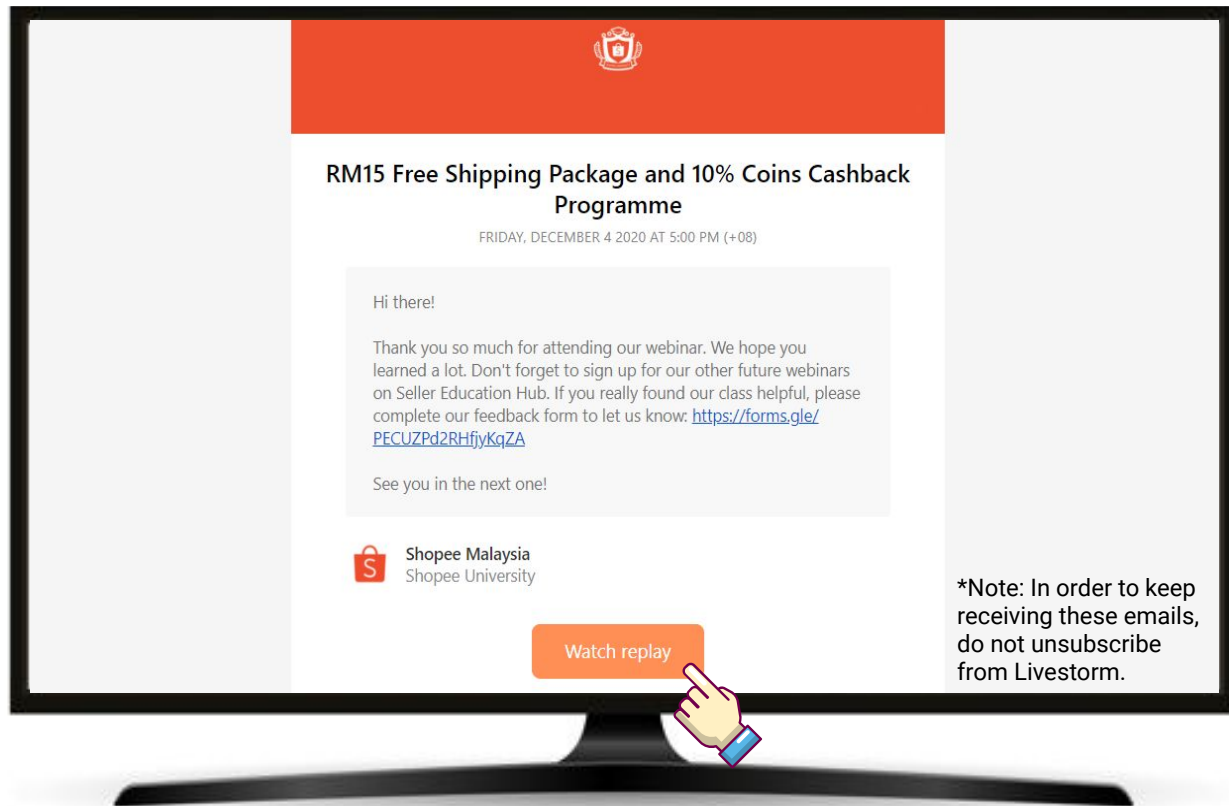
Step 4

Start watching!

[Watch Now!](#)



Watch a replay of this webinar!



Step 1

Check your inbox for a post-webinar email from Shopee Malaysia

Email Subjects:
Thanks for showing up



or

Shopee University missed you 😞

Step 2

Click **Watch Replay**

Step 3

Start watching!



THANK YOU