

SOFTWARE AND TECHNOLOGY

Why luxury certificates will soon be standard in China

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Certificates of authenticity have changed, with apps and ecommerce platforms offering expert online authentication to help fight advanced counterfeiting. Image credit: Gucci

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Breitling recently announced a new partnership with digital identity company **Ariane** so that it could issue "digital passports" for its watches. The digital certificates use a blockchain-based solution that prevents scammers from hacking or altering information.

According to **Tech Crunch**, these certificates will ensure that customers will "also see the benefits of supply chain regulation."

But **Breitling** is not the first luxury brand to search for effective ways to combat counterfeits and fakes.

Certificates of authenticity have changed with the times. Nowadays, various apps and ecommerce platforms offer expert online authentication.

For example, users who want to determine the authenticity and identification value of a luxury good can contact **Luxury Authentication**, and they will receive a determination within 12-24 hours.

With the boom of the luxury resale market, authentication technology and software tools are becoming essential instruments for every ecommerce platform, and new resale apps such as Fashionphile and Vestiaire Collective are leading the change.

But this commitment to keeping scammers and their fraud schemes away from ecommerce platforms makes sense if we look at the authentication scandals and counterfeit accusations that have recently tanked stocks and earnings.

Following a **CNBC** investigation revealing that The RealReal sold fakes on its Web site, shares of the company plunged, and CEO Julie Wainwright had to defend the company's authentication process.

But Western players are not the only ones looking for innovative solutions for keeping fakes away from their Web sites.

In China, the secondhand luxury market has been gaining momentum.

In fact, a joint report by the country's University of International Business and Economics and Isheyipai estimates that sales of secondhand luxury products in China now accounts for 5 percent of the personal luxury goods market.

Furthermore, a survey commissioned by [CBNData](#) shows that 60 percent of respondents born after 1985 would buy secondhand items because they are more price convenient.

"China's love for luxury is spilling over into the once-shunned secondhand goods sector, with online stores surfing a wave of pent-up demand from shoppers, led by [millennials](#), who have been forced into belt-tightening by the [coronavirus](#) pandemic," says Reuters.

But, in the digital age, having experts check luxury leather accessories for quality and authenticity is no longer enough.

Consumers now not only want a document indicating provenance and quality, but they are also demanding a guarantee of authenticity.

These requirements are especially desirable in China, which creates [more than half of the world's counterfeits](#).

Companies leading the effort against counterfeits

According to JD.com's [corporate blog](#), the group's anti-counterfeit system, Hubaochui, has already recruited 320 brands that each make hundreds of millions of yuan in annual sales.

"Leveraging algorithms, the system will notify brands when fake products are being sold by third-party merchants, including issues like false advertising of the brand name," says JD's blog post.

Meanwhile, JD's biggest challenger, [Alibaba](#), revolutionized the business model by moving it away from the popular consumer-to-consumer (C2C) model to a business-to-consumer (B2C) model that is similar to consignments firms.

And Alibaba's very own resale platform, Idle Fish (Xianyu), runs a premium channel where brands can operate their own official stores and [offer consumers access to verified goods](#).

Tencent-backed Zhuan Zhuan also partnered with Haier "to provide quality inspections and maintenance solutions for household electrical appliances," according to [Technode](#).

Also, the [Financial Times](#) explains how Luxury Fashion (Isheyipai) prides itself on having an "expert jury" of 12 authenticators, and buyers can choose between junior authenticators (Rmb 49) and senior staff (Rmb 99) when they decide who will appraise their luxury goods.

Another mobile application, Zhiduoshao, told the [Financial Times](#) that many of its senior authenticators are trained in Japan, and they convey their knowledge to juniors.

Entrupy is one more app gaining traction thanks to the disruptive tools it uses such as machine learning and [AI](#). The process is relatively hassle-free, and users can take advantage of the ["portable scanning device"](#).

CNBC reports that Entrupy takes microscopic surface images from different angles of all the details of a designer bag and compares them to the authentic product as a way to uncover fakes. As such, the AI performance gets upgraded with every new scan, thanks to additional data it gets from these pictures.

Entrupy asserts that it has an archive of millions of images and [can authenticate the top-15 luxury brands](#).

Furthermore, its accuracy rating is 99.1 percent, and the app releases the results anywhere from a minute to an hour. But [Herms](#) is a notable exception, and this authentication process can take up to 24 hours.

Another noteworthy entry is the "Fashionphile University," which demands its authenticators undergo very stringent and scrupulous training.

"Before an employee can work on their own at Fashionphile, they must undergo 5,200 hours of training in just seven brands; after 6,100 hours, they can work within 21 brands; after 6,460 hours, they can work on 32 or more," said Tyler McCall, the editor in chief of [Fashionista](#).

But Fashionphile's critical infrastructure does not rely exclusively on the involvement of humans. It also uses high-tech equipment to help authenticators identify fakes.

So, only [ecommerce](#) players that can merge technology-driven solutions with outside-the-box thinking will win the fight against counterfeits in the future.

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