

RETAIL

## Amazon shares progress on anti-counterfeiting efforts

May 11, 2021



*Amazon is aiming to tighten protocols on counterfeiting, despite being criticized for lack of rigor in the past. Image credit: Amazon*

By NORA HOWE

Amazon blocked more than 6 million suspicious attempts to create selling accounts before a single item was listed for sale in 2020, according to a new report from the tech giant.

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While Amazon offers a vast range of products and services for millions of consumers, many luxury brands have avoided partnering with the platform because of its inability to control the selling of pirated and counterfeit goods. In a step towards anti-counterfeiting, Amazon has released its first brand protection [report](#), which explores how the company ensures customers shop from authentic products in its stores and platforms.

"With quarantine laws and shelter in place mandates, counterfeiters have had a field day," said Rania Sedhom, attorney and founder of [Sedhom Law Group](#), New York. "While individuals were more comfortable buying online and spending additional time on social media, counterfeiters were lurking behind computer, tablet and telephone screens."

### New initiatives

Retail tech powerhouses such Amazon have become the new centers of ecommerce as marketplace control is most effective there, however, when platforms neglect to combat or control third-party sellers, they enable counterfeit exchanges particularly of luxury goods.

In 2020, Amazon invested more than \$700 million and employed more than 10,000 people to protect its stores from fraud and abuse.

Amazon established its [Counterfeit Crimes Unit](#) to build and refer cases to law enforcement, undertake independent investigations or joint investigations with brands, and pursue civil litigation against counterfeiters.

Earlier this year, Amazon and Italian fashion label Salvatore Ferragamo jointly filed two lawsuits against counterfeiters, accusing four individuals and three entities of counterfeiting Ferragamo products, including Gancini belts, in violation of the fashion label's intellectual property rights and Amazon's policies ([see story](#)).

According to the report, six percent of attempted account registrations passed Amazon's verifications processes and

listed products for sale.



*Gancini belts were one of the targets of counterfeiters. Image credit: Salvatore Ferragamo*

Amazon reportedly detected and seized more than 2 million counterfeit products that were sent to its fulfillment centers, before the items were sent to customers, then destroyed those products to prevent them from being resold elsewhere in the supply chain.

The company also reports blocking more than 10 billion suspected bad listings before they were published in its stores.

Amazon Transparency, a product serialization service that helps identify individual units and aims to prevent counterfeits from reaching customers, enabled the protection of more than 500 million product units, reportedly.

Less than 0.01 percent of all products sold on Amazon received a counterfeit complaint from customers, and those complaints were investigated for accuracy, according to Amazon.

Moving forward, the company has said it is taking a holistic approach to anti-counterfeiting in three main categories: proactive controls, tools for brands and accountability.

Amazon is leveraging a combination of advanced machine learning capabilities and human investigators to proactively protect its platform from bad actors and fraudulent products and innovate their continued attempts to circumvent its controls.

With tools such as Brand Registry, Transparency and Project Zero, Amazon wants to empower brand partnerships to effectively detect and stop counterfeiters. According to Amazon, these tools are powered by the company's advanced technology and each brand's expert knowledge of their products.

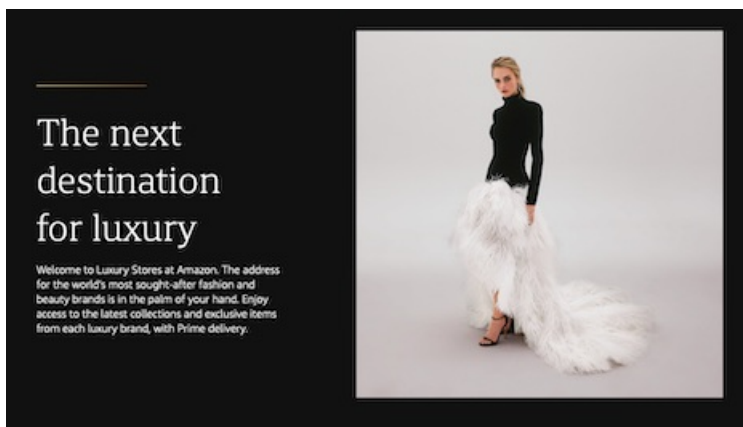
In terms of accountability, Amazon claims the only way to permanently stop counterfeiters is to hold them accountable through the legal system and criminal prosecution.

"While brands may have an outlet to communicate with Amazon about counterfeit products, consumers do not," Ms. Sedhom said. "The process is too arduous for consumers dissatisfied with their purchases.

"To benefit consumers, it would be helpful if Amazon could provide a list of brands to which they are authorized resellers and a list of brands that, if available, are not authentic."

Is it enough?

Despite the company's legal, financial and research efforts to fight counterfeit commerce, many luxury brands are still wary of conducting business on Amazon's platforms.



*Amazon's Luxury Stores is launching with Oscar de la Renta to select Prime customers. Image credit: Amazon*

During a webinar hosted by *Luxury Daily* on April 29, luxury market researcher Bob Shullman suggested that luxury brands want control over how they price their products and where they are positioned on ecommerce sites, which many believe they would lose with Amazon partnerships.

French conglomerate LVMH's CEO Bernard Arnault publicly expressed severe concerns over Amazon last year, claiming that the ecommerce giant benefits from the counterfeit market and is associated with organized crime. He declared LVMH would not sell any products on the platform ([see story](#)).

On the contrary, Lebanese fashion label Elie Saab joined Amazon's Luxury Stores in December 2020, looking to expand its range of products and participation in digital activations and collaborations.

Amazon's Luxury Stores app is currently only available in the United States and users must be invited or request access, which further solidifies the exclusive appeal. Other major fashion houses available on the platform include Oscar de La Renta, Roland Mouret, La Mer and Cl de Peau Beaut ([see story](#)).

In 2019, *The Washington Post* referred to Amazon as a "flea market of fakes," suggesting that the platform has prioritized a broader, cheaper selection of goods over anti-counterfeiting.

Amazon has been actively looking to fight these perceptions, and now with its brand protection report, may be on a long journey towards gaining the trust of more esteemed brands.

"It is a vital step toward the war against counterfeit," Ms. Sedhom said. "Amazon and other marketplaces have resources sufficient to help brands combat counterfeits and help consumers buy genuine products."

"Releasing the brand protection report and working with brands is a good first step, but Amazon has a long way to go to build trust."