

## PRACTICES USED BY ONLINE MARKETPLACES TO TACKLE THE TRADE IN COUNTERFEITS



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## Background

### Huge trade in counterfeits

- US\$464 billion/year international trade in counterfeit goods <sup>1</sup>
- 75% from China/Hong Kong <sup>1</sup>

### Young marketplace industry, innovative, growing rapidly, limited regulation

- Global ecommerce sales US\$5.7 trillion to US\$8.1 trillion in 2026 <sup>2</sup>
- Gross merchandise sales – Alibaba 2022 US\$1.3 trillion, US\$54 billion overseas <sup>3</sup>

### Increasing integration of service, e.g. social media + social media marketplaces

- 39% of global consumers buy c/fs through SM platforms <sup>4</sup>
- 68% of SM c/f buyers use Facebook, 43% Instagram, 38% WhatsApp, 30% YouTube <sup>4</sup>

## Methodology

### Documentary examination of business policies, procedures, Terms of Service

Business types	n
Marketplaces	44
Social media/search engine marketplaces	6
Technology provider	16
	66

### 2-minute compliance test (marketplaces, SM, search engine)

Rapid search of each marketplace to detect obvious counterfeits – famous brands.

### Interviews with stakeholder

Interviewees	n
Brand owner	5
Marketplace	2
Trade association	3
Brand protection firms	2
Law enforcement	1
Bank	1
	14

### Limitations

- Convenience sample – not representative
- Excludes service providers (e.g. holidays, financial)
- Limited contribution from marketplaces
- Blunt 2-minute test

## Typology of businesses

Marketplaces	n	
Generalist	30	Mainly B2B/B2C, wide range small products, mainly new, platform transactions
Classified ads	7	C2C advertising+B2B/B2C, new & used, cars, houses, machinery, services, holidays, jobs, some platform transactions
Social media/search engine	6	B2C/C2C, similar to classified ads
Specialist	4	Mainly B2C, narrow range products, luxury/collectible goods, mainly used, <b>authenticate products</b> , platform transactions
Source integrator	2	B2B, wide range small products, new, platform transactions, <b>look like and link to generalist platforms</b>
Illicit	1	Sell only counterfeits to anyone
	50	

Technology providers	n
Feed integrator	6
Site hosting	3
Source integrator	2
Web site builder	2
Enterprise package (web site build, host, transactions etc.)	3
	16

→ Diverse business models

# Powered by tech provider

Special: Best replica watches 70% off! Login/Register

## Luxury Replica Watches UK

best Rolex replica watches for sale 70% off £0.00

All Categories Home Rolex Breitling Omega Cartier Hublot TAG Heuer IWC Panerai Contact

### Product categories

- Audemars Piguet (11)
- Box (25)
- Breitling (116)
- Cartier (64)
- Franck Muller (17)
- Hublot (25)
- IWC (57)
- Omega (226)
- Panerai (52)
- Patek Philippe (75)
- Rolex (358)

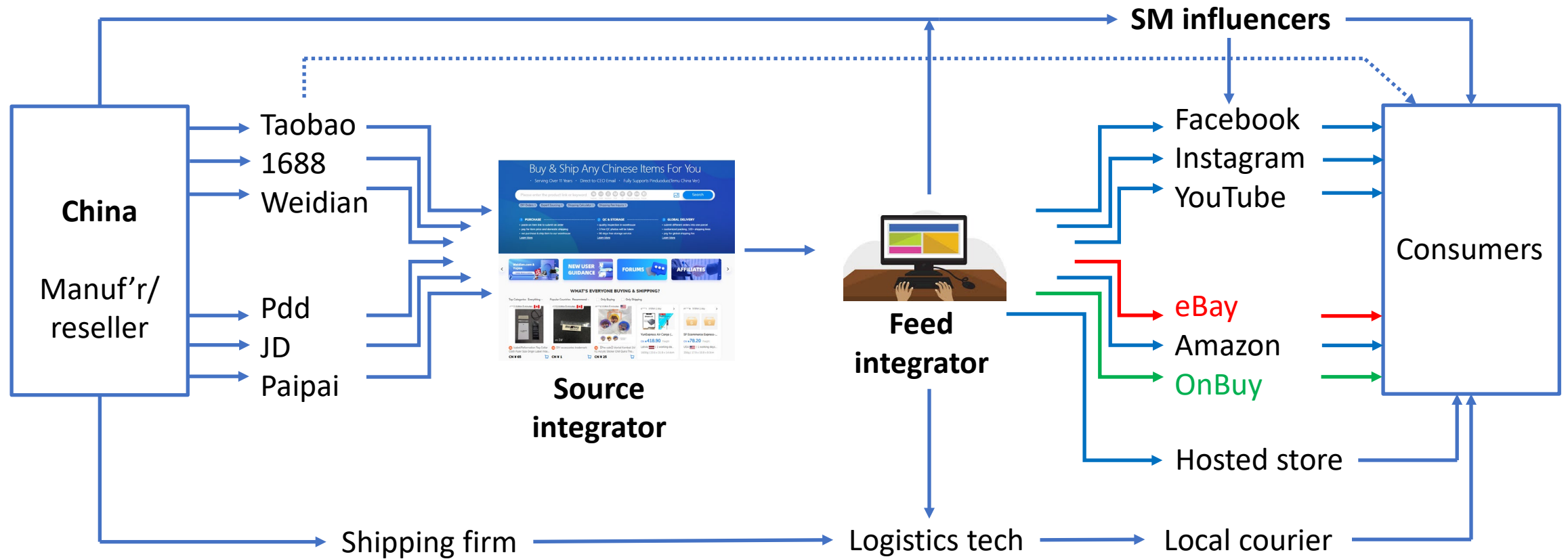
Showing 1-12 of 1252 results Sort by popularity

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# Multi-channel integration

Enterprise - purchasing, sales, transactions, shipping, inventory mgt, marketing, influencers ...



Source marketplaces

eBay bans merchant

Merchant presses buttons and channels through OnBuy

} Whack-a-mole

Destination marketplaces

# There's plenty of SM marketing

22% of UK adults buy counterfeits because of SM influencer endorsements<sup>5</sup>

Search in r/RepladiesDesigner

**RD**  
r/RepladiesDesigner

## Ali Hidden link FB Group!

All These items are available on our Facebook group with hidden pay link · 29 Pins

**RS**  
r/Repsneakers

**r/RepTime**

+ Create a post   Join

Hot ▾

u/MajorWilliams • 1 yr. ago

★ INTRO AND GUIDE TO REPTIME WITH UPDATED LINKS ★

★ EVERYTHING YOU NEED TO KNOW TO GET STARTED ★

1.1K   243   Share

**The place for replica watch discussion**

The dedicated place for all discussions on replica watches. No selling or trading, no trusted dealers here, just discussions. Lots of info in the sidebar! Welcome!

344K Members   873 Online

WELCOME TO REPTIME!

- Dhgate Louis Vuitton | Tutorial and Haul  
Love Reesie  
180K views · 5 months ago
- Designer Dupe Haul AliExpress VS DHGATE, Boujee on a...  
Fabulous Sirena Alberta Mom on a ...  
54K views · 10 months ago
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Amber Knight  
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FabBri  
2.6K views · 9 months ago
- DHGate haul , Designer dupes  
HEF By David  
1.4K views · 7 months ago
- AMAZON DESIGNER INSPIRED PIECES 2020  
Kayla Love  
143K views · 1 year ago
- DH GATE HAUL | Louis Vuitton, YSL, & More | Luxury Designer...  
Jane Ann Louise  
2.6K views · 3 months ago
- PRADA NYLON BAG FAKE VS REAL | I bought a fake designe...  
Alyssa Cao  
47K views · 2 months ago
- LOUIS VUITTON SECRETS



## Adoption of anti-counterfeit practices

Entities examined and scored for presence of 36 anti-counterfeit practices

Score range	Marketplaces		Technology providers		Total	
	No.	%	No.	%	No.	%
30-36	4	8%	0	0%	4	6%
25-29	0	0%	0	0%	0	0%
20-25	4	8%	1	6%	5	8%
15-19	14	28%	0	0%	14	21%
10-14	16	32%	0	0%	16	24%
5-9	8	16%	0	0%	8	12%
0-4	4	8%	15	94%	19	29%
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>16</b>	<b>100%</b>	<b>66</b>	<b>100%</b>

Just 4 (8%) marketplaces score  $\geq 30$

46 (92%) score  $< 21$

Just 1 (8%) tech provider scores  $> 4$

- Deficient policies/procedures in most marketplaces
- Most tech providers are not engaged at all



## 2-Minute compliance test (marketplaces only)

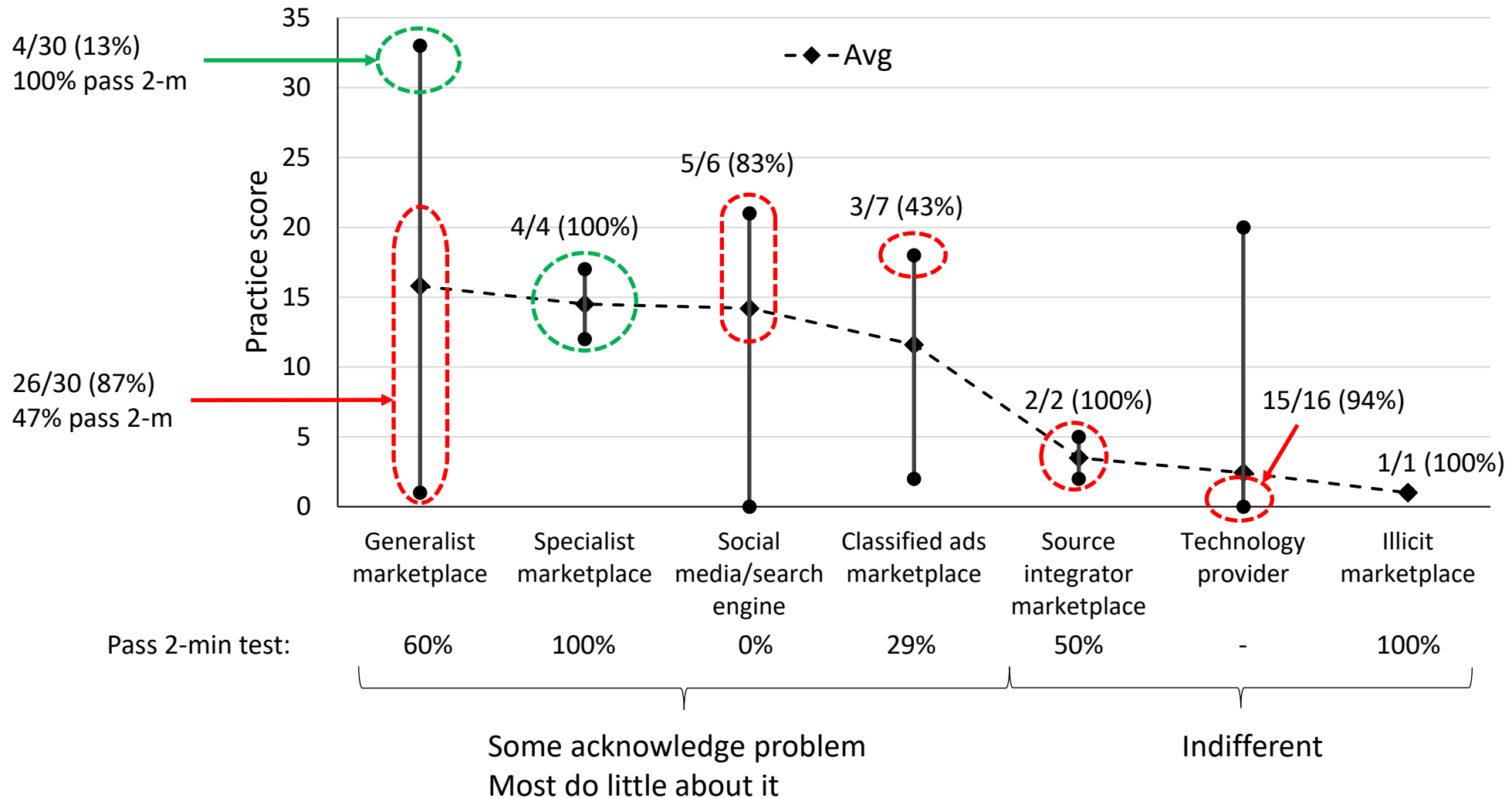
Marketplace type	n	Pass 2-min. test	Pass %	
Specialist marketplace	4	4	100%	
<b>Generalist marketplace</b>	30	18	60%	← 40% failed
Source integrator marketplace	2	1	50%	
Classified ads marketplace	7	2	29%	
<b>Social media/search engine</b>	6	0	0%	← 100% failed
Illicit marketplace	1	0	0%	
	50	25	50%	← 50% overall failed

- The 4 highest score generalists + 4 specialists passed test
- The 100% failure of SM marketplaces aligns with:
  - 39% of global consumers buy c/fs through SM platforms <sup>4</sup>
  - 22% UK adults buy c/fs because they are endorsed by SM influencers <sup>5</sup>

Diversity of business models → common menu of prescriptive practices is impractical

# Anti-counterfeit practice score for business types

8/50 (16%) marketplaces have meaningful strategies



## Adoption of anti-counterfeit measures (marketplaces only)

Selected 13/36 practices:

• Anti-counterfeit terms in T&Cs	88%
• Stand-alone anti-counterfeit policies	46%
• Anti-counterfeit 'team'	24%
• Brand protection programme	22%
• Notify rights holders	10%
• Verify sellers	44%
• Active monitoring for counterfeits	34%
• Identify repeat infringers	30%
• Clear repeat infringer rules	24%
• Sanction fake identities	20%
• Detect duplicate accounts	10%
• Transparency report	22%
• Machine learning for c/f detection	18%



New platforms copy  
minimum practices of  
established platforms

## Who are the sellers/offenders?

*“Often as little as a credit card and an email address is enough to create an advertising account.”*

[Transnational Alliance to Combat Illicit Trade (TRACIT)]<sup>6</sup>

- Verification of sellers – 56% don’t verify sellers – relies on integrity of sellers
- Adopted verification – if accepted another platform / by payment provider
- Some platforms – sellers register and operate in minutes
- Easily found examples of sellers using dormant UK companies to appear legitimate
- Inevitable whack-a-mole

### **Low priority**

- Survival/growth is the priority ... then weapons, narcotics etc.
- Poorly resourced – 24% claim to have anti-counterfeiting team
- Start-ups copy minimum, bad template of existing platforms

## Collaboration

- 50% don't have bespoke reporting systems for rights holders
- 78% don't have brand protection programmes
- Lack of trust – 'proof ratchet'
- Reluctant to share data – e.g. demand court orders, hide behind data protection laws
- Fractured internal departmental silos
  
- Good collaboration depends on strength of personal relationships, not algorithms:

*"Market Z is very good, we have good contacts with them."* [Participant P]

## Ethical orientation

Ethical orientation is driven by:

- Enforced **regulations** that set expectations of businesses
- Engaged **leadership** of businesses

financial safety  
product liability quality  
environmental  
money laundering

### Marketplace ethical orientation

Compliance orientated	Complies with law and ethical values Coherent strategy consistent with business model	8 platforms
Windows dressing	Portrays compliance with law and ethical values Gap between ethical claims and reality	Some?
Delinquent	Ignores laws and ethical values	Most

} Weak regulation  
Poor leadership

## Conclusions

- With few exceptions, online marketplaces are deficient in tackling counterfeits
- Main problem = lack of ethical leadership → investment, verification, collaboration ....
- Effective strategies depend on business model
- Currently heavily reliant on personal relationships, not algorithms
- Which means more people resources, not coders

But .....

- Each marketplace can only control one element of the ecosystem
- Indifferent technology providers make it more difficult
- Social media platforms very deficient, influencers out of control
- So, demands collective action ..... driven by risk-based framework, not prescriptive menu of practices



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