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Technology blog post with hot links; written for a company providing anti-counterfeiting services - 850 words

Global Trends in Online Sales of Counterfeit Luxury Goods

Sales of fake luxury goods online via social media continue to rise

According to the Global Brand Counterfeiting Report 2020, published by R Strategic Global in May of this year, counterfeiting is estimated to have been responsible for **losses of \$98 billion** in the sales of, in order of amounts, footwear, clothing, handbags, watches, and cosmetics during 2019. Online counterfeiting sales made up \$30.3 billion—or about 32%—of this estimated total.

A move to WhatsApp by sellers involves tremendous numbers; they currently have over a billion users worldwide. Sales using WhatsApp in India, which reached 200 million monthly active users in February 2019, are being monitored by anti-counterfeiting groups and trade agencies who are watchful over the spread of this practice to Europe and the United States. A major concern in these places is the sale of fake items in online “Buy and Sell” groups.

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Reasons for the rise in sales of fake luxury goods online

By the end of 2019, 42% of the worldwide population were using social networks to connect with each other. Sellers of fake and authentic luxury items quickly recognized the opportunity to use popular social platforms, predominantly Facebook, WhatsApp, and Instagram, to connect with buyers.

What are the primary reasons for this growth?

- Social media platforms reach a global audience.
- Quick delivery is another reason, as social posts go up instantaneously.
- Selling on social media also has an easy entry point. Any seller can build and maintain a following using an account, decent graphics, some copy, and strategies for avoiding detection by anti-counterfeiting measures.
- The lack of regulation over the online selling of fakes has also contributed to increases in sales. In most countries, legal frameworks that prohibit the selling of fake luxury goods over the Internet are absent.

Sales of counterfeit luxury goods on social media constantly changing

Despite efforts by anti-counterfeiting groups, trade agencies, and brand owners, instead of closing their accounts or shops, sellers continue to devise new methods for avoiding detection.

Keyword manipulation

Sellers of counterfeit goods have become adept at manipulating keywords and other text to avoid detection on e-commerce sites. Because brand names are more likely to be discovered on counterfeit listings, sellers of fake goods alter them slightly and use the changed version—and genericized text—to describe items.

The Instagram shopping experience

Instagram gained wide global acceptance by 2013, so it's somewhat surprising that the platform did not roll out a shopping feature to US brands until late 2019. Sellers of authentic goods and fake items can offer their wares on the platform for the price of an Instagram ad with the shopping feature. Instagram sellers have marketed fakes by commenting on posts and ads for authentic goods that lead buyers to accounts selling counterfeits. In a more blatant example, sellers have run Instagram ads for brand name items at unbelievably low prices. Shoppers then used the same comments feature to warn others that the prices were too good to be true: the items were counterfeits.

Using WhatsApp to sell counterfeit goods

Concerns about the sale of counterfeit goods on WhatsApp have risen as the platform has become a marketplace for selling authentic products. WhatsApp has clear advantages over other platforms. The most important of these is privacy; all WhatsApp messages are encrypted. Using WhatsApp to sell fake goods also avoids the costs that third-party e-commerce platforms charge. WhatsApp sellers frequently **Buy and Sell groups** Many sellers have moved to Facebook or WhatsApp Buy and Sell groups to exchange counterfeit items. A search of Facebook for 'Gucci bags' yielded dozens of groups with names like "Gucci Shoes/Clothing/Bags Wholesale Retails Sale From China Factor" (1.3k members).

Because Facebook and WhatsApp use different communication models, selling and buying experiences differ. While Facebook connects users through its website, WhatsApp connects users by chat. Chat users see messages—with or without photos—and buyers with questions can contact sellers by direct message. Shoppers find groups selling the items they want by searching online directories listing hundreds of links to WhatsApp accounts.

Because it is a channel for conversations, though, WhatsApp encourages the kind of back-and-forth chats customers engage in with real-life merchants, where they can haggle over price or delivery and get immediate responses. The personal relationship that develops between buyers and sellers then engenders trust. Though sellers prefer it for its widespread usage, privacy, and low cost, the buying experience also affects its popularity.

Anti-counterfeiting measures for brand owners

Considering the statistics for online counterfeiting sales, it's clear that sellers continue to find the best new feature or platform for selling and avoiding detection. However, while government and trade agencies, platforms, and anti-counterfeiting groups devise new ways to keep ahead of the selling of fake goods, brand owners can protect themselves and their brands by using Seal's blockchain powered product authentication and services platform.