

The Citizen

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MONEY

Amazon buyers beware: This story about fakes is not fake news

Online shopping has plenty of allure – not least the prospect of tracking down a bargain without leaving home. But in a variation of the adage of old world retail, sometimes you don't get what you pay for. *Garreth Hanley* investigates.



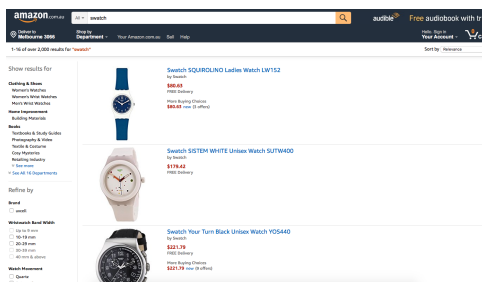
Operations at an Amazon.com Fulfillment Centre. Photo Bloomberg, via Getty

Words by
[Garreth Hanley](#)

Some of the world's best known and most trusted retail brands are refusing to supply e-commerce behemoth Amazon Australia because of concerns the company is not doing enough to crack down on the sale of counterfeit products. Meanwhile, experts predict the [exploding international market for fakes will hit \\$US991 billion](#) within the next five years.

Two high profile companies which have confirmed that they are withholding their products from Amazon are Swatch and Birkenstock. Despite this, consumers looking for Swatch Group watches and Birkenstock sandals can find products claiming both iconic brands listed for sale on the website through third-party sellers.

Swatch Group has told *The Citizen* the company refuses to stock products on Amazon because the site would not or could not provide Swatch with the “best effort” assurances it required to crack down on fakes being offered for sale. The Swiss group’s brands include Tissot, Longines, Omega, Calvin Klein, Hamilton and a host of other brands.



“Amazon Australia does not care, and they sell whatever they find, regardless of whether the watches are coming from official or non-official retailers and whether they are genuine or not,” said a spokeswoman.

In an interview with *The Citizen*, Swatch’s head of communications, Bastion Buss, expanded on those concerns.

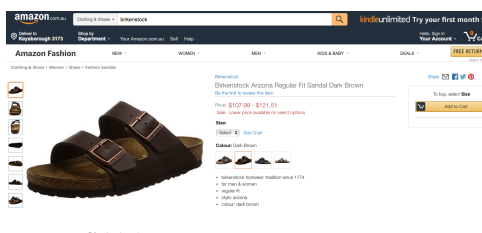
“Have we ever identified a counterfeit Swatch Group brand watch being sold on Amazon? Yes, unfortunately we have,” he said.

These included Hamilton counterfeits on Amazon Italy, Tissot counterfeits on Amazon US, as well as illegal imitations of various Swatch Group brands on Amazon Germany and Japan. “If we had thousands of people who only did this kind of monitoring, we would unfortunately – and certainly – find much more,” Buss said.

A spokeswoman for Amazon Australia denied that the company wasn’t proactive enough on fakes. “We work closely with vendors, sellers and rights owners to strengthen protections for their brands on Amazon,” she said in a statement. However, [the company’s anti-counterfeiting policy](#) also deflects responsibility to sellers and suppliers. It states, in addition to the sale of counterfeits being prohibited, that: “It is each seller’s and supplier’s responsibility to source, sell, and fulfil only authentic products”.

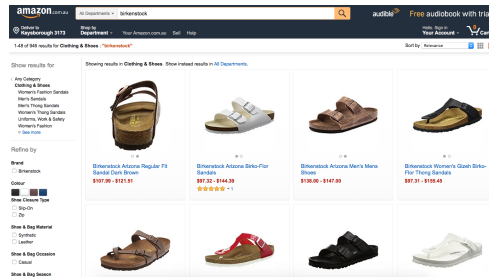
The German footwear maker Birkenstock withdrew its products from Amazon last year, claiming the site had ongoing problems with counterfeits. But a recent search for “Birkenstock” on amazon.com.au by *The Citizen* showed more than 900 results under the “Amazon Fashion” banner.

We contacted Birkenstock Australia to ask if the company supplies Amazon in Australia, and whether it was possible some of the shoes offered were counterfeits. Birkenstock replied that they “do not supply Amazon Australia directly” and they “cannot comment further at this point”. *The Citizen* emailed Amazon Australia on 1



May asking where it sources the Birkenstock footwear. To date there has been no reply.

Apple, one of the world's most trusted brands, has also been burnt by fakes sold on Amazon. [In 2016 it launched legal action against Mobile Star](#), a company from which Amazon had purchased wholesale goods, after finding 90 per cent of Apple-branded chargers it purchased on Amazon.com as part of an investigation were fakes. The dodgy products had polluted the Amazon's US supply chain and were being sold off as legitimate.



In a more recent case, [Forbes magazine reported in December that Mercedes Benz had begun litigation against Amazon](#) after the prestige car maker discovered fake car parts on Amazon.com which it alleged were “being sold and shipped by Amazon”.

Amazon has itself acknowledged it has a problem with fake goods. It is a plaintiff alongside Apple in its case against Mobile Star, and the company told *The Citizen* it is continually working on its anti-counterfeiting program and employs teams of software engineers and investigators to root out the problem.

Nonetheless, fakes continue to be found on its sites, and in significant numbers, and while customers who find they have been ripped off are entitled to a refund, many people may not even realise that the product they have bought is a counterfeit.

In [2015, consumer magazine Choice researched online fakes and found that some of the knock-offs are very convincing](#) and warned of the dangers that counterfeits pose to consumers. “Gone are the days when knock-offs were easy to spot with their misspelt logos and shoddy craftsmanship. Today’s fakes almost mirror the real thing and are often supported by big online marketing budgets,” *Choice’s* head of media, Tom Godfrey, reported.

“While a dodgy handbag won’t kill you, there are plenty of counterfeit products that may pose a significant risk to your health and safety. Pharmaceuticals and cosmetics sold overseas online are unregulated with no requirement for them to be produced in sanitary conditions.”

Australians who use Amazon are being left out in the cold when it comes to consumer information about counterfeits. *The Citizen* could not locate any public advice from the company to customers about merchants who have been removed because of concerns about the authenticity of their products. And the company didn’t respond to question about whether it reached out to customers who purchased products from suppliers found to have been selling fakes.

“Customers are always protected by our A-to-Z guarantee, whether they make a purchase from Amazon or a third-party seller,” a spokeswoman said. “If ever the product doesn’t arrive or isn’t as advertised, customers can contact our customer support for a full refund of their order.”

[Amazon claimed in a US court in 2015 that it was not responsible for the fakes sold on its website.](#) This argument was upheld by the presiding judge, who found the company not liable for counterfeit (Milo & Gabby) Cosy Companion infant pillowcases being sold on the site by a third party merchant.

The judgement effectively removed responsibility from Amazon, partly because the company did “not have the practical ability” to ensure third party sellers were not misrepresenting their products and sending knock-offs to customers.

Swatch Group’s Buss said online counterfeits that Swatch has been able to identify are just the tip of the iceberg, and platforms and websites like Amazon need to take more responsibility for what is being advertised and sold on their sites.

“We think the efforts should not only lie with us, but also on the internet giants. They have the first responsibility towards the consumers.”


Buss stressed that Swatch was not against online retailing. “Swatch Group and its brands have had their own e-commerce platforms for years. We have developed excellent relations with several third parties partners as well, for instance with Tmall (Alibaba) or JD.com,” he said. “Amazon could be a potential partner. However, their huge department full of lawyers refuses to include a so-called ‘best effort clause’ against counterfeiting in our agreement.”

The [OECD estimates that up to five per cent of European imports are counterfeits](#), and the [International Chamber of Commerce has estimated the accumulated costs of the international market in fakes will hit \\$US1.9 trillion within five years](#).

Russell Zimmerman, executive director at the Australian Retailers Association, warns of the hidden dangers of counterfeits. “From a consumer perspective when a customer purchases counterfeit products they run the risk of purchasing goods that may not be safe or cause injury,” he said. “For example, counterfeited clothing may not pass the fire ratings test, and counterfeit electrical products may cause a fire as they may not have been tested. Other retail accessories that may cause harm or injury include untested sporting goods like bike helmets, scooters and hover boards.”

The majority of counterfeits and fakes originate in China. [In May the ABC reported that Chinese police have dismantled a \\$6.3 million counterfeiting network](#) that was selling Australian branded wines, vitamins, foods and cosmetics, with local police saying some of the products were being sold at discounted prices while maintaining up to 1000 per cent profit margins.

Dangerous fakes have been found in almost every sector of the global economy, from fake food and beverages to fake cosmetics and fake aircraft parts. Brake pads



[Explainer: Breaking the code of online trading](#)

Many consumers may not twig to it, but goods purchased on Amazon aren’t necessarily supplied by Amazon.

Indeed, [the company boasts that about half of all goods sold on its site are offered by third parties](#), making trade more akin to an eBay-style transaction, via a middle-man, than traditional retail.

Third parties use a couple of different distribution methods.

The first is “Fulfillment By Amazon”, which means the goods are provided by a third-party merchant who dispatches stock to Amazon to warehouse and ship.

The other mechanism is so-called direct fulfillment. Merchants use the Amazon platform to connect to Australian consumers and then send products directly to them.

Since the opening of Amazon’s Australian Marketplace last December, the number of third-party sellers on the site has exploded. [Marketplace Pulse](#) reports that 13,688 sellers are now operating through Amazon Australia, with 11,721 signing up to sell their wares since January 1, an average of 79 new sellers every day.

containing asbestos have also been sold to Australians online, [as well as fake batteries that explode](#).

Fraudsters generally have little regard for the health or welfare of consumers. Medicines with fake ingredients and baby formulas using melamine, a type of plastic, have also been found online.

In 2016 in the United States a Tennessee family discovered just how serious the consequences can be when their home was destroyed when a hoverboard toy the family purchased on Amazon caught fire. They brought a case against the company alleging the hoverboard was a fake and contained a defective battery.

[The family's lawyer, Steve Anderson, told *The Tennessean*](#) the seller, “W-Deals”, was registered to a New York City apartment and hadn't at that time responded to lawyers. “We've spent months investigating it and to this day I don't know who manufactured this product – and it doesn't appear that Amazon does.” [According to a recent report in *The Atlantic*](#), the company is still fighting the lawsuit, arguing it is just the website host and not the seller of the product.

Despite the massive and growing virtual marketplace, Australian online consumers are largely shopping blind.

The Australian Competition and Consumer Commission product safety and recall site does not warn consumers about counterfeit goods being sold online, and referred *The Citizen* to the Australian Border Force for details about seizures. When the ABF was contacted for details about recent seizures, the only information provided was from 2016, and included no details about the types of products seized.

What consumers can do to protect themselves:

When shopping online, Choice advises that consumers search for independent customer reviews and testimonials from the retailer to check its reputation. Customers who discover they have been duped should try to sort it out with the retailer, and if that fails make a complaint to the fair trading or consumer affairs office. For products purchased overseas, [complaints can be lodged with the International Consumer Protection and Enforcement Network](#), which has set up a complaints portal. Fraud can also be reported to the police or Crimestoppers as an intellectual property crime.

Categories [Consumer watch](#)

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