



# AMAZON: FRIEND OR FOE?



These days, most of us in the CPG world think of Amazon as just another retailer or account, with it often accounting for 20% of market share in many categories. But we may need to rethink our relationship to the online giant.

Recently I interviewed AI expert and serial entrepreneur, Justin Floyd about the very topic. Justin is working to create AI tools to help battle the problem of counterfeiting. He shared some insights with me that I found to be staggering.

- 47% of all brands are losing sales to fake goods.
- 60% to 80% of American shoppers are being affected by counterfeit goods.
- In some categories, up to 60% of products sold on Amazon are fake or counterfeit goods.

Counterfeit products present clear and present danger to the public since what is in these products is unknown.



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## The Amazon Seller Issue

While major brick and mortar retailers control the chain of custody of products, Amazon does not. Walmart, as an example, buys directly from the brand, who ships directly to Walmart and then the brand product arrives in the stores. By contrast, Amazon does not care where the product came from, does not check the source, and allows anyone to open up a storefront.

What makes this even worse now is that up to 60% of current Amazon sellers are coming from China; a place where patent laws are meaningless.



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## It is true

that you can protect your brand to a point with things like Amazon’s Brand Registry, but in reality, keeping all the “knock offs” off the site is like playing Whac-A-Mole – one disappears only to be replaced by another.

The long-term solution is that Amazon needs to change the way they do business and control the chain of custody. Amazon claims to have committed billions to solving this issue but the real solution is to stop letting anyone, including Chinese operators, sell anything on Amazon without verification of the authenticity of the product. Of course, the fact is that doing this would not help Amazon.

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## What are our options?

The first option is to not sell products on Amazon. This is possible when you are a brand like Apple but very difficult for smaller brands. The fact is that many people feel more comfortable buying from Amazon versus the website of a brand they only recently learned about.

## On amazon:

- File for Brand Registry and defend your brands and trademarks. Report all violations - daily if need be - by monitoring your brand on Amazon.
- Use a third-party vendor to scrape the internet daily looking for counterfeit products and trademark violations
- Do not allow third-party sellers to market your brand on Amazon and limit the product to only your own brand pages. It may be necessary to contractually limit vendors from selling on Amazon.
- Use language in Amazon pages spelling out “This page is the only authorized seller” of your product, and note that you cannot verify nor honor warranties for products with your name on it that are purchased elsewhere.



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## On Your Own Website:

- Ensure your website is as easy as possible to buy from with features like PayPal, Apple Pay, etc.
- Consider offering free shipping to compete with Amazon Prime. Remember, any sale on your site has the margin you are not giving up to Amazon.
- Make sure your site has obvious trust badges and verifications, so consumers know it is credible and legitimate - not a scam site.
- Take steps to make buying from your website preferable to Amazon. For example, offer a free bonus product for the same price the product is sold for on Amazon (without the bonus).



**We now live in an age where scammers are big business. They are also very sophisticated in their businesses. As marketers, we need to put in an equal amount of effort to defend ourselves; otherwise, our brands will become victims.**

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