

RETAIL

## Should luxury brands sell on Amazon?

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Luxury brands are still wary of selling products on the giant ecommerce platform. Image credit: Getty

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By NORA HOWE

Despite being the dominant force in ecommerce, technology powerhouse Amazon has not been able to convince most luxury labels to join its marketplace for a host of reasons.

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Exacerbated by the presence of counterfeit and pirated goods, many luxury brands have steered clear of Amazon partnerships. During a webinar hosted by *Luxury Daily* on April 29, intellectual property attorney Milton Springut and luxury market researcher Bob Shullman examined the benefits and drawbacks of luxury brands selling on the massive ecommerce platform.

"Luxury brands are extremely wary about selling on Amazon primarily because of four factors: pricing, positioning, Amazon's Choice endorsement and counterfeiting and knockoff goods," Mr. Shullman said.

### Pros and cons

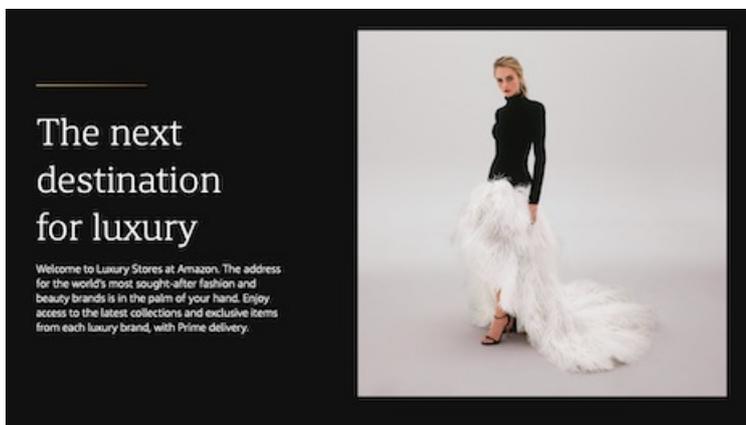
With 115 million American adults using the platform in the last year, Amazon has solidified itself as an online shopping powerhouse. Nearly 68 million users rate Amazon better than the other stores they shop at, while 44 million rate Amazon the same, according to Mr. Shullman.

According to a survey conducted by [Shullman Research Center](#), about 93 million Amazon shoppers, who account for more than 80 percent of Amazon's customers, reported they shop there at least once a month.

From a consumer standpoint, Amazon offers a breadth of products and services, one-stop shopping, competitive pricing, fast and free shipping to Prime customers and makes it convenient to shop from anywhere.

Mr. Shullman also pointed out that Amazon facilitates hassle-free returns, responsive customer service when needed and extensive online product reviews.

In discussing Amazon's logistics, Mr. Springut said that other platforms simply do not compare to Amazon.



*Amazon Luxury Stores launched with Oscar de la Renta to select Prime customers in September 2020. Image credit: Amazon*

For instance, online luxury platforms such as Farfetch, Moda Operandi and Net-A-Porter have significant, but fragmented, affluent audiences that pale in size to Amazon's. Those brands also do not have the same technological and fulfillment capabilities as the ecommerce juggernaut ([see story](#)).

If Amazon is able to outperform other retailers and provide convenience, a major priority for luxury consumers, why would luxury brands not want to be involved?

Mr. Shullman suggested that luxury brands want control over how they price their products and where they are positioned on ecommerce sites, which they could lose with Amazon partnerships.

In terms of counterfeiting, 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.

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](#)).

#### Combating counterfeit

Online platforms maintain vast information and data about ecommerce actors and offerings, and maintaining this information and data enables control over the marketplace.

Platforms like Amazon have become the new centers of ecommerce because that is where control is most effective. However, when platforms neglect to combat or control third-party sellers, fraudulent exchanges slip through the cracks.



*Gucci fought back against counterfeit culture with a playful, self-aware collection. Image credit: Gucci*

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 more actively looking to fight those perceptions, sometimes alongside luxury brands. The platform is also leveraging technology to help brands better protect themselves from counterfeits ([see story](#)).

Earlier this year, Italian fashion label Salvatore Ferragamo and Amazon 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](#)). In 2020, Amazon also filed a joint lawsuit with Italian fashion label Valentino, its first such litigation, against a New York-based company for allegedly counterfeiting the brand's Valentino Garavani Rockstud shoes ([see story](#)).

Despite these efforts, social media sites are flooded with the hashtag #AmazonDupes, which features knock-off product suggestions found on site.

"United States law is moving in the direction of pressing ecommerce platforms to control the counterfeiting problem," Mr. Springut said. "The overall theme right now is that if a platform can even partially control a problem, it has a responsibility to do so."

He emphasized that online platforms should significantly enhance the vetting of third-party sellers, integrate indemnity requirements for foreign sellers and presale identification of third-party sellers and establish marketplace seller identifications.

"When a platform is involved with the logistics of selling a product, then the platform becomes a partner of the merchant and exercises control over those goods," he said. "If those goods are infringing, then the platform has liability as a direct infringer."

As Amazon has complete control over the purchase processes on its platform, Mr. Springut suggests it has more liability when it comes to counterfeit goods. Mr. Shullman agrees that selling on Amazon is still a gamble for luxury players.

"If you, as a brand, choose to join an institution like Amazon, you are going to have to delegate the marketing of your product to that institution," Mr. Shullman said. "Unless you have an incredible contract, you're running a great risk."

"As a luxury brand, if you want to guarantee excellent services and customer ratings, you will have to consider doing it yourself."