



Amazon: lessons from the world's biggest brand

by Rachel Sikwane

Some brands simply seem to play a major role in our lives – Apple, Facebook, Google, Netflix. These are brands that for many of us have become something of an ever present. One brand that surely belongs on that list is Amazon, one of the most important, influential and high-profile brands in the world. Brand Finance recently declared Amazon to be the world's most valuable brand, valuing it at USD50-billion. So, it makes sense to keep abreast of what is going on there.

Fighting fakes

The publication *World Trademark Review* recently reported on developments regarding Amazon and counterfeits. The counterfeiting problem has, of course, moved online, and there have long been concerns about the number of counterfeit products that are available on Amazon. The company has for some time been under pressure from big brand owners who are, unsurprisingly, unhappy about the fact that people can buy cheap knock-offs of their products on Amazon. So, the company recently launched an initiative called Project Zero, with the “zero” apparently signifying the number of counterfeit goods that will eventually be available on Amazon. Project Zero is described as a “self-service takedown tool” for brand owners.

Project Zero will comprise three steps. Step one will require brand owners to provide Amazon with their logos and other trade mark data. Amazon will then apparently scan five-billion product listings every day, with the intention of finding the counterfeits. Amazon promises that this system will be 100 times more effective than its present anti-counterfeiting system which, provided that Amazon's present success rate is any number above zero, has to be a good thing!

Step two involves DIY. What will happen here, is that the brand owner will itself be able to remove counterfeit listings that relate to its brand. Amazon has made it clear that it will not tolerate any misuse of the tool. This, we assume, means that brand owners will not be able to use the tool to get rid of the listings of competitors, or perhaps even parallel importers.

Step three is described as a “product serialisation” service, which will involve companies creating unique codes for every single product that they manufacture, thus enabling Amazon to scan and confirm the authenticity of any product bought. The idea here is to stop any counterfeit product from ever reaching a customer. This service will involve a cost for brand owners, ranging from USD.001 to .005 per unit.

Project Zero will be rolled out in stages and, at present, 15 companies are participating in a pilot scheme. In order to use Project Zero, brand owners will need to provide Amazon with details of their trade mark registrations, and they will need to enroll their brands in Amazon's brand registry.

Brand owners will undoubtedly welcome any efforts made by the world's largest retailer to tackle the scourge of counterfeiting!

Amazon's own brand is not a threat

Amazon has for some time been selling own-brand products, and these “house brands” often appear higher in Amazon's search results than third-party brands. Yet, despite this preferential listing policy, research suggests that Amazon's brands are no great threat to other brand owners.

According to Bloomberg (18 March 2019), “most Amazon-branded goods are flops that don’t threaten other businesses at all.”

The study has shown “shoppers aren’t more inclined to buy Amazon brands even when the company elevates them in search results.” The publication goes on to say that “popular political and media narratives about Amazon’s market power are overblown, despite the company capturing 52.4% of all online spending in the U.S.” More specifically, the study suggests that whereas own brands have been successful in some basic product areas like batteries – “where shoppers are inclined to seek generic alternatives to save money” – that success certainly doesn’t extend to areas like luxury goods.

Although a finding that your brands aren’t doing very well would normally be seen as bad news, in this case it might actually be good news. That’s because it might take the heat off Amazon a bit – there have been concerns about the company’s perceived dominance and market power, and a leading US senator has been threatening to take steps to break the company up.

The finding that Amazon’s own brands don’t threaten other brands is perhaps a bit surprising in the light of a survey reported on in World Trademark Review that suggests that brand loyalty is down. According to the report, consumers are more willing than ever to shift brands. Unsurprisingly, this is seen as a consequence of the digital age, where purchases are a mere click away.

With these and other developments, Amazon remains a company and a brand to watch.



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