REPORT

Counterfeit sports merchandise moves to social media

2018

Red Points

About this research

Brand protection is an ever-changing game of cat and mouse between those who wish to sell fake items and those brand protection professionals who stop them. The sale of fake sports items is an issue that has plagued the industry for a long time, affecting **Football, NFL, Basketball and more recently Rugby.**

While the sale of these articles used to take place outside of stadiums or in market stalls, in recent years counterfeiters have modernised and moved their business online. Red Points works with some of Europe's largest football clubs to protect their fans and brands from online illicit activities. We have focused on football clubs for this study, as this is the sector for which we have the best data. However, **this problem affects nearly all sports teams.**

Initially, clubs were troubled by fake shirts and other items on large ecommerce sites and stand-alone websites. While these continue to be a problem, Red Points' brand protection analysts have documented a steady increase in the number of infringements and a change in the sales tactics employed by those selling fake football items. Counterfeiters have gradually migrated from large ecommerce sites to social media to sell their products. By collating the data from 3 major football clubs that Red Points protects, we can see this change and the growth of the counterfeit problem.
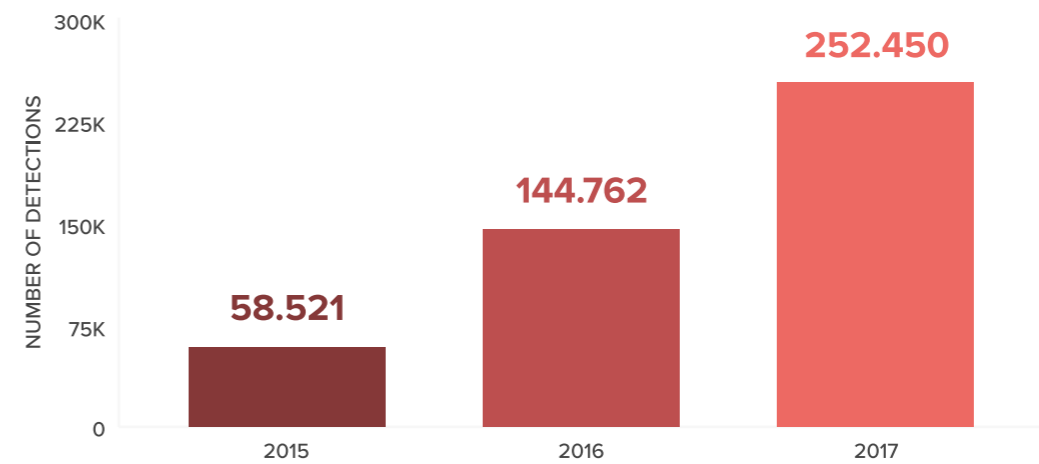
This research deliberately omits data on Amazon, as due to the terms of some protection agreements the data gathered from this site is not applicable. We selected 6 of the most problematic sites with the highest numbers of infringements and two major social media platforms in order to compare the number of detections over time.
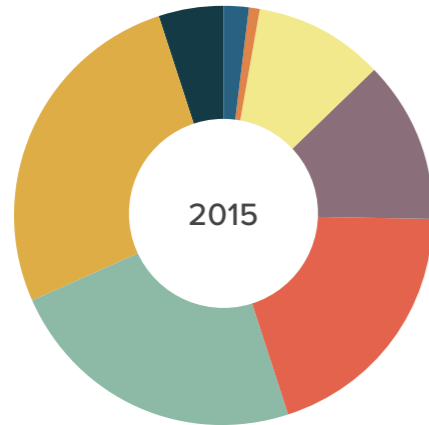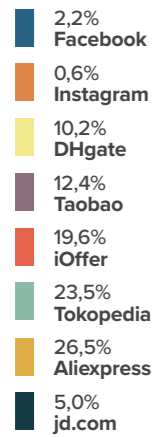
Detection growth

Number of detections by year

The number of detections for the three clubs has increased year-on-year, more than doubling each year. These detections comprise of different kinds of intellectual property infringements, such as illegal use of photos, fake football jerseys and other branded products. There was an overall growth of every type of infringement. This is not surprising as one online listing tends to infringe on multiple elements of a trademark.
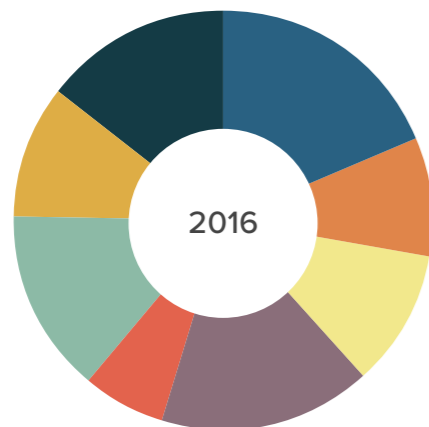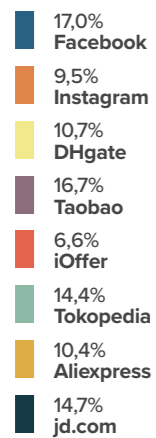
This growth in total detections impacts the following data, as it would indicate that counterfeiters are not abandoning one site for another, but it implies that more counterfeiters and entering the market and/or diversifying their sales channels. For example, we know the total number of detections for Aliexpress only fluctuates slightly between 2015 and 2017, what changes is the amount of new infringements detected on other sites, specifically social media.
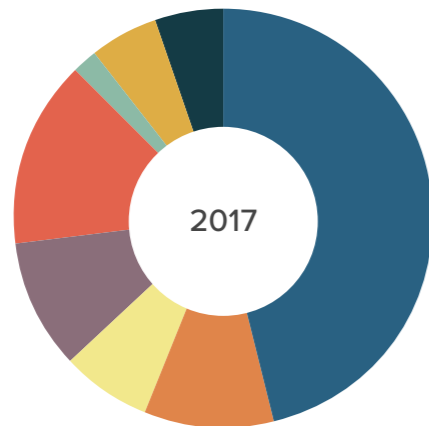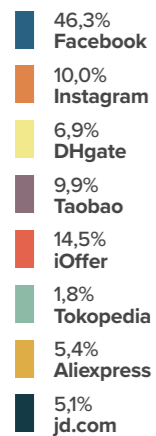
Average detection by domain

2015 legend:
- 2,2% **Facebook**
- 0,6% **Instagram**
- 10,2% **DHgate**
- 12,4% **Taobao**
- 19,6% **iOffer**
- 23,5% **Tokopedia**
- 26,5% **Aliexpress**
- 5,0% **jd.com**

2015

This graph shows that **during 2015** there was a clear preference for the large-scale ecommerce sites, such as AliExpress and Tokopedia. In this graphic, only 2.2% of infringements come from Facebook and 0.6% from Instagram. These numbers would be representative of the 'classic view' of counterfeiting; items are sold by 3rd party sellers on large ecommerce sites. Some of the sites listed here are well known among brand protection professionals as notorious for selling counterfeits.

2016 legend:
- 17,0% **Facebook**
- 9,5% **Instagram**
- 10,7% **DHgate**
- 16,7% **Taobao**
- 6,6% **iOffer**
- 14,4% **Tokopedia**
- 10,4% **Aliexpress**
- 14,7% **jd.com**

2016

The **data from 2016** displays an immense change. From our 8 sources, it appears that counterfeiters became less reliant on larger ecommerce sites and diversified where they sold products. This diversification continues with regards to Facebook and Instagram also. These sites saw an enormous increase since the year prior; infringements on Instagram grew by 15x and Facebook almost 8x.

2017 legend:
- 46,3% **Facebook**
- 10,0% **Instagram**
- 6,9% **DHgate**
- 9,9% **Taobao**
- 14,5% **iOffer**
- 1,8% **Tokopedia**
- 5,4% **Aliexpress**
- 5,1% **jd.com**

2017

2017 continues this trend but shows a dramatic shift towards Facebook, which accounted for nearly half of all infringements detected. Instagram remained steady at around 10%; however, it is important to reiterate that the total number of infringements detected also increased. Our analysts observed that most of the detections on Facebook and Instagram were smaller in scale, listings tended to offer only one or two items.

Conclusion

The rising number of detections indicate that counterfeiters have not merely left one channel for another, but instead are using multiple sales channels. Our data shows that in 2015 Aliexpress accounted for 26.5% of all incidents across the 8 sites, which translated into 15,508 individual detections. However, in 2017 the number of individual detections on Aliexpress dropped by 13% to 13,632. Despite this relatively small decrease Aliexpress only accounted for 5.4% of all detections across all 8 sites in 2017. Our brand protection analysts suggest that there are several contributory reasons for the growth of trademark infringements on social media.

Better policing on ecommerce

One such reason could be that ecommerce sites have improved their policing systems. Alibaba group has launched a number of initiatives in the past 2 years which have made it easier to remove illegal listings, once found. This conclusion is strengthened by an incremental decline in the number of incidents detected on Aliexpress. Therefore, counterfeiters have found it necessary to diversify and use other means, while maintaining their existing activities on ecommerce sites.

Improved customer targeting

Another factor to consider may be that counterfeiters are taking advantage of the effective targeting and segmenting tools available on social media. With these, they are able to identify consumers with much higher accuracy, and therefore sell more items. Also, this would give them much larger audiences than those on ecommerce sites.

Selling counterfeits has become more popular

Our analysts have noted that Facebook and Instagram adverts, groups or pages sell a relatively small amount of items compared to sellers on ecommerce sites. This could imply that selling counterfeits on social media is growing in popularity as more people begin small-scale ventures. Our analysts suggest that social media detections tend to be done by individuals selling 10-50 items. Therefore, it would not make sense for them to establish themselves on an ecommerce site, due to the costs. This would help explain the disproportionate growth in social media.

The cause of this growth in counterfeits on social media is probably derived from a combination of the above factors. The trend is set to continue into 2018, and while social media sites are looking to tackle this issue, brands cannot afford to wait while their reputation is devalued.

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