

BUSINESS

Visa defeats lawsuit over gift card scam

Case alleged company failed to warn consumers

Jonathan Stempel
REUTERS

NEW YORK – Visa defeated a proposed class-action lawsuit on June 23 by consumers who accused the world’s largest card payments network of failing to warn that its prepaid “Vanilla” gift cards were susceptible to being drained by thieves.

U.S. District Judge Gregory Woods in Manhattan said it was unreasonable for

consumers to consider gift cards imperious to scams, or that Visa’s logo amounted to a promise that no scams would occur and the company would help victims.

Woods also rejected a claim that Visa provided inadequate warnings on the cards’ packaging about possible tampering, citing news coverage of “card draining” and comments in online forums about Visa Vanilla scams.

“No reasonable consumer would expect the allegedly ‘widespread’ practice of third-party scams affecting prepaid cards to somehow not affect one of the industry’s major suppliers,” the judge



The lawsuit sought damages over Visa-branded Vanilla cards in New York. DADO RUVIC/REUTERS FILE

wrote.

The lead plaintiff, Ira Schuman of Scarsdale, New York, sued Visa and two

Vanilla card issuers in January 2024, after learning that eight \$500 cards he bought as holiday gifts for employees in 2022 and 2023 had been emptied.

He said non-reloadable Vanilla cards sold at CVS, Target, Walgreens and other retailers came in thin cardboard sleeves that thieves could open and re-seal, without being detected, after recording account information.

Lawyers for Schuman did not immediately respond to requests for comment.

Visa, based in San Francisco, and its lawyers did not immediately respond to similar requests.

Compass sues Zillow over ‘ban’ policy

Alleges listing platform is stifling competition

Jonathan Stempel
REUTERS

NEW YORK – Compass, the largest U.S. residential real estate brokerage by sales volume, sued Zillow on June 23, accusing the nation’s largest online real estate portal of violating federal antitrust law by conspiring to restrict private home listings.

In a complaint filed in Manhattan federal court, Compass said Zillow employs an “exclusionary” policy where if sellers and their agents market homes off Zillow for more than one day, Zillow and its brokerage “allies” Redfin and eXp Realty will ban those homes from their platforms.

Compass said the “Zillow ban” is designed to steer all U.S. home listings to Zillow’s platform, and ensure that the company can maintain a monopoly while boosting profit.

“Zillow’s ambitions are clear: it wants to use its monopoly power in home search to own every facet of the home selling and buying process,” thereby “crushing competition” in the home search market, according to the complaint.

Compass, based in Manhattan, is seeking an injunction against the Zillow ban, compensatory damages and triple damages for Zillow’s alleged willful misconduct. Redfin and eXp were not named as defendants.

Zillow, based in Seattle, has about 160 million homes in its database, receives 227 million unique visitors a month and received 2.4 billion visits between January and March.

In a statement, Zillow said it will defend vigorously against Compass’ claims, calling them unfounded.

“When a listing is publicly marketed, it should be accessible to all buyers – across all platforms,” Zillow said.

“Hiding listings creates a fragmented market, limits consumer choice and creates barriers to homeownership, which is bad for buyers, sellers, and the industry at large, especially in this inventory and affordability-constrained environment,” it added.

Compass sued as rising prices and elevated mortgage rates deter some prospective homebuyers, causing the pace of home sales to stagnate.

While the National Association of Realtors on June 23 said U.S. sales of existing homes rose 0.8% in May from April to a seasonally adjusted 4.03 million unit annual rate, May’s sales pace was the slowest for that month since 2009.

The inventory of existing homes, meanwhile, rose 6% to 1.54 million units in May. Supply increased 20% from a year earlier.

Compass said Zillow is undermining its strategy of first releasing some listings to agents and buyers as Private Exclusives, and then posting the listings to its public search platform in a “Coming Soon” phase.

Zillow plans on June 30 to start blocking listings that are publicly marketed for more than one day before appearing in a public listing database, known as a multiple listing service.

That prohibition also covers Trulia, a real estate portal that Zillow bought for \$2 billion in 2015.

ANALYSIS



Amazon Premium Beauty was initially shunned by luxury cosmetic players who feared the platform would harm their image. But those days are gone. RALPH D. FRESO/REUTERS FILE

Amazon’s premium beauty push offers a tariff buffer

High-margin cosmetics may aid Prime Day sales

Arriana McIymore
REUTERS

NEW YORK – Amazon’s defense against tariffs for its coming Prime Day? Luxury goods.

President Donald Trump’s tariffs have spurred some Amazon sellers who source products from China and other heavily tariffed countries to bow out of the company’s Prime Day, one of its biggest sales events of the year, to protect their margins. Amazon Prime Day is now a four-day shopping event exclusively for Amazon Prime members, taking place this year from July 8 to July 11.

The Seattle-based e-commerce company is hoping that recent sales growth in high-margin cosmetics in its Amazon Premium Beauty category will cushion the impact of tariffs on Prime Day sales revenue and consumer sentiment.

“Beauty has become, in the past few years, more of an essential item in consumers’ minds,” even in hard financial times, said Anna Mayo, vice president of NielsenIQ’s Beauty Vertical unit.

Amazon Premium Beauty was initially shunned by luxury cosmetic players who feared the platform would harm their image when it was launched in 2013. But those days are gone. Now, the online retailer is promoting products from top beauty and hair care brands including Estee Lauder’s Clinique, Olaplex and L’Oreal’s Urban Decay.

During last year’s Prime Day event, U.S. shoppers spent \$14.2 billion, up 11% year-over-year, according to Adobe Analytics.

Top cosmetics brands can charge high prices and often do not offer steep discounts on Prime Day compared

with electronics, apparel and home goods.

This year, Adobe Analytics expects beauty products to have “milder” discounts of 10% to 17%, whereas electronics deals are expected to range from 14% to 22% off, said Vivek Pandya, lead analyst at Adobe Digital Insights.

That, coupled with the ease of shipping small packages of most products, means that Amazon Premium Beauty merchandise has higher margins than other products sold on Prime Day.

Amazon “doesn’t make a huge margin in most of the categories of stuff that it sells online,” said Renee Parker, co-founder of consultancy firm Invinci and a former Amazon executive. “They are making a lot of money on premium beauty products because ... (they’re) small and expensive, and you can ship a ton of them.”

Vitamins and supplements are successful for similar reasons.

Amazon Premium Beauty sales gathered steam after the e-commerce giant began clamping down on counterfeits and top beauty companies needed new ways to reach customers, said Alfonso Emanuele de Leon, a beauty industry veteran and partner at FA Hong Kong Consultancy.

Amazon was previously viewed as a pariah by luxury beauty brands because of the cheap merchandise on the website, but is no longer perceived that way, Emanuele de Leon said.

‘Huge acceleration’

Sales at Amazon Premium Beauty rose by nearly 20% to \$15 billion between April 2024 and April 2025, outpacing the 14% growth for beauty products outside the specialized e-commerce store, according to NielsenIQ. It also outpaced the year-over-year growth of 5% for online store sales in the first quarter, NielsenIQ said.

L’Oreal Chief Executive Nicolas Hier-

onimus said during the company’s annual meeting in April that having products on Amazon led to a “huge acceleration” in expanding its U.S. market share.

Estee Lauder has launched 11 brands on Amazon’s U.S. site since March 2024. More than 75% of Estee’s finished goods sold in the United States originate from the United States or Canada and are therefore protected by existing trade agreements, Roberto Canevari, Estee Lauder’s global supply chain executive vice president, said at a conference in June.

Lauren Gordon, vice president of Amazon at Estee Lauder, said that Prime Day and Amazon’s other “high-traffic shopping moments” give the company a chance to “attract both new and existing customers.”

Melis del Rey, general manager for health and beauty for Amazon U.S. stores, said her team has been “very proactive” in working with premium brands to determine tariff impacts.

“At a high level, most of the premium brands’ sourcing strategies are local, and therefore, the (tariff) impact is less imminent,” del Rey said.

Amazon Premium Beauty is an invite-only program for brands shipped and sold by Amazon and third-party sellers. The department has grown to more than 10,000 products, and brands’ eligibility is determined on a case-by-case basis.

According to Amazon Seller Central, sellers pay a standard fee of 15% to participate in the program. Amazon does not disclose its terms with brands shipped and sold by Amazon, including Dyson and Estee Lauder’s Aveda.

Adding prestige brands including Unilever’s Dermalogica has helped the company compete with beauty retailers Ulta Beauty and Sephora, which is owned by LVMH, and also attract older, higher-income shoppers at a time when TikTok Shop is scooping up younger customers.