

LEGAL AND PRIVACY

Protecting a brand online: A necessity, not a luxury

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Montblanc owner Richemont is quite protective of its ecommerce business. Image credits: Montblanc

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A newly released report by Frontier Economics estimates that counterfeiting and piracy could reach \$2.3 trillion in global economic loss by 2022.

Meanwhile, compared to other global retailers, luxury brands have traditionally been far more hesitant at embracing ecommerce as part of their sales strategies. However, in today's digital-focused world, an increasing number of luxury brands are expanding their online offerings.

In line with online

According to research published by Walker Sands, in the United States, 27 percent of consumers purchased a luxury item online in 2016. That is up 17 percent from 2015, and a 21 percent increase over 2014.

The digital marketing agency said its findings, which were based on an online survey of more than 1,400 U.S. consumers, line up with industry predictions that digital luxury goods sales will triple to around \$80 billion by 2025.

While the outlook for luxury brands in terms of sales growth is positive, there is a darker side to the story that comes in the form of counterfeit goods.

With so much investment and activity taking place on the Internet by luxury brands, inevitably there are people trying to exploit the popularity and desirability of these high-end products.

So it is imperative that businesses investing in online channels understand the importance of protecting both themselves and the hard-earned reputation and quality of their brand.

This issue is probably best illustrated by the number of successful legal cases that have brought by luxury brands in recent years in a bid to tackle counterfeit activity.

We have seen several high-profile cases, from Belstaff's landmark civil lawsuit that awarded \$42 million in damages and resulted in almost 700 counterfeit Web sites being handed back to the brand, to the United Kingdom case brought by Richemont, the luxury conglomerate behind Cartier jewelry and Montblanc watches, which took action in

the High Court to stop British citizens from seeing Web sites selling counterfeit goods.

The Falling Up film campaign by Belstaff starring actor Liv Tyler

Protecting a luxury brand against counterfeiting online has become a fundamental requirement and there are key elements that need to be factored into every strategy.

Search and social media

If we think about how customers use the Internet to find a particular product, the vast majority of online sales begin with search, not brand Web sites or on official mobile applications.

Eighty-one percent of consumers research online before making big purchases.

More than 40 percent of consumers consider mobile an important resource for a purchase decision.

Most find brand Web sites through search engines, email, social media and mobile or online ads, rather than by typing a specific URL directly into their browser.

As search continues to be the centerpiece of consumer activity across mobile, online and social media, it is crucial to ensure every brand protection strategy addresses the risk of lost traffic which can affect the success of a company's digital marketing investments.

In fact, with the prolific growth of the Internet, the need for the most reliable and effective brand protection strategy has never been greater.

A strategy is capable of protecting the negative effects which occur when someone else exploits a brand for their own gain.

Traffic diversion

Firstly, businesses need to keep brandjackers and counterfeiters from intercepting their online traffic by having pirate and fraudulent Web sites taken down.

These can have a sizable effect on an organization's revenue, so taking proactive measures that will ensure that existing and potential customers are not duped into visiting a fraudulent Web site or buying a counterfeit product purporting to be genuine is vital.

This goes beyond the brands themselves and it is important every partner including affiliates, resellers, franchisees and even employees are also compliant with the guidelines of the brand.

Domain game

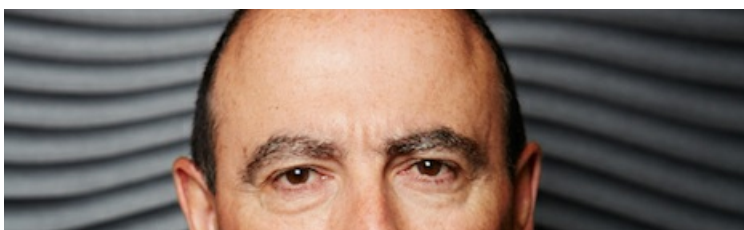
Another element of protecting a brand online is for businesses to maximize the value of their domain portfolios in light of the developments in the Internet name space.

To date, the launch of the new generic top-level domains (gTLD) has seen more than 1,200 new gTLDs now delegated. An exponential increase compared to the two dozen original gTLDs, however, the expansion of the domain environment does not necessarily mean an increased domain budget for brands.

Companies should maximize the value of their existing portfolio through portfolio rightsizing and domain utilization. This means reviewing a portfolio at least once a year to identify registration gaps, and checking for out-of-policy registrations, underused domains and legacy domains that may be unnecessarily eating into the organization's budget.

THERE IS NO doubt that ecommerce opens up a world of opportunity to businesses, particularly those with a focus on penetrating global markets.

While every organization has a comprehensive sales strategy, it is equally important to develop, implement and maintain an online brand protection strategy to ensure that these opportunities can be capitalized on without any negative impact on your brand.





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