

COLUMNS

Protecting the brand from counterfeiting online

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Chrissie Jamieson is vice president of marketing at MarkMonitor

By **Chrissie Jamieson**

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Online brand protection has never been more important than it is now, particularly for luxury brands.

The increasing global nature of business, growing consumer appetite for shopping online, and proliferation of social media channels means it is now harder than ever for luxury brands to protect themselves from occurrences of counterfeiting and brand infringement.

Indeed, recent research from MarkMonitor reveals that almost half (47 percent) of all brands are losing money through counterfeiting, with seven out of 10 of those impacted reporting a loss of up to 25 percent in revenue.

It is not just fakes that are causing the problem. Other types of infringement have also proven costly to brands, including lost traffic due to cyber-squatted sites (46 percent), increase in cost of paid search advertisements (49 percent), damage to brand reputation (50 percent), and counterfeit-sponsored advertisements on social media (45 percent).

So, with the number of threat vectors increasing, what can luxury brands do to protect themselves online?

Extent of problem

First we need to consider the breadth of the problem. According to the Organisation for Economic Co-operation and Development (OECD), the global trade in counterfeits is expanding rapidly, accounting for **2.5 percent of world trade, or \$461 billion (383 billion)** in 2016.

In the United States alone, the number of **counterfeits seized in 2017 grew by almost 10 percent**. This has led to plummeting consumer confidence levels, which in turn can have catastrophic consequences on the bottom line of a genuine brand, particularly for luxury brands where reputation is everything.

In an increasingly competitive retail environment, many luxury brands rely on good first impressions and positive reviews to attract and retain customers.

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By its very nature, the Internet has become a word-of-mouth referral system for a whole generation of consumers. Therefore any brand negativity can spread very quickly.

Preparing for the worst

With the extent of the problem growing, it is no surprise that the research found 58 percent of brands feel that keeping themselves safe from counterfeiting will become increasingly difficult over the next five years.

In fact, four in 10 businesses (41 percent) report that they have already experienced an increase in counterfeiting and brand infringement, with threats originating from a range of sources including advances in social media, artificial intelligence and the dark Web.

Yet despite the risks, brands are far too often complacent in their defence strategies.

Only 56 percent said they have previously taken legal action over counterfeiting, with 23 percent saying the action resulted in a successful takedown and 24 percent saying they received financial compensation.

Furthermore, 46 percent of those surveyed suggested that the value of a brand protection plan is undervalued in their organization, and only 64 percent admitted to having a plan in place to deal with instances of counterfeiting or brand infringement.

For those that do have a plan in place, challenges still remain. These include the ability to quantify the value lost to infringements, the ability to prioritize them, a lack of knowledgeable staff and dearth of resources.

To ensure that their brand protection efforts are as effective as possible, many brands enlist the help of a trusted third-party expert. These specialists hold skills and knowledge that many businesses lack on their own, the likes of which can prove extremely valuable in the long run. It also means that, crucially, the customer can remain at the very center of all brand protection programs.

Achieving best practice

With no signs of counterfeit activity slowing down, it is imperative that all businesses have a comprehensive online brand protection strategy under their belts.

The ideal strategy is one that addresses all areas where abuse is likely in terms of both region and channel and evolves in line with a changing environment, and which is constantly monitored and includes affiliate and partner compliance.

For the strategy to be effective, it is also important to get buy-in from all levels of the organization. This means developing and maintaining the plan with input from all areas of the business, not just marketing.

However, the research reveals that only 19 percent of respondents use a unified approach among departments when implementing and monitoring a brand protection initiative.

BRANDS NOW FACE a whole new set of challenges compared to those from 10 or 20 years ago.

The online space has presented luxury brands with tremendous opportunities to further market their products. But these same opportunities are also being exploited by cybercriminals and fraudsters, resulting in damaged customer trust, lost revenue and a tarnished reputation.

It is no longer about just protection. Brands now have a duty of care to protect their customers from the dangers of counterfeiting.

The sooner that businesses choose to implement their own online brand protection strategy, the sooner they will be able to gain a wider understanding of the scale of counterfeiting, and the importance of combating it.

Chrissie Jamieson is vice president of marketing at [MarkMonitor](#), London. Reach her at chrissie.jamieson@markmonitor.com.