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WHITE PAPER

Brand Protection in the Digital World



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Digital channels – websites, email, search engines, social media and mobile – have fundamentally changed the face of business. E-commerce now accounts for [over 16% of total global retail sales](#). Of course, where consumers go, fake products and services proliferate. The hard and soft costs to brands are staggering.

Counterfeits in the digital world account for almost [one-third of all counterfeits](#) by volume. Brands are losing hundreds of billions of dollars a year to online counterfeiting and pirated content. That doesn't include the negative impact of online brand impersonation to customer experience, long-term loyalty, marketing investments and campaign performance. While digital strategy is a key component of business today, many brands still prioritize the physical world and lack a comprehensive brand protection strategy for digital channels.

An effective Online brand protection strategy allows you to recapture revenue, enjoy direct cost savings and safeguard your marketing campaign spend. Ensuring authentic brand experiences has the added benefit of solidifying brand reputation while reducing instances of online fraud and unauthorized channels.

Smart brands recognize this and are crafting specific brand protection strategies to address the risks presented by the digital world. By elevating online brand protection within their organizations and partnering with experts who set the standard for protecting brands online, executives see demonstrable ROI (return on investment).

\$320 Billion in Revenue Lost Per Year

Brand impersonation runs rampant online, with fully functional websites and authentic-looking emails imitating their legitimate counterparts with incredible accuracy. No industry is immune. You'll find everything from pirated music and movies to travel scams; fake pharmaceuticals to automotive parts, apparel and accessories. By leveraging your content and imagery, URLs that appear authentic and other techniques that aim to steal traffic, imposters can easily hijack your brand, hook your customers and steal your profits.

It's so easy to hijack brands online, taking advantage of their good names, that [in 2017, brands lost more than \\$320b to online counterfeit and piracy](#). Brandjackers are taking advantage of changes in digital channels and consumer behavior. This scenario will only become more serious.

The impact of digital transformation on retail purchases is multifaceted and facilitated by the explosive growth in smartphone ownership. Nearly 80% of luxury sales today are digitally influenced, that is, [consumers had one or more digital touch points prior to purchase](#). In emerging markets, it is expected that by 2022, [digitally influenced retail will surge to 47%, up from 33% in 2017](#).

SEARCH FIRST, SHOP LATER

Take a moment to think about how your customers use search. The vast majority of [in-store activity begins with search, not brand websites or official mobile apps](#). Today, [82% of smartphone users](#) consult their phones on purchases they are about to make in store. [Over 40% of consumers consider mobile an important resource for a purchase decision](#). Most find brand websites through search engines, email, social media and mobile or online ads, rather than by typing your URL directly into their browser address bars.

This means that even when a customer visits a retailer, businesses can no longer rely on face-to-face encounters for brand experience, customer service or sales. As search continues to be the centerpiece of consumer activity across mobile, Web and social, it is crucial to ensure your brand protection strategy addresses the risk of lost traffic that affects the success of your digital marketing investment.

BRANDJACKERS THREATEN YOUR MARKETING DOLLARS

By using your branded keywords, imposter sites siphon your organic search traffic. Another common practice is for counterfeiters to run their own search advertising campaigns to tout their fake wares. Not only do you lose valuable traffic, but you're also forced to compete against your own branded keywords, driving up digital marketing costs and compromising campaign performance.

How big is the problem? [Two different international surveys](#) found that a quarter of online shoppers have bought a product that turned out to be fake. Many consumers are directed to sites selling counterfeits via search engines whilst attempting to seek legitimate goods. In 2018, [a survey carried out by IFOP at the request of UNIFAB](#) found that 47% of people who had bought a trademark infringing product had typed the name of the product in a search engine.

This calls for investing in a comprehensive online brand protection strategy which includes effective enforcement.

DEGRADING CUSTOMER TRUST AND CONFIDENCE

When counterfeit products disappoint buyers, it leaves a bad taste in customers' mouths directed at your brand. Discord only increases when they file a warranty or customer service claim regarding that counterfeit product, and you can't help.

The power of word-of-mouth advertising can now be used against you. [Consumers are more likely to trust online reviews than advertisements](#). The [collective voice of the Internet is eclipsing the persuasive power of family, friends or colleagues when it comes to influencing purchase decisions](#). When someone unknowingly buys an inferior fake product and posts a negative online review or complains to their social network, the impact on a brand can be devastating.

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Despite the efforts of leading social media sites to provide a secure environment for online commerce, spoof social media accounts are a threat to overall brand health, undermining engagement and preying on consumers who associate social networks with transparency and trust. The endgame of the people behind these accounts is to tarnish your reputation and make your brand appear less viable, rather than to directly steal revenue. It can take years, even decades, for a business to repair a damaged reputation and recover from declines in consumer confidence and satisfaction. It is important not to delay your response to these challenges.

INCREASING LIABILITY RISKS

Where unsafe products are concerned, risks are much higher. Products such as counterfeit medications and automotive parts, for example, pose a grave threat to customer health and safety and substantially increase liability risks. The [majority of counterfeit medications are purchased from websites that look authentic, not at pharmacies or from street dealers](#).

PARTNER COMPLIANCE RISKS

Many companies suffer the costs of misguided promotions by their partners or sales outside of authorized channels. The risks include:

- Paid ad trademark bidding – inadvertently increasing PPC (pay per click) spend.
- Unauthorized promotions and discounts.
- Landing page violations.
- Logo misuse or improper co-branding.

The Best Defense Is a Good Offense

Given the risks to your brand associated with brandjackers, it's easy to become overwhelmed. However, developing a comprehensive strategy can make a significant difference and deliver measurable benefits.

Today, considerable investment goes into designing hard-to-duplicate packaging, supply chain management and other brand protection strategies in the physical world. However, a more comprehensive brand protection strategy – linked to your risk management framework and corporate policies – is needed to safeguard brands across both digital and physical channels.

IMPROVED ROI

By prioritizing online brand protection within their organizations, businesses position themselves to mitigate risks and financial impact resulting from stolen Web traffic, brand impersonation and fraud. They're also more effective at preventing damages to customer experience, increasing long-term brand health. With the right strategy in place, companies see significant ROI.



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OPTIMIZED MARKETING INVESTMENTS

One area where increased vigilance pays off is in increased efficiency of digital marketing investments. For example, one [European jewelry brand experienced tremendous results when it implemented and enforced its online brand protection strategy](#). The company was running up against counterfeiters who were purchasing branded terms in paid search marketing, competing with the brand for site traffic. By acting against these imposters, the brand was able to:

- Reclaim about one million site visits.
- Increase search traffic 50 % without increasing ad spend.
- Decrease PPC for paid search ads by 41 %, driving more traffic without increasing budget.

PARTNER COMPLIANCE

The ability to detect and monitor for unauthorized sales, promotions or trademark abuse can pay dividends. Beyond monitoring for partner compliance, trademark and copyright abuse, businesses will ensure their brand is being represented appropriately while avoiding paying unnecessary commissions.

Success hinges on having a well-thought out brand protection strategy that addresses the specific risks faced by a brand and use of best practices.

Five Business Benefits

Extending your brand protection strategy to address challenges in the digital world results in:

- 1 Improved ROI.
- 2 Optimized marketing investments.
- 3 Higher customer satisfaction.
- 4 Increased brand loyalty.
- 5 Healthier brand and brand image.

A Comprehensive Approach

However, it's important to recognize that fighting online brandjackers and achieving results takes concerted effort. Many businesses find it beneficial to establish a cross-functional team to develop proactive, integrated brand protection policies.

These teams monitor online, as well as physical, channels where brand infringement is prevalent. The online channels include social media, B2B and consumer marketplaces, e-commerce and auction sites, paid search and email. Physical channels include any of the brick-and-mortar retail locations, flea markets, and market squares where the average consumer would shop. When brand infringement is detected, they are empowered to take appropriate action guided by company policy, threat severity or level of risk, all within a framework of legal guidelines.

ONLINE BRAND PROTECTION STRATEGY

Success hinges on having a well-thought out brand protection strategy that addresses the specific risks faced by a brand and use of best practices. Many businesses call in a brand protection expert to craft the strategy and guide implementation and enforcement. Specific enforcement tactics may include:

- Shutting down counterfeit and digital piracy sites en masse.
- Halting the sale of unauthorized products by identifying and terminating counterfeit listings on exchanges.
- Enforcing policies with resellers, agents and franchisees so you don't pay commission on misdirected traffic.
- Identifying counterfeiters competing against you in paid search.
- Reporting spoofed social media sites to ensure authentic interaction and drive engagement.
- Taking down illegitimate and cybersquatted sites to minimize customer confusion.

By taking a strategic approach to brand protection across digital channels, businesses can expedite implementation, cut costs and experience benefits to their bottom lines sooner.

PHYSICAL, OR ON-PRODUCT AUTHENTICATION STRATEGY

While the online retail industry is experiencing unprecedented exponential growth, many consumers still choose to shop through traditional brick-and-mortar retail stores where the product can be seen and instantly obtained. Therefore, it is imperative that brand owners utilize a product authentication strategy in conjunction with their online brand protection strategy.

Product authentication refers to marking the product, or its packaging, to identify it against unauthorized counterfeit products. While there are advantages to the end-consumer, product authentication is mostly designed for various stages of the product supply chain to verify legitimacy. Those supply chain stages may include wholesalers, consolidators, shippers, retail distribution facilities, and even investigators and customs/border control.



Brandjackers know they can make easy money by imitating limited edition or licensed products such as fan gear.

When developing an authentication strategy, it is best to follow one or more proven best practices used successfully by thousands of brand owners. Best practices may include:

- Utilizing visual authentication technologies with both overt and covert security features such as holography (and other optically variable techniques), liquid crystal, or color shifting pigments.
- Marking each product with a unique identification that allows for each product to be tracked back to its point of manufacture.
- Deploying a permission-based system that allows the supply chain to verify authenticity but providing detailed information on a need-to-know basis.
- Educating local customs officials where product will be crossing a border on how to determine the products' legitimacy.
- Creating a consumer engagement program that covertly allows the brand owner to track proliferation of legitimate and illegitimate goods while providing valuable marketing information.

Though any one strategy is significantly better than a “do-nothing” strategy, the combination of online and product authentication brand protection significantly increases both your product security and market share.

Intelligence Provides a Competitive Advantage

Massive amounts of information are collected in the fight against digital brand abuse. There's no need to limit this information to brand protection enforcement alone. By approaching your data from different angles and making it available to various teams throughout your organization, you can optimize marketing, pricing, products, promotions, customer service, distribution and other areas of your business.

Below are several examples of how monitoring online counterfeiting activity yields intelligence to inform business decisions, drive development and grow profits. Simply study the brandjackers' business so you can improve your own.

GEOGRAPHIC TRENDS REVEALED

One strategy is to use business intelligence gathered from monitoring counterfeit marketplaces to quantify illegal distribution and form responses that capitalize on the wants and needs of customers.

Chances are you don't have the complete picture of everything your customers want from your brand. By evaluating geographic purchase patterns in alternative channels, you gain a deeper understanding of consumer behavior and buying patterns at global, regional and local levels.

Counterfeiters are often the first to identify and capitalize on market gaps, so look for how brandjackers meet demand. For example, when one denim company experienced slow sales in the Asia-Pacific market, it began inventorying activity on counterfeit sites. Analysis of site visit patterns, sizes in inventory and items frequently added to shopping carts revealed that customers were looking for smaller waist sizes and shorter inseams. The company found the missing piece of the puzzle and used it to make more informed manufacturing and merchandising decisions for this market.

Regardless of location, pricing on counterfeit sites and discounting practices are noteworthy, especially when evaluating demographic data. Yes, you'll identify price point gaps, but you'll also have a better idea of where you're missing opportunities to market to various customer segments.

SEIZING SEASONAL OPPORTUNITIES

Brandjackers know they can make easy money by imitating limited edition or licensed products such as fan gear. For instance, when one company that makes limited edition jerseys decided to study demand for a sold-out jersey, it found customers were looking for the product far beyond its window of availability. By increasing the number of jerseys in production and lengthening the run, the brand was able to prevent direct losses to counterfeiters and enjoy extra revenue.

Another sales opportunity is through additional licensing opportunities, especially for "hot market" special events such as a championship series or high-profile sporting and cultural events. Brandjackers will often offer pieces that appear to be from major brands, even if authentic licensed products were never created. This kind of gap analysis can result in ideas for new product offerings, leading to revenue growth.

BUILDING A BETTER KEYWORDS LIST

Turn the tables on counterfeiters in paid search by studying the keywords they're buying. Have your marketing department identify keywords that are driving traffic away from your site. Are any of them missing from your own keywords list? Which sponsored ads associated with them are related to your product and brand? These are like neon signs alerting you to where counterfeiters are making their investments, a clear indication that consumers are searching for products using those terms. Remember, many buyers of counterfeit products are your customers.

IMPROVED BRAND HEALTH

These are only a few examples of how monitoring counterfeiting trends online and using the resulting business intelligence can augment your market research and deliver compelling ROI. Your competitive advantage will extend far into the future as you spot new opportunities and strengthen the health of your brand while continuing to build your integrity in the marketplace.

Elevate your Brand Protection Strategy

The continued convergence of physical and digital commerce makes it essential for brands to minimize their risk by employing comprehensive brand protection strategies. While consumers increasingly rely on the Internet for everything from price comparison to final purchase, brands must be ready to deliver trusted, credible brand experiences across digital channels, whenever and wherever customers look for them.

Yet online brandjackers can undermine these experiences by impersonating brands. While some companies consider this the cost of doing business online, smart executives and managers recognize the intrinsic value of developing brand protection strategies for the digital world.

An effective online brand protection strategy allows you to recapture revenue, enjoy direct cost savings and safeguard your marketing investments. Ensuring authentic brand experiences has the added benefit of solidifying brand reputation while reducing instances of online fraud and unauthorized channels.

Adding product authentication to a brand protection strategy further allows brands to benefit from supply chain transparency, easy verification of authenticity, and consumer engagement ultimately enhancing trust and loyalty for the brand.

Partnering with brand protection experts can yield even greater returns, using best practices to guide effective enforcement and providing deeper intelligence into counterfeiters' activities. Every department across your organization – from manufacturing and marketing to branding, customer support, IT and legal – can leverage this information to produce measurable results with compelling ROI, further boosting your bottom line.

(Includes research conducted by the MarkMonitor Brand Protection Services prior to the OpSec Security acquisition in January 2020).

About OpSec

For nearly forty years, brands, institutions, and governments around the world have relied on OpSec to ensure the integrity of goods and documents. In a world of rising fraud and black-market alternatives, we are the layer of truth that powers revenue-generating relationships. This is only possible through a unique combination of proven security experience, deep industry expertise, the market's broadest range of solutions, and a commitment to digital and physical integration leadership. For brands that depend on sustained relationships with customers, OpSec secures integrity, enhances loyalty, and protects revenue. For more information please visit www.opsecsecurity.com.

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