



Luxury Goods Manufacturer Blocks Auctions of Counterfeits Totaling \$6 Million Annually

MarkMonitor Online Channel Protection Solution Provided the Ability to Start Blocking Fake Merchandise Auctions from Day One

Case Study:

Luxury Goods

Industry:

Fashion and Apparel

Products:

MarkMonitor® Online Channel Protection

For decades, the brand name of a leading luxury goods manufacturer has been synonymous with sophistication, style, and elegance. But this global enterprise's extremely valuable brand, as well as its revenues, is facing a significant threat. Fake, inferior versions of the company's handbags, jewelry, and other items are constantly being auctioned on Internet sites around the world.

Online sales of counterfeit products negatively affect the luxury goods manufacturer in many ways, including lost revenues and market share; erosion of the brand's reputation and value; wasted marketing and advertising dollars, which inadvertently promote counterfeit versions of its products; damage to the customer experience, resulting in a decrease in customer loyalty; and erosion to vital channel relationships.

To help in the battle against online auctions of counterfeit products, the luxury goods manufacturer employed the comprehensive MarkMonitor Online Channel Protection™ solution. The luxury goods manufacturer began with Auction Monitoring, one of five Online Channel Protection modules, as shutting down online auctions of counterfeit goods had become a top business priority.

During the first two months of using Online Channel Protection, the company shut down auctions totaling close to \$1 million in unauthorized merchandise, equivalent to \$6 million annually.

Every day, the company had multiple employees manually monitoring online auction sites from various countries and in various languages.

Challenges

- Significant revenue loss via online auctions of counterfeit products
- Extensive time spent manually tracking online fraud activity
- No “big picture” to accurately assess the overall challenges
- Brand equity erosion and reduced customer trust

Solution

- MarkMonitor Online Channel Protection solution was selected for its ability to streamline and automate the process of identifying and shutting down illicit auction listings

Results

- Removed close to \$1MM of suspect merchandise within two months
- Witnessed a 40% reduction in auction listings related to its brand
- Able to quantify counterfeit problem on auction sites worldwide
- Increased productivity by automating illegal auction monitoring and enforcement

Business Objectives

Cheap knock-offs are nothing new. For years, unlicensed vendors sold counterfeit versions of luxury goods on street corners and out of car trunks.

In recent years, the reach and anonymity of the Internet have made it easy for auctioneers, B2B exchanges, general eCommerce sites, spammers, and others to sell counterfeit products globally. Indeed, counterfeiting has increased over 10,000% in the last 20 years, from an estimated \$5 billion annually in the early 1980s to \$600 billion today, according to the International Anti-Counterfeiting Coalition.

Though it took this particular luxury goods manufacturer decades to cultivate its internationally renowned brand, it now takes just minutes for an online reseller to sell a cheap, look-alike version of the company’s products to buyers around the world.

As a result, one of the luxury goods manufacturer’s top business objectives is to curb brand and revenue erosion on the Internet. The goal was to accomplish this by identifying the largest sellers of illegal look-alike merchandise and shutting down their auctions as quickly and efficiently as possible.

Challenges

Prior to employing the MarkMonitor Online Channel Protection solution, employees at the luxury goods manufacturer were manually identifying and shutting down online auctions of counterfeit goods.

This approach had many limitations:

- **Wasted time and effort.** Because the process was manual, it was extremely time-consuming, inefficient, labor intensive, and prone to error. Aside from the time it took to manually identify and shut down offenders on over 20 different international sites, many unauthorized auctions fell through the cracks as it simply took too much time to review a lengthy, un-prioritized list of results. Also, the international scope of the problem created many challenges related to differences in language. And sending de-listing requests one seller at a time was an extremely repetitive effort given the large number of infringing sellers.
- **No ‘big picture.’** The manual approach provided the luxury goods manufacturer with a highly granular view of online auctions of counterfeits. While those details were important, they did not provide the company with the ‘big picture’ it needed.

As a result, the company was unable to accurately assess the overall challenge it faced. Without that perspective, it wasn't possible for the luxury goods manufacturer to effectively allocate resources to address the problem or measure the impact of its efforts.

- **No way to prioritize.** Faced with 'so many counterfeiters, so little time,' it was difficult for the company to quickly differentiate large-volume sellers from smaller operators, in order to go after the biggest offenders first.
- **No way to efficiently capture evidence.** The luxury goods manufacturer's employees often had to print hundreds of pages containing online auction listings—a costly, inefficient, wasteful method of preserving the evidence needed to support the enforcement decision if later questioned by the seller or to take further legal action.
- **No easy way to follow up.** Sellers often relist auction items soon after being shut down, hoping to evade further detection. When relying on a manual process of identifying and shutting down auctions of counterfeit goods, the luxury goods manufacturer often lacked the ability to detect those repeat infringers. Thus, it was difficult to make any lasting headway in the ongoing battle against auctions of counterfeit goods.

Solution

The luxury goods manufacturer turned to the MarkMonitor Online Channel Protection solution for help in identifying and shutting down illicit auction listings.

Online Channel Protection enables legal and business teams to secure the online channel for key brands; detect channel infringement and counterfeit goods; and take the necessary steps to protect their brands, revenues, and customers.

The comprehensive MarkMonitor Online Channel Protection solution enables end-to-end management of online channels through an on-demand, workflow-based platform. The solution includes the following Internet modules:

- **Pay-Per-Click Sites**—covers all websites that leverage a company's brand name in the domain name as a tactic for luring customers to the site and then redirecting them to unauthorized eCommerce sites
- **Email Solicitations**—searches over 16 million daily suspicious sites from email from the top Internet Service Providers for illicit selling of goods

- General Web eCommerce Sites—detects all eCommerce sites that leverage the company's brand
- B2B Exchanges—identifies where brands are advertised and sold in large quantities across major business-to-business exchanges
- Auction Monitoring—detects and prioritizes suspect counterfeit goods across multiple, international auction sites

Having identified Internet auctions of counterfeit products as the number one online threat to its brand, the luxury goods manufacturer began using the MarkMonitor Online Channel Protection solution in 2006.

Results

During the first two months of use, the luxury goods manufacturer identified thousands of dollars of counterfeit items. The company successfully removed from auction close to \$1 million of suspect merchandise—the equivalent of \$6 million annually—and witnessed a 40% reduction in auction listings related to its brand on one auction site alone.

Some other benefits that Online Channel Protection has provided the luxury goods manufacturer include:

- **Saves time and effort.** Online Channel Protection provides a graphically intuitive, secure, web-based interface. Because it's easy to use, Online Channel Protection enabled employees at the luxury goods manufacturer to quickly begin identifying and shutting down auctions right after training was completed. The company was able to spend fewer hours battling online auctions of counterfeit goods, freeing employees to focus on more strategic tasks.

Online Channel Protection's automated and ad hoc searches provided the ability to easily define filters for monitoring products; set up daily automated searches of counterfeit product auctions; and perform searches as needed. Employees could simultaneously monitor multiple international sites for auctions of handbags, watches, jewelry, and other items resembling the luxury goods manufacturer's brand. They could quickly view auction items in conjunction with thumbnail images of the products being sold for easy identification.

Online Channel Protection enabled the luxury goods manufacturer to automatically send delisting requests to multiple sellers and multiple international auction sites at once—eliminating the time-consuming hassle of sending thousands of the

delisting requests individually. Sophisticated workflow management enabled the company to efficiently manage and track the entire process of detecting, investigating and taking action against infringing auction listings.

- **The 'big picture.'** The scoring algorithms and graphical reporting tools in Online Channel Protection allowed the luxury goods manufacturer to easily gain visibility into the scope of the problem. The company could quickly identify trends—such as where the biggest offenses were coming from—and get an at-a-glance view of all auctions of probable counterfeit items.
- **The ability to prioritize.** Online Channel Protection enabled the luxury goods manufacturer to easily identify the most serious, high-volume offenders. The company could filter and search results based on sellers, seller ratings, feedback information, auction expiration, price, and other criteria. Online Channel Protection also enabled the luxury goods manufacturer to weight and rank results based on high volume sellers, repeat offenders, and pricing; build profiles on the most serious offenders; and more. With the ability to prioritize its actions, the company could go after the worst offenders quickly and efficiently—allowing it to see the biggest return on its effort and time in terms of illicit sales blocked.
- **Easily capture evidence.** The MarkMonitor solution also enabled the luxury goods manufacturer to automatically save snapshots of auction listings, collecting evidentiary data potentially needed at a future date—a more efficient, less paper-intensive process.
- **Easily catch repeat infringement.** When a seller's auctions are continually shut down by a company whose products are being infringed, the seller is likely to avoid trying to auction counterfeit versions of that company's products again. By enabling the luxury goods manufacturer to continually monitor and shut down offenders after an initial enforcement, Online Channel Protection has helped the company greatly reduce the number of repeat infringement. This enabled the company to gain much-needed headway in the ongoing battle against illegal auctions of counterfeit goods.

Conclusion

Before using MarkMonitor Online Channel Protection solution, the luxury goods manufacturer did not have a sense of exactly how large and widespread its problem of counterfeit auction listings was. Online Channel Protection provided the company with the perspective it needed to understand the scope of its challenge and prioritize

its efforts. Thanks to Online Channel Protection, the luxury goods manufacturer was able to quickly identify and easily shut down the worst offenders. The company's consistent success in shutting down repeat offenders has caused many of those resellers to move on to easier targets. As a result, the luxury goods manufacturer was able to begin taking back control over its highly valuable brand online.

Shutting down online auctions of counterfeit goods is just the first step in protecting a valuable brand online. Having seen the benefits of taking a proactive stance against such auctions, the luxury goods manufacturer can now expand its efforts to detect infringement in other areas, including B2B exchanges, general eCommerce sites, email solicitations, and pay-per-click sites.

About MarkMonitor

MarkMonitor, the global leader in enterprise brand protection, offers comprehensive solutions and services that safeguard brands, reputation and revenue from online risks. With end-to-end solutions that address the growing threats of online fraud, brand abuse and unauthorized channels, MarkMonitor enables a secure Internet for businesses and their customers. The company's exclusive access to data combined with its patented real-time prevention, detection and response capabilities provide wide-ranging protection to the ever-changing online risks faced by brands today.

More than half the Fortune 100 trust MarkMonitor to protect their brands online.

See what we can do for you.

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