

RETAIL

## Counterfeit goods, misleading marketing endanger luxury brand perception

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*Gucci's Fake/Not Collection. Image credit: Gucci*

By SARAH RAMIREZ

As both luxury brands and buyers embrace ecommerce at record levels, combating counterfeit goods and misleading marketing should be a priority to protect brand authenticity and perception.

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The majority of consumers are concerned about fake goods and would be put off by a brand after unintentionally buying counterfeit products, according to a new report from online brand protection software provider Incopro. Consumers are also putting the onus on brands by expecting them to be proactive about fake goods and marketing.

"Control of the digital experience is also becoming an increasingly important issue," said Piers Barclay, chief strategy officer at **Incopro**, London. "As luxury brands react to the shift online, they are focused on trying to control the consumer experience in the way they do in their own stores.

"The availability of counterfeits online, or any other form of digital brand abuse, removes that ability to control the experience and is likely to lead to negative experiences," he said. "This has to be the key focus for marketers of these brands as they build their strategy and invest in their digital brand experience next year."

Incopro's **report** is based on a survey of 2,000 U.S. respondents in November 2020, in partnership with marketing research firm, Savanta

### Consumer perceptions

Counterfeit goods with a large price tag for the luxury industry. According to the Global Brand Counterfeiting Report 2018, the luxury counterfeit market was estimated to be \$98 billion, including \$30 billion in fake goods peddled online.

This problem has likely grown as the coronavirus pandemic accelerated luxury ecommerce. According to Incopro, in the week leading up to Black Friday and Cyber Monday, there was a 121 percent increase in high-risk Amazon listings for luxury items compared to a week three months prior.

Within luxury, counterfeit goods can have several ramifications.

"For luxury brands, the impact is often less about the immediate lost revenue to people buying counterfeits rather than legitimate products, but more about the loss of perceived exclusivity that may come from wide availability of low-priced counterfeits," Mr. Barclay said. "For example, if a luxury watch or handbag becomes perceived as commonplace either in real life or, increasingly, on social media consumers may be less inclined to see it as a high-end, luxury product, destroying the brand value that has typically taken huge time and investment to build."

The pervasiveness of counterfeits can also damage consumer perception because authenticity is a "long-term brand differentiator."



Louis Vuitton is one of the most counterfeited brands. Image credit: Louis Vuitton

Nearly eight in 10 respondents, 79 percent, reported that it was either very or extremely important for brands to feel real or authentic.

While one-third of consumers believe fraudulent products or content is "unavoidable," 56 percent would struggle to trust a brand after falling for counterfeit products, sites or social media posts. Sixty-one percent would doubt or avoid a brand if they came across a fake site.

Sixty percent of consumers believe that counterfeit goods are a problem.

Almost a quarter of consumers, 24 percent, have been sold fake goods online. More than a third have come across fake social media accounts or posts, and 41 percent have landed on fake sites.

"[Fake marketing content] can take many forms from bad actors advertising counterfeits on social media, to leveraging the brand for other nefarious ends such as fake modeling adverts or negatively associating the brand with content that is contrary to its brand values," Mr. Barclay said. "Some brands try to address this reactively, manually dealing with issues that they find or are brought to their attention.

"But this can only ever be a piecemeal approach," he said. "The key is putting in place a proactive monitoring solution that can give brands full visibility of their digital consumer touchpoints, the threats bad actors pose and the ability to enforce against them at scale to regain control of the digital experience."

An infographic titled "Impersonation accounts target vulnerable Fendi consumers" by INCOPRO. It features a header with four teal squares and the INCOPRO logo. The main text explains that wide-scale unauthorized use of the Fendi trademark in usernames across Facebook and Instagram creates a confusing brand presence online, particularly targeting minors. It notes that more than 20 Instagram accounts misuse the Fendi trademark, with many targeting US-based consumers. A screenshot of a fake Fendi Instagram account is shown, with a "FENDI REQUIREMENT" box listing criteria like "1. @fendi modelling" and "2. Respond time and on your story". A yellow box at the bottom highlights the "Addressing Threat" strategy: "Enforcement on TM abuse, leverage relationship with platforms to escalate most visible accounts."

A fake Fendi Instagram account, which has since been removed, tried to recruit models. Image credit: Incopro

Sixty-nine percent of respondents believe it is the responsibility of brands to protect consumers from counterfeit goods being sold online.

Additionally, 71 percent of consumers believe brands should take more initiative regarding impersonating brands

and phishing attacks, while 77 percent believe brands are responsible for reporting impersonating social media accounts.

#### Protecting authenticity

Beyond advocating for the protection of their consumers, brands can build up their authenticity by maintaining consistent messaging and centering their values.

Italian fashion house Gucci boldly poked fun at knockoff products and counterfeit culture with a recent ready-to-wear collection.

Drawing inspiration from a retro appropriation of the logo featuring the green and red stripe, Gucci embellished the same logo with the motto "Fake/Not" on a collection of shoes, outerwear, scarves and accessories. Rather than taking legal action, the label looked to beat counterfeiters at their own game by simply becoming an active participant ([see story](#)).

A growing number of luxury brands are also leveraging blockchain technology to combat countefeiting.

Last year, Swiss watchmaker Vacheron Constantin began working with Arianee on a pilot program to develop digital certification, enabling its timepieces to be traced while keeping its customer information private. All of the brand's watches delivered by the end of 2021 will include a blockchain-based digital passport ([see story](#)).

"The authenticity and trust that luxury brands invest so much in building is very fragile," Incopro's Mr. Barclay said. "It is a call to action for brands to protect this authenticity consumers are demanding it from brands at a time when trust counts more than ever.

"All too often, the luxury sector views the primary threat as counterfeits," he said. "In fact, the threats are much wider and nuanced than that: phishing, negative association, consumers encountering expired campaign assets, poor channel experiences that undermine the brand and so on.

"Consumers need to be protected across all possible touchpoints for the authentic brand experience."