

# WWD

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## The Transformers

2013 WWD CEO SUMMIT

### MARK FROST

You can learn from your counterfeiters and take back your lost business, according to Mark Frost.

Frost, general manager of MarkMonitor, told attendees that it used to be thought that counterfeiters were targeting consumers who had no plans to buy the real product. That's not true, he said. According to industry research, online sales hit \$1 trillion in 2012, and Frost said the new counterfeiters are reeling in consumers who think they're buying the "real deal at a discounted price."

That's in part due to the sophistication of the new breed of online counterfeiters. These individuals are sophisticated and "brilliant marketers," but they're still criminals, and many are part of an organized criminal group.

"For every shopper seeking fakes, there are 20 seeking bargains....One in five are duped," Frost said, adding, "If they weren't misled, they would buy from you."

Given that industry stats peg more than \$600 billion lost to counterfeiters, Frost said brands can take back that lost revenue by being more vigilant about learning from those counterfeiters.

Companies can start analyzing the counterfeit sites in terms of what they are selling, what colors and where they are selling or to what countries items are being shipped. They also look at search terms to analyze what is driving traffic. "These can be signposts to markets you hadn't looked at or

sites" that are engaged in counterfeiting, he said. Online counterfeiters are good at identifying holes and then picking up and marketing to those opportunities, Frost emphasized.

"Look at digital differently. See what are the missing pieces of the puzzle that online counterfeiters see [and you don't]," he said. Frost explained that by understanding this information, one can identify opportunities that might have been missed and then go after those customers to capture back the lost sales.

Frost also said that the most basic way to fight a counterfeiter is to take down the fake storefront, which includes going after the payment processing center and taking the money collected from those accounts. A longer-view way to attack counterfeiters is to monitor consumer behavior and adapt to their shopping needs. He gave as an example a company that had a hard time selling to consumers in China, although counterfeiters didn't have that problem. That's because they figured out that those consumers needed apparel firms to change the fit, such as smaller waists and shorter lengths, he explained.



— VICKI M. YOUNG