



PROTECTION FROM BRAND INFECTION™

Marketing's Fight Against Fakes, Fraud and Infringements

A Secure the Trust of Your Brand Authority Leadership Program

Introduction

Secure the Trust of Your Brand has been an ongoing thought leadership initiative by the Chief Marketing Officer (CMO) Council with previous underwriting and support from Symantec, Dow Jones Media Solutions, Opinion Research Corporation, Emory University's School of Brand Science and other partners. The CMO Council has over 3,500 members in 52 countries controlling more than \$100 billion in annual marketing expenditures. It maintains extensive marketing databases and affiliations with all major horizontal, vertical and geographical marketing groups worldwide. It also has partnerships with leading publishers and media groups reaching a global marketing audience of over 50,000.

This multi-dimensional research initiative over the past two years has examined the impact of information security breaches and theft of proprietary customer data on corporate reputations, business values, customer confidence and brand integrity. It has dramatically highlighted the resulting impacts on a financial, operational, marketing and perceptual level through third-party analytics and key stakeholder surveys. It has underscored the need for marketers to more effectively communicate security practices and policies to customers and ensure brand recovery and business continuity plans are in effect should their organizations be compromised.

Secure the Trust of Your Brand thought leadership activities have previously included extensive surveying of consumer, marketing and line of business audiences worldwide. Content has been taken to market through web conferences, syndication of a 180-page report, presentation of findings at the Visa Security Summit, and extensive media relations, which has generated editorial coverage in a wide range of editorial channels. In addition, the CMO Council teamed with Envision and ON24 to produce a well-attended web conference on Call Center Exposure: Limiting Leaks & Peeks. This addressed the customer data risks and vulnerabilities in an estimated 100,000 call centers worldwide where 7.5 million call center agents have visibility into the private records of billions of consumers.

Not only has the Secure the Trust of Your Brand engaged in conversations with hundreds of senior marketers, thousands of lead-generating reports have been downloaded and millions of media exposures have been generated for underwriters. The campaign continues to shape the strategic agendas of global multi-nationals and is providing rich intellectual capital for value selling by sales group and channel partners.



New Initiatives

Protection from Brand Infection will be a new area of exploration for the CMO Council under its Secure the Trust of Your Brand umbrella. The program will focus on Enterprise Brand Protection and take a deep dive into the brand image and integrity issues and implications of online counterfeit sales, gray market knock-offs, phishing attacks, cyber squatting, email scams, online brand and trademark abuse, domain kiting, pay-per-click fraud, copyright and patent infringements, as well as product piracy and fakes.

High-profile incidents involving counterfeit goods have impacted public safety, structural and operational integrity, product quality, financial performance, customer trust and confidence, channel and supplier relationships, and global trading partnerships. Industries most frequently impacted in both the online and offline world include consumer electronics, software, Internet retailing, pharmaceuticals, financial services, wireless communications, footwear, apparel, sports equipment, luxury goods, cosmetics and toiletries, entertainment, and even consumer durables, agricultural products and hard goods. A good example is Apple's iPhone, where 3.7 million units were sold in 2007 and only 2.3 million registered on AT&T's North American network. The remainder were taken abroad and altered to run on other wireless carrier networks worldwide, costing Apple as much as \$120 per unit in annual lost carrier revenue.

Brand infection from fraud, fakes and infringements is being driven by eCommerce over the Internet, rapid growth of developing economies, increased technology and manufacturing expertise, rise of cyber crime syndicates in Third World countries, and reduced barriers to global trade, among others. Organizations and service providers involved in the "detection of brand infection" are multiplying. The ecosystem includes digital brand asset monitoring, counterfeit surveillance and early warning systems, enterprise IT solution providers, ISPs, Web portals and search engines, legal and accounting/auditing firms, insurance carriers, risk management experts and management consultants, among others. Groups such as the Quality Brands Protection Committee, the Anti-Gray Market Alliance, and the Anti-Phishing Working Group are taking an active role raising business, regulatory and law enforcement awareness and would be partners in this initiative.

Facts & Stats

Key studies, reports and statistics certainly support the need for chief marketing executives to be better educated and informed about where and how their brands, revenues and relationship can be compromised. They also need guidance, advice and best practice examples of how to invest resources, time and efforts in Enterprise Brand Protection and to embrace strategies and services for improving Protection from Brand Infection. For example:

- Fake goods are estimated to cost legitimate businesses up to \$250 billion in yearly sales.
- The Anti-Gray Market Alliance and KPMG report that IT vendors are losing up to \$5 billion in profits and up to \$40 billion in sales of computer-related products each year to the global gray market. This poses risks to customers as there are frequently obsolete, damaged or counterfeit parts delivered without warranty or support.



- In a recent survey by the Quality Brands Protection Committee, an industry association made up of 181 multinational companies, 28% said problems relating to the theft of intellectual property have eased; a slightly larger amount said things were getting worse. The rest say there is no change—which, given the starting point, is not encouraging.
- According to Gieschen Consultancy's 2006 Counterfeit and Piracy Intelligence Report, global online sales of counterfeit goods account for 14 percent of total counterfeit trade, a figure that translates into nearly \$100 billion in 2006.
- The U.S. Department of Homeland Security seized an estimated \$200 million in counterfeit merchandise during the 2007 fiscal year – an increase of 27 percent from the year before.
- Immigration and Customs Enforcement (ICE) investigations during fiscal year 2007 resulted in 13,600 seizures, 241 arrests, 149 indictments and 134 convictions for intellectual property rights violations, according to an ICE press release.
- According to the ICE, the top commodity seized continues to be footwear, including \$77.7 million seized in FY 2007, or about 40 percent of the entire value of goods seized. Other fake goods include pharmaceuticals, electrical items, food and hygiene products.
- A recent investigation of counterfeit goods conducted by Consumer Reports magazine found that today's fakes are not just the usual knockoffs like bogus handbags or watches. Some unsafe counterfeits in circulation include phony oil filters, fake diabetic strips that give erratic readings and even brake pads made of kitty litter, sawdust and dried grass.
- MarkMonitor estimates online counterfeit sales are estimated to total at least 14 percent of the total counterfeit market, which in 2006 was \$600 billion. U.S. brand owners alone lose up to \$250 billion in revenue each year due to counterfeiting.
- MarkMonitor's AntiPhishing Security Operations say online fraud scams continue to grow by 15 percent per quarter, targeting financial institutions of all sizes as well as e-commerce sites.
- Phishing attacks in the United States soared in 2007, as \$3.2 billion was lost to these attacks, according to a survey by Gartner; the impact on consumer confidence in conducting financial transactions online is more worrisome.

Campaign Objectives

The purpose of this initiative is to:

- Determine the degree to which senior global marketers are sensitized to, and concerned about, brand hijacking, product piracy, cyber fraud, and other Internet reputation risks.
- Quantify the impact these incidents are having on brand trust, confidence, credibility and affinity among consumers, channels and business partners.
- Identify and promote best practices for pre-empting digital and/or physical counterfeiting and containing or mitigating the resulting damage to bruised or battered brands.
- Engage in conversations with leading global marketers about the strategies and effectiveness of resources, solutions, and services being employed in the both the detection and protection of brand infection worldwide.
- Accent awareness and recognition of the multiplying areas of brand vulnerability, risk and compromise associated with the proliferation of gray market and counterfeit goods, and the emergence of brand hijacking on the Internet.



Underwriter Benefits

Affiliation with the CMO Council will enable co-underwriters of this authority leadership marketing program to develop one-to-one relationships with senior marketing decision makers who can help validate and drive adoption and use of these technologies, solutions and services globally. They will also have access to the hundreds of contacts and prospects generated through this form of Intelligent Market Engagement and resulting intellectual capital creation, promotion and syndication through multiple Internet channels, communities, bloggers, podcasters and trusted business networks.

The CMO Council's Protection from Brand Infection program will give underwriters:

- Unique market insights and perspectives to optimize the positioning and sell-in of solutions and services
- Predisposition of the marketplace to create a more receptive selling environment for direct sales and channel organizations; creation of new value selling content
- Strong substantiation and justification for marketing investments in Enterprise Brand Protection
- Conversations, relationships and interactions with potential customers via interviews, audits, web conferences, webcast viewing and dinner dialogues
- Identification of business prospects, leads and referrals from online research, publicity coverage, content syndication, interactive online events, and small group meetings
- Extensive editorial coverage across multiple print, broadcast and online media outlets
- Significant brand visibility and exposure in association with a credible and influential thought leadership group in the marketing sector
- Linkages with CMO Council media and organizational partners for broader market awareness and recognition building (ClickZ, BtoB magazine, Sales & Marketing Management, BRANDWEEK, DM News, Direct Marketing Magazine, One-to-One, DestinationCRM, DMA, PMA, IAB, MMA, etc.)

The CMO Council will provide the following services as part of the underwriting agreement:

- Protection from Brand Infection program description, visual identity, dedicated web pages, content, survey instruments, campaign advisory board formation
- Qualitative dialogues and discussions with 15-20 chief marketing executives in target industry sectors and categories
- Online survey of marketers (300 --500) and consumers (1,000) through eRewards and/or Opinion Research Corp. in North America and Europe
- Campaign email delivery to 20,000 target marketers worldwide through in-house lists and partner databases
- CMO Council authored report (50 – 100 pages) including interpretive commentary, survey findings, qualitative discussions, best practice insights, case studies and contributed content from sponsors and subject matter experts
- Publicity materials and media briefing documents to take findings to market
- Go-to-market media relations, web conference, on-demand webcast (optional) and two dinner dialogues



- Publication and syndication of a report online (through a global network of content partners and channels) and through CMO Council's web site and Marketing Magnified eJournal
- Weekly tracking and delivery of leads and prospects who have downloaded the report, participated in the survey, attended the web conference, registered on the campaign web site, etc.

This co-marketing agreement will give member underwriters the following marketing and business development benefits and considerations:

- Intimacy, opportunity and partnership with key brand name marketers serving on the CMO Council (over 3,000 members representing more than \$70 billion in marketing spend)
- Brand identity with strategic, high-value thought leadership programs and intellectual capital programs
- Content contributions to CMO Council web site subject to editorial review by board
- Article submissions to Marketing Magnified monthly eJournal
- Headlines and call-outs of underwriter research, articles or stories on CMO Council site
- Brand reference and executive inclusion in all publicity and promotional activities relating to Protection from Brand Infection
- Reference in all content consumption e-mail notifications and bulletins distributed to members
- Attendance at the CMO Council Summit, with brand identification and ad in program
- Opportunity to participate in a CMO Council Summit breakout session on Enterprise Brand Protection