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## Think Differently About Protecting Your Brand

by Denise Lee Yohn | 10:00 AM April 23, 2014

Licensing can generate big business for brands. The top 150 global licensors accounted in total for almost \$230 billion ([//www.licensemag.com/license-global/top-150-global-licensors](http://www.licensemag.com/license-global/top-150-global-licensors)), according to License! Global. Disney alone reported \$39.3 billion in retail sales of licensed merchandise worldwide in 2012, fueled by the popularity of its Marvel Comics properties.

Brands in categories from apparel to automotive to sporting goods to spirits are licensed. Even celebrities license their brands – Usher Cologne, anyone?

Licensing's popularity makes sense. It can boost brand exposure and expansion without significant investment, helping companies enter international markets or play in new product categories without having to incur the usual product development costs and risks. Licensing can also be used to expand a brand's footprint into adjacencies, as demonstrated by iPad cases, keyboards, and other accessories.

But the benefits of brand exposure and growth through licensing don't come without risks. Counterfeiting and brand piracy have kept pace with the uptick in licensing. Legitimate companies aren't the only ones who have benefitted from increasingly borderless commerce and improvements in the quality of manufacturing and materials in emerging markets. According to the Department of Homeland Security, 500 million counterfeit handbags, belts and wallets (<http://www.cnbc.com/id/100931854>) worth \$1 billion were confiscated just last year.

The prevalence of licensed products combined with the sophistication of knock-offs make it more difficult to tell the difference between what's real and what's fake. It's also easier for branded goods to get into the wrong hands. Anyone can set up shop online and pose as an authorized dealer. And even offline, the once-underground black market has become quite visible. Inauthentic goods are now sold through unauthorized channels unabashedly, as the discovery of over 20 copycat Apple stores in Kunming, China, a couple of years ago revealed.

Another risk is old-fashioned over-exposure. When products with Nike logos or trademark Burberry plaid can be found everywhere, the exclusive appeal of those brands takes a hit. Market saturation of branded goods, genuine or fake, can lead to brand burnout – or even brand backlash. When Angela Ahrendts took over at Burberry, the brand had become so ubiquitous and watered down, with 23 licensees around the world each making their own versions of everything from dog leashes to polo shirts (<http://hbr.org/2013/01/burberrys-ceo-on-turning-an-aging-british-icon-into-a-global-luxury-brand/ar/1>), that the company faced problems besides declining profits. Far from being a luxury brand, its famous plaid had become associated with football hooligans (<http://news.bbc.co.uk/2/hi/business/4381140.stm>) and was even banned from some pubs.

**However, when managed appropriately, even these downsides can actually benefit brand owners.** Authorized or not, brand awareness in a new market is usually a good thing. And increased brand exposure can lead to a migration from counterfeit to original goods when the economic climate of that market improves or discretionary spending increases. Brand piracy can also be considered an indication of a brand's health; only compelling brands are victims of counterfeiting. On a recent trip to Shanghai, Italian designer Giorgio Armani purchased a fake Armani watch and explained (<http://congres.afse.fr/docs/2011/728713rrcmarch2011.pdf>), "It was an identical copy of an Emporio Armani watch...it's flattering to be copied. If you are copied, you are doing the right thing."

So companies must balance brand exposure with brand protection. Your attorneys may advise vigilant trademark monitoring and enforcement — but chasing down unauthorized products and dealers can be time-consuming and expensive — and ultimately, counterproductive. Starbucks seemed to understand this when it refrained from lambasting the comedian who recently set up a "Dumb Starbucks" store in Los Angeles. The city's Health Department ended up shutting down the store after just a few days, sparing Starbucks the expense and negative press it might have incurred.

Instead, take a different approach to protecting your brand — one that optimizes factors that are directly under your control vs. trying to manage those that aren't. Ensure that you set, communicate, and deliver on your brand standards clearly and consistently in everything you do. Even, and especially, licensed products should appropriately reflect your brand promise and shine brightly in the constellation of your brand offerings.

Consistently excellent brand execution will ensure that purchasers of counterfeit products know they are fakes and therefore won't expect the same performance from it. If the quality of your brand is so well-known, knock-offs may be compelling but they will never be mistaken for the real thing. Those who know real Rolex watches, for example, can point to at least 10 telltale signs of fake ones, including a magnifying bubble that doesn't magnify all that well. Fans of the Tiffany & Co. brand know that a Tiffany product for sale anywhere other than in a Tiffany-branded outlet is not real, thanks to the brand's tightly controlled distribution.

And since your authorized product may not be the only representation of your brand out there, monitor the totality of your brand presence. You may need to temporarily scale back your own licensing or promotional efforts if a market is being flooded by unauthorized product. That's what Ahrendts did at Burberry by centralizing their product line — even though in this case, the licensees weren't doing anything illegal. To reassert Burberry as a luxury brand, she decreed that all clothing would be made in Britain; all designs would go through one "Brand Czar;" and that the company would pull back from offering so many types of products to focus on outerwear. It worked.

The best way to enhance and protect your brand at the same time is to extend your brand value beyond the product. When your brand is comprised of a complete customer experience — including service, environment, communications, shopping experience, personality, and values — it is inimitable and far more valuable. A pirated product may mimic your brand but it doesn't replace it. It simply whets consumer's appetites for more of your brand.

Trademarks are some of companies' most valuable assets and legal actions are sometimes necessary to defend them. But when it comes to brand protection, the adage "the best defense is a good offense" applies — and the best offense is a clear, well-cultivated brand identity.