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### **BRAND** & REPUTATION **MANAGEMENT**

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recall of its Galaxy Note resulted in a £4-billion hit to profits

Angry consumers with a justified reason to complain and cyber fakers attempting to damage a brand's reputation mean companies must have a social media counter strategy

**OVERVIEW** 

GIDEON SPANIER

f the tumultuous events of this vear from Brexit to the election of Donald Trump offer a lesson to business, it is that consumers are willing to challenge the status quo, punish "elites" and take a risk.

No wonder the world looks a more unpredictable place than 12 months ago. Businesses have proved more adept at protecting their brand and reputation than many politicians. As the old marketing saying goes, a consumer brand has to get "elected" by customers every day when they go shopping, not just once every four or five years when there's an election.

Companies that invest in their brand have a track record of growing faster. An investment in the top ten most highly valued brands in the advertising giant WPP's annual survev of the top 100 global brands would have outperformed the S&P 500 Index of stock market companies by more than 70 per cent in the last decade. Investing in a brand "clearly pays off in the short and long term", WPP's chief executive Sir Martin Sorrell says.

However, business and politics share similar challenges because social media and digital technology mean crises unfold faster than before, with more unpredictable results for their brand and reputation.

Samsung had to carry out a global recall of its Galaxy Note mobile handset because of a series of battery explosions this year. When one unhappy user posted a video of his charred phone on YouTube

at the end of August, it got 1.3 million views. Samsung initially tried to play down what it called "a tiny problem" with its manufacturing process, but it failed to convince consumers, resulting in the recall and a £4-billion hit to its profits.

Tim Burt, senior managing director at Teneo Blue Rubicon, a leading communications and corporate reputation management agency, says: "Everyone has a fear of a crisis going viral on social media. This is

a particular threat to consumer-facing brands, where criticism can be shared, mashed up, spliced with video and distributed globally. It has become one of the major risk factors faced by any company that depends on online engagement."

The Volkswagen emissions-rigging scandal and the TalkTalk customer

cyber breach are other recent examples of reputational crises that have had a knock-on effect to the company's profits and share price.

Seventy per cent of business leaders who have suffered a crisis feel that the damage to their company's reputation has lasted more than a year, according to a Deloitte global survey of 300 board directors this year.

In a world where trust and authenticity matter, bigger is not always better for a brand as it grows in size. Smaller brands may have advantages because they can be more nimble

and will often have closer links to their core market.

Brand and reputation management has become a boardroom issue for companies of all sizes, especially as the modern breed of chief executive is increasingly likely to be active on social media, and see the opportunities and risks first hand.

Mr Burt says: "The rise of online scrutiny has created significant anxiety in the corporate world. Suddenly consumers, shareholders,

analysts and regulators can interact with each other in a social media environment to amplify criticism of a company or its management, fuelling negative coverage."

As the Samsung case illustrated. the first instinct of many people is to publish negative comments about a brand online, usually on social chan-

nels or review websites.

"Clearly, sometimes this megaphone trend - he who shouts loudest invariably gets heard in an online world - is fully justified and companies should be called to account." Mr Burt says. "But in an era of fake news, it is also dangerous, with a rush to judgment that is hard to manage. What this requires is more thoughtful online reputation management. Companies need effective tools and strategies to explain themselves digitally."

Communications and marketing experts say companies must be vigilant in monitoring their reputation, especially online, and prepare for a crisis by doing simulations and creating a "playbook" to respond.

The worst reputational crises often occur when companies are unprepared. Fewer than half of the 300 board directors surveyed by Deloitte had a crisis playbook ready to use and one-third did not even know if one existed in their company.

While it makes sense for companies to take a thoughtful, strategic approach to brand and reputation, Mr Trump's election-winning performance has challenged convention because he aggressively attacked his critics, disregarded the facts and stuck to his own "megaphone" message.

He is a unique case because he already had a powerful personal brand and tore up traditional rules of political communication.

But it seems likely that others in politics, business and beyond will follow this lead because of his success. It's a worrying development because it could lead to a further distortion of the truth in a world where companies already have to deal with problems such as counterfeiting in medicine and piracy of intellectual property.

The relentless, ubiquitous nature of the online world means every company now has a media profile that they must manage.

"Perhaps business leaders underestimated the risks five years ago, Mr Burt concludes, "but they don't



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of business leaders who

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that the damage to their

company's reputation has lasted more than a year

Source: Deloitte 2016

# Grow your business and keep principles

What does it take to expand a successful enterprise or brand from small beginnings without losing its original appeal and following?

**IDENTITY** 

DAVID BENADY

att Grech-Smith is facing a dilemma familiar to all entrepreneurs with an eye to the future. How can you expand a successful business idea without watering down its original aspirations and values?

He is a co-founder of Swingers, a night venue where customers can play crazy golf, snack from a range of street food vendors and drink cocktails. The 400-capacity venue opened in May next to the Gherkin building in London and has been sold out ever since, he says.

The venture is part of Mr Grech-Smith's Institute of Competitive

Any brand looking

to expand must

face the challenge

that it is likely to

lose some of its

original values and

commitment in the

rush to growth

Socialising, which holds that a great night out inevitably involves good food and drink, but is always improved with a competition or game to make things more interesting. The concept seems to be capturing the mood of London's millennials and he is considering opening more venues.

But he is aware of the challenges that growth can bring. "What's made the first site in London so successful is the attention to detail we have given it. We are very aware that if we were to go on a massive roll out, you lose a lot of that individual touch. We want to expand in an interesting way, to take interesting sites that fit into their local environment. If you go on a big rollout spree, you can lose the ability to do that, so it is about doing it in a measured way," he says.

Any brand looking to expand must face the challenge that it is likely to lose some of its original values and commitment in the rush to growth.

From Google to McDonald's, the economy is dominated by huge global brands, but some appear to have reneged on their original promises. Google's promise in its 2004 stock market launch "Don't be Evil" was dropped in 2015 after it came under regular scrutiny. The line has been replaced by "Do the right thing".

A frequently cited example of a brand compromising on its founding values is The Body Shop, which sold to L'Oréal in 2006. The Body Shop's great promise had always been its strong ethical standards and at the time L'Oréal was still

testing its products on animals. The takeover led to a boycott by some of The Body Shop's customers. It has struggled since to define its brand in the new context and been slow to evolve its identity.

More recently, a wave of takeovers has swept the UK's craft beer sector, with brewers

Camden Town Brewery acquired by Budweiser firm AB Inbev and Meantime bought by SAB Miller. Time will tell whether these brands manage to maintain their original values and production techniques or whether they will be watered down. But some look positively on such moves and argue there is a reverse takeover effect when a small brand is acquired by a corporation, and that the craft and ethical values of the small company will be absorbed by the larger one.

Some brands seem to pull off expansion without straying too far from their original promises. Thom Newton, chief executive at Conran Design Group, cites Pret A Manger as a brand that has succeeded in staving true to its ethos and authenticity, while he believes outdoor clothing brand Patagonia has maintained its aura of being sustainable and environmentally conscious. Meanwhile, Converse shoes, he says, "still feels personal". He cites Fever-Tree tonic, a small UK brand, which scaled leading to the sale of shares worth £17 million for its founders.

Mr Newton says takeovers and buyouts have many examples of where authenticity is lost and points to Coca-Cola's purchase of smoothie maker Innocent Drinks. The loyal customer-base saw this as a sell-out by the brand and not in line with its core values. Profits slumped by 97 per cent in the first year under

its new corporate owner, says Mr Newton.

"Success and scale, particularly commercial success, bring challenges to any business or brand. If your business is based on challenging a conventional service or product, or disrupting the status quo then this position becomes hard to maintain when you become part of the mainstream, the 'new norm'," he adds.

As a company gets larger, keeping alive its founding beliefs and values depends on the clarity and strength of its corporate culture, says Rita Clifton, chairwoman at brand consultancy BrandCap. Senior management will need to devote attention to holding on to those original values amid many competing demands as their business expands. Firms such as Innocent, Ben & Jerry's, McKinsey and Goldman Sachs have managed to maintain their distinctive brand cultures. She argues: "They had founders and then leaders who

01

Matt Grech-Smith, co-founder of the Institute of Competitive Socialising, says it's important to expand "in a measured way"

O2
Pret A Manger is regarded as having

succeeded in staying true to its ethos and authenticity in the face of rapid growth

The 2012 takeover of Innocent Drinks by Coca-Cola was branded a sell-out by its loyal customer-base

genuinely believed in the importance of a clear identity, and embedded this into training, development and metrics."

This matters in the digital age. If a company fails to instill in its staff the importance of its brand values, this can breed cynicism and negativity. This can easily seep out into the public sphere through social media.

"In a digital world, everything is visible and so everything counts. Reputation is reality with a shorter and shorter lag effect," she says.

Luxury brands such as Hermès, Veuve Clicquot and Chanel all began as craft brands, founded by entrepreneurs who believed they were creating genuinely superior products. As Jon Davies, creative director at design agency ButterflyCannon, says: "The reason for their continued commercial growth and consumer desire over all these years is through their steadfast retention of their craftsmanship principles, coupled with their passion for what they do and their driving personalities."

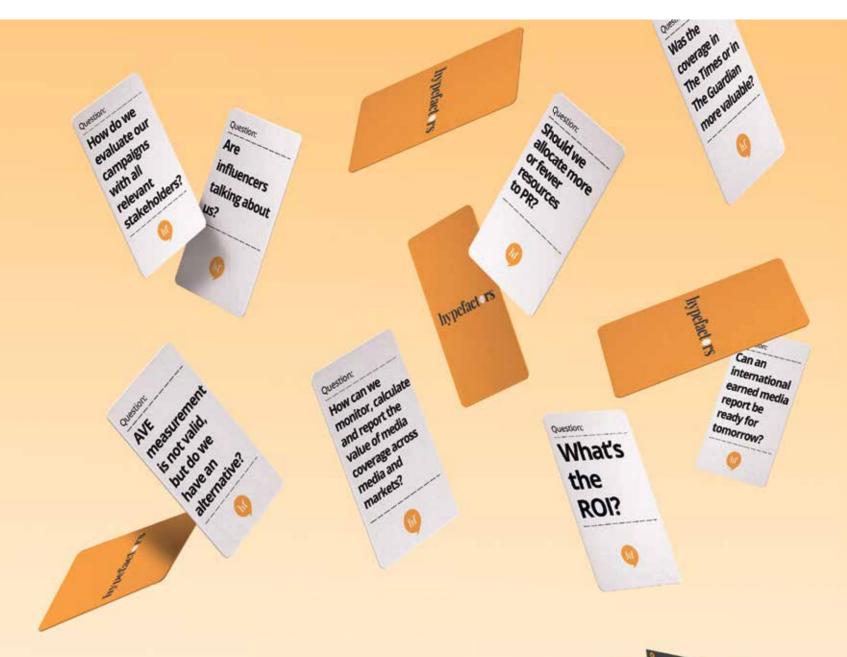
So how big can a brand get before it loses its original purpose? "Generally as brands get bigger it is impossible to keep the small boutique feel and it can be slightly disingenuous to retain that while being owned by a vast multinational," says Swingers' Mr Grech-Smith. On the plus side though, the business can then offer lower prices and greater availability. "It's swings and roundabouts," he muses.











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# What business can learn from Trump

With Western politics left reeling from its second major disruption of 2016, it's time to consider what these signals of change mean for businesses



THOMAS BROWN

irst came Brexit. June's shock decision by the British electorate to leave the EU, bringing a close to a 40-year membership and precipitating the biggest ever one-day fall in the value of sterling in the pound's history.

Then came Trump. The United States' most controversial, combative and divisive election campaign in living memory, if not ever, ended with another body blow to the political establishment.

Markets, the media and citizens worldwide are left contemplat-

ing what's next. President Le Pen? Frexit? Italeave? While commentators continue the increasingly difficult task of forecasting the answers, other questions demand attention: will the issues underlying this instability extend beyond just the political arena, and what might this mean for brands and businesses?

It's important to first understand the forces behind our current context. There are two basic theories influencing the recent rise of populist opinion and anti-establishment sentiment, discussed in a working paper from Harvard University's John F. Kennedy School of Government.

270 TO WIN



The first relates to economic inequality, brought on by a combination of growing disparities in income and wealth, automation of manual labour, the rise of the knowledge worker, and the impact of globalisation on labour, people and capital flows. The second relates to cultural backlash, where once predominant sectors of the population react to the rise of progressive values, such as cosmopolitanism and multiculturalism, and perceived erosion of their traditional values.

No matter which is more prevalent, both have the potential to influence more than just our political opinions and affiliations. So how do businesses respond? Are populism and anti-establishment feelings so well capitalised on or exploited by Farage, Trump and Le Pen – an opportunity for businesses or are they a threat? Is seizing on this emerging aspect of consumer sentiment a path to disruptive brand differentiation or does it offer more risk than reward? Could Brexiters be considered a new segment, ripe for those brands able to appeal to their frustrations or are political beliefs largely unrelated to brand choice?

We've already started to see examples of brands' actions being interpreted as political commentary and some of the consequences. In the UK, the campaign group Stop Funding Hate actively lobbies brands to withdraw advertising from several right-wing tabloids, over what it claims are divisive hate campaigns. It claimed victory recently when LEGO tweeted the campaign, saying "We have finished the agreement with the Daily Mail and are not planning any future promotional activity with the newspaper", only for the tov manufacturer to find itself subject to criticism from Conservative MP Andrew Bridgen for attempting to compromise the integrity of a free press. Similarly, Kellogg Company has found itself the subject of an aggressive boycott campaign by US

far-right online media brand Breitbart News, after withdrawing its advertising from the site, saying it wasn't aligned with our values".

Richard Huntington, chief strategy officer at advertising powerhouse Saatchi & Saatchi, offers a word of caution. "My first instinct is to say 'let's not panic just yet'. What we're witnessing is a counter-culture, not a dominant culture. Counter-cultures are important and need to be listened to and understood, but I certainly wouldn't advise that anybody jump on an anti-establishment bandwagon, because it's not clear what this is vet.

"Some people have indeed been left behind by recent progress, so is this a case of them flexing their muscle, or is this the beginning of a fundamental recalibration of Western culture, where we move from a period of greater openness to one of greater insularity? I don't think we can yet call that, and I think it would be unwise for businesses and brands to pander to this phenomenon yet."

Jez Frampton, global chief executive at leading brand consultancy Interbrand, concurs and points to a return to some fundamental tenets of customer-focused thinking, which appear to have fallen out of fashion. "This all comes down to understanding people, let's call 'knowing-your-audience it the lesson'. I spoke recently at a conference and asked the audience how

### **US ELECTION: ELECTORAL COLLEGE VOTE**



PRE-ELECTION PREDICTION\*

\*How polls stood as voting was under way on November 8

171

FINAL RESULT

232

REPUBLICAN PARTY DONALD **TRUMP** 

Toss-up

147

270 TO WIN

Source: RealClear Politics

306



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**COMMERCIAL FEATURE** 

# TRUM /r/The\_Done

many of them had sat in on focus groups, depth interviews or customer meetings in the last month - in other words, really saw customers, rather than sitting in isolation reading reports and web stats and the like. Only about 10 per cent or less of the room put their hand up and this really caught me by surprise," he says.

"If I had asked that question 15 to 20 years ago, the answer would have been the opposite - 90 per cent of the room would have raised their hand. We've got so much fantastic data and technology at our that it's hands almost become an excuse for not going out and touching the hands of our customers Most people talk about the wealth of data they have, but

then go on to say that they're lacking the level of insight they need to understand it."

While there's already no shortage of articles about marketing lessons from Brand Trump, the real question for business leaders is less about whether to take a page from the populist political playbook and more about whether vou're truly in touch with your customers.

As businesses have developed evermore sophisticated ways of profiling and understanding their audiences, the promise of technology - bringing us closer to our customers - has actually, for many organisations, reduced their proximity to genuine insight and weakened the natural customer sensitivity, which marketing and brand practitioners had to rely on in our analogue yesteryear.

Not only has the gulf between a brand and its customers widened, the data in which businesses often blindly place faith has also shown its shortcomings. The recent and



dramatic failings in pollsters' abilities to gauge and predict public opinion accurately has raised something of a question mark over the reliability and validity of audience research. From the UK 2015 general election to Brexit to Trump, the traditional and data-reliant methods of understanding and predicting human opinion and sentiment have fallen short, calling into question the trust which businesses place in surveys and quantitative data alone.

"If there's a lesson, it just goes to show how completely wrong polling can be, which in the corporate world is the essence of most customer research, segmentation and the like," says Mr Frampton. "The reality is you need that 'texture' which data alone can't provide, and this re-

The real question

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quires you to invest time with real people and start listening again."

Saatchi Saatchi's Mr Huntington agrees. suggesting one of the biggest takeaways from recent political disruptions is the need for a return to empathy, greater diversity of thought and a step back from our over-reliance data alone.

"Organisations need to have great-

er genuine empathy towards the people they serve and look after. Just as 'echo chambers' exist in the world of social media, so do they in the corporate world. The same perspectives echo around a business and are often taken for granted, vet no one's really listening to their customer. It's that breakdown in empathy that can lead to real issues being missed."

Ask yourself. How many meaningful customer conversations have you had in the last six months? How much exposure do you get to real people, beyond the statistics and data? Are you asking the right questions and are you really listening to the answers? Interbrand's Mr Frampton concludes: "Be careful if you think you know your customer that well - most companies could do a lot more to understand them better.'



### IMPORTANCE OF BRAND REPUTATION IN THE DIGITAL AGE You need an online strategy to counter any attempts from

fraudsters trying to hijack your brand on social media, says **Charlie Abrahams**, senior vice president at MarkMonitor

### MarkMonitor\* Part of Clarivate Analytics

he prevalence of online social media has been both a blessing and a curse for brands. On the plus side, it allows them to launch products, run promotions and take advantage of seasonal trends in new, creative ways, while simultaneously engaging with their loyal customers on a more personal level.

The disadvantage, however, is the potential of brand infringement. Whether you already have an established online following or you're just starting to build a presence, there's a very real possibility of online scammers, impersonators and counterfeiters attempting to damage the reputation of your brand through various social media channels.

To mitigate the risks to a business operating online, a well-thought-out brand protection strategy needs to be in place. By having this, a brand can ensure they are capable of tackling the numerous infringement scenarios, while preventing any loss in revenue and reputational damage.

One of the most common instances of infringement takes the form of brand hijacking or "brandjacking". Fraudsters use misappropriated copyrighted logos and slogans in an attempt to benefit from a legitimate company's brand equity, or deliberately damage it through confusion and deceit. To reverse the damage caused, you need to identify the effect of brandjackers on your social media accounts and your brand.

### UNDERMINING ENGAGEMENT

Impersonators with malicious aims get between your brand and your customers to advance their own purposes. No matter how they do it, the intent is to fool consumers and your customers into thinking an offer or message is legitimate.

Sometimes, someone with malicious intent simply wants to damage a brand. In such a case, the person may spread misleading or dangerous information,



One of the most common instances of infringement takes the form of brand hijacking



such as a false stock tip or a lie about a product recall. Regardless of the method employed, this person is focused on causing harm, often by casting doubts on the brand's viability or credibility.

### MISLEADING CONSUMERS

Scammers and impersonators also set up fake pages or profiles with the unauthorised use of copyrighted materials and/or trademarks to give off an aura of legitimacy. In a digital twist on an age-old problem, counterfeiters promote e-commerce sites by selling fake goods through spoofed social media accounts. By posting links on their fake profiles or fake pages featuring your brand's logo and legitimate product photos, they may mislead consumers into purchasing counterfeit wares.

Whether a high-priced fashion accessory or an everyday necessity such as batteries, no product is off limits and no brand is exempt from counterfeiters.

### IMPORTANCE OF A STRATEGY

A brand protection strategy essentially means that you're covered and ready to counter any attempted acts of brand infringement should they ever happen. Without a strategy, businesses are likely to either make snap decisions that might harm the brand or spend precious time considering the multiple options available, by which time the damage has been done.

Despite this, many companies underestimate the importance of including a brand protection element within their social media strategy. Indeed, a survey by Social Media Marketing University found more

than half of brands don't have a strategy in place to manage social media complaints.

### PROTECTING YOUR BRAND

The best thing that any company can do is to make their accounts "official". Facebook and Twitter both have tools to help to verify your legitimacy, and customers will be able to identify this by searching for the blue ticks next to your account name. For other platforms that don't offer a way to show your pages are bona fide, make sure your company's main website includes information about and links to your presence on social media

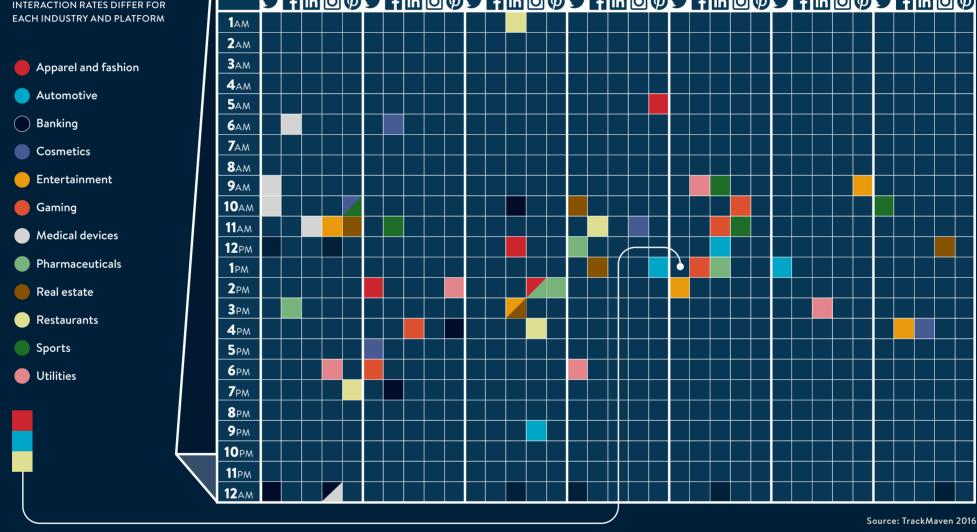
It's also important to monitor for impersonation and misuse of brands and trademarks continuously. This is simple to do on social media. It only takes a minute to find a logo and apply it as a profile picture, for example. So you need to watch for signs that impersonators are tampering with your brand and trying to lead consumers astray.

If the case is more serious, you might need to take further appropriate action. You can either try contacting the individual and explaining how his or her activity is in violation of your brand guidelines, or you can report the activity to the relevant social

Far too often, brands don't always consider the dangers of operating on social media and fall prey to fraudsters looking to capitalise on this. Therefore, it's absolutely critical that every brand has a comprehensive strategy in place that covers all aspects of their online presence.

For more infomation please visit www.markmonitor.com

### **SOCIAL BUSINESS OPTIMISING ENGAGEMENT AND INTERACTION BY PLATFORM** T W Th S Su in **9**AM M ANALYSIS OF 17.5 MILLION SOCIAL MEDIA POSTS BY NEARLY 18,000 BRANDS, MEASURED ON ENGAGEMENT AND INTERACTION Su Th Su Th S **8**PM Source: TrackMaven 2016 **BEST TIMES TO POST** ON SOCIAL MEDIA BY WEDNESDAY THURSDAY MONDAY **TUESDAY FRIDAY SELECTED INDUSTRY ENGAGEMENT AND** INTERACTION RATES DIFFER FOR EACH INDUSTRY AND PLATFORM **1**AM **2**AM **3**AM Apparel and fashion



# Be prepared for an online barrage...

In the age of social media, executives must stay in touch with online conversations affecting their brand and be ready to respond with a genuine human touch

### BRAND PROTECTION

GIDEON SPANIER

arketers say every company is now a media company because it can use online tools to publish and broadcast to the world.

These rapid advances in communication and technology have created significant, new opportunities and risks that affect a company's brand and reputation.

Zoe Clapp, chief marketing and communications officer of UKTV, the owner of TV channels including *Dave* and *Good Food*, says: "There is now a great opportunity for business owners to tell their

own story, in their own words and in real time."

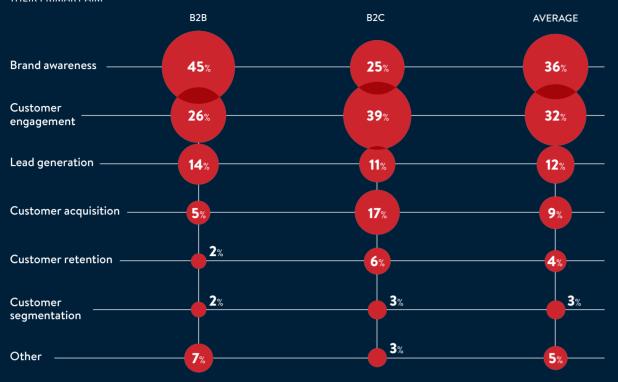
It means that, theoretically at least, a brand can talk to its target audience without its message being "mediated" by journalists, publishers and other traditional media owners.

In the dream scenario, customers and employees become advocates of the brand, sharing their positive experiences on social media with their network of friends and contacts.

But Ms Clapp warns: "Brands really need to practice being adept online conversationalists, understanding what audiences want and will tolerate from different industries and brand categories. Companies come unstuck when social and online channels are used as one-way sales

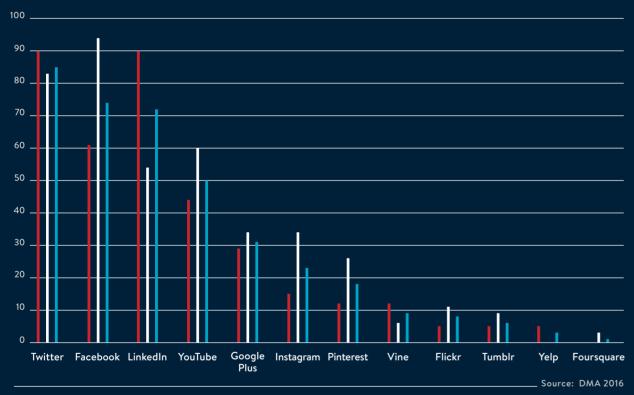
### PRIMARY AIM OF MARKETING USING SOCIAL MEDIA

PERCENTAGE OF BUSINESS-TO-BUSINESS (B2B) AND BUSINESS-TO-CONSUMER (B2C) MARKETERS THAT RATED THE FOLLOWING THEIR PRIMARY AIM



### SOCIAL MEDIA PLATFORMS IN ORDER OF POPULARITY IN MARKETING

PERCENTAGE OF B2B AND B2C MARKETERS THAT USE THE FOLLOWING PLATFORMS



funnels, instead of platforms on which to truly listen, as well as to converse, inform and sometimes even to entertain.

Nicola Green, director of communications and reputation at O2, the UK's second biggest mobile phone company, says getting the tone right can offer business advantage.

"As a brand, the rise of online participation has meant there is absolutely nowhere to hide," she says. "That is a great thing for customers and the state of British business as it separates the genuine customer champions from the pack.'

However, Ms Green adds: "It is also a challenge for communications teams as the swathe of sentiment creates a confused and sometimes even polar-



You need to be able to distinguish between a vacuous rumbling in the Twitter echochamber and a genuine public outcry

ised picture. The unpredictability of the online environment is testing.

BP's Gulf of Mexico oil spill in 2010 was a watershed moment as other businesses watched how a reputational crisis could spiral out of control, driven by the speed of social media and lasting for months.

Neil Bennett, chief executive of financial public relations agency Maitland, says corporate reputation has become a boardroom issue.

He explains: "Initially, business leaders did underestimate the reputation risks in an online world. But that has changed rapidly as they survey the wreckage of others who were similarly blasé.'

Ms Green says: "Members of the board now witness reputational issues playing out in front of them. Progressive board directors are even on Twitter personally, which means they face the good, the bad and the ugly themselves. In the past, commu-



raconteur.net

Source: DMA 2016

Managing the news agenda promises to be even more demanding with the rise of fake news, stories that are skewed or even wholly invented to drive web traffic

nications teams had a job to convince the boardroom to take note of the reputation agenda, but it's not as difficult any more."

It is still rare to find a vocal chief executive on social media, according to Ms Clapp, but most people expect an organisation's leader to be its natural spokesperson.

She concedes: "Being an online CEO does take a little humility and braverv. Who relishes the idea of having their door open to the comments of employees, consumers and the media at any time of the day or night?'

However, Ms Clapp says the rise of the "social CEO" is a growing trend. The next generation of business leaders are familiar with technology and can draw on better public relations counsel about how to speak in a voice that feels authentic, she says.

Indeed, it can be an advantage for a business leader to broadcast a message that is unmediated by journalists, especially to address key audiences such as shareholders and employees.

While it is self-evident that a company needs to be vigilant and speedy in managing its reputation in the 24/7 mobile era, some businesses continue to get caught out.

Cyber crime and security is a prime risk, cited by 70 per cent of 300 board directors in a global survey by Deloitte this year.

Recent examples include the breach at Tesco Bank, when small amounts of money belonging to thousands of customers were stolen, and the hacking of the Democratic National Committee's e-mails during the US presidential race.

So-called hacktivists don't just conform to the stereotype of criminal gangs and teenage hackers. Now foreign states are suspected of being behind cyber breaches such as the hacking of Sony Pictures' e-mails, a worrying and unpredictable trend because a corporation cannot compete with a rogue nation state.

Self-appointed campaigning groups, such as Stop Funding Hate, which has put pressure on advertisers in rightwing tabloid newspapers because of their editorial stance on immigration. have proved adroit at using social media. Parody online corporate accounts are another trend, challenging the public relations-driven "guff" that emanates from some companies.

Politicians have also become more outspoken, even before the rise of Donald Trump. MPs on House of Commons select committees have used live televised hearings to flay business leaders from former BHS owner Sir Philip Green to errant bankers and the bosses of tax-avoiding corporations, a legacy of the global financial crisis of 2008-09.

Managing the news agenda promises to be even more demanding with the rise of fake news, stories that are skewed or even wholly invented to drive web traffic.

Experts agree that the key in all these situations is preparedness, good intelligence and careful judgment.

"With traditional media, organisations had hours even days to agree a response to a hostile challenge." Mr Bennett says. "Now they have minutes. That means agreeing responses and protocols in advance and keeping decision-making processes quick and streamlined. Rehearsing various crisis scenarios is also important."

Ms Green says: "Having a set of principles to apply and a process to follow in every situation is key. Businesses should commit to responding within a certain period of time and hold themselves to it.'

Service businesses in telecoms and financial services are under particular scrutiny because often an unhappy consumer's first response now is to complain in public on social media. Ms Green warns more crises are inevitable. "I don't think we've seen the worst from the banking sector," she says

Deloitte found only 49 per cent of board directors have engaged with management to understand what has been put in place to support crisis preparedness.

Ms Green says: "The trick is to remain faithfully transparent and responsive, whatever the issue. The wrong response is to shut it down and hide. Some worry that conversations on social media can't be controlled, but not being there doesn't mean it isn't happening. If there is a discussion being had that is relevant to your business, then it's far better to know so you can do something about it."

Having "intelligence" matters in the information-gathering sense of the word, Mr Bennett says. "You need to know what they are saying about you, before it becomes a storm."

A suite of social media monitoring tools is not enough. Human judgment is vital. Ms Green says: "A minor issue can take hold and escalate out of control, whereas something more significant can go unnoticed.'

Mr Bennett agrees, warning: "You need to be able to distinguish between a vacuous rumbling in the Twitter echo-chamber and a genuine public outcry. You need to decide when to respond, but equally when not to. Old-fashioned PR and communication skills still matter."

Ms Green concludes that there is a golden rule for reputation management in the online age when a

"You don't have to have all the answers, but you do need to reassure customers that you're doing all you can to find out," she says. "People will forgive a mistake, but it's far harder to forgive incompetence or deception.'



# Getting to grips with consumer power through social media

Senior executives must familiarise themselves with social media, where news travels fast, and learn how to harness its power - here's how...

### **TOP FIVE**

**LUCY FISHER** 



### LISTEN TO CUSTOMERS

Dominic Burch, former marketing and innovation director at Asda, and founder of agency Why Social, describes social as "an amazing, free, real-time focus group".

"Typically, brands want to do the 'sparkly' stuff first," he says, warning that it's important to listen to customers and deal with issues first. This necessitates

investing in a good community management team and there are no short cuts to doing this well, he

Jean Pierre Diernaz, vice president of marketing in Europe for Nissan, agrees. He explains that the automotive brand uses social media to facilitate a conversation with its customers, whether that's to moderate customer dissatisfaction or even collaborate on design.

### **LEARN FROM**

Jon Wilkins, executive chairman of agency Karmarama, which works with clients such as Costa Coffee, Honda and Unilever, says: "My top tip [for a C-suite audience] is to consider getting some mentoring from a millennial. Don't just delegate. Find out how these platforms work."

Many brands are also recognising the power of influencers, whether these are YouTube stars or bloggers on special-interest channels.

Nick Canning, joint chief executive at Iceland, has opted to leverage video channel, Channel Mum. which was set up by founder of Netmums Siobhan Freegard for a long-term influencer campaign.

Channel Mum features videos with ordinary people as opposed to celebrities, an increasingly common strategy for a vast range of brands, which have woken up to the need for authenticity when it comes to social media.

The average watch-time of Iceland's Channel Mum videos is two minutes, claims Mr Canning, who puts this down to the fact that the content is created by "people they trust".

"The younger generation consume media in a completely different way. They're not watching as much TV," he points out.





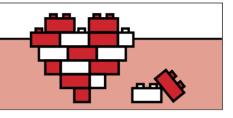
### $\exists$ GET VIDEO

Video has grown massively in importance. But Leila Fataar, head of culture and entertainment at Diageo Europe, says she prefers to refer to the broader term moving image instead of video because this incorporates the likes of gifs or moving animations, which are increasingly popular.

"The main thing is to create 'thumb-stopping' content - to think, 'Would anyone care to share this?'

Gracia Amico, chief executive of Europe's first online portal for pet owners, PetsPyjamas, has seen this first-hand and says: "People really love to share pictures of pets and this really helps with our engagement."

Ms Amico praises Innocent Drinks' The Big Knit campaign. "People are encouraged to knit hats for the bottles of Innocent and send them in," she explains. "Every time Innocent sell a bottle wearing a hat, they donate 25p. Last year they raised £200,000 for Age UK. The shareability is huge."



### **VOICE AN OPINION**

Diageo's Ms Fataar also believes that to gain cut-through in today's content-rich digital world, brands need to have a point of view.

"Building communications around values gives the brand more weight somehow," she says, pointing to LEGO's decision to join in on the back of the #StopFundingHate campaign, in which the toy manufacturer said it would no longer be advertising with some newspapers.

But Eimear Lambe, head of brand strategy at Twitter UK, warns that it must make sense for a particular brand to get involved in such a campaign or there is a risk of being perceived as opportunistic.



### STAY RELEVANT

"There are lots of areas, such as politics or religion, where brands should stay well away," says Rick Hirst, chief executive of media agency Carat.

Indeed, Mark Boyd, founder of advertising agency Gravity Road, points out that the public relations stunt of tweeting an image of a shoe featuring a red lightning bolt, echoing that painted on the face of David Bowie's

alter ego Ziggy Stardust, backfired spectacularly for Crocs around the time of the rock star's death.

"It was wrong on so many levels," he says. "The opportunity [with social media channels is to be more choiceful about when you're going to publish stuff. It's about creating things that people want to spend time with."

It isn't easy, of course, and fortunately executives seem to recognise this. "We are not seeing any C-suite reticence about spend,' notes Mr Boyd. "Rather, we're seeing the complete opposite because social media provides an opportunity to gain disproportionate share of voice, to scale a business quickly and to leapfrog competitors. It goes beyond just marketing and advertising - it's so exciting.



### Do the right thing with greater purpose

In the minds of loyal customers, brands assume an added importance and can become a force for good which must be upheld

### **PAUL HITCHENS**

Course director Chartered Institute of Marketing

Strong brands stand for something unique in the minds of their admirers, attracting loyal customers, engaged employees and proud suppliers. Their greater purpose can transcend their industry category to enable the brand to become a force for good.

A brand's higher purpose may break the confines of its business category to reach further through a highly evolved value, such as happiness, safety or creativity. It is in the interest of the brands community to uphold these values, which in turn drive the brand's performance and provide an authentic measure of success.

The perceived absence of morality in business is frequently blamed for corporate corruption, abuse of power, and the downfall of in-

stitutions and household brand names. Managing director of the International Monetary Fund (IMF) Christine Lagarde says: "We need investors and financial leaders taking values as seriously as valuation, and culture as seriously as capital."

But more brands, organisations and celebrities have fallen in the wake of corruption, leaving their brand value in negative equity.

It's not surprising that the world's most valuable brands are

among the most attractive employers. A comparison between Interbrand and BrandZ's annual performance tables of the most valuable global brands has strong similarities with both LinkedIn and the employer branding specialists Universum's tables of most in-demand employers. At the intersection between the customer brand and employer

brand you will find core values that drive culture and performance. Values are our fundamental beliefs and the principles by which we define right from wrong, empowering us to do the right thing.

Brands can use values to recruit and interview candidates and measure employee performance. An engaged workforce will know intuitively what is on or off brand and should feel confident to act autonomously aiding efficiency and reducing the chances of crisis.

When marketing and human resources align, they can communicate a motivational narrative to all stakeholders, evangelising what drives the brand. For example, if a brand's higher purpose is safety and a crisis occurs, it must act swiftly to restore this quality in

the consciousness of all interested parties. A crisis can present an opportunity to demonstrate how good the brand is

A brand's values should be evident every touchpoint experience from awareness to commitment, both online and offline. providing emotional consistency. If vou do not clarify and communicate your values and reward those best exemthat plify them, your culture will suffer and the brand re-

duces its chances

The IMF's Lagarde also says: "When the global economy is more inclusive, the gains are less elusive, the market is more effective and a better future, for everyone, is more likely."

The more work you put into defining what your organisation stands for, the more your brand will grow in stature and reputation.

### **HOW VALUES BUILD BRANDS**

Choice: Strong values make it easier to make decisions.

Lovalty: People are loval to brands they can relate to, that make them feel happy and confirm their own beliefs and identity.

Added value: Brands create value by establishing an emotional bond that exceeds their price.

**Productivity:** A brand's values guide its behaviour and define its culture, which directly influence the brands performance.

### MONITOR WHAT'S BEING SAID ABOUT YOU

**COMMERCIAL FEATURE** 

Media intelligence software can keep a company ahead of the game and help protect brand reputation



rand reputations are forged every day, every hour and every second as consumers try, test and buy products, and share their experiences on social media.

Keeping up to date with this unfolding commentary is essential for brand management in the internet age. Online media monitoring is an important tool that scours the internet for mentions of a brand name or company and analyses the sentiment and context in which it is being discussed.

Monitoring company Meltwater has created algorithms that scan 100 million documents and two trillion searches every day to analyse online media for 24,000 companies globally. This involves tracking online news and editorial, social media, broadcast and print to provide real-time data to brands which can be interpreted in an instant. This helps businesses identify signals about their brand reputation. and take actions to remedy problems and amplify successes.

But online monitoring goes much further than listening in on consumers' conversations, and measuring online sentiment and reputation.

As businesses become increasingly data-driven, media monitoring is turning into a key management tool for making board-level decisions. The business world is shifting its focus from internal data to external data. Internal data from databases and surveys, sales and financial performance are lagging performance indicators, the results of activities and investments from the past. To understand what will happen in the future, businesses need to explore the internet for data and insight.

Making corporate decisions based on internal data is like looking in a car's rear-view mirror. To understand what is happening on the road ahead,





To understand what will happen in the future, businesses need to explore the internet for data and insight

you need to look at the external data. consumer business, Every and entrepreneur leaves digital breadcrumbs which indicate the path they are taking. Companies can use online monitoring to pick up on these signals and interpret them.

The wealth of online data available about the broader economic environment is transforming the business world. Online monitoring empowers companies to find data about the tactics and strategies of competitors, about emerging disruptive technologies and about the transformational forces on whole categories.

Locating and interpreting that external data can give companies a huge advantage over their competitors. For instance, they can collect online data on the hiring strategies of their rivals by monitoring their job ads or finding out about expansion plans by observing real estate purchases and sales.

Imagine starting every day with an update on the global developments of your sector and activities of competitors, rather than having to wait several weeks to see the effects

of those developments on your sales. At Meltwater this use of external data to inform decision-making is referred to as "outside insight" and it will be a key driver of business strategy.

Online media monitoring allows companies to observe changes to the entire online ecosystem as they make decisions. If they raise their marketing spend, they can see how their clients react in real time. If they launch a new product, they can measure the ripples it creates in the market. The internet allows businesses to see how the entire ecosystem is moving and adapting to every move. Business is becoming like a massive online A/B testing exercise.

One of the great benefits of online monitoring is that it acts as a powerful tool for benchmarking the performance of a brand or company against its rivals. A company may observe that a third of online comments about its brand are negative. But this only makes sense when compared to its nearest rivals. If over half of the competitor's online commentary is negative, this indicates that the company is doing better than its competitive set.

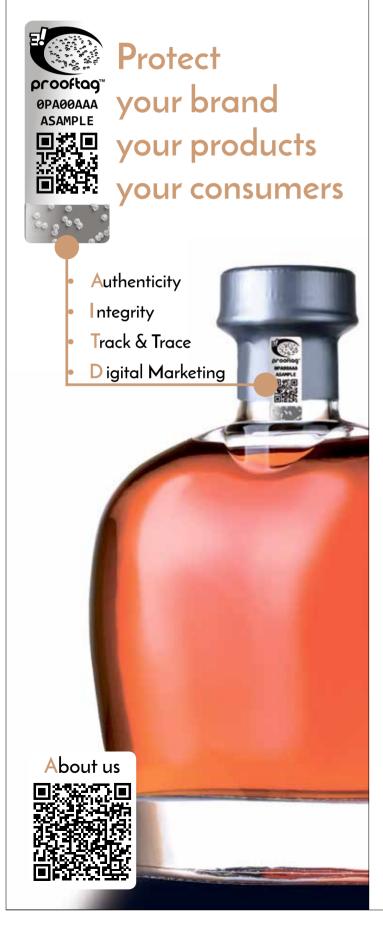
Online monitoring is about tracking leading performance indicators, such as brand reputation and customer satisfaction, and benchmarking these against the market. This will be the key to making better informed decisions which create value and is rapidly becoming the route to competitive advantage in the digital era.

For more information please visit www.meltwater.com

Do you know your consumers and their level of brand satisfaction?

Do your consumers always buy from an authorised dealer?

Can your consumers verify your product's authenticity?



### Counterfeit medicines kill people and brands

Fake medicines are killers and can destroy a genuine brand unless manufacturers do more to protect themselves and the public

### COUNTERFEITING

JANE SIMMS

hen the charity Médecins Sans Frontières was asked to investigate severe and unusual symptoms - protruding tongue, extended neck, facial cramps and contorted upper body – among hundreds of patients in the Democratic Republic of Congo, doctors were puzzled. But they discovered the patients had all taken fake Diazepam to "treat" a wide range of illnesses, including malaria.

Diazepam is usually used to treat anxiety disorders, alcohol withdrawal and muscle spasms. Occasionally doctors use it to try to control convulsions in people with malaria, if there is no alternative. The shortage of medicines and poor access to health facilities in this remote part of Africa meant it had been used as a last resort. But it had been falsified.

Laboratory analysis showed the tablets contained no Diazepam at all, but instead between 10mg and 20mg per tablet of haloperidol, an anti-psychotic that is used primarily to treat schizophrenia. One of the known side effects is severe and uncontrollable muscle spasms in the face and neck.

These patients recovered. Many people who take or use falsified or substandard medicines or medical products are not so lucky. It is estimated that fake malaria drugs kill more than 100,000 children in Africa each vear. Fake emergency contraception has led to a rise in dangerous abortions in East Africa. Four people died and seven suffered brain damage in Singapore after taking counterfeit drugs to treat erectile dysfunction. And the list goes on.

Thousands of people die or suffer lasting damage every day as a result of using falsified treatments for everything from weight loss and wrinkles to organ transplant, cancer and diabetes.

Mick Deats, group leader at the World Health Organization (WHO) on substandard and falsified medical products, says the clandestine nature of counterfeit medicine manufacture makes it difficult both to track down the perpetrators and quantify the extent of the problem.

"There is no audit trail because most purchases are made in cash," he says. "In the fake Diazepam case, the most likely explanation was that someone was trying to get rid of a batch of tablets that were approaching their expiry date. But we see this kind of thing every day."

The problem is big – up to 15 per cent of all drugs sold worldwide are estimated to be fake - and it's growing. But it's not new. Paul Newton, a professor of tropical medicine and director of the clinical tropical medicine research group, the Lao-Oxford-Mahosot Hospital-Wellcome Trust Research Unit, based in Laos, says: "Poor quality drugs have been a persistent problem for hundreds of years. In the 1600s fake cinchona bark and in the 1800s fake quinine, both malaria treatments, were a problem.



Around half the medicines sold online are fake or unlicensed

The enormous growth in the medicines manufacturing industry over recent years has been accompanied by a commensurate rise in falsified and substandard products. And because countries such as China and India are among the biggest manufacturers, "you would expect the number of falsified drugs they produce to have risen accordingly", says Professor Newton. "Regulation in non-wealthy countries, however, hasn't kept pace. So while we do see occurrences of falsified products in Europe, Australia and the United States, they are relatively low."

But figures from the Pharmaceutical Security Industry (PSI), a US-based not-for-profit membership organisation dedicated to protecting public health, sharing information on counterfeit drugs and initiating enforcement action, suggest that no country is immune to counterfeiting. In 2015 the

PSI found that while 1,100 incidents were reported in Asia, there were 779 in North America and 358 in Europe. An incident means that a country has been identified as the origin, point of seizure or transit, or destination of illegal pharmaceuticals.

And while the public health implications are huge, manufacturers as well as tax authorities also suffer. Some frequently cited statistics include the worldwide value of counterfeited medicines being around \$75 billion, according to the US Center for Medicine in the Public Interest, and a World Economic Forum estimate in 2011 that the impact on drugs manufacturers was around \$200 billion.

More recently, the European Union Intellectual Property Office estimated that the EU pharmaceutical sector loses €10.2 billion a year, or 4.4 per cent of sales, to counterfeit medicine. But intellectual property law expert Iain Connor of Pinsent Masons says: "The value is at least ten, if not 100, times bigger than the reported figure.

Developing countries are an obvious target for counterfeiters because legitimate drugs may be too expensive for most people and legal controls are weak. But higher-income countries, despite their stringent regulations and better law enforcement, offer high rewards in exchange for relatively low risk.

Regulation has to improve, not only to protect public health, but also to protect the reputations of legitimate manufacturers of both innovative and generic products, says Professor Newton. But manufacturers themselves could do more.

"If a genuine manufacturer has a product falsified, of course that will damage its reputation, so it will be understandably nervous about reporting it," says WHO's Mr Deats. "But that is a very short-term view."

Companies have to strike a difficult balance between demonstrating they are taking action to protect their drugs and not frightening people off taking them, and it's a dilemma that is replicated in public health too. "We all need to work harder on the communication aspects of this,' says Professor Newton.



The message is not lost on the UK's Medicines and Healthcare products Regulatory Agency (MHRA). It recently launched a public health campaign FakeMeds aimed at educating 18 to 30 year olds, the group most likely to buy medical products online, about the dangers of doing so.

As regulation and detection of counterfeiting improves, thanks to initiatives such as the global monitoring system WHO Rapid Alert, criminals are shifting their activity on to the unregulated internet. Around half the medicines sold online are fake or unlicensed.

The MHRA is currently focusing on diet pills. Since 2013 it has seized nearly one million fake or unlicensed slimming products, which contain dangerous or banned ingredients that can cause serious side effects or death. Next year it will shift

its focus to condoms and sexually transmitted infections kits.

The problem of fake medicines will only be solved by what Mr Deats describes as a "prevention-first, co-ordinated multi-stakeholder response to the problem".

Measures mandated in the European Commission's Falsified Medicines Directive will help. For example, manufacturers will have to apply safety features to packaging, including a tamper-proof security seal and a two-dimensional barcode that pharmacists will scan to authenticate the medicine.

The new requirements are creating good business for anti-counterfeiting and brand protection technology companies such as Holoptica. UK managing director David Niven says: "Holograms used to be the classic way a brand would protect itself, but now holograms are counterfeited too and very few people would be able to distinguish between a real one and a counterfeit."

Holoptica incorporates a range of non-counterfeitable security elements into its holograms, including QR codes, near-field communication technology, DNA markers and microdots. It is also developing ingestible DNA to protect the medicines themselves. All its products incorporate a track-and-trace element to enable manufacturers to keep tabs on their products throughout the supply chain.

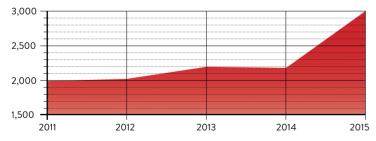
A few years ago, Mr Deats, who was head of enforcement at the MHRA, was instrumental in foiling a plot to get fake medicines from China into the NHS. He believes the high-profile arrests of the perpetrators have done much to deter others.

But Professor Newton describes medicine falsification as "the world's third oldest profession" and believes, like prostitution and spying, it will never be eradicated. "We will always be at risk, but the risk is higher in some places than others." he concludes.



### **COUNTERFEIT PHARMACEUTICALS WORLDWIDE**

ANNUAL NUMBER OF PHARMACEUTICAL CRIME INCIDENTS



GEOGRAPHIC BREAKDOWN OF PHARMACEUTICAL CRIME INCIDENTS IN 2015 An incident means that a region has been identified as the origin, point of seizure or transit, or destination of illegal pharmaceuticals



Source: Pharmaceutical Security Institute 2016



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# REVEALING CONNECTIONS THAT IDENTIFY COMMERCIAL-SCALE COUNTERFEITERS

Technology developed by intellectual property lawyers can track down counterfeiters

### **INCOPRO**

The scale of online counterfeiting has exploded. Global trade in fake goods is worth nearly half a trillion dollars a year, according to the Organisation for Economic Co-operation and Development and the European Union's Intellectual Property Office.

Dispersed across digital channels, such as online marketplaces, websites and social media, brands often do not know where to begin when confronted with the reality of counterfeit products that cause enormous revenue and reputational damage.

Rapid growth in internet shopping has allowed brand infringers to weave a tangled online network of professional-looking websites and social media accounts.

Simon Baggs, chief executive of INCOPRO, an online brand business, protection 'Counterfeiting is a problem that has ballooned alongside the internet shopping phenomenon. Global marketplaces, such as Amazon, Alibaba and Taobao, the massive development of mobile apps for iTunes and Google Play, and the boom in social media have made available purchases product anytime, anywhere. Now anyone can buy a product instantly at the click of a mouse.

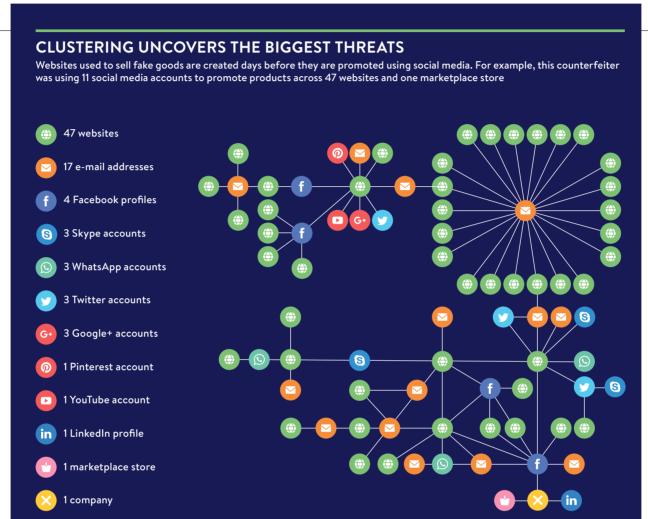
"If you can think of a product, you can find multiple counterfeit versions online."

Luxury goods, such as watches, jewellery and perfume, are commonly targeted for trade mark infringement, along with branded clothes and pharmaceuticals.

At one end of the scale, counterfeiters blatantly advertise fake goods for sale to customers happy to buy a replica £10,000 watch for £100, but at the other they are more subtle and fool buyers into believing they have found a bargain when all they are buying is an inferior fake copy. It is a constant battle for intellectual property (IP) lawyers and brand protection professionals to know where and how brand IP is being infringed and to protect unwitting customers.

Not only do brands suffer from lost revenue, but there is a reputational risk from losing brand exclusivity. Fake goods can also be dangerous, made from poor quality materials, using unethical labour practices and without the safety checks authentic goods require. In the case of bogus pharmaceuticals, it is a matter of life and death.

One example of a product that is a leading target for counterfeiters is fake football team merchandise such as team shirts, fake tickets and



fake "fan experiences". The world's top ten football clubs alone sell 20 million shirts every year, according to SportingIntelligence.com.

Last season, the English Premier League seized a record 500,000 counterfeit items worth £3.1 million. Since that number does not include clubs' and jersey makers' seizures, it represents only the tip of the iceberg, robbing the game of income and threatening the reputation of legitimate shirt makers and sponsors.

Tournaments such as the UEFA Euro 2016 Championship generate interest from fans and counterfeiters alike.

In the months around the Euro 2016 finals, intelligence uncovered by INCOPRO showed the increasing sophistication of counterfeit operations.

INCOPRO's proprietary technology TALISMAN, which was developed by experts in IP law, technology and criminal investigations, identified numerous instances of infringement, involving substantial organised operations.

One counterfeiting operation sold fake goods through 80 channels, including 47 websites and 11 social

media accounts, including Facebook, Twitter and YouTube

TALISMAN tracks huge amounts of data online and offers a sophisticated but simple-to-use system to trace a single infringement or an organised network of counterfeit goods distributors operating across multiple platforms.

By identifying clusters of suspicious activity, TALISMAN allows IP attorneys and brand owners to go after the biggest offenders, turning out counterfeit goods on an industrial scale.

In the worst case, INCOPRO has identified counterfeit operations using 16,000 routes to market, but 1,000 is not unusual.

Social media has become increasingly important to the rogue sellers, who often build up a loyal customer following of their own. When a website is shut down, infringers can quickly open another, but when their social media presence is turned off, it has a dramatic effect on their operations.

Like the internet, counterfeiters operate across the globe, in different regions, currencies and languages. They might use sites such as eBay, Amazon and Facebook alongside Chinese sites such as Taobao, Alibaba and WeChat.

**ABOVE RIGHT** 

Simon Baggs Chief executive

INCOPRO

INCOPRO can track infringements across many international jurisdictions. The data it produces can be used to take effective enforcement action according to the laws of the country concerned, either using TALISMAN or an IP lawyer.

The company has forged strong links with legitimate marketplaces and web hosts around the world. Once counterfeiters have been identified, INCOPRO issues notices seeking their removal.

"For obvious reasons, app stores and online marketplaces do not want counterfeits on their platforms, but it is hard for IP lawyers and



By identifying clusters of suspicious activity, TALISMAN allows IP attorneys and brand owners to go after the biggest offenders, turning out counterfeit goods on an industrial scale



brand protection professionals to police infringement. We have built up good relationships with global marketplaces, such as Amazon and eBay, plus mobile app marketplaces and social media," says Mr Baggs.

By working closely with IP lawyers, INCOPRO enables brand owners to take effective enforcement action on a number of fronts. TALISMAN is already in use by a network of law firms in Europe and the United States. INCOPRO is actively expanding and retaining partners in other parts of the world.

Mr Baggs is an IP lawyer at UK law firm Wiggin that co-founded INCOPRO in 2012. He explains: "As a company that was founded by a law firm, we see ourselves as working in partnership with other IP law firms to help their clients secure a strategic and intelligent approach to the problem. We understand the unique needs of law firms and are committed to their success. Brand protection services need to come to the forefront of business and legal strategy."

The company has staff in the UK and US, drawn from a variety of nationalities, including multi-lingual infringement analysts, speaking languages including Japanese, Korean, Arabic, Russian, Mandarin, Cantonese and Punjabi. INCOPRO recently forged an alliance with Corsearch, a Wolters Kluwer company, that provides trademark search and watch services.

IP infringement is a massive problem for brands, but one they ignore at their peril.

By capturing intelligence through data to identify common attributes of suspicious activity, INCOPRO offers brands and their IP lawyers the ability to target and shut down large-scale offenders.

For more information please visit www.incoproip.com

# Try not to make a disaster out of a crisis

raconteur.net

The way the leader or public face of a company handles a crisis can make or break a brand. Here are two examples of how not to do it and two of how it should be done

#### **CRISIS**

RAYMOND SNODDY

The first chapter of any book on preventing a crisis turning into a public relations disaster has to be devoted to BP and the Deepwater Horizon oil spill.

The explosion on the Gulf of Mexico oil rig in April 2010 killed 11 and led to multi-billion compensation payments by the British oil company.

The gaffes of BP chief executive Tony Hayward dominated the headlines and contributed to his replacement within six months.

Mr Hayward may have thought his comments reasonable, but they lacked empathy and appeared "tonedeaf" on their likely effect.

Asked what he would tell people in Louisiana, Mr Havward replied: "We're sorry for the massive disruption it's caused their lives. There's no one who wants this over more



than I do. I would like my life back." This did not play well with relatives of the dead.

Mr Hayward was also over-optimistic about how quickly the well would be capped and minimised the environmental consequences.

The BP chief executive claimed the impact would be "very, very modest". The Gulf of Mexico was a large ocean and could easily handle the volumes of oil and dispersant involved. True, eventually, but tell that to Louisiana their livelihoods.

BP compounded the personal errors by launching a glossy multi-million network TV campaign. US President Obama noted the money would have been better spent on the clean-up.

In those and other personal and corporate gaffes, BP failed to show sympathy, understanding or humility and even initially appeared reluctant to accept full responsibility, instead blaming contractors.

Opinions were very divided on the performance of Talk-Talk chief executive Dido Harding when she appeared on radio and television to discuss the hacking of the phone company's confidential customer records.

The crisis was potentially existential for the company, with records of more than four million cus $tomers\,possibly\,compromised$ last October.

By touring the studios without knowing precisely what had happened, Ms Harding appeared to be breaking one of the basic rules of crisis management know the facts first before you pronounce.

Ms Harding declared herself "uncertain about the technical nature of the attack". did not know how many were affected, while conceding it could be all 4.2 million, and acknowledging "she did not know how much of the stolen data was encrypted".

To make matters worse she faced questioning about whether TalkTalk had done enough to improve security after previous recent hacks.

Yet Ms Harding took full responsibility as chief executive, and faced the music on television and before a House of Commons select committee on what she emphasised had been a criminal attack.

As senior PR professional Ian Hood said: "Harding was honest, open, apologetic and didn't hold back.'

That honesty and openness trumped critics who said she had looked like a rabbit in the headlights.

Teenagers were convicted for the hack that actually involved around 400,000 100,000 records. Talk-Talk customers were lost and there was a £60-million hit to the company, but Ms Harding and TalkTalk





### **ALTON TOWERS**

For theme park owners, serious accidents are always damaging because, however rare, the last thing anyone expects is that a day's entertainment should lead to life-changing injuries.

Yet by general consent Nick Varney, chief executive of Merlin, owners of Alton Towers where the accident on The Smiler ride happened last June, handled a difficult situation well.

Mr Varney, who set off for Alton Towers immediately on the day, said he was "totally devastated" the accident.

Detailed statements were issued on what had happened, Mr Varney himself fronted numerous broadcast interviews and communicated widely by social media. The decision to close the entire park, rather than just the ride, until it was better understood what had happened, was announced on Twitter. Safety controls were also improved.

Mr Varney showed both sympathy and understanding, and concentrated on the four seriously injured victims rather than the plight of the company.

Asked about the Merlin share price, Mr Varney responded: "You'll forgive me if I am not really focussed on the share price at the moment."

Without waiting for an investigation or formal legal assessment, Merlin immediately accepted "full responsibility" for the accident and confirmed it would pay compensation to all those injured.

Letters to that effect were hand-delivered to the homes of those affected. Merlin said it had tried to respond in a "sensitive and appropriate" way, and the company won public respect as

On the first day after Alton Towers reopened, there was a neat touch - free tickets for the early returnees.

### **CHRISTMAS FLOODS**

The credibility of Sir Philip Dilley, chairman of the Environment Agency, gradually drained away during the unprecedented Christmas floods in the north west of England last year.

As thousands faced a Christmas without electricity or even their homes, Sir Philip resolutely stayed in his holiday villa in the Caribbean and declined to return to

either his office or the scene of the disaster.

That sent an unfortunate message, but it was the efforts of his press staff to obfuscate over where he actually was that led ultimately to his position becoming untenable.

One disingenuous statement said: "Sir Philip is at home with his family", a comment that was economical with the truth.

Sir Philip was at his second home in Barbados and denied staff had advised him not to go away for Christmas because of severe weather warnings.

He finally returned to the UK on December 30 and later told MPs he didn't feel away in the Caribbean and often worked from his home there.

He accepted he should have returned "one or two days earlier" and conceded the holiday was "a PR disaster".

Sir Philip resigned on Januarv 10, claiming expectations of his £100,000, three-days-aweek job had changed to mean he had to be available "at short notice throughout the year".

In this case the symbolism of leadership is everything. In the face of such devastating floods the chairman of the responsible agency cannot remain in sunny had happened.

Attempted cover-ups and anything less than total honesty always make matters





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