

E-COMMERCE & GRAY MARKETS:

6 STEPS TO PROTECT
YOUR BRAND

PRESENTED BY



GRAY FALKON

With the explosive growth of online marketplaces, the issue of the multi-billion dollar gray market is one that only continues to grow more widespread. IT manufacturers alone are losing a collective \$5 billion* annually, a number that is expected to keep increasing. Clothing companies from Burberry to H&M have destroyed millions of dollars of their own lines of clothing in order to prevent oversaturation and preserve exclusivity and value.

Every consumer industry is combatting an enormous gray market challenge, which means your company is either fighting the issue now or will be joining the battle soon.

Rogue sellers create dishonest market pricing, product quality issues, and poor customer experience that shouldn't be (but is!) tied to your brand. Companies struggle to effectively address the gray market because the products are genuine and mechanisms established to combat counterfeit don't apply. The number of illegitimate offers makes it impossible to identify and plug leaks in the supply chain.

Legal remedies are time-consuming and expensive. The unfortunate truth of this is, illicit third third-party sellers aren't intimidated by getting a threatening letter from an attorney.

The gray market can feel like an insurmountable obstacle to tackle and overcome. However, illegitimate sellers are afraid of losing their selling rights on Amazon. The online juggernaut's penalties for breaking its policies can severely curtail or eliminate a merchant's ability to sell in the Amazon marketplace.

You can take the power of your product back by effectively combining these two elements:



An illegitimate seller's fear of losing Amazon rights



Amazon's policies and infrastructure

***Sources**

<https://www.agmaglobal.org/uploads/whitePapers/KPMG-TheGrayMarket-fullpaper%20%28on%20website%20no%20date%29.pdf>

<https://www.vox.com/the-goods/2018/9/17/17852294/fashion-brands-burning-merchandise-burberry-nike-h-and-m>



HERE ARE 6 SPECIFIC THINGS YOU NEED TO DO TO PROTECT YOUR BRAND FROM BEING HIJACKED BY GRAY MARKET SELLERS:

1 MASTER AMAZON POLICY

Amazon policies are thorough and exhaustive. A typical third-party merchant is violating at least four policies at any given time. These policies can include condition reporting, improper bundles, problems in the description, inappropriate use of images, and more. Keep up with the details of Amazon policy and learn to recognize when a seller is breaking one or many.

2 DEVELOP ASIN OMNISCIENCE

The Amazon Standard Identification Number is a 10-character number assigned by Amazon that designates each product. Sellers get creative with ASINs because of the money out there to be made. New ASINs can be created with manipulating descriptions, bundling products, and corrupted variations of products. Fluidity in the marketplace can throw off tracking software, leaving you unaware of new ASINs that may be outselling your primary ASIN.

For example, you might own the buy box for an ASIN that doesn't move product, but you also might be losing the buy box for an ASIN driving a bulk of sales. Conduct constant checks using creative search terms to uncover ASINs that are doing significant damage.

3 MONITOR BY SEGMENTATION

The behaviors and profiles of sellers need to be broken down into segments. Here are some examples:

- Department store look-alikes
- Liquidation outlets
- Specialty shops (one type of product)
- Mom and Pop shops
- Opportunistic solo sellers

Study sellers' profile by segment and determine how they might respond to the threat of losing merchant status. Perhaps they are so big that they'd rather drop a few ASINs than take the risk. But perhaps they are sophisticated and cagey and won't be deterred so easily.

6 SPECIFIC THINGS YOU NEED TO DO TO PROTECT YOUR BRAND FROM BEING HIJACKED BY GRAY MARKET SELLERS CONTINUED:

4 ENGAGE YOUR SELLERS

Use Amazon's messaging center to conduct communication campaigns with the sellers. Customize messaging tone and frequency to get the best response from each segment. Specify ASINs and cite violations you have uncovered, then advise them of the potential consequences of violating policies.

Amazon's systems can be tricky, as they are constantly experimenting and tweaking their algorithm filters. Those changes can "break" the system you've established to communicate with sellers. Pay attention, expect changes, and maintain the flexibility to adjust your procedures and continue your messaging campaigns.

5 ENGAGE AMAZON

Communication with the sellers themselves takes you only so far. Sellers will assume your threats are empty unless they see Amazon take action. Engaging the seller goes hand in hand with actually reporting policy violations to Amazon.

If you've attempted violation reporting in the past, you've probably experienced Amazon's "help wall", which means you get lots of help that doesn't get you anywhere. Whether you use Amazon's Brand Registry or alternate avenues for reporting violations, focus on policy violations you can document precisely. Be diligent and don't hesitate to escalate as needed.

Most importantly, closely monitor your marketplace for changes. Amazon does not communicate which sellers they follow up with and what actions they decide to take.

6 CAMPAIGN CONSTANTLY

Your brand is never completely safe. Even when you think it is, your marketplace won't stay clear of illegitimate sellers for long. Sellers creep back in, and new ones appear. It can take as little as two months for the gray market to surge back, so persistence is key to protecting your brand.



These six steps are part of Gray Falcon's proven formula to beat the gray market in every continuous battle. Though the implementation of these steps can require extensive research and due diligence, the payoff is more than worth the effort.

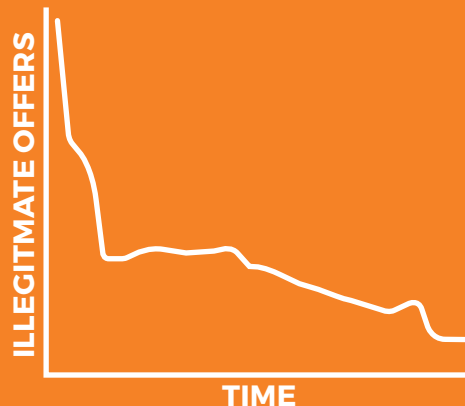
You can achieve a significant reduction in the product you see hit the gray market in a short amount of time. When this formula is meticulously followed, expect to see the eradication of as much as 50% of the problem in just a couple of weeks.

If you want more information or would like to speak with an expert on how Gray Falcon can join you in the fight against the gray market, please reach out to TJ Bayly at +1.650.275.GRAY (4729) or TBAYLY@GRAYFALKON today.

GRAY FALKON RESULTS (CASE STUDIES):

PERSONAL CARE PRODUCTS COMPANY (\$1.2 Billion P&L)

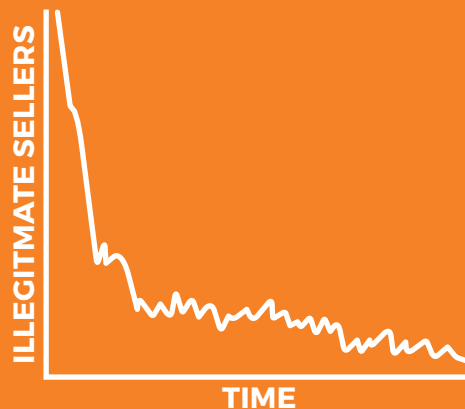
Results from 90-day trial with top 10 products.



▼
84%

GLOBAL CONSUMER HEALTH COMPANY (\$100 M P&L)

Results from 4 month period.



▼
81%



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