

BRAND CONTROL

# Reclaim Your Marketplace Brand Presence

With ecommerce marketplace sales continually accounting for a larger portion of brand revenue, brand control has become an essential element for maximizing profitable ecommerce growth. Regrettably, many brands remain unaware of the significance of brand control, leading to challenges in optimizing sales, preserving brand value, and enhancing the buyer's experience.

Whether your brand has previously overlooked the need for asserting control over online sales, has authorized multiple sellers on marketplaces, or is struggling with unauthorized resellers, we will explore how taking control can significantly enhance your online business.

# What Is Brand Control & Why Does It Matter?

Brand control involves brands exerting authority over their distribution channels, marketplace selling strategy, and unauthorized sellers of their products. This ensures optimized sales and preserves brand value. The increasing prominence of open online marketplaces, such as Amazon and Walmart, has made brand control an essential strategy. These marketplaces allow anyone to list a brand's products, which can disrupt both marketplace and omnichannel go-to-market strategies. Counterfeiters and other malicious actors continually engage in illicit activities on these platforms, posing additional risks to both brands and consumers.

Lack of control in today's interconnected omnichannel world leads to several consequential outcomes:

- ⊗ Lost sales due to unauthorized resellers
- ⊗ Disrupted advertised pricing on highly visible marketplace platforms
- ⊗ The inability to effectively advertise on Amazon
- ⊗ Poor inventory management resulting in out-of-stock items and delays in order fulfillment
- ⊗ Inconsistent branding diluting a company's image and decreasing customer trust
- ⊗ Increased negative reviews due to inferior quality products and sellers
- ⊗ Inability to run an effective MAP program across the omnichannel landscape
- ⊗ Harmful channel conflict with brick-and-mortar distributors and retailers causing business harm

Your world without brand control:

## Seller 1

- ✔ Growth
- ✔ Inventory
- ✔ Content
- ✔ Advertising
- ✔ Retail Experience

## Seller 2

- ✔ Growth
- ✔ Inventory
- ✔ Content
- ⊗ Advertising
- ⊗ Retail Experience

## Seller 3

- ⊗ Growth
- ⊗ Inventory
- ⊗ Content
- ✔ Advertising
- ⊗ Retail Experience

*Buy Box Winners*

## Seller 4

- ⊗ Growth
- ⊗ Inventory
- ⊗ Content
- ⊗ Advertising
- ⊗ Retail Experience

# Consequences of Insufficient Brand Control

Insufficient brand control prevents brands from realizing their maximum growth and profitability potential on Amazon and other marketplaces including traditional brick-and-mortar channels. In the following section, we will dive deeper into these critical issues.

## Marketplace Business

When brands lack control over their marketplace business, issues emerge that negatively impact their ability to optimize profitable growth in the channel. These include:

- **Multiple resellers:** Amazon and other marketplaces offer a selling platform accessible to anyone capable of sourcing your products through various means such as arbitrage, diversion, liquidation, theft, and other undesirable methods. It is important to understand that as the number of resellers increases on Amazon and other marketplaces, the performance of your business is likely to decline. The presence of multiple resellers discourages the implementation of strategies essential for driving sales. Succeeding on marketplaces necessitates strict limitations on the number of resellers authorized to sell your products, ideally down to a single exclusive seller dedicated to fostering brand growth in the channel.

- **Eroded advertised prices:** When multiple sellers offer the same product, relying solely on pricing as a differentiator, a race to the bottom ensues, resulting in the erosion of hard-earned brand value. This leads to compromised advertised pricing and poses challenges in implementing successful Minimum Advertised Price (MAP) or other pricing programs across the entirety of your business.
- **Impeded advertising capabilities:** Due to frequent Buy Box disruptions, advertising dollars are spent inefficiently with limited effectiveness and high campaign interruptions. Certain ads will not run when a brand does not own the Buy Box. For others, the brand will also experience ROI erosion from both onsite and offsite ads directing to inconsistent product detail pages from an unauthorized reseller, further diminishing return on marketing spend and negatively impacting overall growth tactics.
- **Inventory management challenges:** When multiple sellers compete for the Buy Box, the demand signals for each seller become highly volatile. This creates an unpredictable environment where sellers base their ordering decisions on historical sales velocities, which may not accurately reflect the current demand. In such scenarios, there are several risks for both the brand and its retail partners:
  - *Increased out-of-stock rates lead to missed sales and dissatisfied customers.*
  - *Overstocked situations become more likely as sellers who expected higher Buy Box wins are left with excess inventory, straining the brand-seller relationship, and increasing the risk of brand erosion.*
- **Increased negative reviews:** In the absence of proper quality controls, reliable delivery commitments, and effective customer service handling, customers may encounter issues that reflect poorly on both the brand and the marketplace channel, resulting in increased negative product reviews that will negatively impact category ranking and sales. It's down to a single exclusive seller dedicated to fostering brand growth in the channel.

### Negative Impacts on Other Sales Channels

When brands lack control on Amazon and other marketplaces, the negative repercussions extend beyond their marketplace business and infiltrate their other sales channels. In today's interconnected omnichannel landscape, a lack of control results in the following:

- **Channel Conflict:** The absence of brand control on online marketplaces swiftly gives rise to channel conflict. Retailers and distributors raise concerns about advertised pricing discrepancies on marketplaces, diminishing their ability to remain invested in the brand. Forced to compete with uninvested marketplace sellers, traditional channels suffer, leading to dissatisfaction and disrupted partnerships.
- **Diminished Brick-and-Mortar Sales:** Traditional brick-and-mortar channels typically serve as the foundation of most brands' business. However, when channel conflict arises, brands often experience a decline in their traditional sales. Customers increasingly engage in "showrooming," opting to purchase cheaper products on marketplace platforms instead of visiting physical stores and dealerships where invested channel customers have made investments in knowledgeable sales teams, displays and other business drivers.

- **Strained Customer Relationships:** As the dynamics unfold, brands inevitably encounter strained relationships with their offline channel customers. These outlets may seek to impose chargebacks and demand margin guarantees, putting the brand at risk of reduced shelf space or even the possibility of being dropped from their offerings altogether.
- **Diminishing Profitability Across Channels:** Brands become trapped in a detrimental cycle of online erosion that spills over into their brick-and-mortar channels, intensifying the online erosion even further. This leads to a decline in profitability across all channels, negatively impacting the brand's overall financial performance.

## The Power of Brand Control: Unlocking Profitable Ecommerce Acceleration

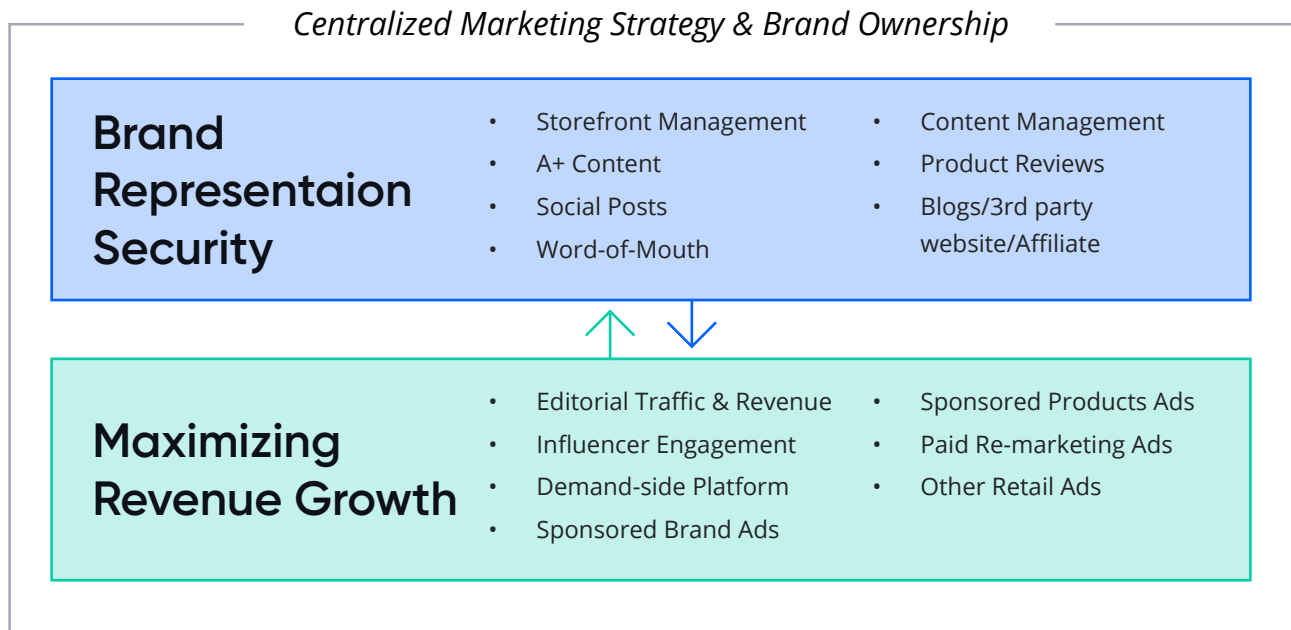
Let's explore the possibilities that arise when a brand exercises control over its online sales.

The brand can establish a valuable partnership with a dedicated ecommerce acceleration expert, empowering significant sales growth on marketplaces while safeguarding brand integrity. With this level of control, the brand can confidently invest in advertising and employ other marketplace sales growth tactics, knowing that it will not drive traffic to unauthorized sellers and experience subpar returns on marketing investment.

By stabilizing its presence on marketplaces, the brand can prevent disruptions to its brick-and-mortar channels, sparing customers from the negative impact of uncommitted, low-quality resellers that erode brand value. This approach ensures profitability and fosters strong customer relationships across core business channels. We delve deeper into the benefits of brand control below:

- Enables increased marketing spend with optimal effectiveness and low interruption. Without it, a brand is unable to spend at optimal levels, rendering some tactics unavailable and ineffective.
- With keyword-based performance enhancements, minimal content changes, and consistent product descriptions, improved organic win rates are achieved.
- Efficient allocation of advertising dollars and minimal disruption result from brand control, ensuring optimal effectiveness and low interruption.
- Avoid ROI erosion caused by offsite ads leading to competing sellers or unauthorized resellers' product detail pages.
- Consistently delivering optimized content, improving accuracy and attribution, building conversion confidence, and ensuring customer journey security.
- Improved advertised price compliance leads to better margins, reduced channel conflict, and avoidance of chargebacks or Prime renegotiations, maximizing pricing and profitability.
- Brand consistency facilitates successful expansion into new channels, allowing effective brand representation by 3P partners like Spreetail.
- By implementing brand control, businesses can drive more traffic, increase profitable sales growth, and establish a strong presence on marketplaces.

# How We Create a Growth Cycle



## 3P Partnership Effectiveness: Improved ROI & Spend Quality

Brand control serves as a protective barrier, enabling trusted 3P sellers to flourish and expand their market share. To extract the utmost value for you and your customers, it is imperative to establish a solid foundation. Partnering with a reputable 3P partner offers the following advantages:

- Consistent pricing
- Inventory management
- Strategic production planning
- Ad campaign efficiency
- Full-funnel capabilities
- Data-backed marketing strategy

### Common Brand Control Misconceptions:

It's good to have multiple marketplace sellers selling my products on Amazon and other platforms.

- The more sellers you have, the less you will be able to optimize marketplace sales and profitability. Brands that win have one, or very few, dedicated sellers offering their products that are highly invested in doing the things needed to drive growth.

I don't care about uncontrolled marketplaces because I already made the sale.

- Brand leaders are often unaware of the omnichannel harms that will occur as result of uncontrolled marketplaces, including channel conflict, and diminished business across all sales channels.

I don't want to disrupt my customer relationships.

- You won't! One of the best things brands can do to protect their dedicated offline customers is assert control over marketplace sales to prevent online disruption from harming their traditional business channels.

My lawyers say it's not possible.

- There are highly specialized legal experts that provide proven, holistic solutions to online sales control challenges.

I already have a MAP policy, Brand Registry, brand protection vendor and/or reseller policies.

- None of these tools can successfully deliver online sales control as they are not applicable to unauthorized sellers. Unauthorized sellers require a specific legal approach – see the bullet point above!

## How Does My Brand Get More Control?

Brand control requires that brands make an enterprise-level commitment, aligning sales, eCommerce, and legal teams to this common goal: having 95% of marketplace sales made by their authorized seller. This is what unlocks acceleration.

Next, brands must understand that they cannot take a fragmented approach to brand control – that is, they should not try to leverage various internal and external resources to achieving this goal. Many brands make the mistake of relying on a patchwork of existing brand protection vendors, MAP monitoring vendors, time-constrained internal resources, traditional law firms or eCommerce agencies. As shown below, these approaches are rarely successful because they invariably fail to bring forward all the capabilities needed to ensure that the brand's authorized seller consistently wins most sales.

Instead, brands in need of greater control should partner with a holistic brand control solution provider that is able to provide brands with the requisite legal foundation, tech stack, investigative capabilities, brand protection services, reseller compliance capabilities and enforcement services needed to truly achieve brand control in today's omni-channel environment. This is a highly specialized area.

Spreetail believes strongly in the power of brand control and the growth it can help deliver for brands when they have the necessary control strategy in place. Accordingly, Spreetail funds the necessary control work for its partner brands to help ensure the highest level of marketplace success.

## Brand control journey framework and timeline:

1

**Strategic Alignment:** Aligning sales, eCommerce, and legal leadership to the control goal and associated KPI (95% of sales owned by the authorized seller) and the brand's custom blueprint for achieving this goal. Brands should aim to complete this step within 30 days.

2

**Monitoring & Data:** Brands then need to implement the right technology stack that informs them of all sellers of their products and the volumes and revenues being accomplished by each seller. This allows brands to understand their current landscape, the financial ROI associated with greater control, where the brand's product leaks are occurring, and enables the brand to direct its enforcement efforts against the right sellers at the right time to ensure that the authorized sales KPI can be consistently driven forward.

3

**Authorized and Unauthorized Seller Legal Foundations:** Designing, preparing, and implementing the necessary foundation that empowers brands to have the necessary policies and procedures in place that enable appropriate channel control over authorized sellers and the legal ability to enforce against and remove unauthorized sellers. Brands should aim to have their policies prepared, approved, and implemented in 60 days.

4

**Reseller compliance management:** Next the brands need to leverage data, tools, and specialized professionals to consistently monitor and manage their resellers to ensure compliance with the brand's policies.

5

**Enforcement:** Brands must also be able to perform necessary enforcement work against authorized customers selling in unapproved channels, unauthorized sellers that obtain a brand's products and sell them in an unapproved and disruptive manner on online marketplaces, as well as any counterfeiters or other IP (Intellectual Property) violators that are impacting the brands strategy. All enforcement initiatives need to be managed so that the brand is constantly pushing the authorized sales KPI rather than some commercially meaningless vanity metric like the number of sites monitored or takedowns made.

6

**KPI Tracking and Iteration:** Finally, the brand should be regularly monitoring the sales owned by its authorized seller in its quest to reach the 95% threshold and iterate strategies as needed considering the ground realities and the constantly shifting landscape.

Brands can achieve tremendous commercial outcomes through control initiatives. Indeed, it is common for brands to implement a holistic control approach to see millions of dollars of growth in their authorized sales, MAP compliance increased several folds, and better business empowered in the brand's brick and mortar channels.

## Next Steps: Establishing Brand Control

The bottom line is clear: by establishing greater control over your online marketplace sales, your brand can unlock improved business outcomes. At Spreetail, we are eager to join forces with you on this journey towards control and collaborate with you to accelerate your brand's marketplace sales. Given the importance of brand control to ecommerce acceleration, Spreetail funds brand control work performed by its brand partners. We invite you to learn more about this offering in support of your brand's success CTA. Together, we can drive significant growth and success in the online marketplace landscape.

Choose Spreetail as your trusted full-service ecommerce acceleration partner. We not only purchase your products, but also expertly sell them on highly sought-after marketplaces such as Amazon, Walmart, Target, and more. With our commitment to Prime status and fast shipping options, including 2-day or even next day delivery for 80% of the country, your customers will experience exceptional service. Additionally, our data-driven marketing and advertising strategies are tailored to your specific objectives, enabling us to propel your business towards unprecedented growth across the digital landscape.

Spreetail values brand partners that commit to greater brand control. Spreetail will work in partnership with qualifying brands to fund critical brand control work.

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