

February 2021



## Customer Case Study



Grey Market Monitoring by Data&Data

### ***The Realisation***

A renowned luxury maison 'Maison X', found out that many of its key products were available at highly discounted prices; on e-commerce websites that were not a part of the brand's official distribution channels. At first the company officials presumed that these might be counterfeit versions but on further examination it was confirmed that these were original products. As it was harmful for the brand image and revenue that its products were easily available at such low prices, Maison X decided to curb its increased presence on the luxury grey market.

### ***Brand Story***

Maison X is a leading name in the luxury accessories and leather goods sector. With headquarters in Switzerland/Paris, the brand has: -

- A strong worldwide presence: 150+ stores in over 100 countries
- Robust financials: 1bn+ annual revenue
- Regulated distribution policy: selective distribution network of resellers and wholesalers that complies with the agreement standards

### ***Challenge Clarification***

The biggest problem in identifying and stopping the grey market trade

- Technically legal: purchase and conveyance of luxury goods cross-country is legal in most of the places
- High sales: customers are happy to find lucrative deals on their favourite luxury items fuelling the transactions
- Mostly digital: the majority of unauthorised sellers function online and might not be physically traceable

## **Introduction**

Maison X could have overlooked the issue considering the fact that the merchandise being sold is original and there is a sidelong revenue generation as long as the customers are buying their products. But they took the better decision of not focusing on the immediate meagre benefits but on the long-term threat posed by this parallel market, because it: -

- Deteriorates customer relationships: higher chances of customer experience not being up to the brand standards and any unpleasant incident would directly harm the brand image (sub-standard quality, packaging, or an unpleasant buying experience)
- Disrupts distribution network: reduced control over the way their products are circulated and upsets the authorised sellers in the network
- Destabilises price transparency: with cost reductions as high as up to 60%, the loyal consumers authorised wholesale sellers operating on full prices would all be upset
- Decreases official sales: it will become harder in the long run to convince people to buy products in full price
- Diverges revenues: when things go overboard litigation measures that need to be taken against the grey market sellers costs time, money and brings an unwanted diversion for the management

## **Action Plan**

To resolve this disturbing activity, Maison X realised that they need to have an overall understanding of the parallel market and a detailed assessment of the different ways it is affecting the brand. A multi-layered report that could offer the freedom to select the relevant products and parameters, such as product type or price for example, and how they perform in the grey market, appeared to be the perfect solution. Their marketing, sales and finance team together consented to go for the Grey Market Monitoring Solution offered by Data&Data as it provided them what they were looking for; with the possibility of future amendments, without burdening their operations.

## **Solution**

Data&Data personnel meets the concerned panel from Maison X to understand their requirements and together they outline the perfect solution. Employing its expertise in Advanced AI, Data&Data team collects global data from millions of online offers across all digital channels using Image Recognition Technology and Natural Language Processing.

This bulk of data is then transformed into analytical insights in a visual form that is easier to interpret for the key decision makers at Maison X. To ensure that the provided reports are being utilised to the greatest extent and prove to be relevant in the evolving market, Data&Data offers continued assistance and periodically updates them in accordance with the demands of Maison X.

## **Results/Conclusion**

Out of the many positive results, the ones that benefit Maison X remarkably are to: -

- Grasp overall market analysis to understand how the parallel market operates
- Detect price gaps and accordingly adjust the prices to maintain uniformity
- Regulate product distribution by restricting the availability on unwanted e-commerce websites
- Control and identify unauthorised sellers before it gets worse
- Understand customer experiences and demands for their products on the grey market