

A quantitative model for valuing the impact of brand protection services

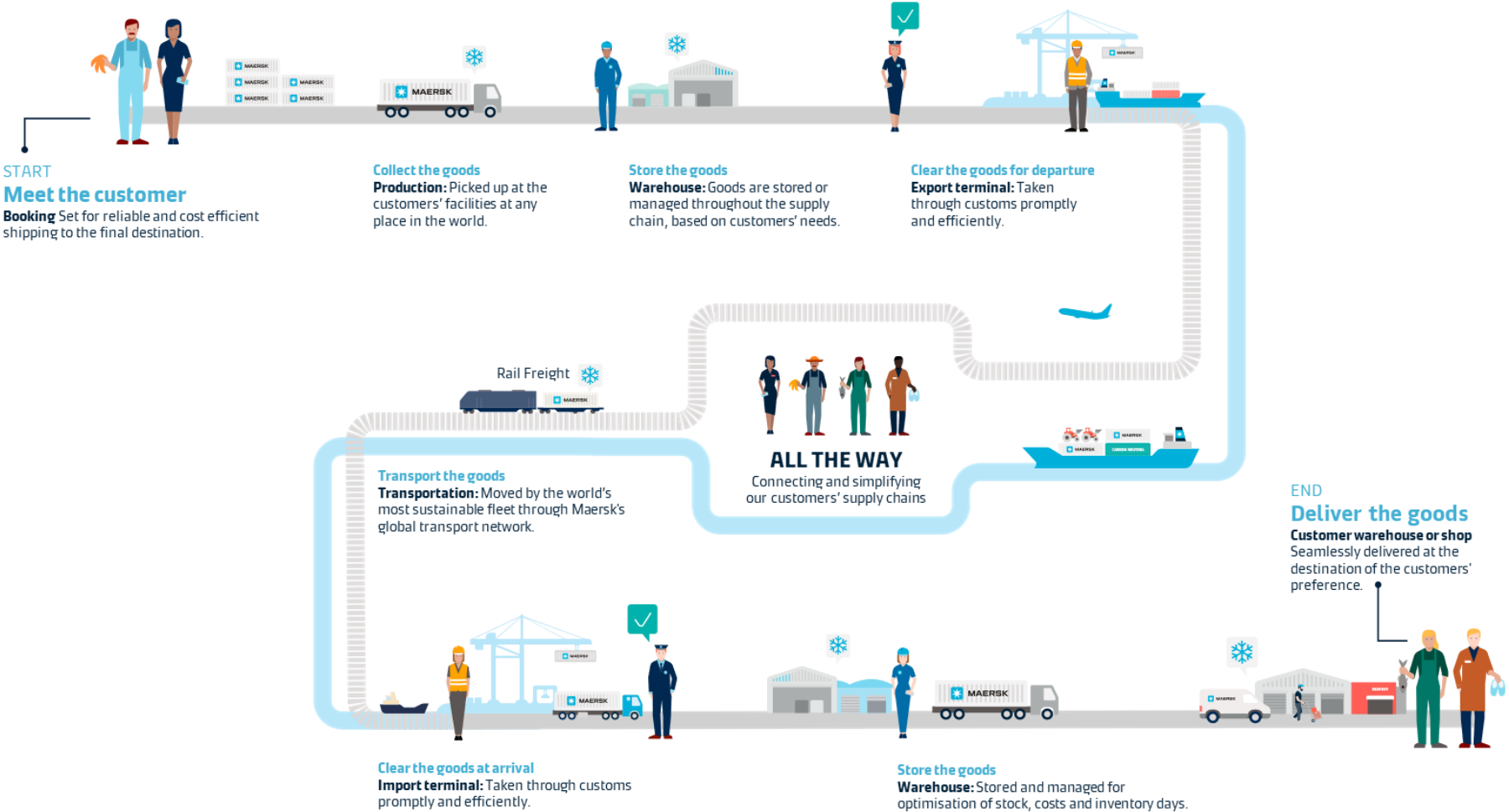


CHALMERS

17 November 2023

**Dr. Thomas Ewing,
Chalmers**

Maersk - Global Integrator of Container Logistics



Maersk at a Glance

100,000+

employees

730+

container vessels deployed

67

terminals across 42 countries

130

countries

100,000+

customers

3bn

business events on [maersk.com](https://www.maersk.com)

3m+

SQM warehousing capacity worldwide

2040

Net Zero climate-neutral across our business

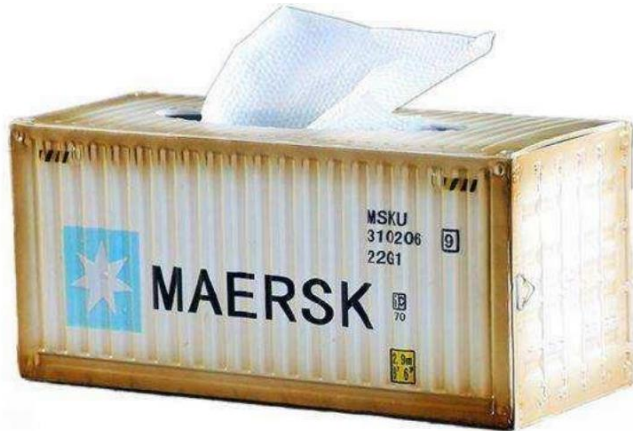
* Ranked 161st largest public company in the world by Forbes Global 2000

Maersk Brand in Public Use



- **Maersk brand**
 - Highest value in its category (Forbes)
 - Second most valuable Danish brand (\$8B USD)
- **Legitimate brand use arises in B2B commerce**
- **Unauthorized brand use also occurs in:**
 - Fraudulent shippers taking transportation orders
 - Counterfeit toys, apparel and other merchandise
 - Appearances in social media, e.g., *Captain Thomas*

Examples



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Typical “Quality” Measurements in Brand Protection

Activity metrics

Number of raids, seizure actions, **takedowns**, etc.

In terms proactive and reactive activities, most firms spend significantly less on prevention

Most common metric due to relative ease of measurement

Outcome metrics

Prevalence of counterfeits, **effect of counterfeits on brand image or value**, sales of counterfeits and impact on legitimate product sales, and market share for counterfeit and legitimate products

Typical “Quality” Measurements in Brand Protection

Valuation metrics

Monetary value of activities/outcomes

Firms report difficulties in valuing counterfeit products

Concerns about the stability of valuation metrics

Least Common Metric

The Varieties of “Success” in Brand Protection

1. Firms tend to operationalize their productivity (e.g., numbers of take downs) rather than their success (e.g., monetary value of protection to brand image)
2. Conventional brand protection programs track what can be most easily measured
3. Success in brand protection means different things in different industries
 - Consumer safety
 - Loss of revenue
 - Loss of quality for goods in supply chains
 - Loss of reputation
 - ❖ **This range suggests a diversity of metrics for assessing and guiding decisions**

Maersk's Ongoing Research Project - Why

Brand protection programs need a comprehensive appraisal system linked to brand

Performance appraisal system should provide a means to evaluate:

1. The overall success of the brand protection program, and
2. The effectiveness of individual activities

Such information helps administrators and executives decide how best to allocate future resources to maximize performance and efficiency

Firms should define: **1)** what success means to them, and **2)** be enabled to experiment with their brand protection programs to achieve their desired success

Maersk's Ongoing Research Project - Why

- Impossible to Know when Optimum Brand Protection Achieved:
 - Without experimentation and measurement, difficult to know if ideal program reached
 - Which set of metrics enable meaningful experimentation?
- Executives expect and *rely* on monetary performance metrics
- Executives want to weigh brand protection costs and value returned against other firm investments to:
 - Brand protection is important – but so are other firm investments
 - Justify the investment
 - Ensure investment effectiveness

Maersk's Brand Protection Research - Ongoing

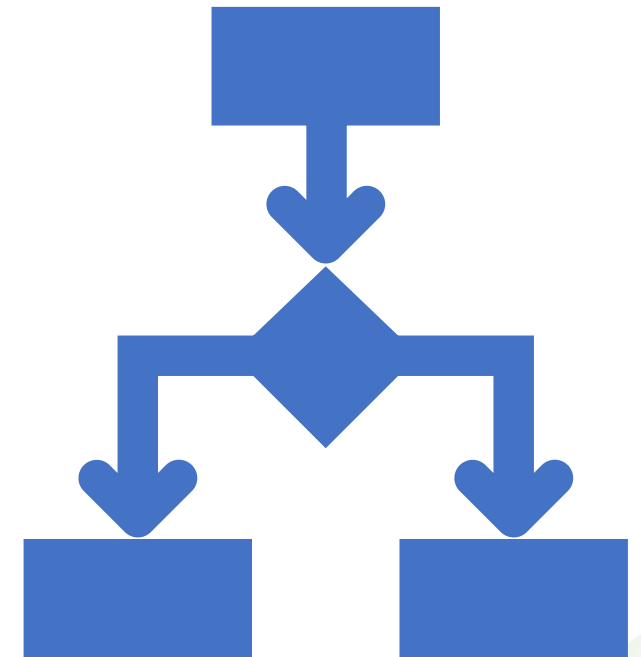
- Maersk's brand protection research hinges on calculating an adjusted ROI
 - ROI informs on a program's implementation
 - Granular analysis may hint at whether differing levels of program implementation may achieve greater returns
 - ROI typically employed retroactively to determine cost efficiency of current operations
 - Provides little guidance regarding the best possible return
 - Traditional ROI metrics focus narrowly on an investment's financial effects
 - Measurement challenges for brand protection
 - Not all losses can be (easily or readily) turned into monetary equivalents

Maersk's Brand Protection Research - Ongoing

Maersk is exploring a comprehensive solution that distinguishes between and accurately measures:

- investments,
- activities,
- outcomes, and
- the interplay of these elements via valuation to assess overall performance

Maersk aims to develop metrics and for measuring the outcomes of brand protection activities and valuing these activities relative to their investment



Maersk's Brand Protection Research - Ongoing

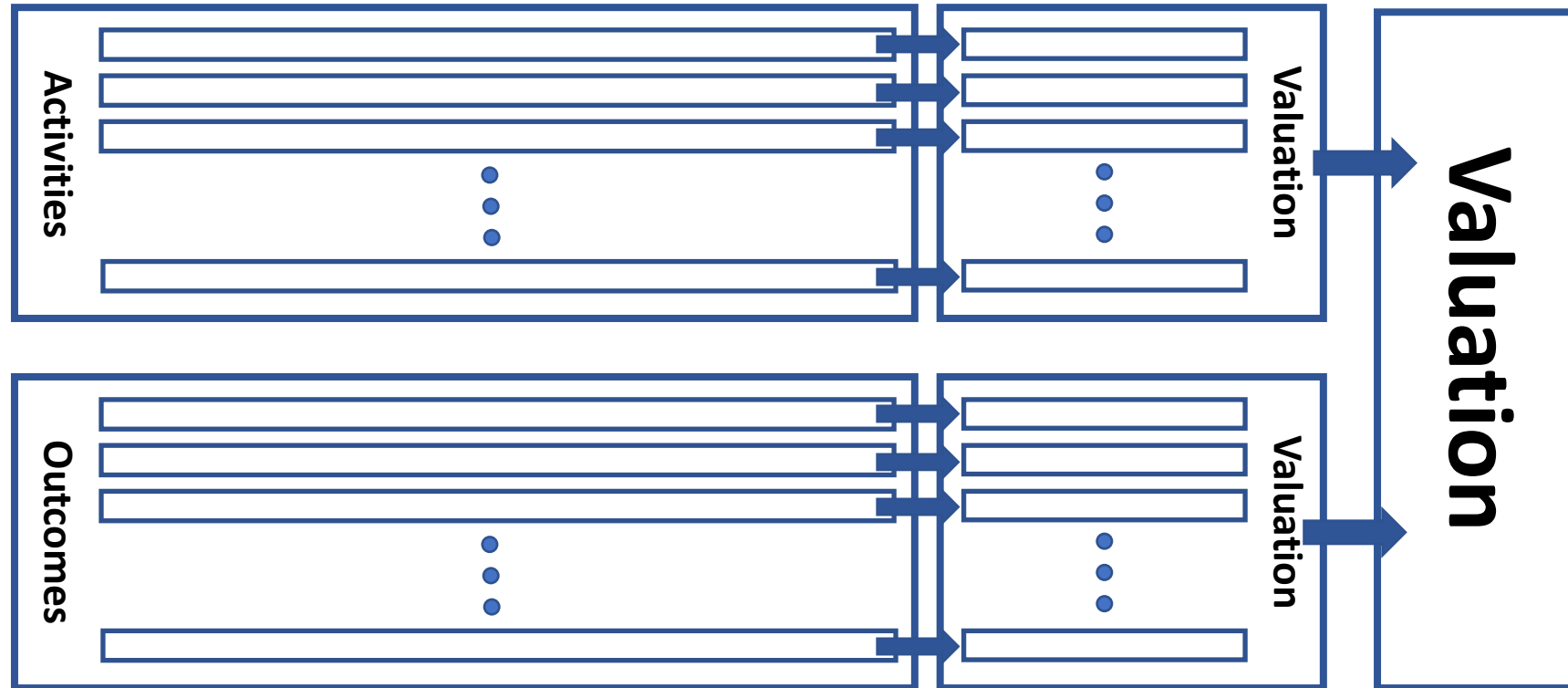
Maersk's Research Program Links Valuation Metrics to Program Activities

- Monetary valuation allows the calculation of brand protection ROI
- Enables experiments in brand protection to find optimum

Maersk has an interest in improving how it measures its activities

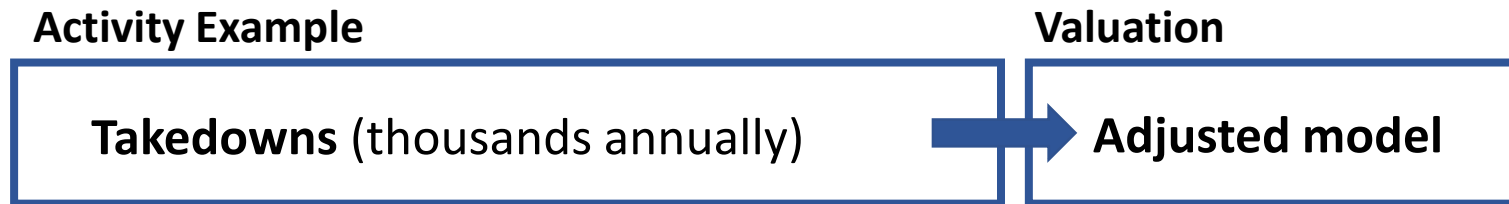
- How does Maersk measure the value of activities that it is not doing?
- To find its optimum brand protection - Maersk need the ability to experiment

Maersk Brand Protection Research - Ongoing



- Program Expenses are known
- Once Valuations have been calibrated and benchmarked, then:
 - 1) Program information and ROI can be presented in a variety of formats
 - 2) Small experiments may be conducted to finetune program to achieve optimum ROI
 - 3) Overtime, historical results can be used to further calibrate program

Maersk Brand Protection Research - Ongoing



- Valuation model adjusted to account for low probability that any number of takedowns in a given year will have an immediate impact on brand valuation
- The adjusted model accounts for the impact of takedowns over a longer term than one year, e.g., a measurable loss of brand integrity in one year may impact brand value, beginning some number of years later
 - Tested by simulation, e.g., Monte Carlo simulation
- Other activity components will have appropriately adjusted valuation modules

End Goals



Maersk's research will ultimately provide a composite valuation for brand protection

Assumed that this brand protection valuation links to overall brand value

Assumed that brand value, especially for a B2B firm, is loosely coupled to the brand protection activities in any given year



The program will

Enable reporting of Maersk's brand protection program in a variety of ways to satisfy all stakeholders

Provide different stakeholders information and metrics meaningful to them

Thank You!



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