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Alvise GIUSTINIANI

Laurent. Maybe you would like to touch base on how illicit trade is impacting the consumer and maybe also the new e-commerce platforms.

Laurent MARCADIER

Thank you Alvise. Hello everybody. First of all, a big thanks to the chairman, Thierry de Montbrial, for putting this strategic issue on the agenda. It is a problem plaguing not just the tobacco industry but obviously other industries as well, especially mine, i.e. luxury goods.

Today Louis Vuitton Moët Hennessy, the world's leading luxury goods group, brings together 75 exceptional companies. Looking at the risks and threats arrayed against us, we see that all our brands—fashion, leather goods, perfume, cosmetics, wines, spirits, watches and jewelry—have fallen prey to copying, forging and counterfeiting. We are dealing with a globalized counterfeiting industry that now has control over production, transport, logistics and distribution channels.

As Alvise said, the counterfeiting industry is a criminal enterprise. In every geographical area where we can cooperate with local officials to crack down on this industry, we are confronted with transnational criminal groups that have massively invested in manufacturing fake, forged and counterfeit products. Alvise gave some dizzying figures: counterfeiting is the world's second-biggest criminal industry behind drug trafficking and it is growing by leaps and bounds.

Groups like LVMH must plot out and implement a global strategy because I am convinced that industrial players must provide a global response to this global problem. The worst mistake would be to have fragmented country-by-country responses. We need a bird's-eye view of the phenomenon.

That is what we are trying to achieve, first on physical markets. We must find the factories, bust up the production tool and hinder distribution. Obviously, that means having very close ties with local authorities in order to share intelligence and information, train people and improve their ability to tell fakes from the real thing. Obviously, it would be impossible for a rights-holder to make progress and achieve results without their support.

The other part of our strategy must involve the digital world, which has really changed everything. Obviously, I am thinking not just of digital sales platforms but also social media, which are extraordinary vehicles for the spread of counterfeiting.

Here is another head-spinning figure. Today, 20% of the posts about luxury goods that are found, sent and distributed on Instagram today involve the spread of counterfeiting.

One last, very alarming figure concerns the LVMH group: in all of 2018, we removed 20 million fake contents from social networks; in the first half of 2019, the total was already 21 million.

We are up against a massive, swiftly growing counterfeiting industry headed by particularly professional players who globally control distribution channels with a real sales strategy. I think the time has come to realize the gravity of the situation and come up with solutions. I hope we will hear proposals to improve the situation for all the rights-holders during this discussion.



Alvise GIUSTINIANI

Thank you, Laurent. It was very interesting to hear about the cooperation and the things you mentioned on digital, a staggering figure of 20 million posts taken down is really amazing and that is only in your industry, in your company.