

ANTI-COUNTERFEITING AND BRAND PROTECTION



Andrew Gilbert, Business Development Director, Ingenia Technology, on the importance of packaging for cosmetics brands in winning the war against counterfeiters.

Counterfeiters have always targeted the cosmetics sector. Although it is often tempting to write this off as inevitable, the fact is that these fraudulent products can pose a real risk to consumers and also severely harm brands. For companies that pride themselves on the power of their brand, and also their reputation for quality, it is imperative that they continue to do everything they can to crack down on the counterfeiters.

Meanwhile, counterfeiters continue to become ever more organised, professional and sophisticated. Packaging is their first point of call, often producing near perfect copies of containers and boxes that even the genuine producers find difficult to tell apart from their own. Counterfeiters have no marketing or legal distribution costs and often pay very low direct overheads, so are able to invest disproportionately in producing high quality packaging that uses similar techniques and materials to genuine products. The packaging is often far better than the counterfeit product inside as it is the packaging that needs to fool the consumer into paying for the item. These improvements in the quality of counterfeit packaging are resulting in more illicit products being sold unknowingly by genuine retailers.

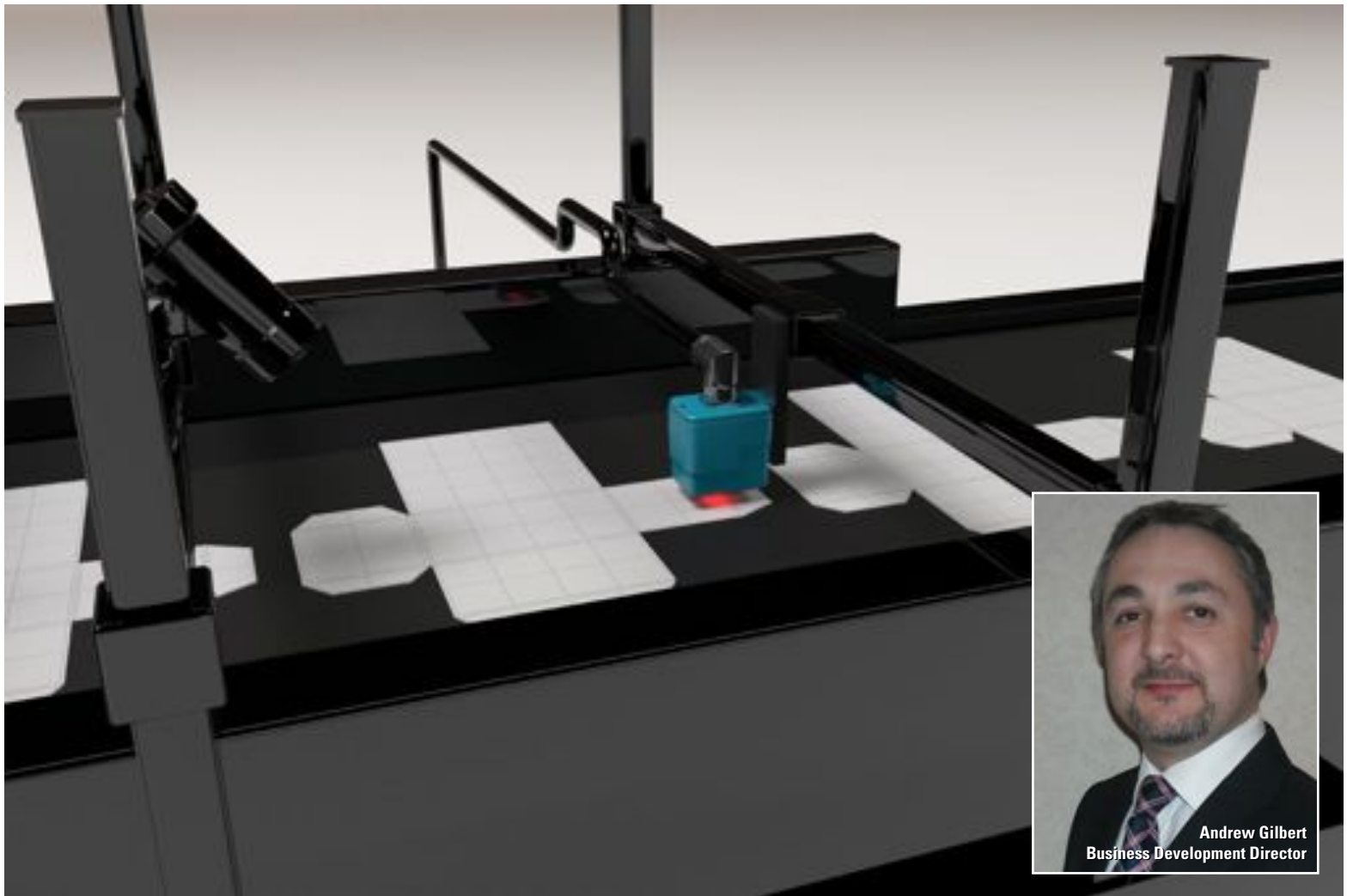
Clearly the packaging that a product comes in is crucial - whether you are trying to ensure the products are genuine or you are trying to copy them. For genuine suppliers and brand managers the drive is to include features on the packaging that make copying and diversion difficult, or ideally, impossible and ensures that only their authentic products reach consumers.



While the need to institute strong anti-counterfeit measures is significant, it is not without its challenges. As a result, brands continue to turn to security technology companies to supply them with sophisticated solutions to these problems and understand the importance of working with partners that they trust. In turn this provides them with the latest technology and allows them to keep one step ahead of counterfeiters and pass that confidence onto their customers.

Working with partners such as CARTONDRUCK, a leading packaging and carton manufacturer for the luxury goods sector, gives us insight into the real challenges that leading companies within the markets face when protecting their brands and packaging. The brand power of these companies has been built up over many years, with a reputation for quality to protect. It is always necessary to strike a balance between protecting the products and decreasing the risk that counterfeiters will produce copies, without adversely affecting the aesthetics and branding of the carton.

The majority of today's anti-counterfeit technologies rely upon adding physical features to an item or product that are secure only because the genuine manufacturer can do something that the counterfeiter cannot. Whether it is because the technique is too difficult or requires massive capital investment (holograms), the materials are hard to obtain (colour-shifting inks and taggants) or the information is secret (encrypted barcodes) the security feature is valuable only as long as the counterfeiter's



knowledge and resources do not equal those of the legitimate source. Brand owners and packaging producers can also work together to add codes to the packaging. But these can be “found” by the counterfeiters and replicated, passed-off (a similar looking technology is added), or ignored and never checked.

Unfortunately history has shown that the counterfeiters are smart and motivated; if a method exists to produce a security feature, then the counterfeiters can replicate it. Consequently a multi-layered approach is always required - no one solution will ever be enough to defeat the counterfeiters.

The nature of current anti-counterfeiting measures is not only an issue of security, but as mentioned above, the need to add features to a product or a carton has other knock on effects. This is particularly true for the cosmetics industry and the wider luxury goods sector where the packaging is part and parcel of the ‘brand experience’. Clearly adding a lot of currently available features would force companies to dilute the branding on the packaging. Deploying anti-counterfeit measures that necessitate barcodes, holograms or other physical features means that brands can be restricted in the design of their packaging - forced to leave spaces for the security features. Other techniques may also mean that brands are restricted in the colours that can be used on their packaging. For an industry that has aesthetics at its centre its obvious that packaging plastered in security features would feel inherently less desirable.

As a result, the need for truly covert coding of individual items, to allow for reliable and robust authentication and tracing, is an area where new technologies will be utilised more to assist brand owners and protect consumers. Manufacturers need to find ways to secure their packaging so there is nothing to replicate, copy or remove and they are always able to verify whether a package is genuine and also distinguish its individual identity - preferably in forms that do not impact the overall branding and design of the packaging.

One solution would be a security technique that does not rely upon any feature or taggant that has to be added to an item or product. Instead, a non-contact technique could be used. For instance, any item at a microscopic level has many features that can be measured. Whether it is the particular orientation of paper fibres or the microscopic imperfections (many times smaller than a human hair) in plastic surfaces, these naturally occurring random variations are present in nearly everything we use. By scanning these microscopic variations it is possible to use them to generate a code or signature that is unique to that individual item.

This is the next phase of anti-counterfeiting technology. The manufacturer uses features that are present in their product already, also meaning there is no impact on the package design requirements, while the counterfeiter is forced to do something that even the original manufacturer cannot - control the shape of the entire surface with micron precision. □