



# **Print's Role in Thwarting Counterfeiting**

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# Counterfeiting Is For Real

● United States	\$250 Billion
● Global	\$750 Billion
● RxPharma	\$22 Billion
● Apparel	\$12 Billion
● Software	\$12 Billion
● Auto Parts	\$18 Billion
● Music	\$10 Billion

# Impact of Counterfeiting

- The United States loses 750 thousand jobs per year
- A recent study conducted by the Los Angeles County Development Corp., estimates that counterfeiting in nine industries cost the county more than 100,000 jobs, \$5.2 billion in lost sales, and \$483 million in tax revenue in 2005

# The Four Primary Problems Confronting Brand Owners

- Product Tampering
- Product Diversion
- Product Counterfeiting
- Retail Theft and Return Fraud

# Product Tampering

- An Attempt to Alter a Product or it's Packaging or Label
- Experts estimate that tampering is growing in excess of 13% per year

# Product Diversion

- In simple terms...THEFT! The sale of products in markets and channels not authorized by the genuine brand owner. This is sometimes referred to as Grey Marketing or Parallel Trading.
- Product diversion increases at the rate of 20% per year according to experts.

# Product Counterfeiting

- The making of an imitation of a genuine product in an attempt to deceive or defraud the consumer...a FAKE!
- Growing globally at 20% per year and rising-- it is estimated that this may be as much as 7% of total world trade.

# The Scope of the Counterfeiting Problem

- 10% of all toiletries sold worldwide
- 15% of consumer electronics
- 40% of IT and Software
- 10% of all Rx Pharmaceuticals Globally (as high as 60% in some developing countries)
- Approximately 1% of all Rx Drugs sold in the US alone

# What are the Risks to Brand Owners?

- Loss of Revenue/Profits
- Erosion of Brand Integrity
- Damage to Brand Reputation
- Potential Liabilities
- Protection and Litigation Costs
- BRAND OWNERS HAVE EVERY REASON TO EMPLOY BRAND PROTECTION STRATEGIES NOW

# Warning Signs of Counterfeit Products

- Misspelled Words or Brand Names
- Drastic Changes in the Content of the Product Itself
  - Color
  - Smell
  - Overall Quality
- Packaging With Blurred Lettering and Labeling That is Not Crisp

# Warning Signs of Counterfeit Products

- Packaging and Labels That Contain Invalid Manufacturing Codes or Contact Information

# How Counterfeiters Avoid Detection

- Access to sophisticated technology
- They are well financed
- Organized global networks
- They are mobile
- Often sell over the World Wide Web (WWW) or Internet
- Capitalize on high volume import flow into developed countries

# Printers Can Provide Differing Levels of Security

- Level One - Overt
  - Visible
- Level Two - Covert
  - Invisible or Hidden
- Level Three - Forensic
  - Invisible and detectable only by laboratory analysis

# Advantages of Overt Features

- Easily recognized by consumers
- Provides the consumer with a sense of protection
- May be part of the graphics

# Disadvantages of Overt Features

- Requires broad consumer education
- Easiest to duplicate

# Advantages of Covert Features

- Don't interfere with graphics
- Not readily apparent to the criminal
- Difficult to duplicate
- Authenticated only by personnel armed with proper detection equipment

# Disadvantages of Covert Features

- Not apparent to the consumer
- Consumers don't feel sense of protection
- Specific readers needed to authenticate

# Advantages of Forensic Features

- Not easily identified
- Almost impossible to duplicate
- Can incorporate “Track and Trace” features

# Disadvantages of Forensic Features

- Most expensive technology
- Readers and verifiers are expensive
- Provides no sense of protection for consumers

# Combining Features for Optimum Security

- Each label, folding carton, shrink sleeve, flexible package and corrugated carton should have multiple layers of anticounterfeit technology

# Security at the Adhesive Level

- Ensure that the label cannot be removed without detection
- Works with overt, covert and forensic technologies

# Security in the Facestock

- Watermarks, holograms and other features can be incorporated as overt features
- Overt, covert and forensic protection can be applied using paper, film or foil
- Invisible fibers or taggants can be included in the facestock as covert features
- Specialty taggants can be used as forensic features

# Security Within the Print

- Color shifting inks like those used in US currency
- Tagged inks and varnishes
- Thermochromatic inks and varnishes
- UV and IR inks and varnishes

# Products Under Attack

- Aircraft and auto parts, luxury goods, wine and spirits, apparel, footwear, computer consumables (toners, etc.), software, games, eyewear, personal car items, batteries, food and beverages, Rx pharmaceuticals...
- The packaging itself is being counterfeited

# How Does the Printer Capitalize on Anticounterfeit Products?

- You'll be the only one to quote the job
- You'll never see your job on an Internet auction
- **For the first time in many years you will be a SOLUTIONS PROVIDER rather than just another guy quoting the job**



**THANK YOU!**

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