

INDUSTRY

INSIGHT

Knock off the knock offs

The Importance of Changing Security Features

OVERVIEW

Counterfeiters are no longer criminals or gangs in back alleys, but rather a group of sophisticated individuals equipped with tools and technology. Organized crime groups have counterfeit 'special agents' that study brand security features, labels soon after launch and start to emulate it with alternate technology, thus defeating the intent. With the increasing sophistication of counterfeiter's techniques, there is an increasing need for technologists to develop secure solutions to distinguish genuine products from frauds, incorporating labels with unique effects and less obvious aspects of identification into the design of goods. Growing over 10,000% in the last two decades, counterfeit products exist in virtually every industry sector, including food, beverages, apparel, accessories, footwear, pharmaceuticals, cosmetics, electronics, auto parts, toys, and currency. Sales of counterfeit and pirated goods totals \$1.7 trillion per year and is expected to grow to \$2.8 trillion and cost 5.4 million jobs by 2022.

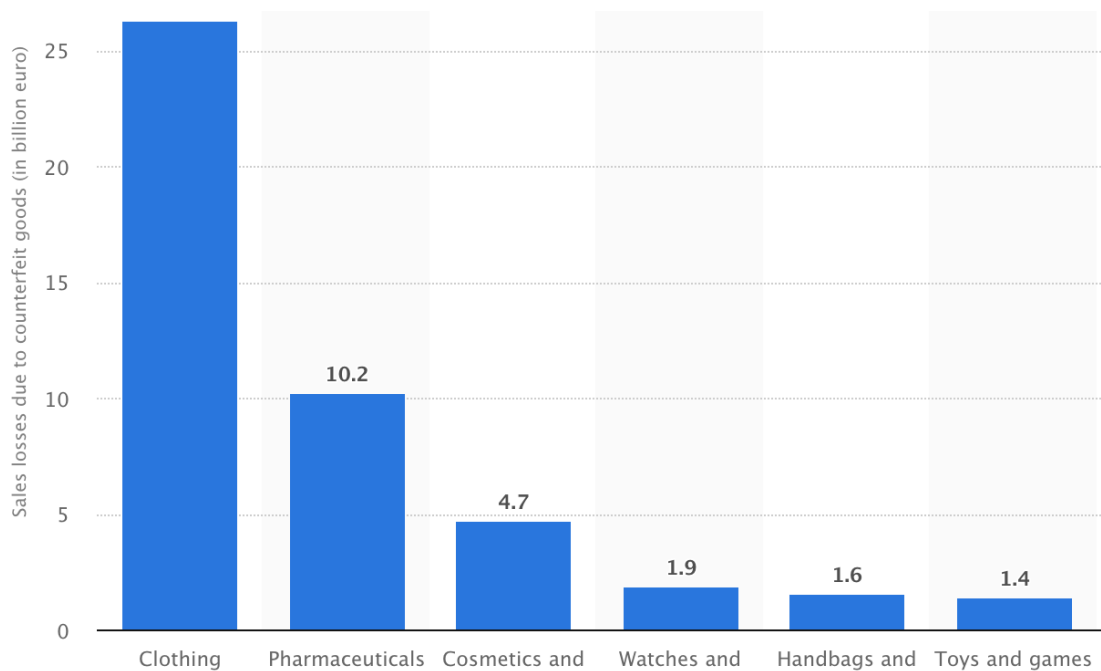


Figure 1: Sales losses from counterfeit goods worldwide in 2020, by retail sector (in billion euro)

WHY IS IT IMPORTANT TO REFRESH SECURITY FEATURES?

Security cycle

To check counterfeiting, Central Banks and Governments change security features of higher denomination banknotes regularly, every 5-8 years is common. Brands should follow similar guidelines – If there are high instances of counterfeiting in your industry, security features on product labels should be changed every 2-3 years to keep ahead of counterfeiters. If there are lower instances, it should be updated every 3-4 years. If there are ample counterfeits of key product lines available online on ecommerce sites, resale websites or retail stores, security features should be changed immediately.

Improved sales

There have been multiple instances where implementing secure brand protection solutions have led to improved sales by eliminating cheap counterfeits eating into profits. When customers are able to easily differentiate low-quality imitations from authentic products, your brand will be associated with higher quality, reliable products.

“There are many factors that influence sales, but it’s clear that since we implemented brand protection labels a year ago, the online sales of the Microwave Cooker have increased by 20%, and in the case of the Cheese Maker, by 40%. This is objective data.”

- Mercé Farrerons, International Marketing, Communications, and E-Commerce Sales Director at Lékué

(Source: <https://blog.redpoints.com/en/why-brand-protection-important-growth>)

Easily replicable labels

Counterfeiters can ‘fake’ legacy security features and subsequently, the brands’ products in a couple of months, if not updated often. Easily replicable labels that are antiquated not only causes a financial loss, it can also seriously undermine consumer confidence if there are too many fakes in the market.

Customer engagement opportunity

Treat your newly adopted brand protection solutions as an engagement opportunity. Send free training materials to help customers, supply chain identify and authenticate genuine/ valid products.

Expanding into new markets

New authentication labels can be a great opportunity to reinvent your product’s look. If you have too many sub brands with different messaging and labels, improve brand consistency through new, refreshed label across all your product lines.

Customers' tastes evolve over time

What once worked for you before may not be working now. With ever-increasing competition, keeping outdated labels backed by legacy technology can be bad for business.

Better packaging

Generic labels makes brands blend in with a crowd due to limited shelf space and competitive retail settings. Revamping your labels can not only help differentiate your brand from competitors, but also make it easier to grab customers' limited attention spans. Additionally, unique labels, hangtags and packaging can inspire customers to take photos of your product and share it on social media.

E-commerce

The COVID-19 pandemic has accelerated the shift towards ecommerce. Many new brands have moved online, customers purchase products online more frequently, and it is becoming more difficult to fight fakes. The coronavirus pandemic has boosted sales through online channels as stay-at-home orders during lockdowns have driven consumers towards e-shopping. As of April 2020, US and Canadian online retail orders had grown by 146% against the previous year according to Forbes. This growth has been seen worldwide - even in places where e-commerce is less established. In Africa, which has the lowest levels of e-commerce trade globally, the online consumer sector has grown dramatically in recent months. Win the ecommerce race by revamping labels and informing customers about new authentication methods.



DESIGN PERSPECTIVE

It is imperative to update security features in order to have an edge over counterfeiters. There are multiple ways of confusing users into believing the authenticity of security features. Traditional holograms/ legacy labels can be mass-produced inexpensively with public design software and digital printers.

How popular labels effects are duped:

01

Sparkling effects can be forged through printing on metallic materials or metallic inks.

02

The appearance of depth is easily replicated through layering and shadows.

03

Custom brand elements can be effortlessly replicated with design programs and online resources. Logos can be vectorized and redrawn with little to no indication to the general public.

04

Online label generators

05

Barcodes are easily duplicated using a computer scanner and printer. Free barcode generation software is easily obtainable online.

06

Watermarks: Simple to design with several instructional videos on YouTube.

07

Scratch-off latex: Well known to be easily imitated with a mixture of equal parts of acrylic paint and dish detergent.

08

Fake UV Coating: Several websites, especially tattoo equipment suppliers, advertise UV inks and UV paint that can be purchased by professionals and amateurs for reuse.

09

Legacy Hologram: Counterfeiters can use a peeled-off hologram itself to create an embossing die mold. Another method involves using a genuine hologram to create a photoresist plate which is used to create the embossing dye.

Note that movement, image switches and unique label transitions are amongst the most difficult to counterfeit. The most effective way to protect against counterfeit products is by staying ahead of the game and investing in the most advanced technology on a regular basis.

TECHNOLOGY

Refresh

Refresh brand security labels/ certificates with leading-edge technology.

Difficult to replicate

Labels should have features that are difficult to emulate.

Minimize risk

Minimize the risk of counterfeits through unique nanotechnology and nano-size pixels that are extremely difficult to replicate

Environmental considerations

B2C brands: No inks, dyes, toxins in nano-optic labels, they are cruelty free and vegan. If your legacy label is too big or glaring another option is to reduce the size of your labels, using fewer materials & lower your price per label – talk about a win/win!

Advanced technology

If your current labels work for you, merely changing labels for the sake of change is not advisable as it can repel your existing customer base – the same design can be updated with nano-optics and unique transitions that are difficult to emulate.

Stock security roll

If you are a small business that cannot afford custom registrations and originations, you can still benefit from LiveOptik technology by opting for patterned holographic stock security rolls.

Covert/Overt feature

Brand security experts recommend ‘multilayering’ – combining covert and overt brand security elements. Perhaps an embossing and foil stamping or metallic ink (overt) – combined with some microtext and an invisible watermark (covert). Many of these can be accomplished with nanotechnology without any additional costs.

CONCLUSION

The global anti-counterfeiting landscape is changing, brand owners, manufacturers and packaging producers should acknowledge it. It is recommended that new security labels feature:

i. Discriminability

Customers with minimal training should be able to identify label authenticity. The label may include unique effects, visual illusions based on swapping between brand elements or colour-switching films.

ii. Self-Destructiveness

The protection element must ensure that any attempt of its removal and insertion on other packages will result in irreversible destruction.

iii. Inimitability

It is critical that counterfeiters are not able to replicate labels or mimic transitions, authentication markers. Meeting this requirement is difficult for simple legacy technologies such as watermarks, special inks, or old generations holograms. Novel anti-counterfeiting technology combined with track and trace solutions and software is recommended for maximum protection. Advanced nano-optic labels with extremely high resolution (using electron beam lasers) and special algorithms deter counterfeiters from even attempting production of fakes.

Brands also need to understand how counterfeiters fool consumers in their industry and be cautious about the types of platforms that are being leveraged for illegal activity. They must consider recent shifts in consumer buying behavior and counterfeiters' motivations. Ultimately, regularly updating anti-counterfeit labels is key for brand protection.