APPAREL AND ACCESSORIES

Digital authentication tools protect brands, consumers against fake luxury

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With AD Verify, users can scan product tags to confirm authenticity. Image credit: Avery Dennison

By SARAH RAMIREZ

The growth of ecommerce has contributed to an increase of counterfeit goods, but brand protection teams are turning to digitalization as a way to fight fraud.

During a webinar hosted by *Luxury Daily* on April 7, speakers from the ecommerce and brand protection industries discussed how shifts in consumer behavior have impacted authentication and anti-counterfeiting efforts. Consumer-facing technology such as smart tags has become a crucial element in protecting brands and shoppers from counterfeit luxury products.

"We as consumers expect brands to be more responsible in terms of where the products coming from, sourcing, etc. and are holding them accountable," said Greta Moser, global director of product line management, brand protection and factory automation solutions at Avery Dennison.

The webinar was sponsored by Avery Dennison

Tracking counterfeiters
Ecommerce is more popular than ever, as consumers spend more time shopping online and social commerce gains traction.

However, just as shoppers become more sophisticated so do counterfeiters, who leverage social media and other online tools to trick consumers and blend in with legitimate brands and authorized third-party platforms. The quality of inauthentic goods has also improved, as has the replication of brand packaging.

Gucci's Fake/Not Collection. Image credit: Gucci

Another challenge for brands and retailers is return fraud which includes a variety of abusive actions such as consumers purchasing a product with the intention of returning the merchandise after using it, or purchasing items at different price points and returning cheaper product in place of the more expensive piece. This requires brands to authenticate high volumes of returns at warehouses and distribution centers.

Although the total international trade of counterfeit products is expected to be valued at $900 billion by 2022, brand protection teams still have limited resources as they tackle fraudulent goods across multiple channels such as online marketplaces, duplicitous websites and social media.

Targeting high-value sellers can be one of the most effective strategies for brands.

In a case study presented by CSC's director of brand protection David Franklin, a German apparel brand discovered a single seller on ecommerce marketplace Alibaba selling 5,000 counterfeit goods. During the course of a year, the original seller was tracked to other affiliated sites and email addresses, which were linked to other profiles and sites before ownership details were traced back to a physical address for a raid and seizure.

Consumer-facing authentication tools also cannot be overlooked.

Digital authentication platform Certilogo and Avery Dennsion have developed AD Verify, a solution which adds interactive security labels to physical products (see story). Consumers can use any digital device to authenticate the piece, which also extends the purchase experience and can boost engagement and collect more data for brands.

The smart labels also contain other security features, such as textures counterfeiters may not think to copy or "reverse" security features that are meant to copied to later ensnare the criminals, such as a good.

Scannable labels from AD Verify. Image credit: Certilogo

According to Michele Casucci, founder and CEO of Certilogo, counterfeiters will duplicate real brand labels knowing it is something that will make fake goods appear more authentic unaware that every label code is a unique identifier tied to one specific item.

As more consumers scan the copied labels, the brand protection teams can begin to receive and collect data. This can trigger supply chain security protocols for brands to begin tracing suppliers and manufacturers, while deceived shoppers are encouraged to report the fraud and pursue refunds.

Consumer concerns

Tools such as AD Verify are important from a marketing standpoint as well. By helping shoppers authenticate goods and report fraud, the platform offers reassurance to consumers while potentially building brand loyalty.

Consumers are seeking assurance from brands, particularly as the counterfeit goods market continues to evolve.

Mr. Casucci explained that counterfeiters are becoming savvier and are pricing their fake luxury goods accordingly. Data from Certilogo shows that average prices for fake luxury goods are only about 15 percent lower than the authentic luxury products.

In a Certilogo survey of consumers who attempted to authenticate a counterfeit item, 47 percent did not expect the item to be flagged as fake.

Perhaps unsurprisingly, many of these unsuspecting consumers also expect brands to be proactive and protect them from counterfeits.

According to a 2020 report, 69 percent of consumers believe it is the responsibility of brands to protect shoppers from counterfeit goods being sold online. Additionally, 71 percent of respondents believe brands should be taking more initiative regarding impersonating brands and phishing attacks, while 77 percent believe brands are responsible for reporting impersonating social media accounts (see story).

According to Fashionbi's "The Problem of Counterfeit Fashion" report, highlighting craftsmanship and expanding after-sales services, such as those offered by AD Verify, will also help luxury brands reduce counterfeiting. Further building community by communicating more directly with consumers and centering values will also help consumers develop brand loyalty motivating them to purchase authentic goods rather than fraudulent pieces (see story).

"It's really important to have the right strategy so you can make your resources go as far as possible, especially in the current climate," said Avery Dennison's Ms. Moser.