

## Combating counterfeits Is the industry on the right track?

Counterfeiting is a growing menace that poses significant health & safety concerns for consumers. Data from around the world indicates that duplicate products, look-alikes and spell-alikes exist cheek by jowl with genuine products on the same shelf, are less costly and earn the retailer higher profits. Most companies are trying to tackle the problem by adopting upgraded packaging so that manufacturers of counterfeits find it difficult to replicate their products, Chandrashekhar Modi interacts with some leading players in the packaging space and presents their views on the current usage, challenges, and areas of prospective applications of anti-counterfeiting; packaging technologies.



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Counterfeiting and spurious products are a threat to the society, as these affect health, hygiene, brand image and confidence. Variations in packaging designs,

high quality holograms, besides smart/intelligent packaging and labels could help combat counterfeits. In the case of package design, the usage of glued flaps, tear-off flaps, shrink & over wrapping, tamper evident stickers, lined cartons & shrink sleeves also help prevent tampering. Further, a wide range of specialised labels like temperature-indicating labels, labels with invisible print or code, holographic images, hidden print, self copy labels with forms/bar, magnetic & optical encoding, ultra destructive labels and special security labels could help prevent counterfeiting.

Further, self-adhesive hologram, hologram on aluminium foil (blister/strip application), holographic strip on PVC blister, shrink sleeve with hologram, and

hologram on induction sealed wads include some of the anti-counterfeiting technologies adopted by the packaging industry. However, the quality and intricacies of holograms per se should be selected appropriately.

On a global level, by the end of 2010, counterfeit medicines could be valued at around \$ 75 billion, an increase of over 90 per cent compared to the figures in 2005. Further, a study conducted by International Medical Products Anti Counterfeiting Task Force (IMPACT) has indicated that in 2006, spurious counterfeit drugs in the US, EU, Japan and Canada, amounted to less than 1 per cent but in Asia, Latin America and Africa, the figure was over 30 per cent. Based on the seizures, it was further established that some of the countries that account for it include India (31 per cent), UAE (31 per cent) and China (20 per cent).

In such a scenario, the success of adoption and implementation of any anti-counterfeit measures will largely depend on the people in the supply chain, and specifically on two factors: cooperation of retailers and consumer education. Hence, consumers should join hands to address this issue leaving aside their petty commercial interests.

**Rohitt D Mistry**  
chairman, Holotechs

Counterfeiting is considered to be a major threat by the packaging industry. Therefore, it has developed many processes and products to counter this menace. One of the most successful methods in packaging is to use technology and combine it with hologram, thus making the package difficult to copy. One of the examples in beverage packaging is that of the tetra pack; in pharmaceuticals, it is the aluminium foil with hologram and PVC blister with hologram, labels using security inks like colour changing inks, fluorescent inks, and then there are specially formed packs requiring special machinery to produce them. While the packaging industry is ready with a solution to suit all budgets, it is the brand owner who has to take the lead in selecting and specifying the right anti-counterfeit package to suit his/her marketing objectives.

Counterfeiting of pharmaceutical and food products is certainly a severe issue, and many leading companies are addressing this. In fact, if a brand is successful, then a counterfeiter will copy it. Other major sectors that suffer from counterfeiting include automotive spares, music and cinematic industry, besides consumer products like mosquito mats, coils, etc.

Today, hologram offers the best and most cost-effective solution against counterfeiting; however, it also suffers from attack by pass-offs. It is difficult to copy a hologram, and that is why over 80 countries around the world use hologram as one of the means of protection from counterfeiting on their currencies. Holograms have a rainbow effect, which is often crudely simulated by other methods. A properly specified hologram combined with other techniques like high-quality printing offers the best anti-counterfeiting solution for the lowest cost, when compared to other techniques. Moreover, hologram cannot be copied by any other printing technique.

China has a reputation for producing many counterfeit products in almost every sector. However, people in India have become aware of these products and the value it offers. Quality Indian brands should not fear such counterfeits provided they have taken adequate measures to protect their products and package.



**Sethunath P**  
director, ABPS

Counterfeiting is one of the greatest threats across product categories. According to last year's estimates, the size of the counterfeit market is approximately Rs 60,000 crore. Food and pharma are ideal targets for counterfeiting since both are products consumed on a mass scale. However, as technology grows, it is almost certain that electronic goods and automobile components, especially the spare parts will feel the brunt of it. The packaging industry has been adopting measures to check counterfeiting through creation of physical aspects like unique size, shapes, designs, etc to the products, which make counterfeiting more difficult. Further, several technological advancements in holograms, RFID, specialty inks like thermochromic inks, photo chromic inks, IR phosphorescent inks, etc have proved to be effective.

All anti-counterfeiting methods make it difficult to reproduce a product. Going by that reasoning, holograms are probably one of the best anti-counterfeiting mechanisms since reproducing a hologram is extremely difficult by any existing method of printing. However, holograms are effective only if the consumer is able to differentiate between the original one and the others. So, the consumer needs to be educated; and this gap more often than not, takes away the effectiveness of the holograms. The need, however, is for a tighter control over the

entire supply chain, distribution and logistics to tackle counterfeiting most effectively.

China, due to various socio-economic reasons, is able to pump in low-cost products into the market. Since the Indian market is cost-centric, the initial reception to these products is normally encouraging. However, due to the standards of these products, a repeat buying or continual usage is most unlikely once they are exposed to these products. This, however, should not bring in any complacency in our efforts to tackle the problem of counterfeiting. By bringing in strict regulations on the products, this can be solved to an extent. However, the best way to do it would be through consumer involvement and interaction with the brands.

At the same time, there is more we need to do to check the menace of counterfeiting. In India, we are still happy about being cost-centric! However, cost reduction should not be applied if we are losing out on other/more important fronts. Hence, a packaging converter should impart intellectual property and knowledge to the entire staff across designations/function on the importance of protecting the brand owner's property.





**Sudhakar Rao**  
 general manager - Packaging Development, Plus Paper FoodPac Ltd

Many products targeted by counterfeiters are very easy to copy due to their simple-to-copy packaging.

Undifferentiated packaging is one of the first things to be addressed

to, to stop making it easy for the counterfeiter to copy. Hence, a packaging should be such that it stands apart from its counterfeits and establishes its authenticity at the point of purchase. Packaging should be inspected carefully. Reputed business houses typically take good care while packaging their products. Further, one must be aware of flimsy packaging. Tamper-evident coloured sticker, which cannot be put back once peeled, is one of the cost-effective means to counter the issue. In addition, thermochromic inks are

effective to an extent, as these change colours when exposed to certain temperature.

I feel that holographic stickers can be copied and are not 100 per cent safe, but holograms are effective than other available means as they are difficult to reproduce. A part of holographic can be made visible to the naked eye and there can be hidden images that can be seen only through beam of light or flip action.

Besides food and pharma products, there are several other products that are a ready target for counterfeiting, especially reputed brands and high-priced items viz, automobile parts; consumables like ink cartridges, laser & copier toners, battery & battery chargers, CD, DVD, etc.

Hence, one of the solutions is that the industry has to go back to the basics. And the basics are its consumers. It is the consumer who decides to buy. This means that the industry, suffering under counterfeiting attacks, has to supply a tool to the consumer; a way by which he can easily verify whether the product is genuine or false.



**Vilas Dighe**  
 packaging consultant, Nirmiti Business Consultant

Counterfeiting is one of the biggest threats to most leading brands across the globe as well as across sectors like pharmaceuticals,

FMCG products, auto parts and household items, among others.

According to International Chamber of Commerce, counterfeited goods account for 5-7 per cent of the global trade. It is estimated that the value of counterfeit medicines worldwide will reach a figure of \$ 75 billion by 2010. International Organisation for Co-operation and Development had estimated that in 2005, the trade worth \$ 200 billion came from counterfeit, illegally copied goods. This poses a grave concern to global industries.

The problem seems to be less in developed countries like the US, Canada, Japan, Europe, etc but assuming large proportions in Asia, especially in South East Asia, India and China.

While there is a wide range of counterfeit products, trends indicate that counterfeiters no longer confine

their activities to luxury goods but are increasingly exploiting consumer goods, including everyday items like baby food, medicines, cosmetics, aircraft, vehicle parts, etc. This is not only illegal but constitutes a serious threat to public health and safety since these counterfeit products are not subject to safety checks.

Most of the brands turn to packaging technologies to find a solution. They try and use packaging to create a differentiation, which could help authenticate genuineness at the point of purchase. Hence, packaging plays an important role in the fight against spurious products. Most of the brands try to upgrade packaging in such a way that it becomes difficult to duplicate

The more expensive a technology, more difficult it is to copy the product. However, this increases the packaging cost to a great extent. Hence, some of these measures can be used only for expensive products with large volumes (such as mobile phones).

Holograms are seen as the most commonly used technology to overcome counterfeiting menace. With the advances in technologies, anything can be duplicated, and hence, no solution is 100 per cent safe.

However, custom-made holograms, especially 3D holograms, are expensive, and offer reasonable protection to the brand.