

# Supply Chain Disruption: Fighting Counterfeit Products

Submitted by: Domino Printing Sciences

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Counterfeit products are nothing new, but with today's market vulnerabilities and widespread supply chain disruptions, they pose a greater threat than ever before.

With supply chain disruption issues likely to continue for many months to come, Adem Kulauzovic, Director of Automation at Domino

([https://www.domino-printing.com/en/press-centre/press-centre.aspx?utm\\_medium=non-paid&utm\\_source=onlinepublication&](https://www.domino-printing.com/en/press-centre/press-centre.aspx?utm_medium=non-paid&utm_source=onlinepublication&)) discusses how options for serialisation and track and trace can help brands to protect their business from illicit trade.

### The perfect supply chain storm

Two years on from the start of the COVID-19 pandemic and the issues with supply and demand that we thought were temporary remain rife. Indeed, countries around the globe continue to face supply chain disruption like never before. Demand for products – in everything from food and beverage, electronics, and high-value goods – is at an all-time high, while shortages of workers, components, and raw materials; transport and logistics issues; and disruptions in energy supply have combined to create a perfect storm within the global supply chain.

The pandemic has served to expand market vulnerabilities and introduced both direct and indirect impacts on the way global markets purchase and sell goods. Indeed, according to the International Chamber of Commerce's (ICC) Intellectual Property Roadmap 2020, the COVID-19 pandemic created the most substantial negative supply chain security effect in history.

The conflicting rise in demand and shortage of parts and products has resulted in supply chain vulnerabilities that have been exploited by nefarious organisations, illegally selling counterfeit goods that are often sub-standard, cheaply made, or even dangerous.

### Counterfeit products & materials

Counterfeit products can be divided into two categories – deceptive and non-deceptive. A non-deceptive counterfeit is where consumers can easily distinguish the fake product by its price, quality, and sales location. Consumers know it's a 'buyer beware' type of situation when dealing with certain market street vendors, or online sellers who offer high-end, luxury brands for a fraction of the retail price.

Deceptive counterfeit products, on the other hand, are often identical to the authentic product in price and packaging but not in quality. Consumers place orders for items that they believe to be genuine but receive something else – something which at best may fall apart after a few weeks of use, or at worst, could cause them direct harm. These kinds of counterfeit products often emerge when demand outweighs supply and consumers turn to third-party retailers and non-legitimate vendors to find products they can't source elsewhere.

Studies show that more than 25% of consumers have unknowingly purchased counterfeit products online. A recent test carried out by the U.S. Government Accountability Office suggested that as many as two of every five brand name products available online through third-party retailers may be counterfeits.

Counterfeit products aren't just limited to high-end designer brands, electronics, and fashion. Some of the most common counterfeit goods on the marketplace include makeup, skincare, supplements, and medication.

Counterfeit raw materials can also pose a serious issue. When supply chains are disrupted, reduced availability of raw materials can lead to a rise in counterfeits which emerge to fill the gap in supply. Even in times of normal demand, counterfeiters may exploit weaknesses in supply chains by offering lower than normal prices. Such threats contaminate legitimate supply chains, putting both businesses and consumers at risk.

#### Business & consumer impact

The creation and sale of counterfeit products may impact a business in many ways – from an initial loss in sales to reputational harm to the legitimate brand and damaged relationships with business partners. Counterfeiters also leave legitimate businesses to deal with the fallout from counterfeits and ultimately force these brands to spend time and money fighting the issue.

Counterfeit products also pose a significant threat to consumers. A pair of fake designer sunglasses might seem innocent – but if they lack the UV protection of an authentic, regulated product, they could have a detrimental effect on the consumer's eye health. Falsified medicines, supplements, and personal care products may contain harmful or untested ingredients or be completely unsuitable for their intended use – with potentially devastating effects. Such was the case in 2004 when counterfeit infant formula in China containing below legal levels of protein, iron, and zinc lead to the deaths of at least 50 infants.

#### Taking collaborative action

The most effective way to combat counterfeiting is a collaborative one, where supply chain partners, consumers, and authorities work together to detect counterfeit products, share intelligence, and prosecute offenders. For businesses, a great place to start is in ensuring that products are equipped with unique identifiers which can be used to verify that a product is legitimate.

In recent years, countries across the globe have introduced legislation requiring unique identifiers, and product-level serialisation in certain sectors, including prescription pharmaceuticals; medical devices; tobacco; and over-the-counter medicines, to facilitate track and trace, and stop illegal, stolen, or counterfeit products from persisting in the supply chain.

These regulations are supported by databases and systems which facilitate the track and trace of serialised products to allow retailers to check the efficacy of their goods. The same technology can be used as best practice to provide this capability to logistics partners, retailers, and consumers, whether or not a brand is required to do so by law.

A serialised, smartphone-readable QR code or Data Matrix code

([https://www.domino-printing.com/en/blog/2021/the-difference-between-a-data-matrix-code-and-a-qr-code?utm\\_medium=non-](https://www.domino-printing.com/en/blog/2021/the-difference-between-a-data-matrix-code-and-a-qr-code?utm_medium=non-)) can also be used by consumers as a vehicle to verify the authenticity of a product. Adding a 2D code is cheap, and relatively straightforward – once on the product packaging, a simple scan can direct

consumers to a website to verify its legitimacy. Counterfeiters can easily replicate the look and feel of product packaging – but will be unable to create a QR code with unique and valid serialisation capable of tricking legitimate systems into validating it as ‘authentic’.

In some sectors it may not be possible to facilitate item-level serialisation in the short term – however, including a serialised code on individual boxes or pallets can still facilitate information sharing and ensure that counterfeit products which penetrate legitimate supply chains don’t end up in the hands of consumers.

## Conclusion

The fight against counterfeits is global, and reaches every industry from industrial goods, electronics, and automotive, to food and beverage, life sciences, and personal care. Today, with industries around the world all facing the same issues with supply and demand, the risk of counterfeit products is more real than ever.

Partnering with a reputable coding and marking solutions provider

([https://www.domino-printing.com/en/contact-us/contact.aspx?utm\\_medium=non-paid&utm\\_source=onlinepublication&utm\\_co](https://www.domino-printing.com/en/contact-us/contact.aspx?utm_medium=non-paid&utm_source=onlinepublication&utm_co)

who can aid with the serialisation of products, and facilitate traceability and transparency in global supply chains, is key for brands across both regulated and unregulated sectors.

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## About Domino

Since 1978, Domino Printing Sciences (Domino) has established a global reputation for the development and manufacture of coding, marking, and printing technologies, as well as its worldwide aftermarket products and customer services. Today, Domino offers one of the most comprehensive portfolios of complete end-to-end coding solutions designed to satisfy the compliance and productivity requirements of manufacturers across many sectors, including food, beverage, pharmaceutical, and industrial. The company’s core technologies include innovative inkjet, laser, print and apply, and thermal transfer overprinting systems designed for the application of variable data, barcodes, and unique traceability codes onto product and packaging.

Domino employs over 2,900 people worldwide and sells to more than 120 countries through a global network of 25 subsidiary offices and more than 200 distributors. Domino’s manufacturing facilities are located in China, Germany, India, Sweden, Switzerland, UK, and the USA.

Domino’s continued growth is underpinned by an unrivalled commitment to product development. The company is the proud recipient of six Queen’s Awards in several categories, including innovation. Domino has also been recognised with many industry awards, including the ‘Supply Chain Excellence’ and ‘People and Skills’ accolades at The Manufacturer MX Awards 2019.

Domino became an autonomous division within Brother Industries Ltd. on 11th June 2015.

For further information on Domino, please visit [www.domino-printing.com](http://www.domino-printing.com)

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