

IAA Urges Firms to Keep Product Counterfeiters At Bay

By Ian Watson

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The International Authentication Association (IAA) has urged manufacturers of branded goods not to cut back on their investment in anti-counterfeiting strategies and technologies during the current economic downturn.

The International Authentication Association (IAA) has urged manufacturers of branded goods to continue and even increase their investment in anti-counterfeiting strategies and technologies, and not to cut back their efforts in an attempt to save costs during the current economic downturn.

According to IAA chairman David Howard, whereas companies will inevitably be taking a hard look at their all their costs, combating counterfeits is an effective way to maintain turnover and market share.

“The temptation to cut back is obvious”, said Howard, who is Director of Product Protection at Johnson & Johnson, "with consumer spending falling, sales are suffering - particularly for producers of high value, luxury or non-essential items.”

Such manufacturers are already under pressure from higher energy, labour, materials and financing costs and for some an automatic reaction will be to compensate by cutting expenditure wherever possible – with investment in authentication technologies that help prevent counterfeits and maintain brand integrity a likely candidate.

Estimates of the losses due to counterfeiting vary – from \$200 billion per year (OECD) to \$600 billion per year (the Progressive Policy Institute). According to the international Chamber of Commerce (ICC), counterfeiting is responsible for 5-7% of world trade and affects every sector of manufacturing.

However, the economic slowdown is also likely to lead to an increase in illegal activity including counterfeiting, with economic hardship being a recipe for increased criminality.

Howard added: "Counterfeiters need little excuse at the best of times to ply their trade, but in the current economic scenario they are likely to find a more willing audience among consumers who are also looking to cut costs. Too often they will buy cheap goods without realizing they are poor quality counterfeits - or they will buy on the cheap even if they realize they're fake.

"And if companies do cut back on their anti-counterfeiting efforts, then the environment for fakes will be even more attractive."

With manufacturers cutting back on the one hand, and a more attractive environment for counterfeits on the other, it goes without saying that any let-up in investment is absolutely the wrong action for such brand owners to take, warns the IAA.

Howard added: "The first action to take in order to ride out the coming storm is to hold on to the sales and markets that you already have. Counterfeits will undoubtedly start eroding these, unless companies protect themselves and their consumers.

"Continuing investment in features and systems that prevent losses will help companies through the hard times ahead.”

As well as costing legitimate manufacturers market share, counterfeits also bring health and safety risks to consumers. For example, counterfeit medicines may contain poisons or do not contain any active ingredient; inferior counterfeit vehicle parts cause accidents, and counterfeit cosmetics can cause skin damage. Such problems can rebound on brand owners if they do not take proper and adequate steps to protect their goods from the counterfeiters.

The International Authentication Association (IAA) is the industry body for suppliers and users of authentication technologies, systems and services. It is a not-for-profit membership organization dedicated to advancing the understanding and effective use of authenticating technologies and processes to the end user community and the public.

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