

CUSTOMER SPOTLIGHT

Authentix Online Brand Protection busts Asia-wide counterfeit racket of counterfeit medicinal cream.



THE SITUATION

According to the Organization of Economic Cooperation and Development, the global counterfeit trade in pharmaceutical products is valued at over USD 4 billion. The harmful and often fatal effects of ingestible and injectable fake medicines, especially lifesaving medicines, dominates the media. While the most frequently counterfeited medicines typically comprise antibiotics, painkillers and anti-malarial drugs,

significant health hazards may also be caused by counterfeits of nonessential medications, such as dermatological creams and lotions. As these products can usually be bought over the counter without a prescription, rogue manufacturers may find an opportunity to sell dubious lookalikes on online marketplaces at deeply discounted prices.



THE CHALLENGE

Our client asked Authentix to help alleviate counterfeiting risks with one of its most successful and recognizable products: a patented, clinically proven dermatological cream that can reduce and soften visible scarring. Our client's product is instantly recognizable by its distinctive packaging design and logo, which counterfeiters attempt to imitate and deceive unsuspecting consumers. The increased global popularity of the product has attracted the interest of rogue traders attempting to sell counterfeits on various e-commerce platforms, especially in Asia.



THE SOLUTION

Authentix's Online Brand Protection (OBP) solution encompassed an in-depth investigation of online marketplaces, a targeted test purchase plan from high-risk sellers, online and offline investigations, and takedown notices. Authentix OBP scanned over 500 popular e-commerce and social media platforms, focusing particular attention to those with a presence in China.

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THE OUTCOME

Through a combination of automated, proprietary software and manual monitoring, Authentix OBP discovered and ultimately removed over 22,000 suspicious listings from over 8,000 sellers in a 12 month period, representing an estimated stock value of USD 12.8 million. Unlike many instances of counterfeiting where fake products tend to cost much less than the original products, the prices of several suspected counterfeits detected by Authentix OBP matched those of the brand owner's retail price. Authentix OBP filed an estimated 2,000 monthly complaints and maintained a 97% success rate across platforms. Further, based on intelligence from Authentix OBP's investigations, 35 successful raids were conducted in China, leading to the seizure of illicit product valued at over USD 950,000.

Authentix OBP also monitored and targeted grey market activity and within the same 12 month period, helped the client reduce not only counterfeit activity by 95%, but also reduce grey market activity by 65%.

Conducting raids was a complex exercise and was preceded by hours of online investigation, evidence-gathering, and site visits. It was also important to work in conjunction with law enforcement and plan each raid with an element of surprise. For example, a raid in one Chinese Province, which yielded 380 fake products worth nearly USD 120,000, required close cooperation with Chinese authorities.

Authentix OBP was able to investigate the rogue manufacturer, identify the principals behind it, and gain insights into their modus operandi. Authentix OBP relied on witness statements, chats on the popular Chinese social media app WeChat, and invoices and shipping documents.

Today, while attempts to counterfeit the client's product have greatly decreased, the popularity and strong consumer demand for the product makes it essential for Authentix OBP to be vigilant and continue monitoring both online and physical marketplaces for suspected illicit activity.



Fake products seized during raids in China.

ABOUT

As the authority in authentication solutions, Authentix brings enhanced visibility and traceability to today's complex global supply chains. For over 25 years, Authentix has provided our clients with physical and software-enabled solutions to detect, mitigate, and prevent counterfeiting and other illicit trading activity for currency, excise taxable goods, and branded consumer products. Through our proven client partnership model and sector expertise, we offer custom solution design, rapid implementation, consumer engagement, and complete program management to ensure product safety, protect revenue, and maintain consumer trust and loyalty for the best global brands on the market. To learn more, visit authentix.com.