



Brand De La Rue  
Protection

# Checkers or Chess: What is your next anti-counterfeit move?

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DeLaRue



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If you were to imagine which game a counterfeiter is better at, based on their “business model,” would it be checkers, or chess?

How clever are counterfeiters, really? They’re persistent, I’ll give them that, and unscrupulous, for sure. But when what they’re doing is stealing someone else’s idea and trying to trick people into buying their imitation product by simulating in-market physical anti-counterfeit tokens, it smells more like checkers-level strategy to me.

- You move your piece forward, they take your piece, you make another move forward, and so on. If your anti-counterfeit measures aren’t robust enough, the bad actor can take out numerous products across multiple channels of distribution in one move.
- Whilst two-dimensional markers such as QR Codes can block a single move, they are easily replicated and are not effective in stopping counterfeit in a multi-channel distribution model such as they love to exploit.
- And, if those products have no anti-counterfeiting protection at all, well, let’s just say you can’t win if you don’t play.

Global brands have been fighting these bad actors for decades, by continuously employing increasingly sophisticated anti-piracy technologies to enhance the strength of their anti-counterfeit solutions.

Time-proven holograms and Lippmann Holography are among some of the most effective of these technologies available today; and combining overt, covert and forensic features can result in strikingly strong anti-counterfeit measures.

All this makes it more challenging, expensive, and time-consuming for bad actors to steal your highly-advanced physical game piece, but eventually, they will, when everyone is playing checkers.

Counterfeiters are now ruthlessly attacking industries, brands and products intended to help fight the global pandemic now upon us. Many of these products have never had a reason (aka: profit motive) to be targeted by



counterfeiters before, so they're among the easiest prey, having no anti-counterfeiting protection at all.

Unfortunately, it's unwitting consumers that will ultimately pay, literally and figuratively, for these newly besieged products, because there's simply no mechanism, sophisticated or not, for them to ensure it's genuine.

## It's really, really, really time to change the game.

So, what does everyone care about? To develop an effective strategy, it's important to first look at the priorities of all the players in the game. Then we can enable their dormant powers for the greater good of all, but to the detriment of the bad actors. Let's take a look at the game board and then discuss what the best moves 1, 2, 3, 4 or 5, or 6, might be.

Player Move	Marketplace Enablers	Brands	Channel / Sellers	Bad Actors	Consumers
1	Marketplace growth	Confidence brand and revenue is protected (1)	Sales of authenticated Brand products	Ability to sell and distribute counterfeit (-1)	All brands are safe to buy in the Marketplace (1)
2	Multi-channel distribution	Channel Control (3) (6)	Channel freedom and flexibility to sell Brand	Multi-channel sales and distribution of counterfeit or mischannelled product (-3)	All Marketplace Channels are safe to buy from (2)
3	Stop counterfeit in Marketplace	Stop diversion and counterfeit across all Channels (3) (6)	Enables sales of authenticated Brand product	Gaps to exploit in solution to stop counterfeit (-3)	All Brands are safe to buy on Marketplace (1)
4	Single, universal solution for all types of brands	Flexible solution meets my multiple business needs at once (3)	Solution doesn't inhibit sales	Solution doesn't inhibit counterfeit in all channels, nor inhibit grey market diverted or mischannelled sales (-1) (3)	All Brands are safe to buy in Marketplace (1) (4)
5	Scalability within Marketplace and fulfilment centres (5)	Scalability per se (5)	Scalability (5)	Scalability (-5)	All Brands and Channels are safe (5)

The benefit of thinking like a chess player is the ability to act strategically in multiple dimensions, execute in several directions, and use a variety of pieces that have different powers at your disposal. In the anti-counterfeiting world, there are several options available to use interdependently or as a collective whole:

1. **Physical Tokens.** The physical authentication device is the central starting point for a comprehensive anti-counterfeit strategy that stops multi-channel distribution of counterfeit products dead in its tracks. Typically, this is a security label with vigorous innovative technologies, such as mentioned above, and includes overt, covert and forensic features, along with serialization and a QR Code.





Consumers primarily use overt authentication to determine legitimacy of a product, so this is a very important power to address.

2. **Digital Verification.** Consumers need a way to easily verify whether the product they purchased in the Marketplace is verified, and a Marketplace or Brand offering of an E-verification solution can quickly determine whether a counterfeiter has breached the Marketplace. This engagement mechanism also provides the consumer a level of confidence and control when the Marketplace accepts returns of any product not verified as authentic. Verification does not, however, authenticate a product is not counterfeit if it was distributed through other parts of the channel.
3. **Traceology.** Brands require greater transparency of how their products are distributed throughout a multi-channel distribution system, not just through a Marketplace, and not just for counterfeit. Are products intended for one market being diverted to another? How many are resold, and in which geographies do mis-channelled products show up? The combination of a physical token along with a QR Code enable Traceology systems to provide the Brand with a complete picture of the product's journey throughout the supply chain.
4. **Digital Passport.** Connecting consumer behaviour, such as purchase of validated products, with a rewards program enables the Brand to continuously engage the customer and offer ongoing targeted promotions and offers of legitimate products.
5. **Digital Validation.** The Marketplace, Brands, the Channel, Consumers, Brand inspectors, enforcement agents and customs officials alike, all need a simple, easy way to quickly validate that a product is indeed genuine. This is where digital validation comes into play. De La Rue (DLR) Validate is a white-label smart-phone app that delivers on-demand assurance of receipt of genuine product. This technology-agnostic platform allows Brands to choose which Physical Token technology best meets their needs.
6. **Validation Dashboard.** Data collected through the Traceology system and DLR Validate app is aggregated in a central database and delivered to Brands through a Dashboard that provides at-a-glance visibility to their products' journeys throughout the supply and distribution chain. This level of transparency provides measures for governance and control.



Thinking ahead to where your business is going and building a strategy that incorporates solutions across all the vectors of attack enhances the collective power of the game. Stop making it easy for bad actors, start making it impossible, and keep well ahead of those who try to impede your success.

### **Checkers, or chess? What is your next anti-counterfeit move?**

To learn more about the thinking behind the scope and structure of a multi-dimensional strategy with holistic solutions such as described, contact [sherri.erickson@delarue.com](mailto:sherri.erickson@delarue.com)



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