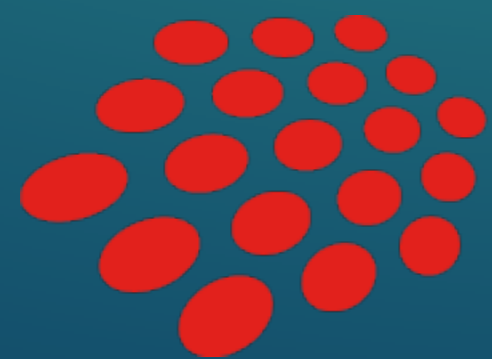


DATADOT TECHNOLOGY LTD

# 2018 Global Counterfeit Survey



**DataTraceid**  
AUTHENTICATION SOLUTIONS



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# EXECUTIVE SUMMARY

A summary of survey key findings and insights

# EXECUTIVE SUMMARY

## COMPANY

Counterfeiting is a significant global problem that is a growing concern for companies...

- 52%** View counterfeit as a problem for their company – 30% “significant” or worse
- 61%** Predict counterfeiting to remain a problem or increase over next 3 years – 40% expect it to become a bigger issue
- 69%** Have taken some form of counter measure to combat counterfeiting – Auto & Aeronautical, FMCG, Food & Beverage companies are most active
- 72%** Rate “loss of trust in brand” as highest concern (rated Medium, High or Very High)
- 77%** Rated their ‘own company’s’ efforts sufficient (rated OK, Good or Very Good) – compared to only 56% for their peers – suggesting they are doing a better job

## INDUSTRY

...and has permeated all industries, posing a significant threat to industry viability...

- 75%** View counterfeit as a problem for their industry – 47% “significant” or worse
- 64%** Respondents in FMCG and Food & Beverage rate as “significant issue”
- 89%** Predict counterfeit to remain a problem or increase over the next 3 years – 58% expect to be a “bigger problem”
- 56%** Experience primary counterfeiting in their industry – 34% experience both primary and secondary counterfeit
- 83%** FMCG respondents rated ‘retailers’ efforts as “Poor” or “Very Poor”
- 86%** North America respondents rated ‘online platforms’ efforts as “Poor” or “Very Poor” and 71% rated ‘retailers’ as “Poor” or “Very Poor”

## CONSUMER

...and causing an increasing level of awareness and concern for consumers.

- 72%** Believe consumers have some level of “awareness” of counterfeiting
- 41%** Believe consumers are “concerned” about counterfeiting
- 75%** Respondents in Auto & Aeronautical and FMCG believe consumers are “concerned” about counterfeiting compared to 41% for other industries
- 52%** Respondents rated “loss of life” as 4<sup>th</sup> highest concern (rated Medium, High or Very High) – this was behind “loss of trust in brand”, “loss of earnings” and “loss of brand scarcity”



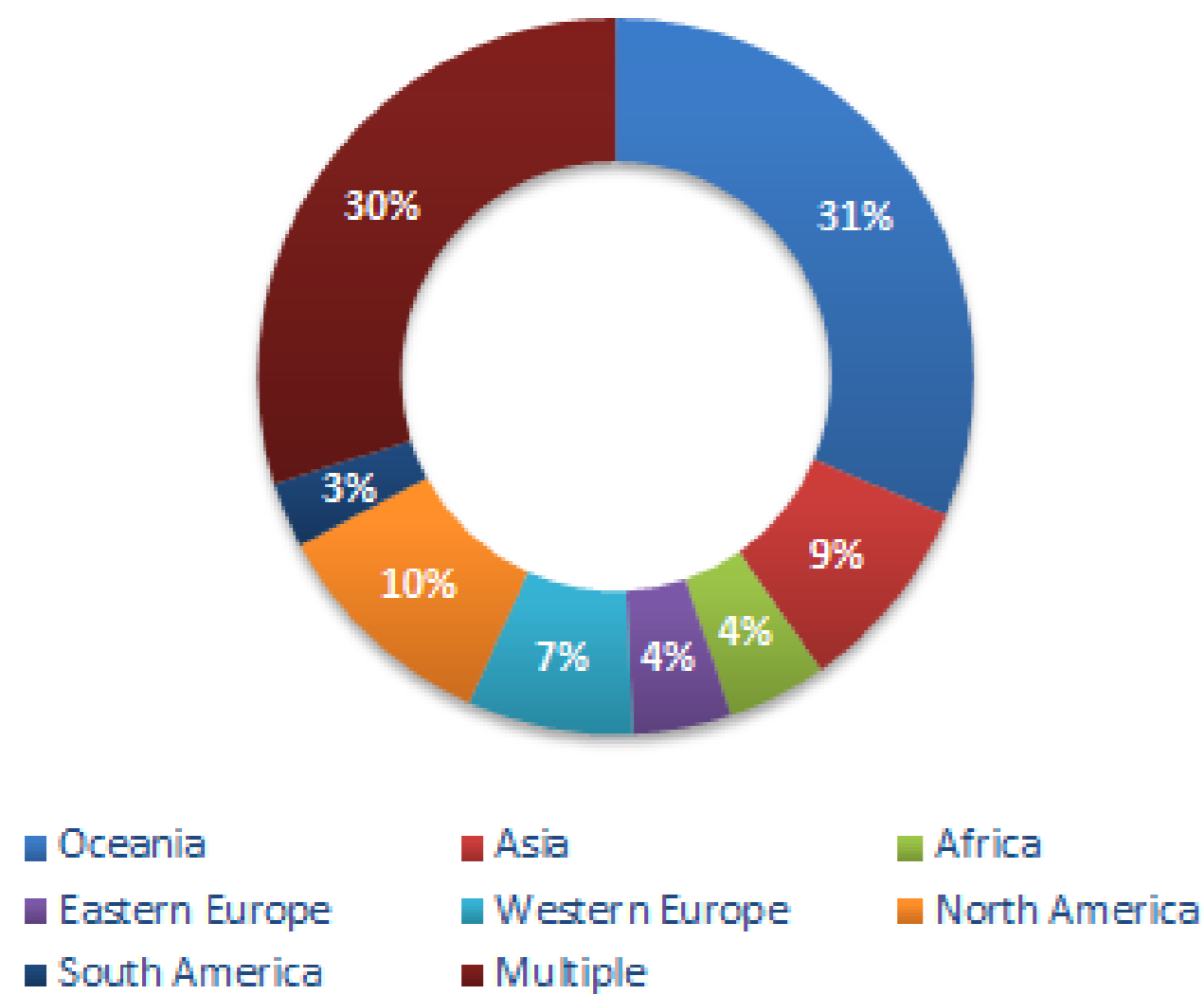
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## **SURVEY METHODOLOGY**

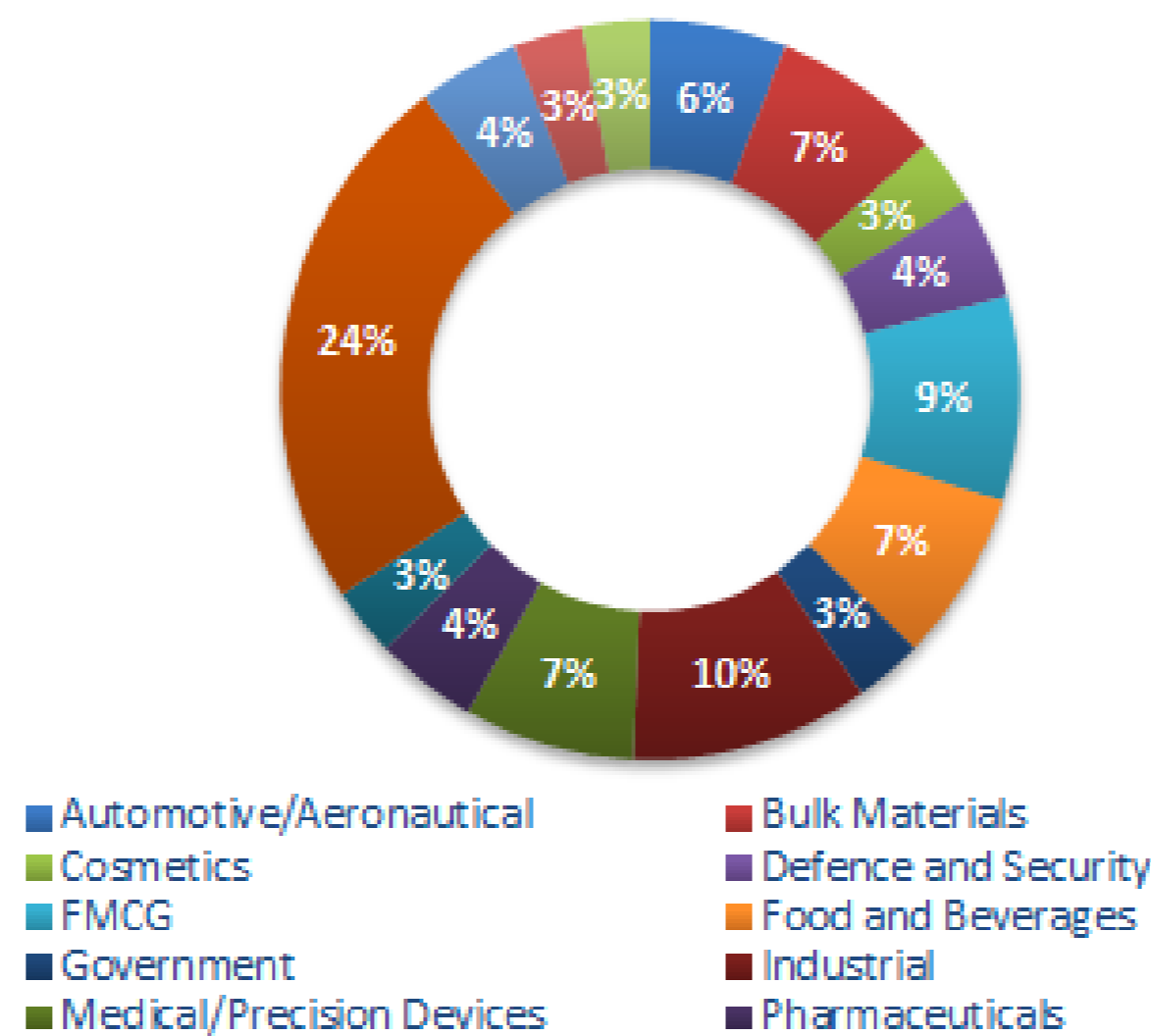
**Survey methodology and responses by segmentation categories**

The inaugural Counterfeit Counsel Survey Report is a global survey on counterfeiting impacts and responses of companies operating across a diverse cross-section of industries and regions. Survey responses were collated online during the period February 2018 to April 2018 and reflect a good representation across regions, industry and annual turnover.

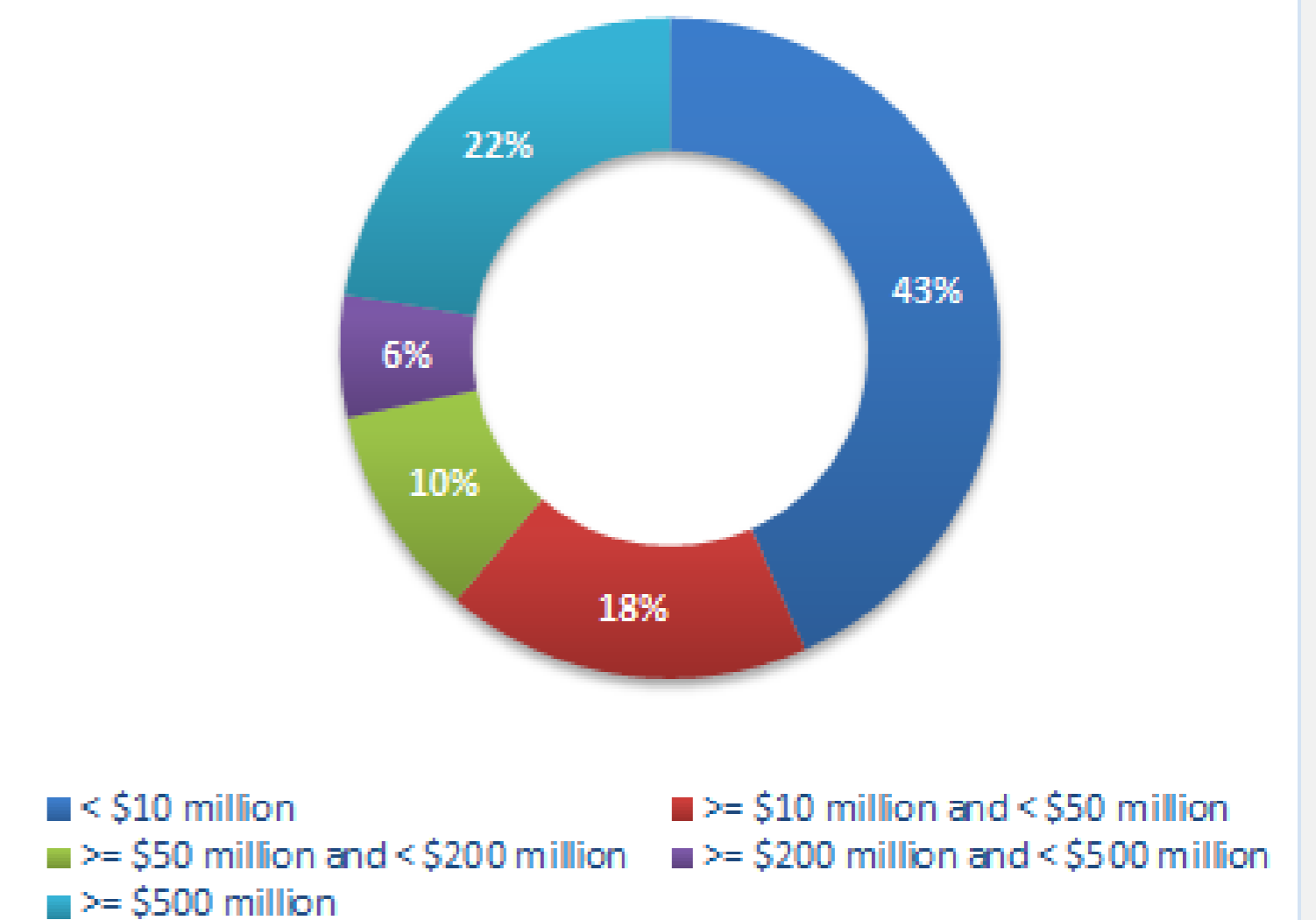
**Region(s) of Operation**



**Industry**



**Annual Turnover**



3

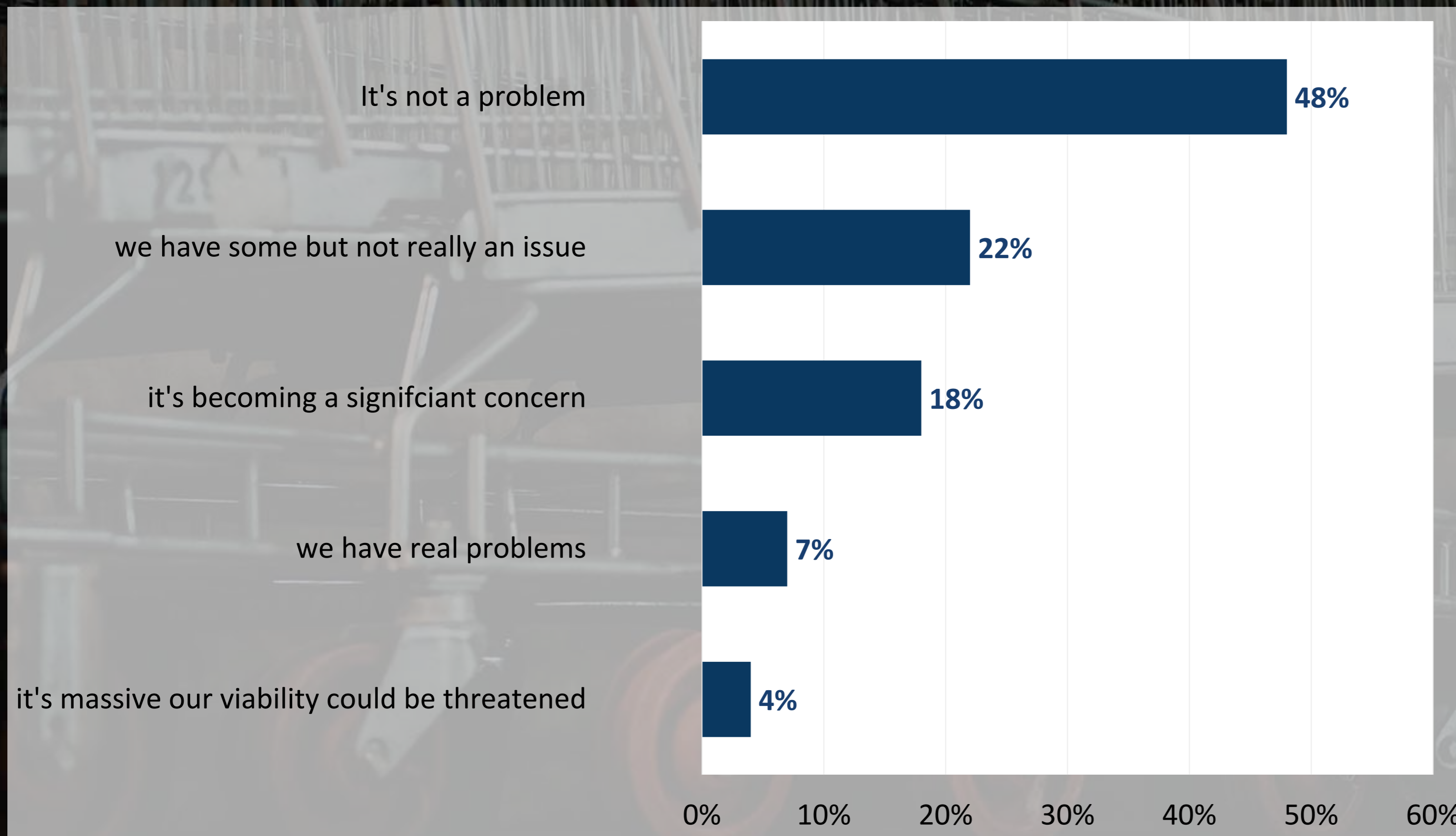
## KEY INSIGHTS

Survey results and key insights



## ! INSIGHT #1: 52% of respondents are experiencing counterfeit, with 30% rating it as “significant” or greater

Question: To what extent is counterfeit a problem for your company?

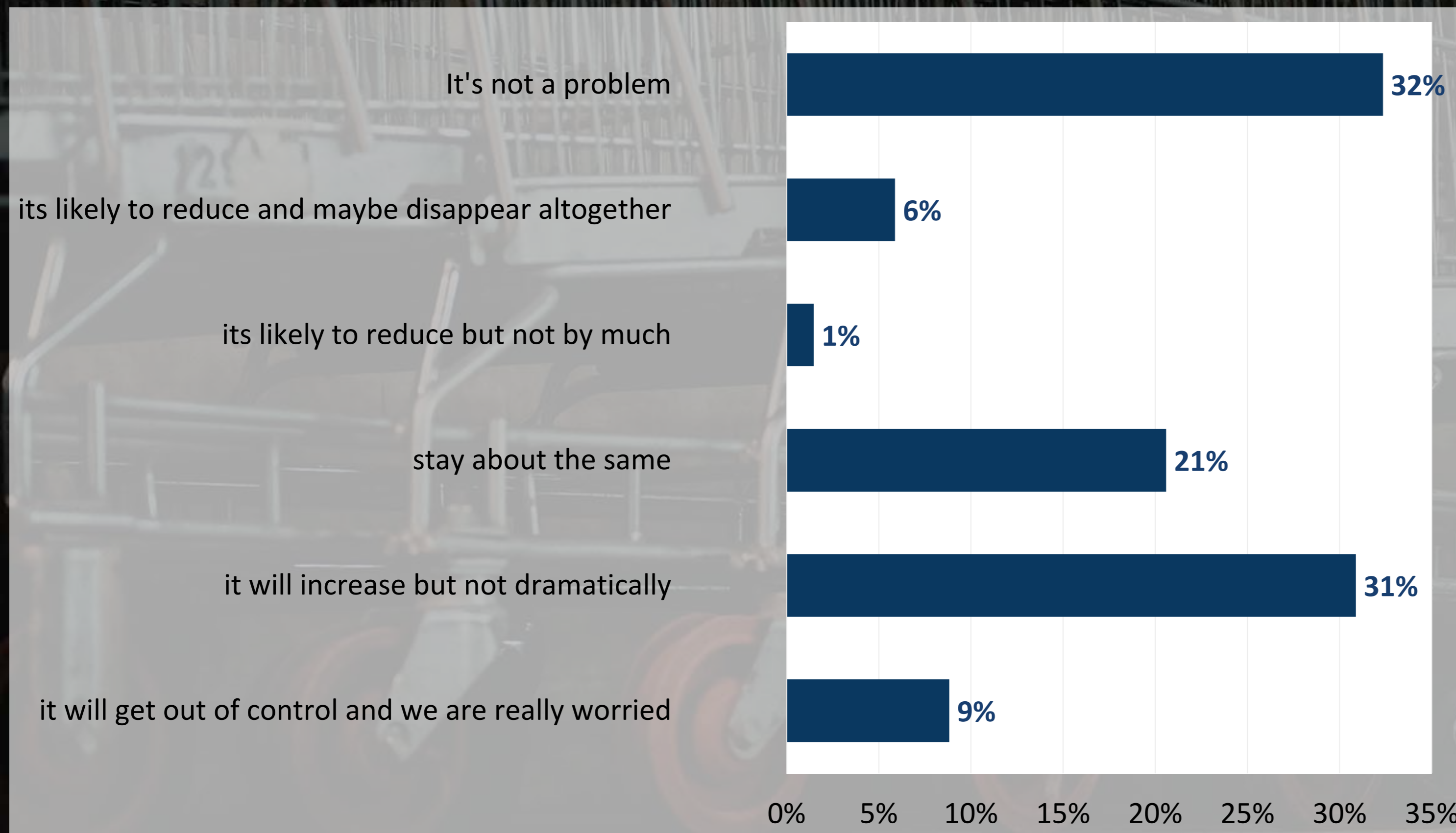


- > 52% of survey respondents view counterfeiting in their company
- > 30% of the respondents view counterfeiting as a “significant concern” or worse for their company
- > 64% of the respondents in FMCG and Food & Beverage view counterfeiting as a “significant concern” or greater – more than double the survey average of 30%
- > Majority of respondents in FMCG, Food & Beverage and Defense & Security view counterfeiting as a “massive threat to their viability”



## ! INSIGHT #2: 60% predict counterfeiting to remain a problem or become worse over the next 3 years

Question: How do you think the counterfeit problem for your company will change in next 3 years?

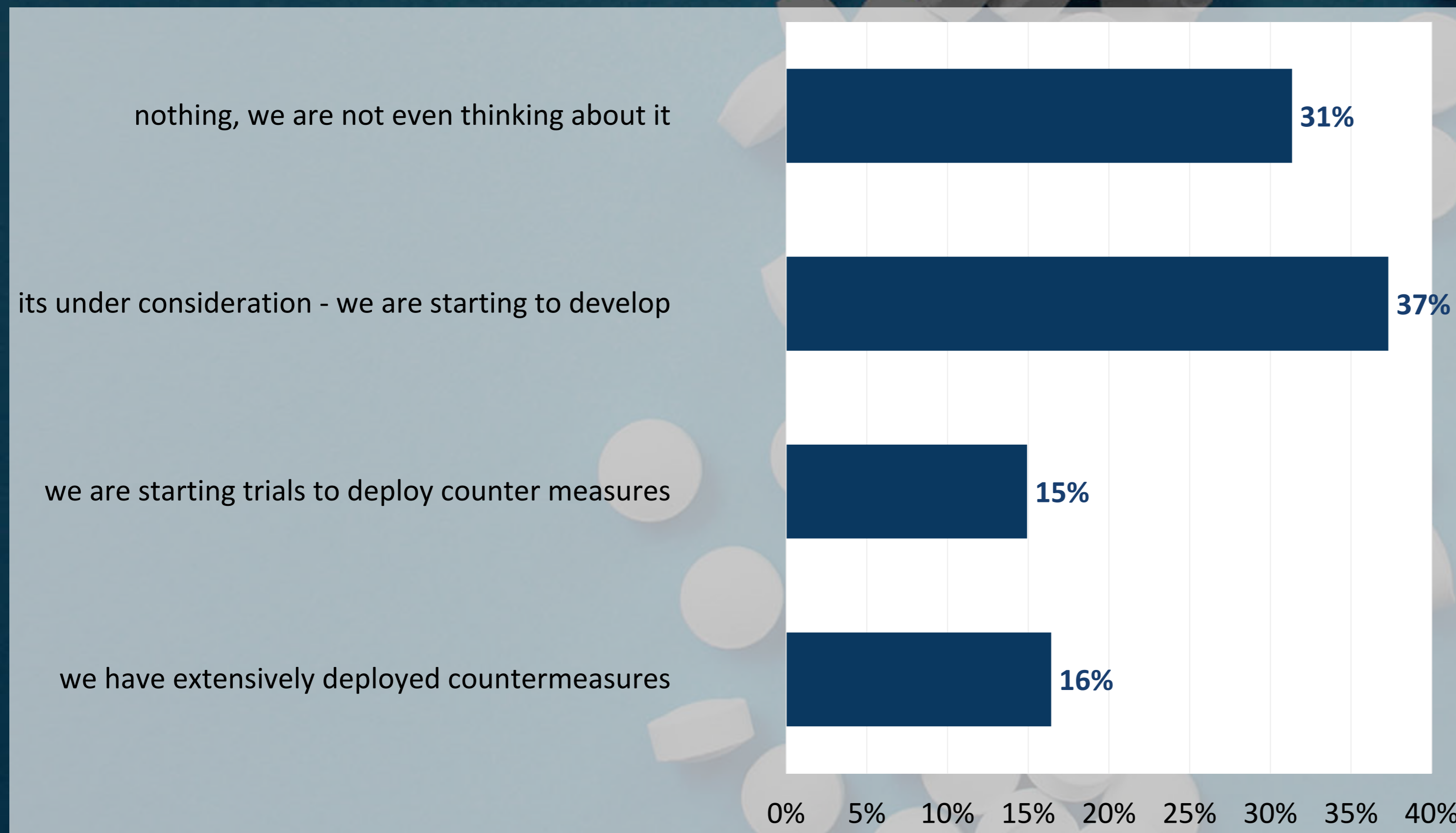


- > 61% of survey respondents see counterfeiting remaining a problem for their company
- > 40% of the survey respondents see counterfeiting becoming a bigger problem for their company
- > 9% of the survey respondents view counterfeiting getting “out of control” and are very worried
- > 7% of the survey respondents expect counterfeiting to “reduce” suggesting that they can mitigate or manage counterfeiting themselves



## ! INSIGHT #3: 69% have taken some form of counter measure action to curb/eliminate counterfeiting

Question: Which of the following best describes your company's efforts to curb/eliminate counterfeit?

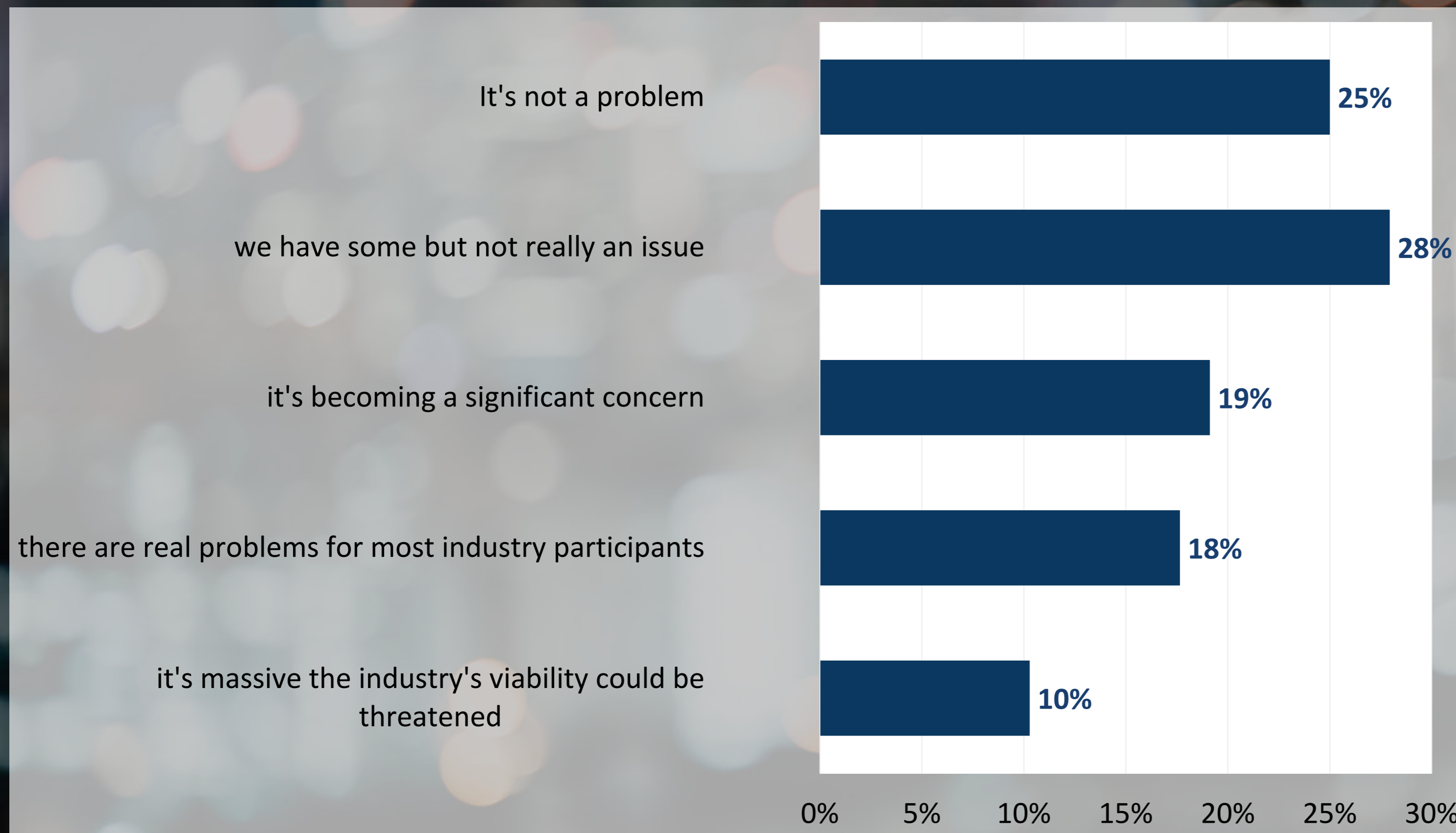


- > 69% of companies have taken some level of action to curb or eliminate counterfeiting
- > 15% of companies are actively in the process of deploying counter measures
- > 16% of companies have deployed counter measures for their products
- > 31% of companies have not even considered taking action to curb counterfeiting
- > FMCG, Pharmaceutical and Food & Beverage companies are the most active in taking action to curb counterfeiting



## ! INSIGHT #4: 75% see counterfeiting in their industry, 28% “significant concern” and 10% “a real threat”

Question: To what extent is counterfeit a problem for your industry?

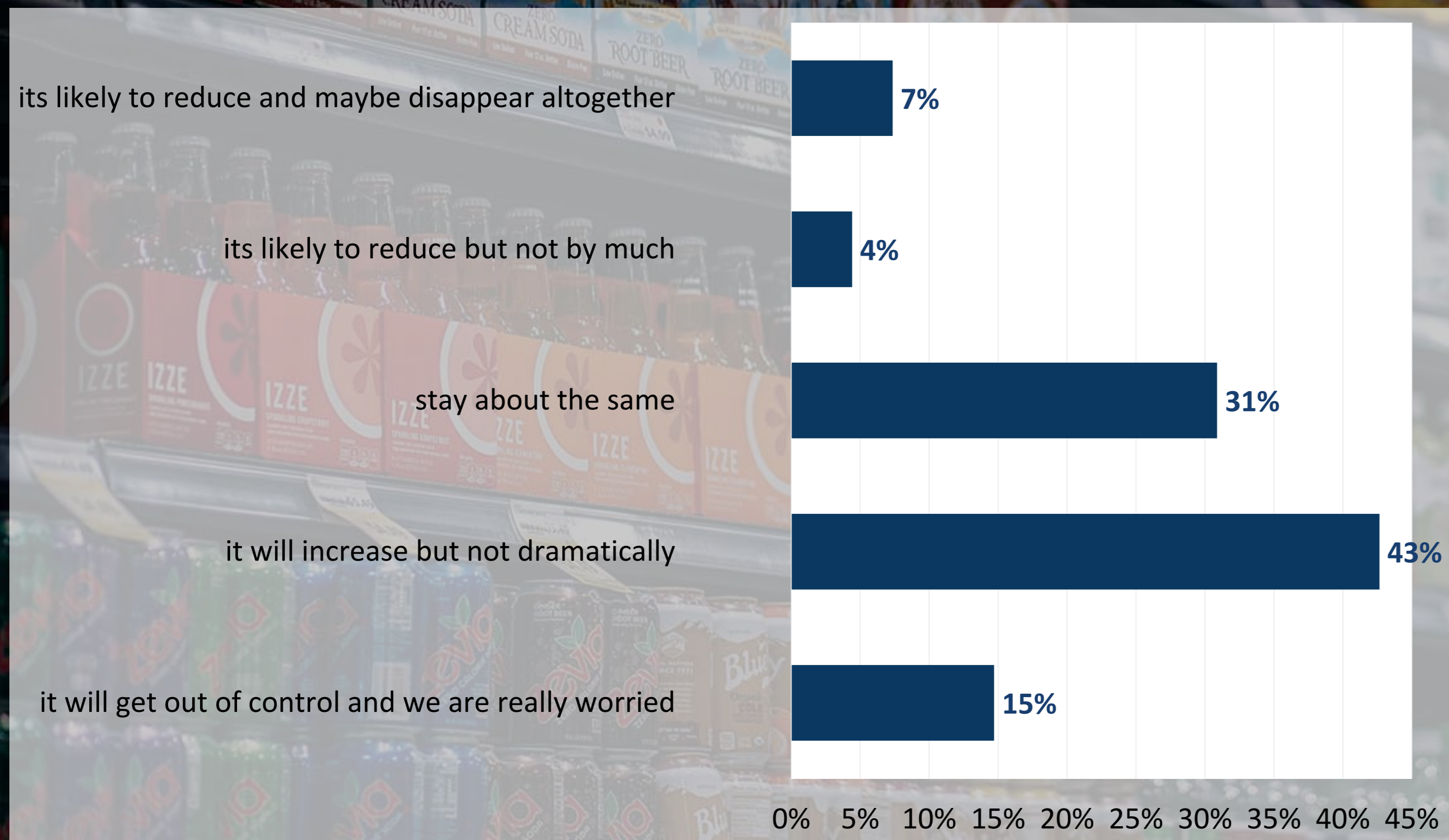


- > 75% of respondents experience counterfeiting in their industry
- > 47% of the respondents view counterfeiting as a “significant concern” or worse for their industry
- > 18% of the respondents view counterfeiting as a “real problem” for their industry
- > 10% of the respondents view counterfeiting as a “massive” and ‘threatens their industry’s viability’
- > Overall, respondents view counterfeiting as a bigger problem for their industry compared to their individual company (See Insight #1)



## ! INSIGHT #5: 57% expect counterfeiting to increase in their industry over the next 3 years, 15% “getting out of control”

Question: How do you think the counterfeit problem for your industry will change in next 3 years?

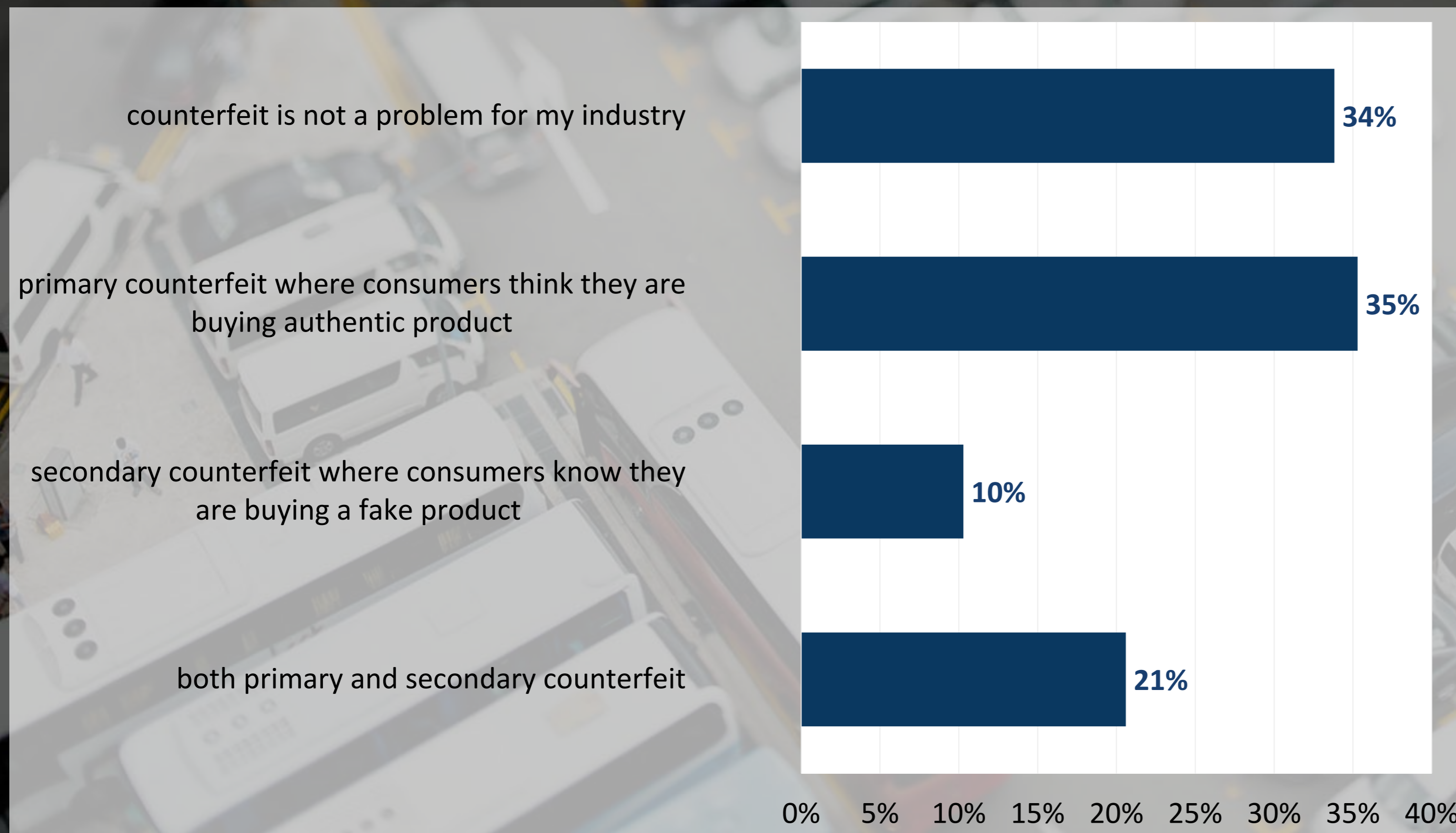


- 89% of respondents see counterfeiting remaining a problem for their industry
- 58% of the respondents see counterfeiting becoming a bigger problem for their industry
- 15% of the respondents expect counterfeiting getting “out of control” and are very worried
- Overall, respondents expect counterfeiting to get worse or “out of control” on an industry level more so than on a company level – 58% industry vs. 40% company (See insight #2)



## ! INSIGHT #6: Primary counterfeiting is the most prevalent form of counterfeit at 56% with secondary at 10%

Question: What types of counterfeit problem are prevalent in your industry?

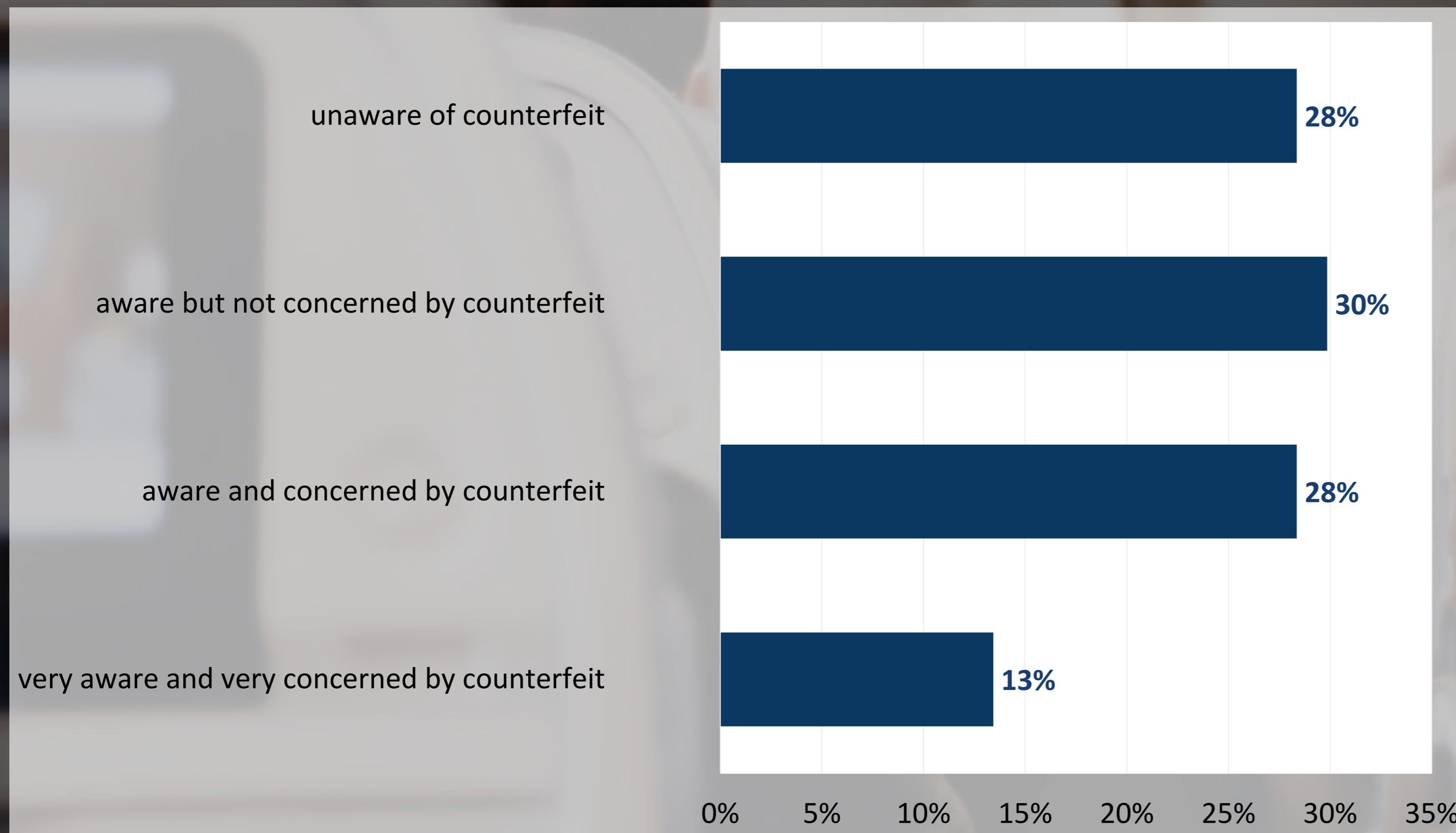


- > 56% of respondents see primary counterfeiting in their industry
- > 10% of the respondents see secondary counterfeiting in their industry
- > 34% of the respondents view counterfeiting as not a problem for their industry
- > Overall, respondents saw primary counterfeiting existing in their industry which poses a significant risk to consumer health and safety as well as company brands
- > Secondary counterfeiting is most prevalent in industries selling consumer goods, parts and components – except Food & Beverage and Pharmaceutical



## ! INSIGHT #7: 72% of consumers have some level of awareness of counterfeit

Question: Which most accurately describes how consumers think about counterfeit in your industry?

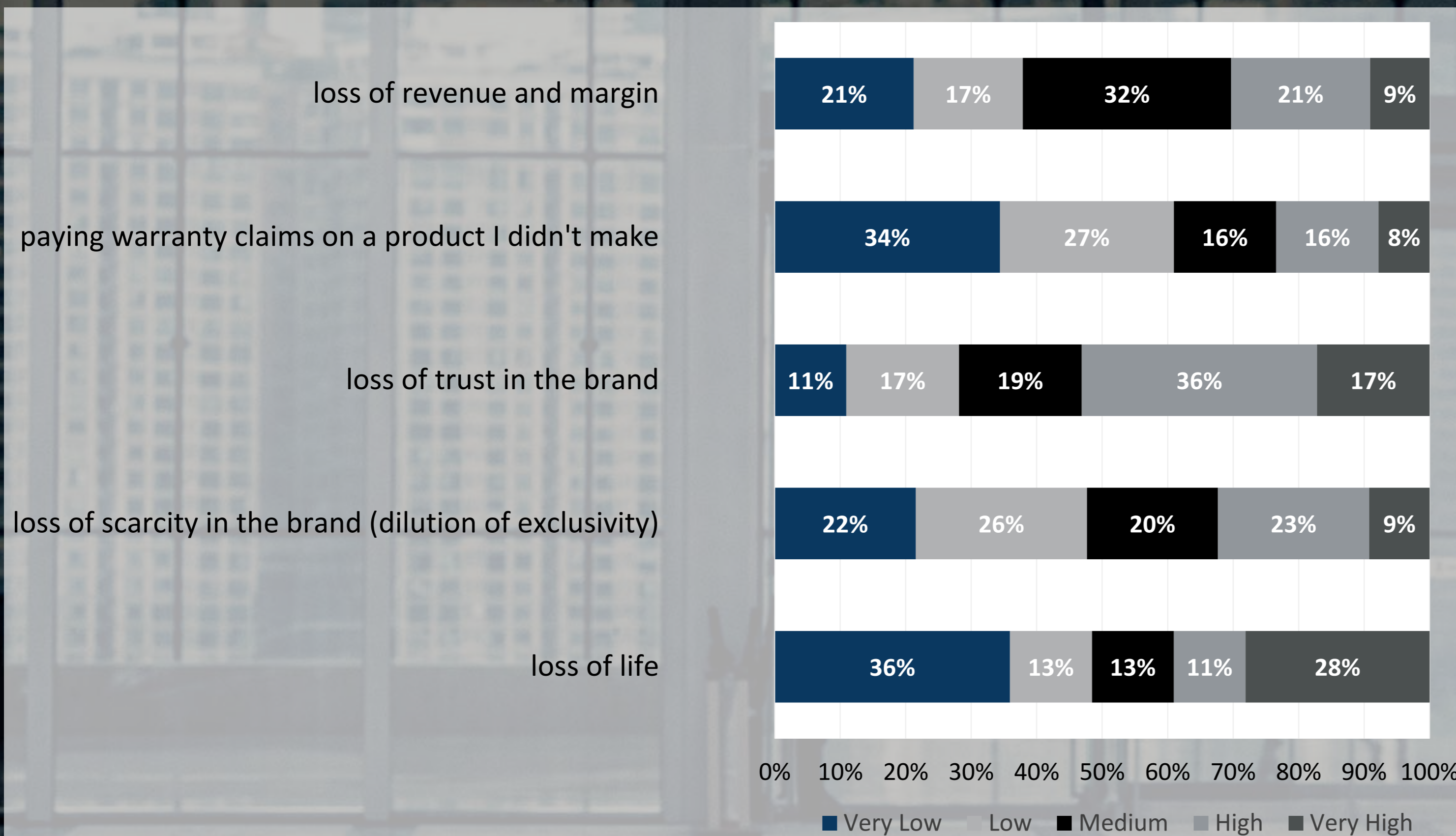


- > 72% of respondents believe consumers are “aware” of counterfeit in their industry
- > 41% of the respondents believe consumers are “concerned” by counterfeiting in their industry
- > 13% of the respondents believe consumers are “very concerned” by counterfeiting in their industry
- > Respondents in Automotive & Aeronautical, FMCG and Food & Beverage believe consumers are more aware and concerned about counterfeiting compared to other industries



**! INSIGHT #8: 72% rate 'loss of trust in brand' to be the biggest concern for their business**

Question: What type of losses associated with counterfeit concern you the most?



- 72% of respondents rate “loss of trust in brand” as highest concern (rated Medium, High or Very High)
- 62% of respondents rate “loss of earnings” as 2<sup>nd</sup> highest concern (rated Medium, High or Very High)
- 52% of respondents rate “loss of scarcity” as 3<sup>rd</sup> highest concern (rated Medium, High or Very High)
- 52% of respondents rate “loss of life” as 4<sup>th</sup> highest concern (rated Medium, High or Very High)
- 39% of respondents rate “paying warranty claims” as 5<sup>th</sup> highest concern (rated Medium, High or Very High)



**INSIGHT #9: 79% rated their own company's efforts as sufficient or better compared to 56% for other industry players**

**Question: How do you rate the efforts of the following stakeholders to curb/eliminate counterfeit?**

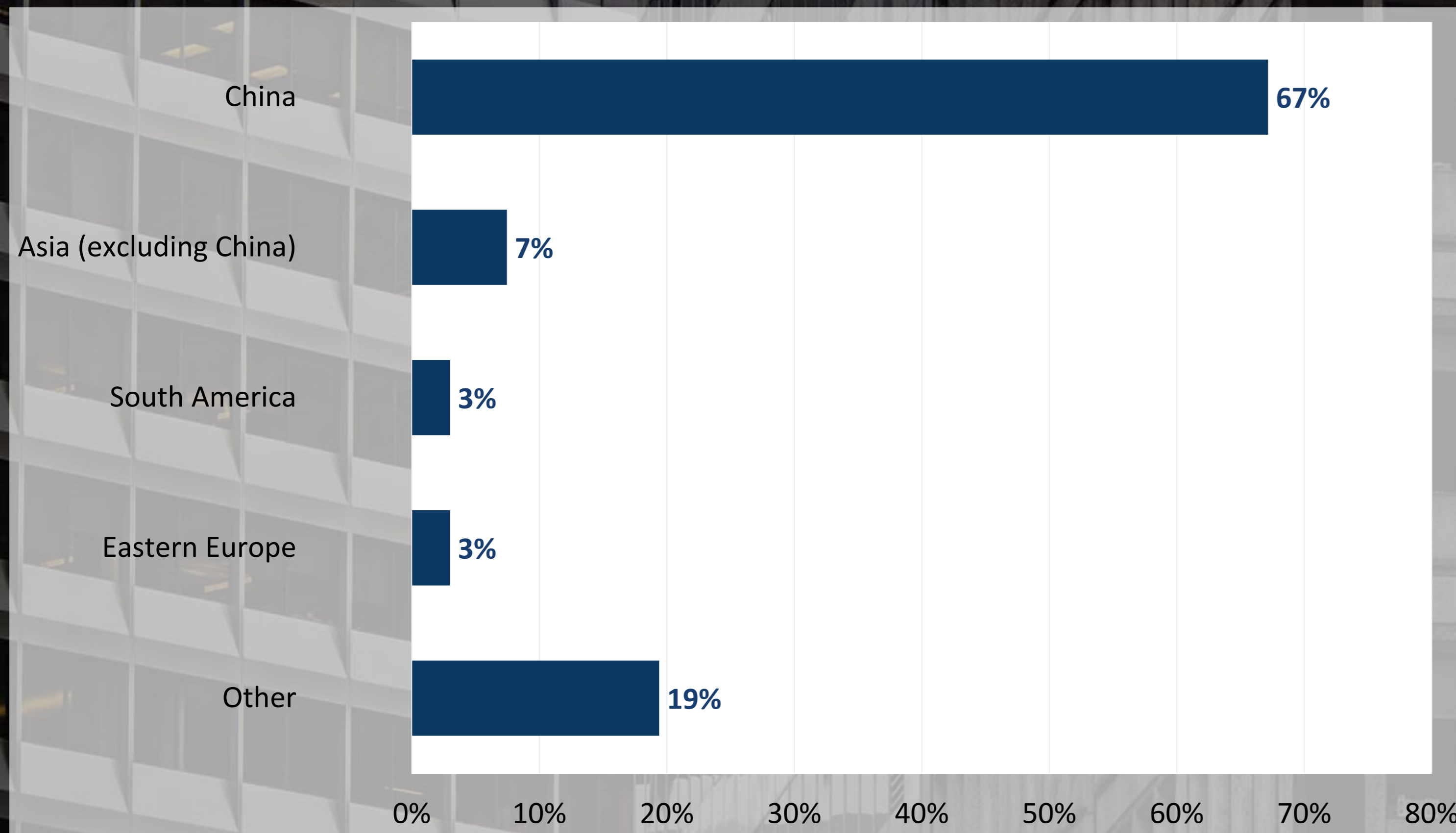


- > 77% rated their 'own company's' efforts highest sufficient (rated OK, Good or Very Good)
- > Yet only 56% rated 'other industry participant's' efforts sufficient (rated OK, Good or Very Good)
- > 68% rated their 'home country government's' efforts sufficient (rated OK, Good or Very Good). Yet only 38% rated 'government's in high counterfeit countries' efforts sufficient
- > 83% FMCG respondents rated 'retailers' efforts as insufficient (rated Poor or Very Poor)
- > 86% of North America respondents rated 'online platforms' efforts as lacking (rated Poor or Very Poor) and 71% rated 'retailers' as lacking (Poor or Very Poor)



## ! INSIGHT #10: 67% of respondents view China as the source of counterfeit for their industry

Question: Which regions do you think are sources of counterfeit for your industry?



- > 67% of respondents believe China to be the source of counterfeit in their industry this correlates with counterfeit statistics (see below)
- > 19% of the respondents believe multiple regions to be source of counterfeit in their industry
- > 7% of the respondents believe Asia to be the source of counterfeiting in their industry

### Global Counterfeit Sources:

72% of global counterfeit trade originates from China (Sources: U.S. Customs and Border Protection; European Commission Taxation and Customs Union; Japanese customs)



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## **IMPLICATIONS**

**What the survey findings reveal and the potential implications  
for your brand and business**

## The survey revealed a number of significant insights which have potentially large implications for industry participants

### INSIGHT

Counterfeiting has permeated all industries and is prevalent for most companies who are experiencing counterfeit to some degree – it has a significant global problem that affects all industries

Counterfeiting is expected to get worse over the next 3 years, with some believing it may threaten the viability of their business and industry

Consumers are increasingly becoming aware and concerned about counterfeit products which has prompted most companies to take action in some form to implement counter measures against counterfeit risk

Respondents rated “loss of trust in brand” as their highest concern about counterfeit losses. This rated above “loss of earnings”, “loss of brand scarcity” and even “loss of life”

Respondents rated both retailers and online platforms efforts to curb or eliminate counterfeit as ‘poor’ or ‘very poor’, suggesting a lot more effort is required to address the counterfeit issue via these channels



### IMPLICATION

No company is immune from counterfeiting. Counterfeit is not just about fake watches and handbags, it exists in all industries and threatens the safety and well being of consumers and the integrity of company brands

Companies cannot be complacent about counterfeiting. Proactive action is required to implement counter measures to mitigate and manage the ever present risk of counterfeit breaches – prevention is paramount

Companies shouldn't underestimate the impact of counterfeiting on consumer purchase decisions, especially products that may affect the health and safety of consumers. Consumers are placing higher expectations on companies to ensure the integrity of their products

Companies recognize the significant importance and value a brand has. Counterfeiting has the potential to destroy a brand and consumer trust in just one counterfeit breach – without trust there is no brand or business

Companies and consumers should place higher standards on retailers and online platforms to take ownership of the counterfeit issue. The problem of counterfeiting is not going to be solved by the actions of just one group. It takes a coordinated effort from all groups to resolve



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## **ABOUT US**

**How we can help protect your brand and business**

**DataTraceID solutions ensure authenticity in supply chains and consumer products. We build trust into brands through leading edge marking and identification technologies.**



## **DataTrace**

Using trace elements we embed a unique authentication foot print into a wide range of products and raw materials.



## **Digital Assurance**

Consumers can immediately verify the authenticity of your product by scanning a QR code generated by our authentication software.



## **Smart Labels**

A SecureID label provides consumers with a physical symbol of assurance.



## Stable & Secure

Listed on the Australian Stock Exchange.  
Headquarters in Sydney, Australia

## Agile

An agile team from CEO down; With focus on delivering customer benefit efficiently

## Industry Applications

Pharmaceuticals, Food and Beverage, Automotive, FMCG, Government, Textiles, National Security & Defence, Gaming, Industrial Assets, Bulk Materials

## Global Reach

Offices in Australia, USA and UK. With distribution network across Europe, Africa, The Americas and Asia



## Experienced

Over 10 years of experience in providing customised authentication solutions

## Leading IP

The patented DATATRACE Forensic marking system is "Best-in-Class" and deployed in conjunction with a range of partner technologies

## Major Brands

The brands worked with include:



## Associations

ISO Certified, Crime Stoppers, Institute of Packaging Professionals, Interpol, National Insurance Crime Bureau, International Association of Auto Theft Investigators

# GET IN TOUCH

For more information on how we can help enhance your supply chain brand protection please contact us.



**ANDREW WINFIELD**

MANAGING DIRECTOR  
UK and Europe

[andrew.winfield@ddotdna.eu](mailto:andrew.winfield@ddotdna.eu)  
+44 (0) 7717 518 202  
[www.ddotdna.eu](http://www.ddotdna.eu)



**STEVE DELEPINE**

VP BUSINESS DEVELOPMENT  
USA

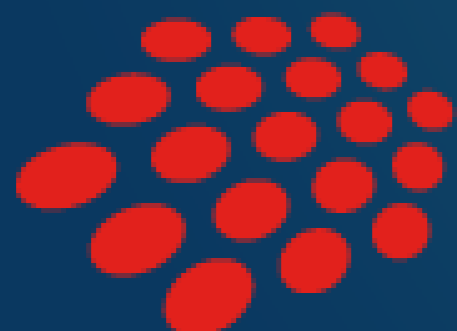
[sdelepine@datatraceid.com](mailto:sdelepine@datatraceid.com)  
+1 360-606-8565  
[www.datatraceid.com](http://www.datatraceid.com)



**TEMOGEN HIELD**

CHIEF EXECUTIVE OFFICER  
DATADOT TECHNOLOGY LTD GROUP

[thield@datadotdna.com](mailto:thield@datadotdna.com)  
+61 404 809 560  
[www.datadotdna.com](http://www.datadotdna.com)



**DataTraceid**  
AUTHENTICATION SOLUTIONS

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Unit 9, 19 Rodborough Road  
Frenchs Forest, NSW 2086  
AUSTRALIA

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[www.datatraceid.com](http://www.datatraceid.com)  
[info@datatraceid.com](mailto:info@datatraceid.com)  
+61-2-8977-4900

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