

Engaging Consumers for the Planet





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Introduction

By now you know the stats: as many as 75% of fashion consumers say they consider sustainability when deciding what brands to buy. As companies race to be the most "green", it's never been more important to recognise that consumers care about sustainability and eco-friendly initiatives — and they want brands to care too. This is especially true for younger consumers. A recent Nielsen study found that Millennials "continue to be most willing to pay extra for sustainable offerings" --75% of them will spend more to support brands they perceive as environmentally or socially engaged. The same is true for **Generation Z**: 72% are willing to pay more for products and services that come from companies committed to making a positive social and environmental impact.

> Brands struggling to reach these generations need to sharpen their sustainability approach, for certain.

But they also need to make sure their hard work is making a real difference — and that it is fully visible to consumers who care. Which is why product authentication has never been more valuable.



The counterfeit effect on the environment

While data about the environmental effects of the counterfeit market are sparse, there is no question that counterfeit manufacturing is a culprit in wasting precious resources.

The WIPO states that "in 2011 alone, customs authorities in the European Union (EU) seised some 115 million items (a 15% increase on 2010) ranging from sunglasses, bags, and shoes, to medicines, electronic devices, batteries, refrigerants and

pesticides. Over 75% of these goods were destroyed."

Just last month in Cambodia, more than 60 tons of counterfeit cosmetics were destroyed, meaning buried in landfills or burned. Multiple that event by dozens, hundreds, or even thousands and it's clear that counterfeit manufacturing undermines well-meaning efforts to reduce waste in the fashion and beauty supply chain.



Image: Khmer Times

It that's appalling, consider that counterfeits have dramatically less incentive to follow health, safety and environmental regulations of any kind, let alone invest in expensive measures to reduce their carbon footprint.

According to **Business of Fashion**, in the late nineties, "a leaked inspection report, prepared for Nike by Ernst & Young, revealed that 77% of workers at a supplier factory had respiratory problems and were being exposed to carcinogens 177 times above the legal level."

So when you think about the public health and carbon footprint of producing, shipping, storing, and selling fake products, it is clear that the growing counterfeit market has an outsized impact on destructive behaviours.



Product Authentication for the Planet

While brands are working hard to lessen their carbon footprint and show their commitment to being more environmentally responsible, one tool making a difference is digital product authentication. Authentication technologies give consumers with a smartphone or internet access the ability to verify with 100% certainty that the brand logo on a product is authentic and not a clever copy by a counterfeiter.

Digital authentication gives consumers an immediate, visible confirmation that a product is genuine and backed by the brand on the label — and in turn, produced using methods the brand is proud to stand behind.

Put more bluntly, enhancing products with a digital product authentication service does much more than protect consumers and the planet from the impacts of fraudulent sellers. It shows a brand is doing everything possible to deter wasteful and dangerous counterfeit manufacturing and deliver its brand promise to consumers who care — one authentic product at a time.

There's a lot of money in sustainability: Financial Times reports that Fortune 500 companies spend more than \$15 billion each year on corporate responsibility programmes, including environmental and eco-friendly initiatives.

Consider Tiffany & Co. In In 2016 alone the company granted \$65 million "to nonprofit organisations who work in fields to advance responsible mining, coral and marine conservation, and the creation and beautification of urban parks."

Embracing responsibility for the public good is a powerful way to enhance a brand's reputation and goodwill with consumers. The Guardian reports that businesses who embrace sustainability almost always outperform those who don't. The reason? More than half of consumers say they will willingly pay more for products and services from brands that are committed to making a positive environmental impact.





When environmental responsibility is fake

Unfortunately, where sustainably-focused brands ride the green wave of profits, counterfeiters follow. Too often that leads to consumers thinking they are buying a product that has been responsibly made, only to receive a counterfeit version. Patagonia is a discouraging case in point. Its deep and historic commitment to the environment notwithstanding, the brand suffers from a raging counterfeit problem. There are thousands of websites dedicated to helping concerned consumers to reassure themselves that the Patagonia gear they purchased is, in fact, authentic.

Patagonia has reacted by developing an entire section on its website dedicated to helping consumers identify reliable retailers and assess if a product with a Patagonia label is genuine. And while that's far more than most brands do, Patagonia acknowledges its method is not full-proof. Absent a technological solution for product authentication, the site cautions: "Patagonia cannot assure that products you buy from these platforms or in these stores are authentic."

COUNTERFEIT PRODUCTS AND UNAUTHORIZED MARKETPLACES

Where can I find authentic Patagonia products?

I found a website that sells Patagonia products. How do I know if it's legitimate?

I found Patagonia product on an auction site, flash sale site, or in a brick-and-mortar discount retailer. Is it authentic?

Patagonia prohibits its authorized dealers from selling on online marketplaces like amazon.com, ebay.com, overstock.com and walmart.com as well as in brick-and-mortar discount retailers like Costco and Sam's Club. Patagonia cannot assure that products you buy from these platforms or in these stores are authentic.

Online marketplaces and auction sites like amazon.com, ebay.com, walmart.com or others that host third-party sellers usually do not quarantee the authenticity of the products on their sites. We regularly find counterfeit Patagonia products on these marketplaces-even listings that use our images and product copy and otherwise look legitimate to the online customer.

Your best bet to get authentic Patagonia product is to buy from patagonia.com, one of our retail stores or from one of our authorized wholesale dealers, which you can find on our Store Locator.

Already bought counterfeit product or did not get anything after your card was charged?

Source: <u>patagonia.com</u>

When environmental responsibility Is fake



So what are consumers to think when a brand with a clear and proven commitment to improving its environmental and social footprint does not also take every available step to prevent counterfeiters from freeriding on the brand's good name?

Or in the words of the 2019 Pulse Report, the annual report card call to arms from Global Fashion Agenda and the U.S.-based Sustainable Apparel Coalition: "The question is no longer whether it is necessary to improve sustainable business practices, but rather how long it will take before consumers stop buying from brands that do not act responsibly. The industry cannot wait for the consumer to lead this movement—it is up to fashion leaders to take bolder moves today to transition to a sustainable industry."

For companies invested in environmental responsibility, technologies that make it safe and simple to authenticate a product are a natural extension of brand efforts to be open and transparent with consumers and loyal customers.

Consider Canada Goose. The luxury outerwear company has dozens of company reports and web pages dedicated to it's "Canada Goose Fur Transparency Standard", the brand's commitment to support the ethical, responsible and sustainable sourcing for its products.

Unfortunately, the brand has long been a favorite with counterfeiters who cheap out on materials to maximise profits on fake sales. Fakes have reportedly been discov-



Image: Canadian Business

ered stuffed with feather mulch instead of goose down, and dog hair instead of coyote fur. This increases the risk of frostbite or freezing and the company is scrambling to **bring lawsuits** against factories producing these fakes.

Efforts to warn customers about counterfeit products through the <u>Canada Goose</u> <u>website</u> are certainly better than nothing. But absent a reliable product authentication tool, there remains no credible deterrent to stop counterfeiters from cashing in on the brand's good name — at consumers' expense.

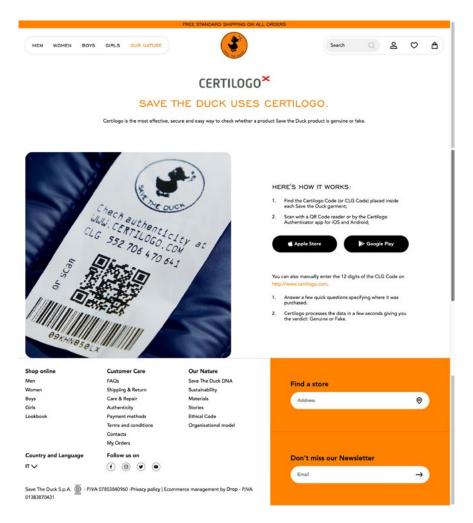


Closing the loop on a sustainability promise

Some brands with a serious commitment to sustainability are leading the way by investing in authentication technologies that make it easy to identify a product's origin and ensure it was manufactured by the brand on its label.

Save The Duck, for instance, is a fashion brand that is loud and proud in its commitments to animal rights, sustainability and charitable giving. Based in Milan, this

premium outerwear company backs up its commitment to high-quality, cruelty free clothing by ensuring that consumers can quickly and easily confirm for themselves that a product is genuine Save The Duck. It's a strategy paying off in more ways than one. Recent results show Save The Duck and its distinctive value propositions is earning double-digit revenue growth season over season.



Save the Duck promotes its commitment to delivering authentic products on the brand website.



Product authentication

Product authentication is a natural extension of a brand's sustainability strategy

Enhancing products with a quick and convenient digital authentication service, accessible to anyone with a smartphone or desktop internet, is an innovative approach to engage with consumers who want authentic products from your brand — at the same time that it rein-

forces your brand's promise of being a responsible and sustainable company. In addition to the authentic products they want, consumers get a visible and satisfying reminder that your brand is actively working to reduce its carbon footprint and encourage environmental sustainability.

Certilogo helps you deliver on your sustainability promise

There are additional benefits when brands offer digital product authentication from Certilogo. In addition to a rapid and reliable confirmation of authenticity, consumers who engage with your products using Certilogo supply you with rich stocks of valuable data for lead generation, digital marketing personalisation, customer relationship management and brand protection: the who-what-when-where of any sale, in any point of sale, anywhere in the world.

Digital interactions with Certilogo also enhance the value of your authentic products. Consumers who scan and confirm the authenticity of a genuine product are further engaged with calls to action to interact with digital content on the brand's own channels — everything from brand storytelling to loyalty programmes to supply chain and sustainability initiatives.

And it all happens in complete compliance with the European General Data Protection

Regulation and other privacy regulations.

Finally, implementing Certilogo authentication is fast and cost-effective because the service has been designed to integrate seamlessly with any production setting, using whatever tagging and scanning technologies offer the best fit for your brand and its consumer audience, including your existing serial codes. It's also blockchain-ready.

When your focus is brand protection, empowering consumers to authenticate products captures a richer and broader array of data than any competing method. Engaging consumers to authenticate products return rich global data that exponentially expands your ability to track parallel markets, identify supply chain vulnerabilities, manage licensees, pinpoint retailer fraud, learn what is being bought where, and by whom—all in real time.





Contacts

Product authentication with Certilogo offers fashion and luxury brands a powerful new strategy to showcase their sustainability initiatives to consumers — and restore the critical connection between responsibility, reputation, and revenue.

Find out how we can help your brand return market power to consumers and brands who are doing the right thing for sustainability.



Speak with Certilogo

<u>US</u> <u>Europe</u>





About Us

180 Countries 10 Languages **Any digital device**

Certilogo engages high-value fashion and luxury consumers to authenticate their purchases everywhere they shop — a disruptive digital service that, since it was created in 2006, has grown to serve 1 user every 8 seconds in 180+ countries and 10 languages.

Participating brand products are connected to the Certilogo platform with unique identifiers in RFID, NFC, QR, numeric, and fingerprint formats that are recognised instantly when

consumers interact with the service using a smartphone or digital device.

Authenticating a product engages consumers with a best-in-class digital experience before and after purchase and connects them directly with the brands they love. The same real time results unmask clones and replicas of brand labels, safeguarding loyal customers and ensuring data integrity for products tracked in private databases distributed blockchain ledgers.



2018 Winner **Best Use of Artificial Intelligence** in Fashion

Learn more at www.certilogo.com or contact our experts at sales@certilogo.com

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