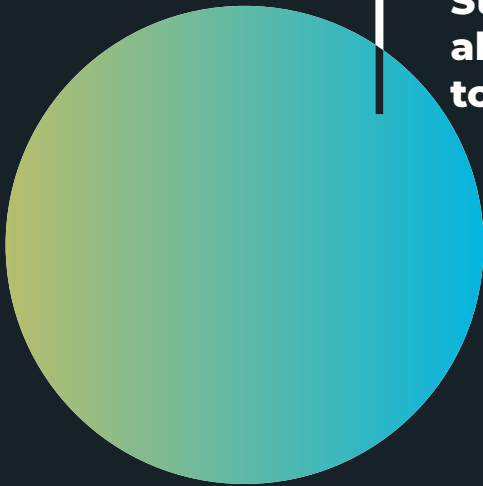


CERTILOGO

The Rising Value of Real

Strategic insights
about **consumer attitudes**
toward authentic fashion



About this report

What is the value of authenticity for demanding connected consumers?

To find out, we surveyed 1,500 fashion and luxury consumers in **China**, the **United States**, the **UK**, **Italy** and **France** about their shopping habits and attitudes towards authentic brand names in apparel and accessories.

Results were encouraging, uncovering an overwhelming interest in authenticity on the part of fashion and luxury consumers. **High spenders, Chinese, and Millennial / Gen Z** shoppers were particularly enthu-

siastic about digital solutions that make it simple to identify when a product is genuine.

Connecting products with a digital proof of authenticity has the added advantage of transforming authentic products into an engaging digital touchpoint that expands marketing reach, identifies loyal customers, encourages conversion, enhances post-purchase evaluation, and builds customer lifetime value.

Who

1,500 fashion and luxury consumers

Where

China, France, Italy, UK, US

What

21 questions

When

February 2019

See [About Our Survey](#), page 31.

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Executive summary

Fashion and luxury consumers use every digital tool at their disposal to feel an **authentic connection** with the brands they love. From social media to augmented re-

ality, digital technologies are transforming every moment in the purchase decision — in stores, online, and increasingly, through products themselves.

Here are the trends you will discover in *The Rising Value of Real*:



Consumers want authentic products

See page 6

An impressive 73% of fashion and luxury consumers globally, and 83% in **China**, say they look for genuine products every time they buy a fashion or luxury product. In turn, more than 4 in 10 shoppers, and

nearly 6 in 10 in China, have consulted an expert at least one time to verify that a brand-name item is an authentic product of the brand on its label.



Digital solutions are in demand

See page 12

An overwhelming 77% of consumers globally, and 83% of **high spenders**, would like to speed up the authentication process using digital technologies that determine

in real time if a fashion or luxury product is authentic. The most popular motivation: to confirm that a product is genuine before deciding to purchase it.



Authentication engages brand lovers

See page 19

Verifying that a product is genuine opens a new digital channel for communication and added service between the brand and its consumers, independent of where those consumers shop and buy. Consumers who authenticate — and **Millennial**

and **Gen Z** consumers in particular — are more interested in brand content and services that add value to the purchase and ownership experience, and are more disposed to share personal data in return for extra services.



Introduction

What is authenticity worth?

If there is a silver lining to the epidemic of fake news, fake reviews and even fake videos that populate our online lives, it is a growing conviction that **authenticity is a precious commodity**.

In fashion and luxury, in particular, modern connected consumers are reaching for every available touchpoint to feel **an authentic and enduring connection** with the brands they love, in every moment of their purchase and ownership experience.

An increasingly common step in that experience is authentication — the act of confirming that a new or pre-owned product is genuine and made by the brand on its labels. Indeed, when we interviewed 1,500 fashion and luxury consumers earlier this year, a surprising 41% of consumers globally, and 56% in **China**, reported that they had already consulted at least one expert to verify that a product was authentic. Section 1 shares these results.

Interest in verifying that fashion and luxury products are genuine is strong enough that 77% of survey respondents global-

ly said they would appreciate and use a free digital solution to confirm the origin of products they find online and in stores. **High spenders** were especially enthusiastic, with 86% saying they would welcome and use a digital authentication service if offered. We share these results in Section 2.

Verifying that a product is genuine opens a valuable new channel for digital communication between a brand and its consumers, independent of where those consumers shop and buy. Our survey uncovered particular interest among **Millennial and Gen Z** shoppers, who place a higher value on brand content and post-purchase services that add value to the purchase and ownership experience.

Section 3 share how these same consumers are more disposed to share their personal data, as well, opening a valuable opportunity for brands to build deeper, more meaningful, and more personalised relationships with converted consumers over time.

Enjoy the insights.



Consumers want authentic fashions

The vast majority of **fashion and luxury consumers in China** and globally say they always shop for authentic brand names.

because authenticity matters

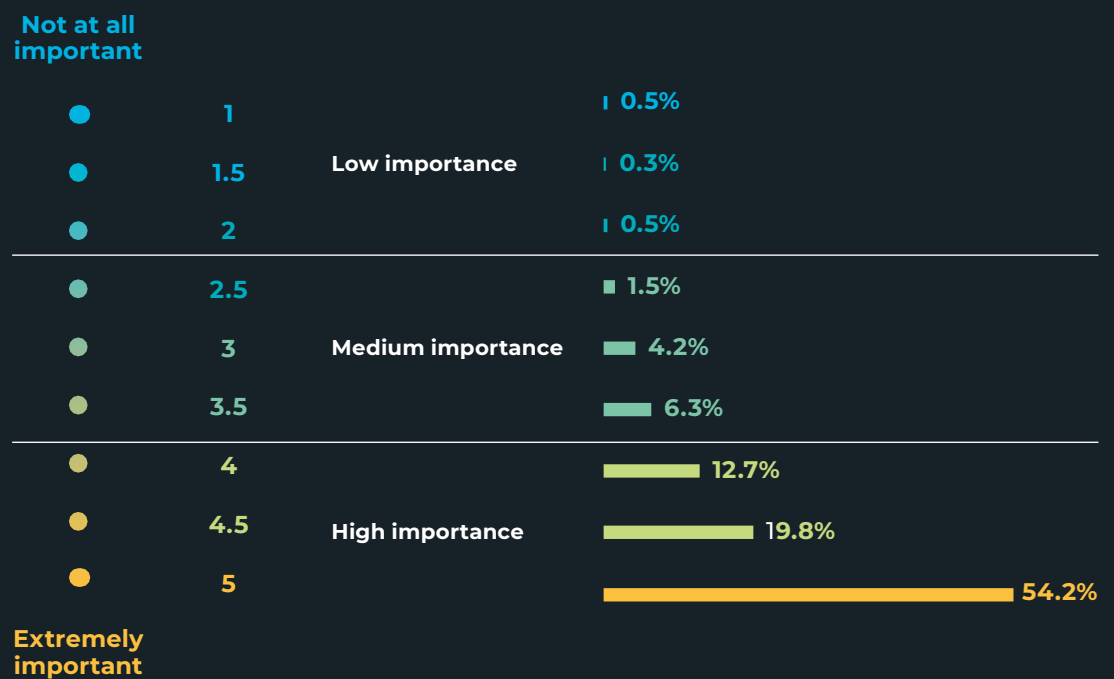
Brand names are a powerful source of value for fashion and apparel brands. Asked to rank the importance of knowing that a brand-name product they buy is authentic, 87% of consumers globally chose the two highest values of **very important or extremely important**.

Of those, more than half assigned the highest importance possible to knowing that a brand-name purchase is genuine — a rank of 5 out of 5.

Consumer interest in buying authentic brand names is universally high

More than half call it extremely important to be confident they buy authentic.

Responses of global fashion & luxury consumers asked to rank the importance of knowing that a brand-name purchase is genuine, on a scale of 1 to 5:



A personal commitment to buying authentic is the biggest motivation

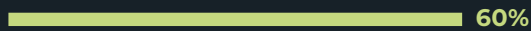
6 in 10 consumers would also be embarrassed if caught wearing a fake.

Percentage of global fashion consumers who strongly agree with the following reasons to be sure a product is authentic:

I look for authentic products in all of my fashion and luxury purchases



I would be embarrassed if someone knew a product I wore or carried was not authentic



I only worry about authenticity for certain purchases (e.g. expensive, gifts)



I would only buy and wear a counterfeit that looked identical to the original



The company or brand that makes a product is not important to me



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because authentication is spreading

Consulting an expert to verify that a brand-name product is authentic is increasingly common, with more than 40% of shoppers globally reporting that they had already sought an expert opinion one or more times in the past.

Authentication by human experts has traditionally required days or even weeks to complete, depending on the brand and sophistication of replica products. Newer options leverage digital chips, smartphone technologies, and artificial intelligence to uncover fakes with a high degree of accuracy, often in real time.

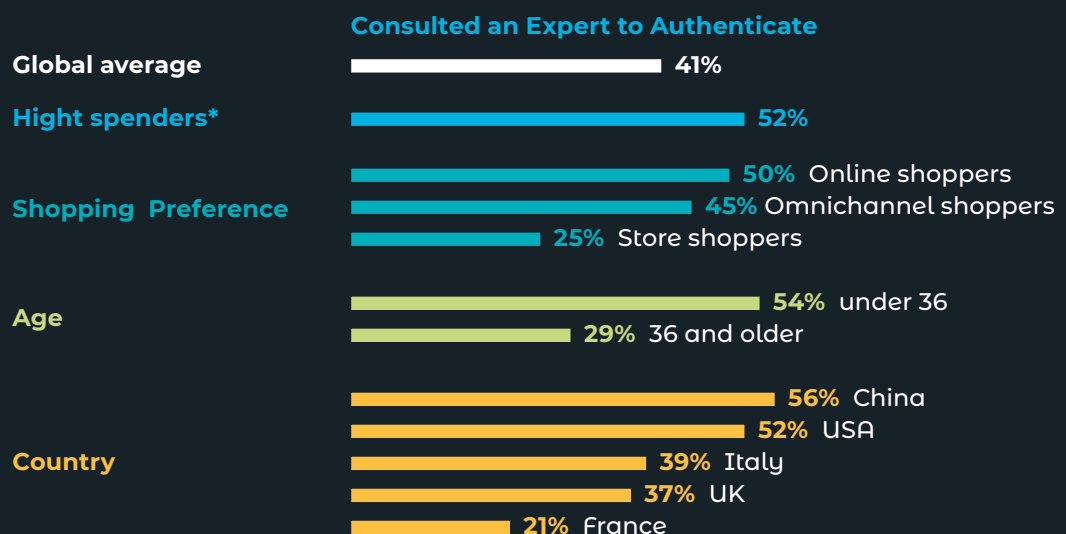
Not surprisingly, **demand for authentication services is highest among consumers who feel they have more at stake when making a fashion or luxury purchase** — chinese shoppers; high spenders; online shoppers; and individuals who assign a strong personal importance to buying authentic.

All else equal, results suggest more growth ahead in authentication as a service. About 32% of shoppers aged 36 or older reported that they had consulted an expert to authenticate a fashion or luxury product in the past. Among younger Millennials and Gen Z shoppers, that number was 54%.

Consulting an expert to confirm product authenticity is already common

Half or more of high spenders, chinese and Millennials/Gen Z have verified a product at least once.

Percentage of global consumers who have already sought out an expert or service to verify that a product was authentic, by:



especially in China

With Chinese spending accounting for 33% of the global luxury market in 2018 (Bain), the strong interest of Chinese consumers in buying authentic brand names is a sign of things to come.

Compared to respondents in Europe and the United States, fashion and luxury consumers in China were the most likely to say they look for authentic products in all of their fashion and luxury purchases.

They were also the most likely to have already consulted an expert to authenticate a

product at least one time in the past, and the most likely to be repeat users of expert authentication.

The data hints at two possible reasons for the dedication of Chinese consumers to buying authentic brand names. First, they were the most likely to say they would be embarrassed to wear or carry a fashion or luxury product that was not authentic. Second, China's fashion and luxury shoppers were the most likely by far to identify authentic fashion purchases with "feeling better about myself".

More Chinese consumers want authentic fashion every time they shop

Being seen in a replica would be embarrassing for most.

Percentage of fashion and luxury consumers by country who strongly agreed with the following statements:



"I look for authentic products in all of my fashion and luxury purchases."



"I would be embarrassed if someone knew a product I wore or carried was not authentic."



From China to the world

The globe's leading fashion and luxury spenders are also the leading consumers of authentication services.

Percentage of consumers who have consulted an expert to authenticate a product:



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 at least once  more than once





Digital solutions are in demand

More than three-quarters of consumers said they would be happy to **use a digital authentication service** while shopping in stores and online, if the technology were available

because smartphones change everything

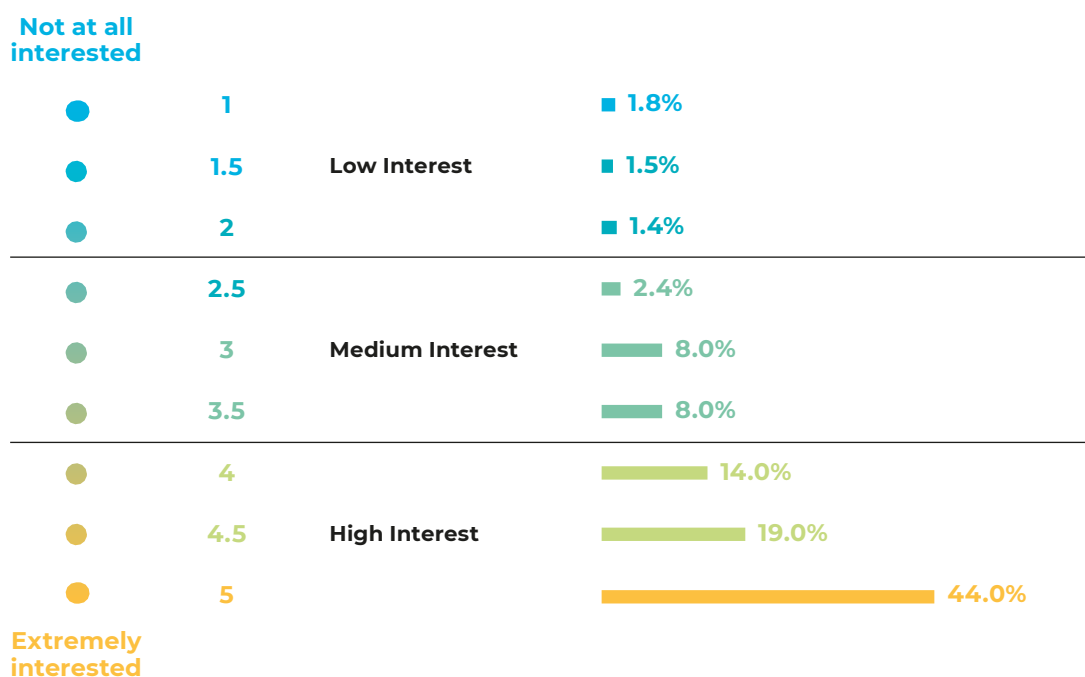
The smartphone revolution unleashed rapid advances in technologies that empower consumers. As late as 2012, determining the origin and authenticity of a product was a rare skill reserved for brand staff and professional curators. Today, virtually anyone can get the same assurance on their smartphone in a few seconds, in many cases for free.

Asked to rank their interest in a free tool that would reveal when an item of apparel, footwear or accessories is authentic, **77% of respondents globally selected a 'high interest' ranking of 4 or 5 out of 5**, across all age groups.

There is strong global interest in a free tool to verify products are authentic

Nearly 8 in 10 say they would use the service if available.

Responses of global fashion & luxury consumers asked to rank their interest in a free tool to verify if a brand-name product is genuine, on a scale of 1 to 5:



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because knowledge is power

Asked to consider a list of six reasons why they might use a smartphone or other digital device to authenticate a fashion or luxury product, respondents of all nationalities, ages, and spending levels overwhelmingly selected the same two motivations.

The most popular was to **confirm that a fashion or luxury product is authentic before making a purchase**. Just less than

2 in 3 consumers said they would use that opportunity while shopping in stores and online, if the technology were available.

The second motivation was the other side of the coin: to avoid the inconvenience and disappointment of “being fooled” by a replica product posing as a genuine brand name.

Looking deeper in the list of reasons to authenticate a product digitally, nearly 4 in 10 consumers identified with a more emotional reason for confirming that a brand name product is authentic: **“Because I feel better about myself when I have an authentic product from a brand I identify with”**.

To confirm the authenticity of a product I am considering buying



To avoid being fooled



Because I don't want to waste my money



Because I feel better about myself when I have an authentic product from a brand I identify with



To avoid making a bad impression when giving a gift



To be sure I can sell it at a later date



because knowledge is power

Among Chinese shoppers, consumers of all ages were attracted to verifying products before a purchase — and not simply to protect their money. Chinese luxury shoppers were the most likely to say that buying an authentic product was a means to **maximize the pleasure of buying brand names**, because “I feel better about myself when I know I have an authentic product from a brand I identify with”.

Fashion and luxury consumers in China were also the most likely to name resale as a motivation to authenticate a product before purchase, presumably to ensure that their investment in expensive designer goods would sell quickly and profitably in fast-growing markets for secondhand luxury.

Compared to consumers in the United States and Europe, Chinese consumers were also the most likely to say that they would authenticate a product intended as a gift, in order to **“avoid making a bad impression”**.

To confirm the authenticity of a product I am considering buying



To avoid being fooled



Because I don't want to waste my money



Because I feel better about myself when I have an authentic product from a brand I identify with



To avoid making a bad impression when giving a gift



To be sure I can sell it at a later date





especially by high spenders

While almost no one felt that it was not important to know if a brand-name product they purchase is actually authentic, higher spenders were especially enthusiastic about the prospect of a free digital service that makes it fast and convenient to identify genuine products online and in stores.

In fact, the percentage of consumers expressing high interest in a free tool to verify products increased in step with their level of spending, topping out with high interest expressed by 86% of consumers who had spent more than €500 on a single fashion item in the last 12 months.

Free tool to verify products are authentic? Yes, please

As fashion spending rises, so does interest in proving that brand names are genuine.

Percentage of global fashion & luxury consumers highly interested in using a free tool to verify if brand-name products are genuine:



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- High spenders** paid the equivalent of € 501 or more for a single item in the past 12 months.
- Premium spenders** paid € 301 to € 500 for a single item in the past 12 months.
- Average spenders** paid € 101 to € 300 for a single item in the past 12 months.



especially by high spenders

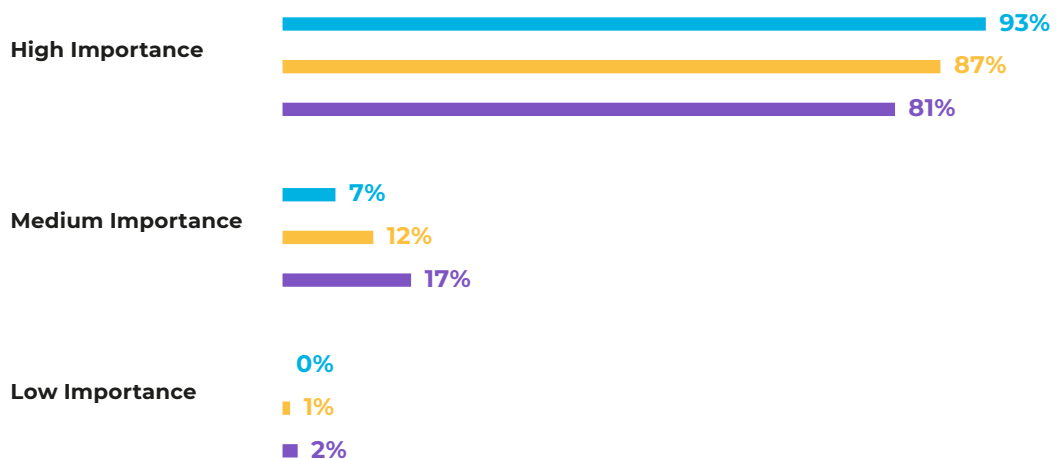
Just as interest in a free authentication tool increases as consumers spend more, so does interest in knowing for certain that a brand name product is authentic.

An overwhelming 93% of high spending consumers called it highly important to know if a brand-name product is genuine.

Higher spenders are especially interested in buying authentic

Interest in authentic fashions increases in step with spending level.

Percentage of global fashion & luxury consumers who assign 'high', 'medium' and 'low' importance to knowing that a brand-name purchase is genuine



Certilogo Insights 2019

- High spenders** paid the equivalent of € 501 or more for an item in the past 12 months.
- Premium spenders** paid € 301 to € 500 for a single item in the past 12 months.
- Average spenders** paid € 101 to € 300 for a single item in the past 12 months.

especially by high spenders

Digging deeper into what motivates high spenders to embrace authentic brand names in fashion — and in turn, the digital tools that would verify items are truly authentic — we identified two key distinctions that separate high spenders from those spending less per item.

Most notably, compared to more average spenders, fashion's high spenders are 50% more likely to say that buying an authentic

product from a brand they identify with inspires them to “feel better about myself”.

As with Chinese shoppers, the high regard for authentic brand names shown by fashion's higher spenders suggests that digital authentication is a service that would maximise the enjoyment of owning apparel and accessories from authentic brand-names — and reselling them for maximum value when it's time to trade up.

More high spenders get emotional satisfaction from owning authentic fashion

The impact on resale value is also a factor for buying genuine products.

Percentage of fashion and luxury consumers who would use a free digital tool to authenticate a product for the following reasons:



Certilogo Insights 2019

- **High spenders** paid the equivalent of € 501 or more for an item in the past 12 months.
- **Premium spenders** paid € 301 to € 500 for a single item in the past 12 months.
- **Average spenders** paid € 101 to € 300 for a single item in the past 12 months.



Authentication engages **brand lovers**

Digital product authentication is a powerful strategy to attract contact with **high-value consumers who resonate with the brand message, especially among Millennials and Gen Z.**

with new services

Engaging brand consumers to verify that products are authentic is also an opportunity to deliver services that add value to the product and brand experience.

We asked our panelists what services they would appreciate most when interacting to authenticate a product on their smartphone. Topping the list were familiar

services related to the product, such as a certificate of authentication or proof of purchase for warranty enrolment.

Also in the top 5 were the option of a Fake Report, to document a fraudulent sale and support the consumer's case for a refund, and traceability data that would share details of a product's origins.

Digital product authentication is an opportunity to add value in the consumer experience

Product-related services and consumer protection are most popular.

Percentage of global consumers who would access the following service when authenticating a product digitally:



Interest in added brand services is decisively higher when we zoom in on the portion of consumers who have already sought out experts to authenticate fashion or luxury products in the past.

On the one hand, consumers who regularly used an authentication service to verify products in the past expressed a higher interest in digital access to information on

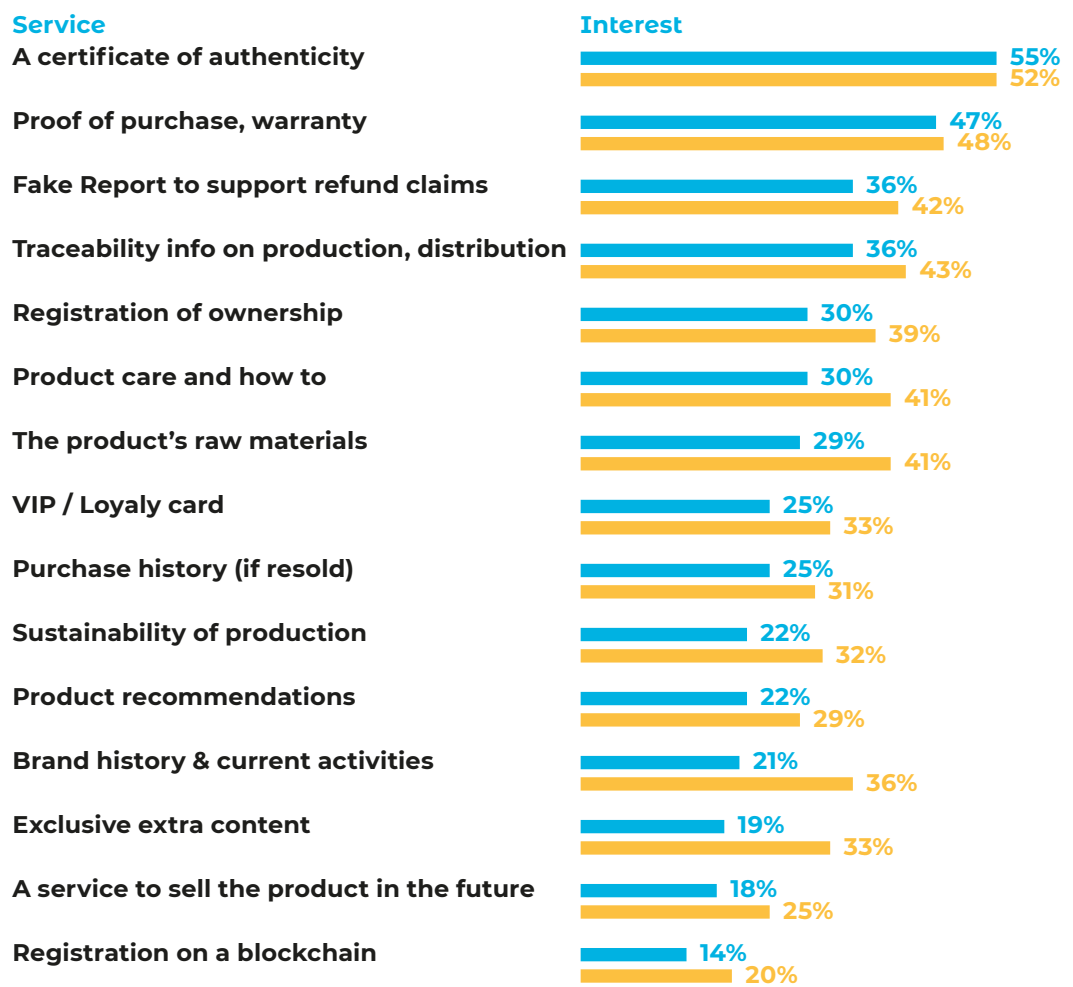
product care, raw materials, and sustainability initiatives related to the product.

On the other hand, they were notably more interested in information that reached beyond the product to the brand itself: brand history, current activities, and exclusive extra content to enrich the purchase and ownership experience.

Consumers who verify authenticity are consumers who value the brand message

Product insights and content to enhance the brand experience are especially appreciated.

Percentage of global consumers and repeat authentication users who would access the following services when authenticating a product digitally:



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 Global  Repeat authentication users

with new services

Consumers who are motivated to verify that a product is authentic are more likely to place a high personal value on owning authentic brand names, more likely to feel

embarrassed if caught wearing a counterfeit, and more likely to consider resale value when choosing a product to purchase.

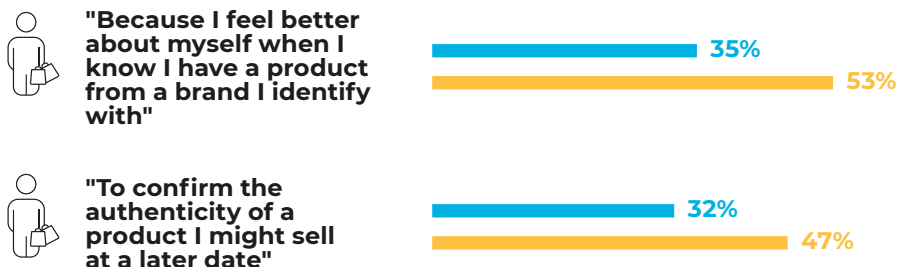
Consumers who authenticate regularly get more emotional satisfaction from genuine products

Avoiding embarrassment and protecting resale value are also factors.

Percentage of fashion and luxury consumers by country who strongly agree with the following statements:



Percentage of fashion and luxury consumers who would use a free digital tool to authenticate a product for the following reasons:



Certilogo Insights 2019

- **Never Authenticated** Has never sought an expert opinion to authenticate a product
- **Repeat authentication users** Has consulted an expert to authenticate a product two or more times in the past

to start new relationships

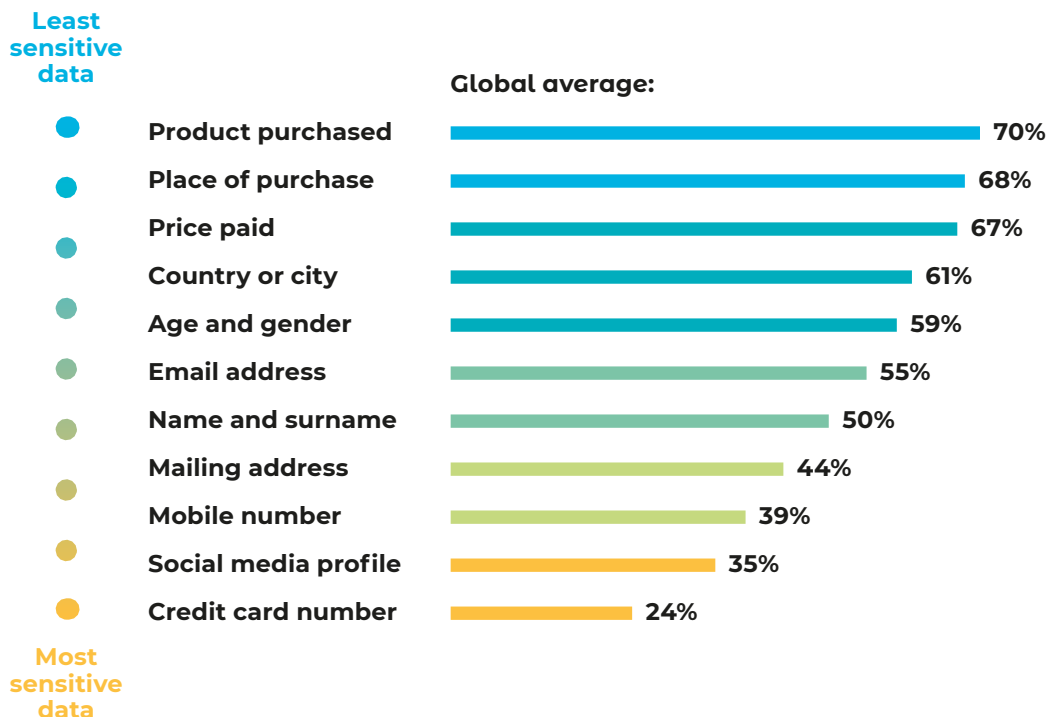
In return for complimentary access to a fast and reliable digital authentication, a large majority of consumers in our survey said they would be willing to share a range of transaction and personal information with the brand.

Looking first at data about a shopping or purchase transaction, nearly 70% of consumers would be willing to share which product they purchased, where they found it, and the price they paid. On the more personal end, roughly half would share their email address, name and surname, and just under 1 in 4 would even share their credit card number.

Personal info is fair trade for authentication access

Half would share email and name; 1 in 4 would even share credit card.

Percentage of global consumers who are highly disposed to share the following items of personal data in return for a complimentary digital authentication:



Certilogo Insights 2019

to start new relationships

The willingness to share sensitive personal data with brands increases dramatically among consumers who authenticate products regularly. Nearly 3 in 4 would share an email address in return for complimen-

tary access to a digital authentication. More than 60% would share a social media profile, and more than half would be willing to share their credit card.

Consumers who authenticate regularly trust brands with even sensitive personal data

Valuable services attract an increase in data sharing by 40% to 100%.

Percentage of global consumers who are highly disposed to share the following items of personal data in return for a complimentary digital authentication:



especially Millennials & Gen Z

The same consumers younger than 36 who drive trends in fashion and fashion technology — and are expected to **drive 45% of fashion revenues by 2025** — are solidly in favor of product authentication as a service.

That's likely because, relative to older consumers, Millennial and Gen Z shoppers are dedicated omnichannel shoppers who combine store visits with online shopping, and who report spending more money on their

individual apparel and accessory purchases.

Feedback from Millennial and Gen Z consumers show that fraudulent replicas of fashion and luxury brands are getting harder to recognize and avoid, especially when shopping online. This likely contributes to why more than half of demanding, brand-positive Millennials and Gen Z shoppers have consulted an expert to authenticate a product at least once already in the past.

Compared to older shoppers, Millennials and Gen Z consumers ...

... spend more on a single fashion purchase*



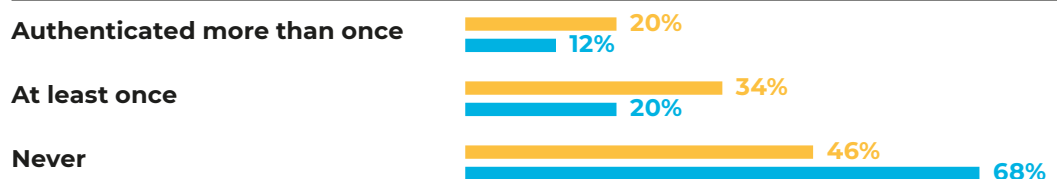
... do more of their shopping online*



... encounter more brand replicas while shopping



... are more likely to consult experts for authentication



Certilogo Insights 2019 (* last 12 months)

 Under 36  36 & older

especially Millennials & Gen Z

Relative to older shoppers, Millennial and Gen Z consumers were also more likely to see authentication as a way to enhance the enjoyment of buying brand names. For instance, younger consumers were less likely

to cite fraud as a motive for authentication, and more likely to say that they “feel better” about themselves when they buy authentic products from a brand they identify with.

Younger consumers worry less about fraud, more about personal values

More than half of younger authenticators cite emotional motive to verify products.

Percentage of fashion and luxury consumers who would use a free digital tool to authenticate a product for the following reasons:

To avoid being fooled



Because I feel better about myself when I know I have an authentic product from a brand I identify with.



Certilogo Insights 2019

especially Millennials & Gen Z

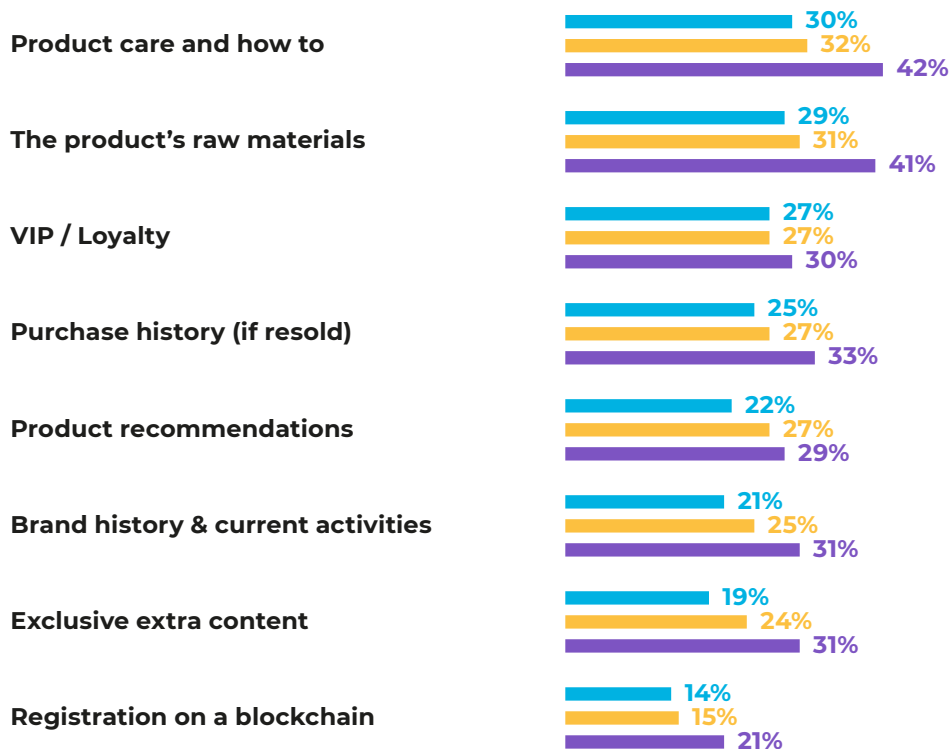
Among consumers who have already used an authentication service in the past, Millennial and Gen Z shoppers who authenticate are more likely to be high spenders, and are notably more interested in product information such as raw materials and care instructions.

They also place a higher value on access to added sources of brand information, activities and exclusive extra content that offer a privileged view of the brand world.

Millennials and Gen Zs who authenticate are more likely to engage with digital offers

Raw materials, how to and exclusive brand content are top draws.

Percentage of global consumers and younger authentication users who would be interested in the following services when authenticating a product digitally:



Certilogo Insights 2019

- Global
- Under 36, never authenticated
- Under 36, authenticate regularly

especially Millennials & Gen Z

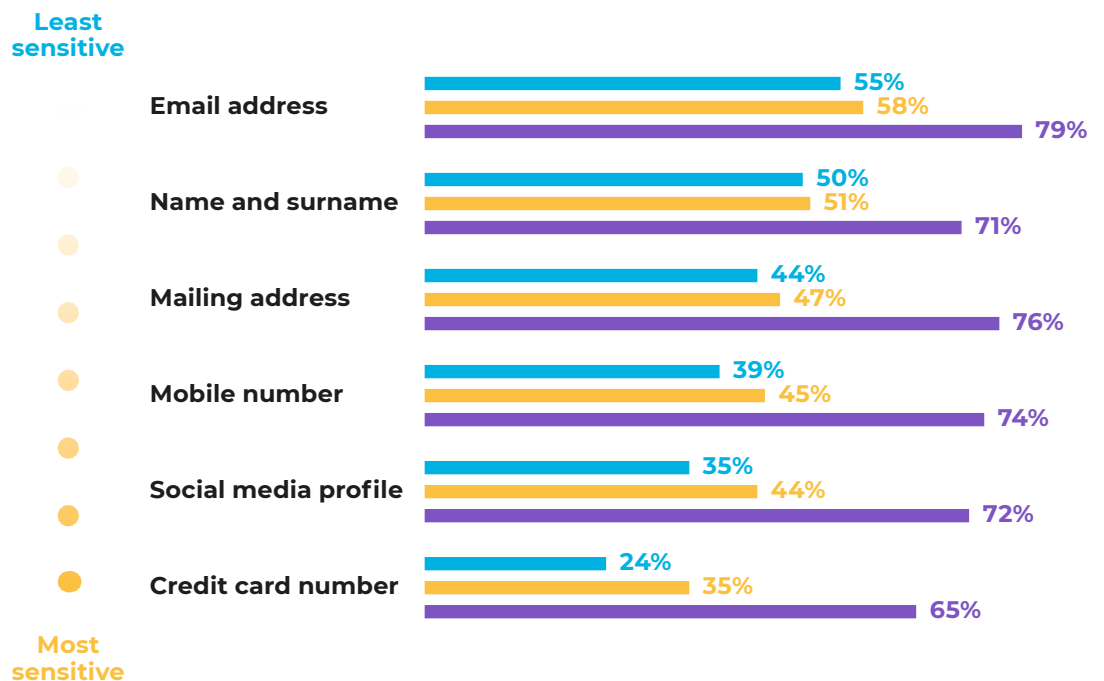
Millennial and Gen Z consumers who authenticate products regularly are also by far the most willing to share their personal data with the brands they trust, particularly when that data is considered more sensitive.

Nearly 80% would share an email address, compared to 58% of their age group generally, and nearly 65% would share a credit card number — the most sensitive item included in our survey.

Millennials and Gen Z are more willing to share their sensitive personal data

Regular authentication users are especially open to trading data for brand access.

Percentage of global and Millennial / Gen Z consumers who are highly disposed to share the following items of personal data in return for a complimentary digital authentication:



Certilogo Insights 2019

- Interest: Global
- Interest: Under 36, never authenticated
- Interest: Under 36, authenticate regularly

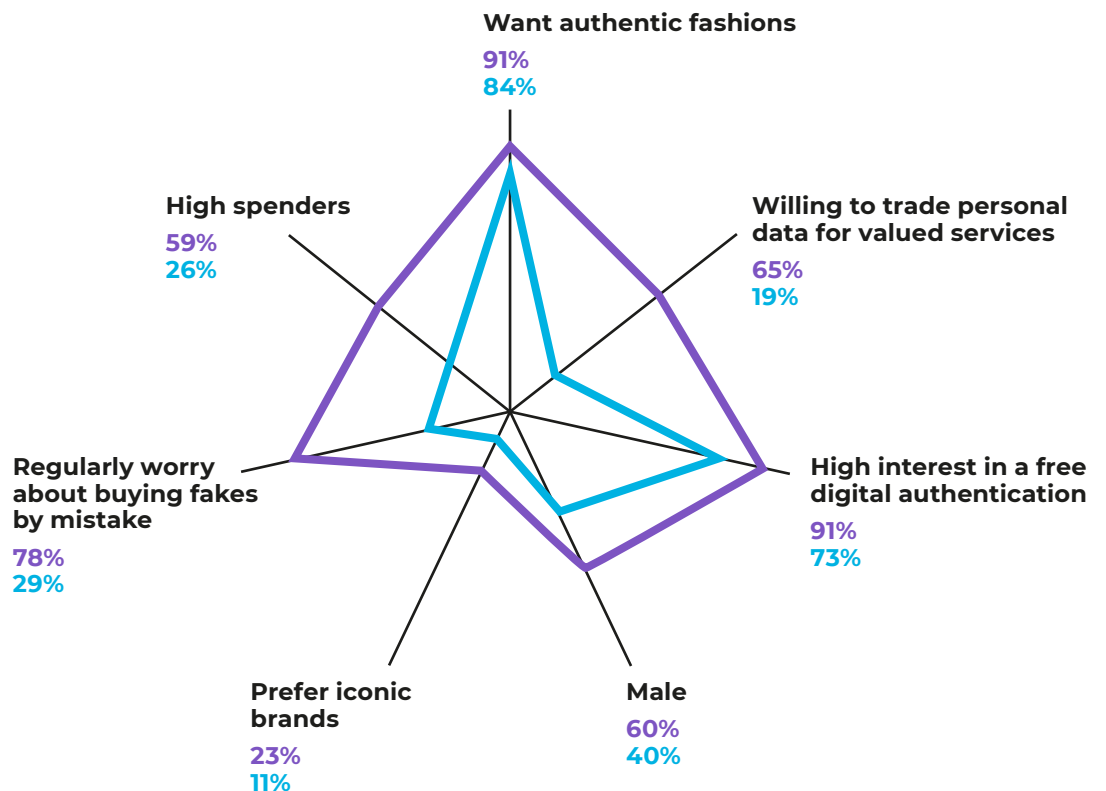
especially Millennials & Gen Z

Overall, the promise of a fast and reliable digital authentication is an offer that attracts engagement from a segment of Millennial and Gen Z consumers who place a high personal value on buying authentic fashions,

spend more on their purchases, and are happy to trade personal information in return for added services from brands they admire and trust.

The Authenticity Effect

Millennial and Gen Z consumers who authenticate regularly are ideal brand customers



Certilogo Insights 2019

 Never authenticated  Authenticate regularly

Conclusions

Embracing our 'phygital' future

There was a time when a brand logo was all a consumer needed to confirm that a product was genuine and backed by the brand on its label. Today that is no longer true, leaving consumers searching for solutions that identify authentic products and, in turn, **maximise the pleasure of buying brand names.**

Brands with a complimentary digital solution for consumers to engage and authenticate the products they buy are pioneering the new normal for brand trust, consumer engagement, and an authentic luxury experience.

Today a new generation of smartphone and artificial intelligence technologies allow connected consumers to scan the label on products and discover in seconds if they're truly authentic.

[Brands investing in product authentication](#) choose from a wide range of technologies appropriate for fashion and accesso-

ry identification. The most common are analog or digital 'smart tags' that can be added to product labels and hangtags. Scanned or read by a smartphone, the tag unlocks access to verified product data in a secure online ledger.

Connecting physical products with digital information transforms them into a potent new touchpoint for digital interaction with consumers at any moment in the purchase and ownership experience, in any sales channel, in any country, and on any digital device.

It's an innovation we can expect to see more of shortly. An overwhelming 72% of fashion and luxury brands with advanced digital marketing capabilities surveyed in 2019 were aware of the growing consumer demand for product authentication, and 4 in 10 were planning investment in product smart tags for the year ahead.*

[Contact Certilogo](#) to learn more

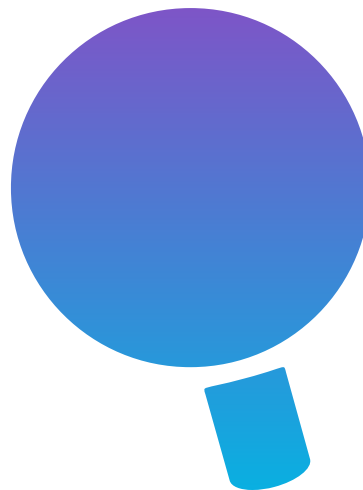
* *Consumer Engagement 4.0: Competitive Insights From Fashion's Top Marketers.* [\[download\]](#)

About this survey

Certilogo gathered responses from 1,500 fashion and luxury consumers in the United States, United Kingdom, Italy, France and China in January and February 2019, using the Toluna online survey platform.

Respondents were divided equally by country and questions were administered in the native language of each country.

To ensure results were representative, participants were also balanced by gender, age (16 and older), and spending habits in the previous 12 months. One third reported spending more than €500 on a single fashion or luxury product; one third spent between €300 and €500 (or equivalent) on a single product; and one third spent between €100 and €300.



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 and distributed blockchain ledgers.



2018 - 2019 Winner
Best Use of
Artificial Intelligence
in Fashion

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



Via Enrico Tazzoli, 6

20154 Milan - Italy

sales@certilogo.com

www.certilogo.com