

Counterfeit Pharmaceuticals and Brand Authentication Solutions

by Adam Scheer

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Illegal pharmaceutical sales are increasing at more than 12 percent annually worldwide—nearly twice the pace of legitimate pharmaceuticals—and could be on pace to become a \$75 billion industry. Supply drivers include the advent of inexpensive and sophisticated imaging technologies and the growing range of distribution channels facilitated by the Internet. Undermining the profitability and brand integrity of major pharmaceutical firms, these threats endanger millions of people who rely on the authenticity of prescription and over-the-counter drugs.

Government actions to slow the proliferation of fraudulent pharmaceuticals through regulation and law enforcement can only address the supply drivers; counterfeiting is also driven by powerful demand drivers and government alone cannot control substances for which there is a high domestic demand fulfilled

by enterprising criminal organizations. To adequately address the root cause of counterfeiting, the consumer needs to be part of the solution.

Indeed, consumers consciously or not are often complicit counterfeiting. Very often, if they think they are getting something close to the real thing for a substantially lower cost, they will look the other way. With pharmaceuticals, they may not understand why purchasing product through authorized channels is important or why certain products are difficult to obtain without a doctor's prescription. They may also be willing to take chances with something cheaper as long as a big-name brand logo is affixed to the front of the item and printed on the box.

So, with all these factors working against them, how can drug companies protect their brands without alienating consumers? There are, in fact, quite powerful solutions.

Engaging Consumers in Brand Authentication

Consumers often greet authentication with a groan. Authenticating identity can mean long lines at airports. Authenticating a credit card can mean pulling out a driver's license as backup. Proving that "you're you" online means remembering any number of usernames and passwords. Consumers are willing to do it, but there's rarely any joy in it.

The key for drug manufacturers trying to engage consumers in effective authentication is to create a positive experience: entertain the user in some fashion and show that they're getting value. The simplest way to entertain is to offer visually pleasing graphics. For example, holograms can be constructed that show elaborate motion. Labels can integrate these holograms with pigments that shift colors as viewing angles change.

These visually pleasing, overt features work because the expertise and materials needed to create and manufacture sophisticated, pigmented holograms and labels are hard to obtain. Counterfeiters can't create holograms with lip images and microtext in a garage, nor can they buy sophisticated pigments on the open market. Consumers can immediately tell the difference between a highly designed, expensive-looking label and a cheap knockoff. And it's a pleasing experience: the consumer sees the quality and relishes the value.

Digital tools can complement overt visual effects to both enhance the robustness of an authentication program and to engage the consumer in a different way. One example is

where a product's ID is tracked throughout the distribution cycle and the customer purchase. With this technique, the customer's involvement in the process generates a stronger brand and greater customer loyalty. Here's how it can work:

- The manufacturer generates an ID code for a particular product.
- A specialized printer integrates the code onto a sophisticated, overt-authentication label.
- The manufacturer affixes the label to the product and/or its packaging.
- Tracking data for the code is managed by a data center: when and where it was shipped, customs information, when it was sold and by whom, etc.
- The end-consumer can go online and register the code in exchange for a warranty, special offer, or other incentive.

The customer experience reinforces the exclusivity of the brand and opens a line of communication between the customer and the manufacturer. This increases brand loyalty and offers greater sales opportunities for the manufacturer. It is a win-win solution that can reduce losses to counterfeiting significantly.

The counterfeiting of pharmaceuticals is a serious, expensive problem. The technologies and techniques are in place to stop a large proportion of it. Fortunately for manufacturers, stopping this kind of fraud can improve the customer experience, increase margins, and generate even stronger brand loyalty.

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