

# Combating Counterfeit Spirits with Digital Traceability

TURNING A FRAUD PROBLEM INTO  
A CUSTOMER-ENGAGEMENT TOOL

## CASE STUDY



Consumer



Food and  
Beverage



Brand Protection  
and Authentication

### CUSTOMER PROFILE

Privately held company with well-known spirits products distributed globally. Industries: consumer products, food and beverage

### ISSUE/BACKGROUND

Food fraud is estimated to cost the global food industry \$10-15 billion per year. Some reports estimate that more than 20 percent of the world's wine and spirits are counterfeit. In some parts of Asia, the numbers are much higher.

Makers of one of the world's top-selling premium spirits faced a challenge when they realized bottles of their merchandise, which had been refilled with counterfeit product, began appearing on shelves with the brand's labels. This posed a potential consumer-safety and global brand-identity issue. The counterfeit product was also being sold on the gray market, particularly in Asia.

### CHALLENGES AND REQUIREMENTS

Security seals alone were not addressing the issue. The premium brand was looking for a more secure solution that would provide full track-and-trace capabilities and give loyal consumers more meaningful reasons to engage with the brand whenever they purchased the product. The brand had another concern: They didn't want to broadcast that they had a counterfeiting problem as it could have a negative impact on brand image and consumer trust.

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## SOLUTION

OPTEL's Intelligent Supply Chain® program for counterfeiting allows your brand to identify counterfeit and diverted products while engaging with the final consumer.

Key elements of this solution include serializing bottles by embedding unique identification numbers (UIDs) in the QR code on a tamper-evident, 3D holographic security label that seals the capsule to the bottle. The unique identification number associated to the bottle's history is stored in a cloud database (OPTEL's Verify Platform). Verify Platform authenticates the product and communicates directly with the consumer via a chatbot, an app or a Website.

The real-time alerts generated by OPTEL's Verify Platform software enable the brand to track the UID through the first point of shipment and authenticate it at any point in the supply chain: production, distribution, wholesaler and consumer.

Our patented platform provided the brand with these brand-protection and customer-engagement benefits:

- Data-rich, fact-based reporting for inspectors
- Web-based and mobile product verification for field investigators (Web and mobile) and consumers (mobile)
- Extension of consumer loyalty program

## RESULTS

The program was launched successfully in 2017 with initial focus on premium products shipped to Asia. Since its adoption, more than 1,000 bottles have been authenticated in 30 countries. The combination of a tamper-evident holographic label with our powerful software has helped the brand create a more intelligent supply chain and generate loyalty and trust in the brand.

## BENEFITS

- Secure packaging combined with authentication capabilities enables the company to protect its brand and keep consumers safe while building brand trust.
- The solution provided insight into where problematic gray markets exist.
- Appealing storytelling creates added value for the brand.
- The brand has access to valuable market insights, including the end user's profile and data.

We needed visibility throughout the supply chain without publicizing we had a counterfeiting problem. OPTEL's Verify Platform software was the only serialization solution that enabled authentication under the guise of a consumer marketing program.



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