

Ferragamo has been using RFID tags to confirm the authenticity of its women's shoes since 2014. CREDIT: FERRAGAMO



RFID helps Ferragamo win counterfeiting war

The Salvatore Ferragamo Group has said it is reaping rewards from a battle it has been waging for several seasons against counterfeiting. In 2015, the Florence-based luxury group's anti-counterfeiting efforts, focused especially in China and on the internet, led to the interception and blocking of approximately 91,000 advertisements for counterfeit products, an increase of more than 1,000 such advertisements since 2014.

As a result, more putative sellers of goods masquerading as Ferragamo products have had their attempts to sell counterfeits thwarted with adverts removed from online auction sites and 140 domain names and illegal websites, mainly managed by Chinese operators, cancelled. These activities also led to the seizure and destruction of more than 12,500 counterfeit products and action from the Chinese customs authorities to prevent a further 12,400 counterfeit goods from leaving the country in 2015. Salvatore Ferragamo has said the total estimated value of these goods was in excess of \$17 million.

High-end footwear brand Ferragamo has gone to war against counterfeiters, with tiny RFID tags inserted into the sole of each left shoe a key weapon in the fight.

Effect on shoe sales

More than 60% of the counterfeit products that were seized and destroyed last year were belts, but Ferragamo is far from complacent about the possible effect on its sales of shoes and is taking specific action to stop shoppers from being duped into buying fake Ferragamo footwear. It has started using radio frequency identification (RFID) tags as a means of tracking its shoes.

COMPONENT BRANDS CAN FIGHT BACK TOO

A big advantage that Ferragamo has in its fight against counterfeiting is in controlling the finished product that goes into retail stores and onto official online shopping channels. When you are a component brand, as so many manufacturers in the wider footwear industry are, you have to find ways of taking the fight against counterfeiting upstream in the supply chain.

Shoe lining manufacturer Camtex Fabrics recently scored a notable success in just such a battle involving its Cambrelle brand of breathable, moisture-absorbing footwear lining materials.

"EVERYONE DOES THIS"

Two years ago, Camtex Fabrics chief executive, Kieran O'Hare, attended a specialist nonwoven materials exhibition in Geneva, Index. He noticed an exhibitor from China claiming to sell Cambrelle in a trade-marked piqué design, even using the trade-marked Cambrelle name on its samples, on display posters at its stand and on its business cards. The product on display was counterfeit. When Mr O'Hare remonstrated with staff on the stand their answer was: "Everyone in China imitates Cambrelle."

The Camtex chief executive took photographs and gathered other pieces of evidence and complained to the organisers of Index. They made it clear they would prefer not to take one side or the other in a dispute like this and advised Camtex to engage the services of a local lawyer. Mr O'Hare waited until the Chinese company, Wenzhou Superteng, turned up to display its counterfeit products at another exhibition, Cinte Techtextil China, in Shanghai that autumn.

LOCAL LAWYER

He travelled to China in September 2014 to attend the exhibition and arrived at the Wenzhou Superteng stand, bringing a local lawyer and all the necessary intellectual property certification with him. Armed with this evidence, the lawyer

took Mr O'Hare to the offices in Shanghai of China's own intellectual property protection agency, where the pair had to spend the best part of three hours going over the photographs and documentation and explaining in detail what had gone on. It was only then that agents got in a car and drove to Cinte Techtextil China to see for themselves. The Chinese company removed the counterfeit products from its stand that afternoon, only to put them on display again when the exhibition opened next day as though nothing had happened.

In time, though, this led to a raid on a Wenzhou Superteng production plant and the seizure of 6.5 tonnes of counterfeit material. Just before the end of 2015, a court case took place in which the Chinese company was ordered to pay damages to Camtex Fabrics and stop infringing its intellectual property rights. But the story did not end there because Wenzhou Superteng tried to appeal the decision, on what basis Kieran O'Hare says he cannot imagine. In February 2016, the courts in China concluded that this appeal would not be permitted to go ahead.

HELP ON THE GROUND

Following this decision, Mr O'Hare said securing the help of local legal experts and of Camtex Fabrics' joint-venture partner in Hong Kong had been crucial in his company's victory over the counterfeiters. "You can't do this from afar," he said. "You need to be on the ground to gather evidence and to convince the authorities to investigate and verify for themselves what is going on."

He's pleased that he did this, principally because he does not want his customers to be fooled into buying counterfeit lining materials. "Copycats can ruin your brand," he added, "and they can hurt consumers. That's why we fought so hard to win this case. I want my customers to be certain that when they choose Cambrelle they will get the real thing."

Logistics efficiency, inventory accuracy

RFID technology has been around since the 1940s but has only become widespread in logistics applications in the last 15 years. Unlike barcodes, which have to be scanned one at a time, readers can read hundreds of RFID tags at a time, even when these are concealed. Early adopters, including retail groups Wal-Mart in the US and Metro Group in Germany, said in the early years of this century that they saw the technology's potential to help them improve the efficiency of their logistics operations and their inventory accuracy. At first, though, they asked their suppliers to put RFID tags on cases and pallets only because tagging individual items was deemed too expensive.

In the intervening years the technology has become cheaper and more common in applications such as hotel key cards, public transport passes as well as in labels on individual items in stores. If cheaper items such as most (though by no means

all) clothes still rely on barcodes, it's now very common for RFID technology to be included, often for its anti-theft functionality in many clothing items as well as to supply accurate data on issues such as stock management.

A growing band

Research group IDTechEx has tracked the RFID market since 1999 and said in a recent report it expects users of the technology to buy 10.4 billion RFID tags in 2016, an increase of more than 15% compared to 2015. Tagging fashion items will demand 4.6 billion RFID labels in 2016, it said, making this by far the biggest market for RFID tags, although IDTechEx calculates that 85% of the apparel market has still to start using RFID. However, an April 2016 survey by GS1 UK, a user-group community that promotes the technology in retail healthcare and other application areas, found that 25% of the



More than 50% of the biggest retailers in the UK are now either using RFID or planning pilot projects to test the technology.

CREDIT: ISTOCK

biggest 20 retail groups in the UK are already using RFID, while a further 20% of the same group companies are carrying out trials of the technology and 15% investigating it and planning pilot projects.

Product authenticity

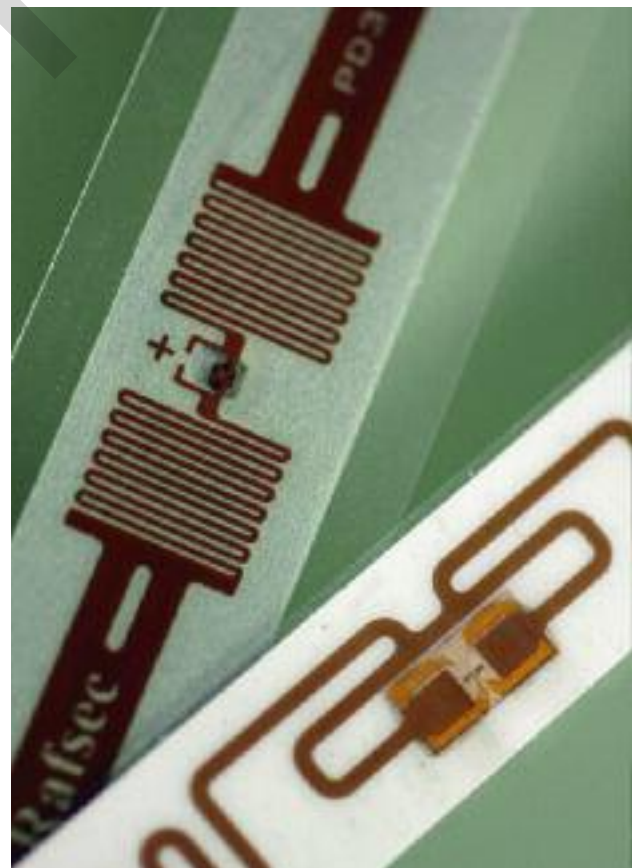
In this context it's far from surprising to learn of Ferragamo's determination to make the technology a key tool in its fight against counterfeiting.

In Ferragamo's case, the tags cannot be seen and cannot be tampered with. "The aim of using this technology is to guarantee product authenticity by proving the product's origin and making it possible to track the shoe with certainty, giving the group better control in the fight against fakes," Salvatore Ferragamo has stated.

In the sole of the left shoe

The luxury brand has taken advantage of advances that have made RFID tags less and less conspicuous to fit a tag into each left shoe in its women's collections (with a few exceptions). It has been doing this since its autumn 2014 collections. A tag in the sole of each left shoe makes tracking each pair perfectly feasible. The tag cannot be seen and cannot be copied because it carries information from the Ferragamo product management system.

Ferragamo carried the idea over into its men's collections in summer 2015 and has said it will further intensify its commitment to fighting counterfeiting this year, both to protect intellectual property rights and defend customers who want to be sure they are receiving the genuine article. 📶



An RFID tag is now being inserted into the left sole in most pairs of Ferragamo shoes.

CREDIT: GS1 UK