



# The fight for consumer safety – anti-counterfeiting insights from Schneider Electric

**Tracy Garner, manager, anti-counterfeiting at Schneider Electric, pulls back the curtain on the anti-counterfeiting strategy of Schneider Electric and shares insights on the latest challenges in the fight against counterfeiting.**



## About the author

*Tracy Garner – manager, anti-counterfeiting at Schneider Electric – focuses on anti-counterfeiting in the USA, Europe, the Middle East and Africa. During her tenure at Schneider Electric, the company has almost completely eradicated fake Schneider products from the U.S. market and has established anti-counterfeiting teams in China and Mexico for the Asia Pacific and Latin American markets.*

I first got involved with anti-counterfeiting in connection with an investigation into counterfeit Schneider Electric circuit breakers in the United States. We sell our circuit breakers all over the world, so it's the most frequently counterfeited product, followed by contactors and uninterruptible power supply devices. Counterfeiters generally target smaller, high volume-type devices, because they are cheaper to copy and easier to ship. Large electrical products are usually too cumbersome to counterfeit, produce and ship internationally.

## Anti-counterfeiting success in the USA

Counterfeiting is not a problem that will go away on its own. It's always been our policy to make things as difficult as possible for counterfeiters, and thereby get them to stop counterfeiting our products. One measure we took had particular success in the United States. In the beginning, we filed civil suits against every

company in the United States that was found selling counterfeits of our products. It was expensive, but, in the end, we took such strong action that word got around and, today, we haven't seen many counterfeits of our products in the USA for about 10 years. It's not easy work, but we look forward to similar success in other markets around the world. It's my hope that other companies can learn from our experience.

## Primarily a safety issue

The fight against counterfeiting is primarily a safety issue. The products we make are used to control and protect electrical environments. When a counterfeit doesn't operate as it should, it can result in machine failure and electrical hazards that can lead to fires or the loss of property and life.

## Strategies used by Schneider Electric

There is no "silver bullet" when it comes to fighting counterfeits. No single solution can resolve the problem. Multiple avenues must be pursued at the same time:

### 1. Investigate

At Schneider Electric, we conduct investigations all over the world. Sometimes we follow up on a lead from a local business, or we send our own investigators into marketplaces that are



notorious for selling counterfeits, and this could be anywhere in the world. There are hot spots in every country. These can be markets that typically sell more counterfeits, or specific regions of particular countries where the most counterfeits are found.

## 2. Use authentication and security technology

In addition to investigations, it is important to put some form of authentication or security technology on your products, which enables you to tell other people how to differentiate genuine from fake. There's a lot of new technology in this area that even empowers customers to use their cell phones or other devices to make sure they have a genuine product. Track and trace is one example that enables users and retailers to trace a product back to the factory.

## 3. Establish good relations with authorities

It is always important to make sure you have a good working relationship with customs and other authorities within the countries that you are investigating. You have to provide them with resources to help them spot counterfeits.

## 4. Provide training

Training is an essential area of focus. You should provide training to customs and other authorities to help ensure they know how to recognize counterfeit products. You can provide training through your website, which also has the potential to reach end users.

### Best practice: Online training

If I had to give a best practice example, it would be our cooperation with the International IP Crime Investigators College (IIPCIC), which was established by Underwriters Laboratories (UL) in cooperation with Interpol. We were the first manufacturer to put up a training course on the IIPCIC (pronounced: ip-sik) website, and we now have three courses available in multiple languages. These training courses are designed specifically for customs and other authorities globally. It is a very good avenue to reach authorities all over the world without having to travel to all these places.

When I first started addressing counterfeits in the United States, we would go to some of the largest ports to provide training in person, which required a lot of travel. IIPCIC is a really good way to get training out there and make it available 24/7, all around the world.

## Counterfeiters raising the stakes

It's getting harder and harder to follow the counterfeiting supply chain. Obviously, the counterfeiters, along with all the sellers and middlemen, are aware that you want to get back to the true source, so they do everything they can to hide it. At Schneider Electric, we typically start with a business that has been selling counterfeits. After we get the authorities involved and carry out raids, we attempt to find out where they sourced the fake products. The counterfeiters understand that we rely on the information that we get from these sources, so they're starting to get wise and don't provide paperwork when they sell counterfeits to retailers, or they simply destroy the paperwork. We try to trace the supply chain back to the source after every raid but that aspect of the job is getting more difficult.

## Top three challenges in anti-counterfeiting

If I were asked to list the top three challenges in the fight against counterfeits, my answer would be clear: internet, internet, internet. The internet has simply exploded with sales of counterfeits going directly to consumers. We battle Chinese marketplaces, which are becoming more accessible to people around the world. The number of counterfeit sellers is also increasing on international marketplaces, like eBay and Amazon, which are generally trusted by consumers around the world. We've also observed counterfeit products being sold through social media sites like Instagram.

Finding ways to prevent the sale of counterfeits through these online sales channels is clearly the number one challenge we face today. In the past, we were mostly dealing with large containers full of counterfeits, but now we're faced with a large number of small shipments with as few as one or two products each.



## **An extra set of eyes in the digital world: internet monitoring**

Another main area where companies need to take action is internet monitoring. It's important to work with a third-party company specialized in internet monitoring to help you identify counterfeits in all of these places online. A further benefit to internet monitoring is that it can give you an idea of how big the problem really is for your company in terms of the quantities of counterfeit products available online.

## **New surge of look-alikes slipping under the wire**

We're also starting to see a new surge of look-alike products. These products don't have a trademark, which, in most cases, means that the authorities will not treat them as counterfeits – and let them pass inspection. This is simply a method to avoid customs seizures, because once the products reach the sellers, they can put the trademark on the product. This makes it much harder to prevent counterfeit products from entering a country.

## **Next major priority: consumer awareness**

As more and more business moves to the internet, it will become increasingly important to build consumer awareness. In the past, it was always more important to educate distributors or business owners. Now, with customers buying products online and not going to a physical store, we have to educate them.

I believe it's the online marketplaces themselves that can do a lot to raise awareness, because that is where customers go to buy products. We have to reach consumers where they shop. It would really be helpful if these marketplaces did something to help raise consumer awareness.

It is also important for companies to have information about counterfeits on their own website where consumers can go to inform themselves and learn how to identify counterfeits. In particular, it is especially important to provide ways for customers to contact you if they believe they have purchased a counterfeit.

## **A problem we can't ignore**

In conclusion, based on the danger to consumers, the prevalence of counterfeits, and the growing ease of direct-to-consumer distribution online, no company can afford to forego anti-counterfeiting efforts entirely. While most big companies are investing a lot of money into anti-counterfeiting measures, many of the methods that I have outlined above can be economically pursued by companies with smaller budgets.

Schneider Electric has made very good progress in the fight against counterfeits. Other companies can, and should, do the same to protect their reputation and keep their customers safe. No company can afford to ignore the threat of counterfeiting.

## **Learn more about anti-counterfeiting on**

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