Sparking FIRE: How StockGro's #BFF campaign demystifies the fundamentals of financial freedom and early retirement

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Qila said counterfeiting in luxury goods retail market has necessitated the adoption of advanced technologies like blockchain and tokenization to ensure product authenticity and protect brand integrity.

Globally, luxury companies lose approximately $30 billion annually due to counterfeit goods. This not only impacts revenue but also damages brand reputation and value. Additionally, the fashion and luxury sector are particularly vulnerable, with counterfeit fashion items making up around 60% of all seized counterfeit goods globally.

"Brands are investing heavily in combating this issue, but traditional methods have proven insufficient. Blockchain technology and tokenization are game changers for luxury goods, offering solutions that were previously unimaginable," said Sid Ugrankar, Founder, Qila.

For instance, blockchain provides an immutable ledger that records every transaction and movement of a product through its lifecycle. For luxury brands, this means that each item can be tracked from the point of manufacture to the final sale. This not only ensures that the product is genuine but also allows consumers to verify its authenticity easily.

However, setting up blockchain infrastructure is cumbersome while ensuring data privacy and security. Also, tokenization involves creating a unique digital token for each physical product which acts as digital fingerprints, capturing detailed information about the product's creation and journey. For luxury brands, this means every luxury item can be verified by scanning a QR code or using a dedicated app. Consumers can instantly access the product's blockchain record, ensuring its authenticity.

"By ensuring authenticity, enhancing transparency, and building consumer trust, these technologies are set to revolutionize the industry. As we move forward, continued innovation and adoption of these technologies will further secure the integrity of luxury goods and elevate the consumer experience," added Ugrankar.

In India, 27% of the consumers were unaware that the product was counterfeit at the time of purchase according to a 2023 report by the Authentication Solution Providers' Association (ASPA) and CRISIL. Apparel (31%), FMCG (28%), and automotives (25%) are the top segments where consumers came across a counterfeit product, followed by pharmaceuticals (20%), consumer durables (17%), and agrochemicals (16%).