



## THE COUNTERFEIT ECONOMY: HOW PRINTER CARTRIDGES GET FAKED, AND WHY YOU SHOULD CARE

Billions of dollars are lost to counterfeiters each year. Your valuable reputation is equally at risk

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Despite the efforts of law enforcement agencies everywhere, our world is full of fakes. Whether it's auto parts, handbags, pills or print cartridges, the counterfeiting economy is growing. For any industry that finds fakes in its distribution streams, it's time to fight back.

According to one recent study, global product counterfeiting hit [\\$1.2 trillion](#) in 2017 and is on track to hit \$1.82 trillion by 2020. The Organization for Economic Co-operation and Development (OECD) correlates that to a loss of about [5 to 8 percent of trade](#) in name-brand goods, including print cartridges. In fact, the Imaging Supplies Coalition estimates that counterfeit cartridges may account for 3.5 to 4 percent of the global printing supplies market, with [an annual economic impact of \\$3 billion](#).

Counterfeiting printing supplies means manufacturing, refilling or re-manufacturing print cartridges with the intention to market them in a way that suggests they're original equipment manufacturer (OEM) cartridges. It usually involves putting an imitation, remanufactured or refilled cartridge into a box that closely resembles genuine packaging, which can deceive customers into paying top dollar for a fake. HP has found that about 85 percent of these counterfeits involve toner (thanks to their higher price point), and 15 percent are ink cartridges. <sup>1</sup>

Catching counterfeiters is difficult because various components of counterfeit cartridges and packaging are manufactured in small, hidden locations worldwide and then shipped to other destinations known as product completion centers (PCCs) for final assembly. It's there that non-Original OEM cartridges are put in either fake or real packaging, tagged with bogus security labels, and then marketed, often online and usually at prices lower than retail but high enough to minimize suspicion.

Thailand, China, Paraguay, Nigeria — it's nearly impossible to guess where the next PCC will pop up. The result: according to HP data collected from product seizures and customer delivery inspections, there's a 90 percent chance that a shipment of print cartridges delivered to the developing world will have at least some fakes sprinkled into the inventory. <sup>2</sup>

### Counterfeiting Is Not Victimless

Consumers often justify purchasing counterfeit or fake goods by telling themselves they aren't really hurting anyone and that the law doesn't seem to be getting in the way of purchasing such items. But even if the end-user purchase of counterfeit products isn't technically a crime, it can still cause quite a bit of damage.

For example:

<sup>1</sup> Statistics based on number of counterfeit cartridges seized globally by HP's Anti-Counterfeiting and Fraud (ACF) Program.

<sup>2</sup> Statistics based on number of counterfeit cartridges seized globally by HP's Anti-Counterfeiting and Fraud (ACF) Program.

- Fakes are often made using cheap, substandard, and dangerous components that could [put the health of your printer at risk](#).
- Purchasing from counterfeit websites puts buyers at risk for identity theft and fraud.
- Profits from counterfeiting have been linked to funding organized crime, drug trafficking, child labor, and even terrorist activity, according to the [International Anti-Counterfeiting Coalition \(IACC\)](#).
- Counterfeiting hurts legitimate companies that pour billions into R&D and manufacturing to make reputable world-class products.

### Resellers' Reputations Are at Risk

Resellers who peddle counterfeit cartridges are almost sure to suffer serious blowback. Why? Because counterfeit products, which contain non-Original OEM cartridges, frequently fail to work properly. They yield sub-standard print quality and cause paper waste. They are likely to fail and to damage the printer. They may invalidate the printer's warranty. They can and they cannot be recycled. <sup>3</sup>

From a purely bottom-line perspective, counterfeit print cartridges cause more calls and complaints to purchasing and IT departments, damage equipment, and cause downtime and lost productivity. No reseller or supplier wants to be answering for all that.

### A War on Many Fronts

This is why HP has made a commitment to fighting counterfeiters worldwide. Our Anti Counterfeit and Fraud (ACF) Program combines the forces of an in-house team with external specialists, and together we work closely with local authorities to seize and destroy hundreds of millions of dollars' worth of counterfeit products and components every year. In fiscal year 2018, law enforcement conducted nearly 500 raids worldwide and confiscated more than 8 million units of counterfeit products and components. <sup>4</sup>

At the same time, the ACF Program provides training in many languages to relevant target groups, including local enforcement authorities, customers, and channel partners. HP also offers a free expert inspection service to anyone who wants to make sure their inventory is clean. HP partners who pass an inspection can become HP Partner-Certified, a validation of their reputation.

Educating buyers about stopping counterfeiting can be tricky because some of the methods are secrets that, if revealed, might benefit the counterfeiters themselves. However, there are [many things you can do](#) to fight the flood of fakes:

- Check for signs of reproduction and look for flush surfaces on product packaging.
- Ensure the security seal is authentic.
- Go online to validate the serial number from the security label.
- Scan the QR code on the package and inspect the hologram label to make sure it behaves the way it should.
- Let your printer do the work. Many HP models will alert you if you install counterfeit supplies.
- Watch out for unusually high print failure rates.
- Track prices. Be suspicious if they seem unusually low, and never shop for bulk sales at online auction sites.
- Remember that HP doesn't market print supplies by phone.
- Think twice before engaging with vendors that are unwilling to provide customer references.
- If cash on delivery is required, walk away.
- Request an HP customer delivery inspection.
- Always ask for HP original products, ask for references such as a HP partner certificate, and consider making HP's ACF program part of your contracts and tender terms.

<sup>3</sup> Claims from HP's Anti-Counterfeiting Buying Guide, August 2018, and Anti-Counterfeit Guide for Corporate Customers, March 2019. For more details, see: <http://h20195.www2.hp.com/V2/GetPDF.aspx/c03747728.pdf> and <http://h20195.www2.hp.com/V2/GetPDF.aspx/c03747745.pdf>

<sup>4</sup> Statistics based on number of counterfeit cartridges seized globally by HP's Anti-Counterfeiting and Fraud (ACF) Program.

### A Battle Worth Fighting

While it may be impossible to stamp out all counterfeiting everywhere, new technologies that strengthen the security of supply chains and help track and trace legitimate products are always coming online. HP is also committed to working with the biggest global online shopping sites to help them understand the problem and join the fight. In the meantime, it's up to everyone in the distribution chain, from suppliers and resellers to office managers and end users, to do their best to source original products and avoid consorting with criminals.