



Counterfeit cosmetics: eau de awful

Buying discounted fragrance, skincare and makeup can be more dangerous than you could ever imagine. The counterfeit cosmetic trade is on the rise and bargain beauty buyers need to be very, very aware.

You're idly surfing around your favourite online auction site, looking for a little retail distraction, when you spy a batch of that cult cream you've been trying to rationalise buying. And it's posted for sale at a fraction of the price it retails for at David Jones. "Oh happy day!", you think, already mentally reinvesting the saving you'll be making into yet another online purchase. Luxury skincare, and for a steal, is but a courier delivery away. It all seems too good to be true ...

And it could be. You may be unwittingly buying counterfeit product that's been cooked up in an illegal factory in Shanghai by exploited children in horrific conditions. Then there's the very real possibility that whatever lies inside the fake packaging could leave you with a skin or eye irritation, serious allergies, and ultimately a raft of bad feeling towards what you thought was your favourite brand. Worse still, you could be funding terrorism and organised crime. Seriously. The International AntiCounterfeiting Coalition (IACC) has evidence of established links between counterfeit trade and terrorist organisations such as al-Qaida, Hezbollah, and paramilitary groups in Northern Ireland. Al-Qaida training manuals have been uncovered which actually recommend the sale of counterfeit goods as a means to raise funds to finance terrorist operations. As a result, European Customs and British authorities have traced at least 1000 crates of fake shampoo, creams, and perfume back to an al-Qaida member once they had been intercepted en route from Dubai to Denmark.

For decades now, fashion brands and fragrance companies have been hit hard by counterfeit trade and it's an issue that's closely monitored by leading luxury goods conglomerates and international authorities of the highest order. You may think you're getting a great deal on (what looks like) Chanel No. 5 but consider this: while there may be a trace of the original scent inside the bottle, what you assume is fine fragrance is more like Eau de Awful. Lab analysis has shown counterfeit perfumes to be made up of liquid fillers such as vodka, water and even urine (both animal and human), not to mention toxic chemicals.

As manufacturing capabilities grow even more sophisticated, the problem is affecting everyone, everywhere. Counterfeit producers can and will copy anything they can get a sample of — the more coveted the brand the better — and have it ready for sale in next to no time. In late December, more than \$10 million worth of counterfeit Shiseido products were uncovered in a raid on an unlicensed factory in Guangzhou. Officials discovered that almost the entire Shiseido range had been copied. Closer to home, seizures are on the rise;

a NSW Police raid on a Sydney warehouse unearthed \$1 million worth of counterfeit perfumes — all names we know and love — along with fake soaps, shampoo, and toothpaste. Late last year, customs seized a shipment of 4000 phoney Lancôme lipsticks ready to hit the Sydney black market. While the shape looked nothing like the real thing, the brand's logo was perfectly reproduced. But then counterfeit goods don't need to be exact replicas to fool the consumer. The lure of a beauty bargain can be so compelling to some that if a buyer sees a design feature they recognise — such as the logo or the same text on the packaging — that can be convincing enough.

The ease and anonymity of e-tail has simply fuelled the counterfeit fire, with the internet proving to be a remarkably safe haven where manufacturers and would-be terrorists can easily hawk their wares. You might assume that because you've seen a brand or bought it on an established e-tailer such as eBay or Yahoo that it must be legit, yet both companies maintain that they are simply marketplaces. They don't see, control or even sell the goods directly so it's not uncommon to find a large amount of fakes on their sites at any given moment. While these e-tailers do have systems in place to remove suspect goods — such as eBay's Verified Rights Owner (VeRO) program — they do so only when notified by the brands themselves. And it isn't always immediate, meaning hundreds if not thousands of sales can be processed and dispatched before the dodgy products are removed from the site.

Fortunately for consumers, cosmetic brands are fighting back and pouring considerable resources into protecting their brand integrity and ultimately, their customer. "It has become a real issue for us, particularly as it's a threat to consumer safety", confirms Thierry Cheval, general manager of L'Oréal Paris's Luxury Products Division (Lancôme's parent company). "Counterfeit products do not comply with production standards of the original products they imitate. L'Oréal has invested a lot by putting a worldwide strategy in place; we have a department in Paris that can trace our products as well as identify and analyse counterfeit products from all over the world. In Australia, we work closely with police and customs authorities and engage in seizure and prosecution by legal action."

Another global giant Procter & Gamble, has had a number of their brands imitated, from Pantene through to the company's jewel in the crown, cult Japanese brand, SK-II. In P&G's Kobe lab, state-of-the-art technology is now used to analyse the contents of imitation product, much of which is SK-II, so that the brand knows exactly what it's dealing

with and can inform both staff and the media.

When it comes to counterfeit production, China is without doubt the main offender, though Malaysia, the Philippines, Russia, Mexico, India, Saudi Arabia, Taiwan, and the United Arab Emirates are just some of the countries listed on the International AntiCounterfeiting Coalition's watch list. In China, labour remains cheap, plentiful and unregulated, authorities are relatively lax compared with the rest of the world, and despite counterfeit manufacturing being illegal, it's not a crime to export the goods. In fact, savvy operators are bypassing the authorities by shipping parts separately and assembling and distributing the goods in the import country.

With its vast population and more flexible trade conditions, China has become the most coveted market for beauty brands to crack. When a foreign brand wants to export to China they need to go through an extensive registration process, pay several thousand dollars as a start-up fee and — here's where the problem begins — provide a complete manufacturing dossier detailing ingredients and formulae. Industry talk suggests that the authorities then pass on both the dossier and the product to local manufacturers to copy, no doubt for a healthy kickback. A number of companies — especially niche brands — still keen to break into the Chinese market simply go through the process yet submit a doctored dossier including slightly altered formulae to protect their investment, the brand and its products.

Aside from the economic issues associated with counterfeit trade — it's estimated to be worth more than \$800 billion annually and accounts for almost 10 per cent of global trade — the potential health risks are the overriding concern. Cosmetic companies go through rigorous toxicology testing in order to protect their customers and confidently place their products onto the market. But when you buy suspect cosmetics from a suspect website or an unauthorised retailer, you don't have that same safeguard. Nor are you protected by Australian consumer laws, meaning you're unable to return or exchange product.

The only way of ensuring that you're not buying counterfeit cosmetics is to either purchase direct from a known retailer such as a department store or reputable pharmacy chain, a brand or retailer's website (such as www.aesop.net.au or www.sephora.com) or an authorised distributor for individual brands (see www.rescu.com.au and www.adorebeauty.com.au). Be wary of sites which offer a seemingly random selection of a brand's products or those that advertise heavily discounted prices as the stock could well be suspect, damaged, or way past its expiry date. Cheap is as cheap does. ■

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