



# ORIGINALLUXURY

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## TACKLING GRAY MARKET CHALLENGES WITH GMC PRO: A COMPREHENSIVE SOLUTION

The gray market continues to pose significant challenges for manufacturers, distributors, and consumers globally. These unauthorized channels not only tarnish brand reputation but also can jeopardize product quality and safety. In the current global market scenario, effectively controlling the gray market is not just important; it is paramount, particularly in high-value supply chains such as perfumery and luxury goods. Implementing serialization, involving unique identification solutions and track-and-trace systems, is a proactive measure to mitigate these issues.

The innovative GMC Pro system developed by Atlantic Zeiser, is a robust and comprehensive solution, addressing gray market challenges.

### 1. UNDERSTANDING GRAY MARKETS

The term “gray market” denotes the trade of genuine goods through unofficial channels, thereby bypassing the manufacturer’s approved distribution network. While these products are authentic, they are acquired and sold through unsanctioned channels.

The implications are far-reaching, affecting authorities, brand owners and consumers alike:

- **Unauthorized Distribution:** Gray market goods are procured from channels not endorsed by the manufacturer, bypassing their approved distributors or retailers. These products often traverse international borders, taking advantage of price disparities or serving as a means to dispose of surplus or discontinued items.
- **Pricing Dynamics:** Gray market products are usually priced lower than those available through official channels. These reduced prices make gray market goods appealing to consumers who are budget-conscious or seeking discounted options.
- **Warranty and Support Challenges:** Purchasing gray market goods might entail the absence of manufacturer warranties and limited support. Consumers purchasing through unofficial channels might find themselves without proper recourse if the product encounters issues. This lack of support can lead to dissatisfaction and financial losses for consumers who may have no means of repair or replacement for faulty products.
- **Legal Implications:** The sale of gray market goods often overrides legal boundaries, potentially infringing on intellectual property rights and trademarks. Different regions have varying laws and regulations concerning the import, sale, and distribution of gray market goods, bringing legal implications of purchasing products from unauthorized sources. Moreover, gray market goods can circumvent local taxes, especially for regulated products like tobacco and pharmaceuticals.
- **Quality and Safety Concerns:** Despite being genuine, gray market products are susceptible to issues within uncontrolled supply chains. For instance, these products might come from sales of discarded or perished goods, leading to compromised quality and safety concerns for consumers. Additionally, in temperature non-monitored chains, products could be exposed to improper storage conditions, affecting their integrity. Moreover, the gray market opens avenues for counterfeits, further exacerbating the risk to consumers who might unknowingly purchase substandard or counterfeit goods.

The gray market not only poses risks to consumers but also presents reputational challenges for brands and regulatory issues for authorities. Consequently, it becomes the responsibility of brand owners to proactively combat the gray market. Implementing measures such as serialization, traceability, and consumer awareness campaigns are essential steps that brand owners can take to create a transparent and secure marketplace and to protect their brand reputation, ensure consumer safety, and adhere to regulatory standards.

## 2. SERIALIZATION: A FUNDAMENTAL STRATEGY

Serialization plays a significant role in combating the gray market. It involves assigning distinct identifiers, like serial numbers or barcodes, to individual products or units, ensuring comprehensive traceability across the supply chain and sales channels. Here's how serialization effectively addresses gray market challenges, minimizing its impact and safeguarding both consumers and brand reputation:

- **Traceability:** Serialization enables companies to monitor the movement of products throughout the entire supply chain, from manufacturing facilities to end consumers. This allows for the identification of "weak points" where goods might exfiltrate from or infiltrate into the legitimate supply chain. Brand owners can then pinpoint unauthorized channels and take necessary corrective measures.
- **Authentication:** Consumers and authorized distributors can directly authenticate products. By verifying their unique identifiers with centralized databases, they can distinguish genuine products from gray market items.
- **Quality Control:** By monitoring serialized products, manufacturers can identify and isolate gray market goods that do not meet the established quality standards. The products monitoring through serialization can also be used as a quality assurance tool, by facilitating the management and tracking in the cases when product recalls need to be organized.
- **Supply Chain Security:** By reducing the infiltration of counterfeit or substandard products, serialization enhances overall supply chain security. This ensures that consumers receive products handled with care, mitigating the risks associated with substandard or mishandled goods.
- **Legal Enforcement:** The collection of serialization data by authorities and manufacturers allows to take legal action against unauthorized distributors and sellers. This legal enforcement serves as a deterrent, dissuading others from engaging in gray market activities.
- **Consumer Confidence:** Serialization fosters consumer trust, providing evidence of product authenticity. It is also a visible symbol of a brand's commitment to authenticity and transparency and contributes to building customer loyalty.

However, the effectiveness of serialization depends on its meticulous implementation and enforcement. Collaboration between brand owners and supply chain participants is essential to build a robust serialization system, involving secure database management, adherence to standards, regulatory compliance, and the establishment of control points throughout the supply chain.



### 3. DIGITAL PRINTING AND SERIALIZATION: A SYNERGY

Several methods are available to mark and serialize products or packs, such as laser engraving or printing. Digital printing emerges as a robust solution for serialization, offering flexibility and efficiency in applying unique identifiers such as serial numbers, barcodes, QR codes, or other tracking data.

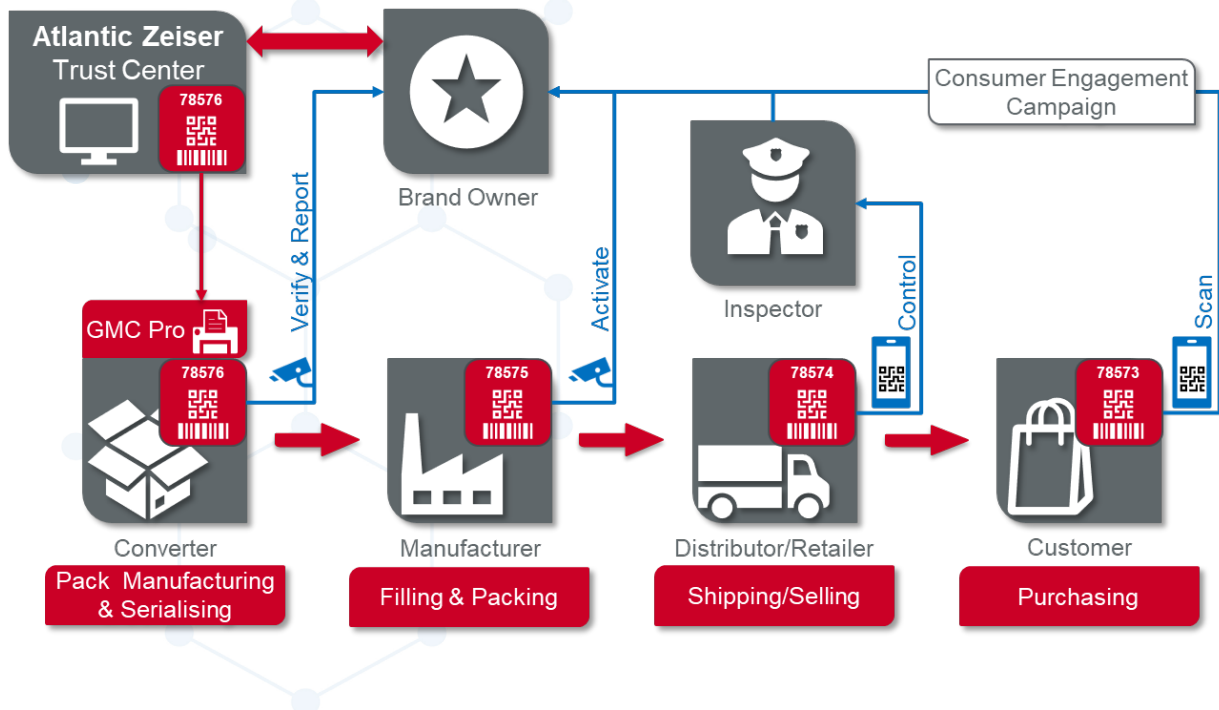
Its advantages include:

- **On-Demand Printing:** Digital printing enables on-demand printing of unique serial numbers or other identifiers directly onto products, labels, or packaging. This flexibility enables to adapt to changing serialization requirements and to accommodate with product variations.
- **Variable Data Printing (VDP):** Digital printing effortlessly handles variable data for serialization, where each product requires a distinct identifier. VDP ensures different serial numbers or information on each product or label within a single print run.
- **High-Quality and Robustness:** Digital printing delivers high-quality and resistant output, ensuring legibility and scan ability along the supply chain, essential for tracking and authentication purposes.
- **Real-Time Data Integration:** Integration with databases and software systems enables real-time data encoding and printing, ensuring accurate and up-to-date serialized information.
- **Customization:** Digital printing allows additional variable information, such as manufacturing dates or lot numbers, to complement serialization data, offering comprehensive product details and regulatory compliance, all integrated.
- **Cost-Effectiveness for Short Runs:** Digital printing proves cost-effective for short production runs, accommodating manufacturers with varying product volumes.

While digital printing is a valuable tool for serialization, it constitutes just one component of a comprehensive serialization and traceability system. To implement serialization effectively, companies must develop and manage robust databases, ensure data integrity, and implement workflows to verify and track products as they move along the complete supply chain.

#### 4. ATLANTIC ZEISER GMC PRO: A PROVEN SOLUTION

Atlantic Zeiser, a leading provider of digital printing solutions, has developed GMC Pro, a workflow for unique product identification, within a complete Trust Center ecosystem.



#### TRUST CENTER

Atlantic Zeiser's Trust Center offers brand owners a comprehensive solution, featuring:

- Digital printing technology for variable data printing (VDP)
- Software for unique code creation, transmission to the printer, and verification of the print-out
- Secure encrypted database storage

Over the years, Atlantic Zeiser has become a privileged supplier to major luxury and perfumery brand owners, owing to the system's inherent security. Through Trust Center, brand owners define with Atlantic Zeiser the scheme and range of products codes. The codes are sent exclusively to designated Atlantic Zeiser printing systems, ensuring a unique link between the generated code and the specific print head. The data exchange between Trust Center and the GMC Pro printing system occurs with highly secure encrypted keys, directly transmitted to the printing machine.

The complexity of implementing serialization is removed from brand owners, as it is managed collaboratively by the converter (for printing) and Atlantic Zeiser (for code management). Trust Center forms a closed-loop system, covering code generation, printing, verification, and tracking. Brand owners can activate these unique codes seamlessly during the manufacturing process at their own facilities, enhancing efficiency and ensuring a streamlined approach to product serialization.

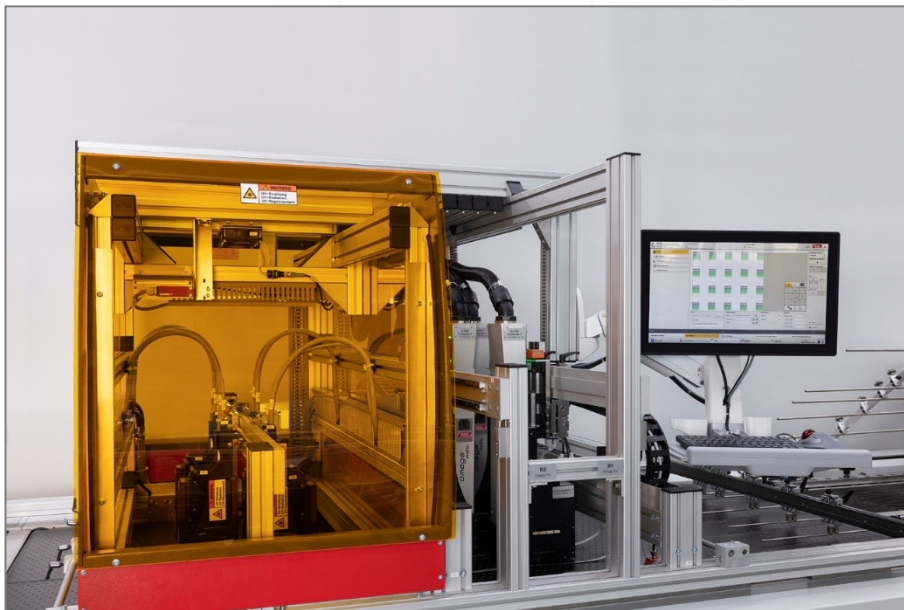
The validation database is securely hosted at Atlantic Zeiser, functioning as an external validation body separate from the brand owner. This setup ensures the integrity of codes. Brand owner inspectors can verify codes at any time by accessing Trust Center. This system not only provides protection but also grants brand owners immediate verification access.

## GMC PRO: ENSURING SECURITY AND RELIABILITY

Atlantic Zeiser's GMC Pro (Gray Market Controller) printing system can be supplied with DIGILINE Versa Pro printing machines (for sheet and blank coding) or integrated into existing packaging transport lines, with the OMEGA Table integration kit.



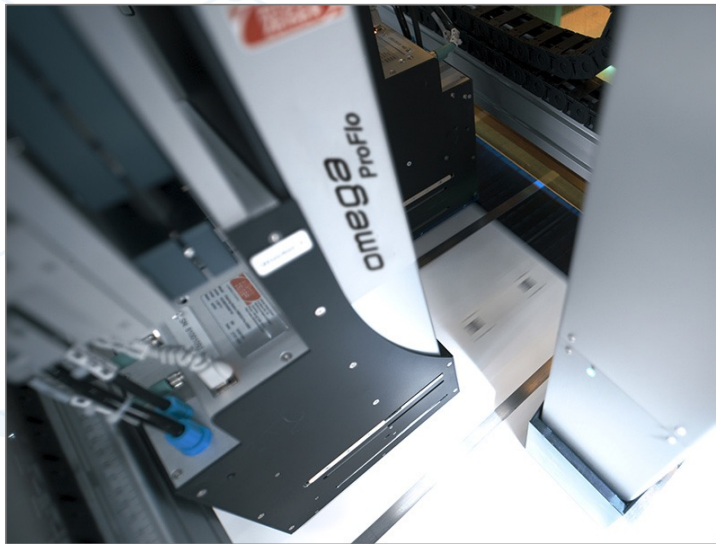
*DIGILINE Versa Pro Printing System*



*GMC Pro OMEGA Table*

The system features OMEGA ProFlo printheads, ensuring high-resolution and high-speed printing using high-opacity UV inks. With a 600-dpi print quality and deep black coverage, the printed codes are not only 100% secure but also easily readable, ensuring reliable and efficient product identification and traceability.

The OMEGA ProFlo printheads are the real application of Variable Data Printing (VDP). Through GMC Pro, specific codes are sent to the printhead, which can be alphanumeric characters, QR codes, or barcodes. Each individual sheet, box, or article is uniquely marked, and cannot be modified or altered.



**OMEGA ProFlo Printer**

### INSPECTION SYSTEM

The VERICAM Pro inspection system conducts real-time checks on codes right after printing, ensuring 100% readability for brand-owner packaging. By discarding non-compliant or difficult-to-read codes, the system guarantees the accuracy and consistency of the printed code.

This quality control includes assessing quality, readability, position, and orientation of the codes. In case of printing defects or incorrect serialization data, the system triggers an automated rejection process, preventing non-compliant products from entering the supply chain. All these checks are performed instantaneously, providing real-time monitoring, accurate reporting, and detailed documentation for brand owners.



**VERICAM Pro Inspection System**

### 5. DIVERSE APPLICATIONS: BEYOND LUXURY MARKETS

Atlantic Zeiser's system extends its relevance beyond the luxury sector, finding applications in diverse sectors such as fine wines, jewelry, fashion, consumer electronics, and the automotive industry.

Enhancing value throughout the distribution channel, product serialization is crucial for industries prioritizing traceability, authenticity, and regulatory compliance. By ensuring product traceability and authenticity, Atlantic Zeiser's system fosters consumer trust and safeguards brand integrity.



**ORIGINALLUXURY**

**Pioneering Transparency Through  
Technology in the Luxury Sector**