

# Elevating technology barriers to check counterfeiting

**Guala Closures India** was the first organisation to start manufacture of plastic closures for the spirits industry in India 20 years ago. In an interaction with **Shalini Kumar**, the company's MD, **David Stevenson**, describes their journey in India as exciting and throws light on their innovations which are meant to help quality-conscious alcohol producers check counterfeiting of their brands.

**G**uala Closures is the world leader in the design and production of anti-counterfeit closures for the spirits industry. In India also, it has helped major spirits companies fight the menace of counterfeiting.

During Guala Closures' operations in India in the past 20 years, its Indian arm has grown from a small, single-site operation to three world-class large-scale operations. "Guala Closures has had an exciting journey in India. Of course, the industry has also experienced significant growth over this period and we are pleased to have been a part of this," says David Stevenson, the newly-appointed MD of Guala Closures India.

Throwing light on how their products are checking alcohol counterfeiting in India, Stevenson says, "In India, there are a number of levels of protection we use to protect our customers' brands. At the mechanical level, our products incorporate tamper evidence (a first opening, irreversible event), positive lock to the bottle and some products also include a valve system to prevent refilling.

To further strengthen anti-counterfeiting measures, Guala Closures does not make generic caps available to the market. "Our caps have brand-specific designs and we work closely with our customers to protect their brands. We also enforce our IP rights to protect the patented design of our products," informs Stevenson.

## COUNTERFEITING A GLOBAL CONCERN

Talking about counterfeiting in the global context, Stevenson says, "Counterfeiting is a huge issue for the global alcohol industry. It is estimated that approximately 12% of spirits globally are counterfeited. Our company has a website dedicated to this issue, [www.savethespirits.com](http://www.savethespirits.com)."

Regarding the status of counterfeiting in India, Stevenson cites the FICCI estimates which put the size of





the grey market in India at 16% in 2012, rising from 10% in 2010. FICCI also estimated that the alcohol industry suffered a sales loss of Rs 14,000 crores in 2012 due to counterfeiting.

Delving on the hazards posed to Indian consumers by alcohol counterfeiting, Stevenson says, "The health dangers of counterfeit alcohol can arise from the use of harmful substances and additives to simulate more expensive raw materials. Highly toxic substances can also be created from incorrect production processes. For example, methanol, which is toxic, can be produced if the temperature is not controlled during the distillation process. The use of ethylene glycol is also toxic. Recent examples of the health dangers include the 100 deaths from toxic alcohol, reported from Mumbai June last, and the 29 deaths reported from UP earlier this year."

Another harmful dimension of counterfeiting is the loss caused to the state and spirits companies. Stevenson explains, "Counterfeit products are usually sold without legitimate payment of taxes, which represents a loss of income to states, which hampers their capacity to provide services to people. Alcohol companies also suffer direct damage in terms of sales reduction and potential brand image impairment."

## FROM ITALY TO INDIA

Stevenson has recently been transferred from Italy to India to head Guala Closures India. He spent the early part of his career in strategy and general management roles with Australian MNCs in a wide range of industries. Then he became involved in the management of private-equity-owned ventures. His

## Global innovations available on demand

Depending on the interest of its Indian customers, Guala Closures is keen to implement its following global innovations in India:

- Communication systems with the final consumer, e.g. NFC or QR codes, data matrix technologies, etc
- Security taggants in ink, which can be used to confirm genuine packaging by using a special reader
- Bi-injection technology to upgrade closures in terms of protection against industrial counterfeiting
- More sophisticated decoration technologies

association with Guala Closures began in 2007, when they acquired a private-equity owned Australian business, Auscap, of which he was a manager/part-owner.

After the Auscap acquisition by Guala Closures, Stevenson was given the responsibility for their Oceania Division. In 2012, he was appointed Direttore Generale Italia, and was transferred to Milan to head up the Italian division of Guala Closures. "This was a great challenge and opportunity to work in the global HQ," he says.

## R&D POWERHOUSE WITH 80 PATENTS

Guala Closures is taking big strides in advancing the technology for producing anti-counterfeiting closures. Talking on the subject, Stevenson informs, "Guala Closures is the world leader in the design and production of tamper-evident, non-refillable and anti-counterfeit closures. Our closures are used in most of the premium liquor brands around the world. Globally, we continue to elevate the technology barriers of production to provide further protection against counterfeiting."

Talking about their innovations, Stevenson tells, "Guala Closures is an R&D powerhouse, with more than 80 patents. Since 2011, we registered 19 new patents. We are introducing more sophisticated forms of identification and traceability into





our products including, for example, security taggants, QR codes with holograms, data matrices (laser or digital printing), NFC and RFID."

In India also, Guala Closures has banked on its innovations to provide counterfeiting solutions to spirits companies. "We have a long history of introducing innovations in the Indian market. Guala Closures was the first organisation to manufacture plastic closures for the spirits industry in India. We introduced the 1031 series (for larger package sizes) with strong tamper evidence, lock on bottle and non-refillable protection. We also introduced the 1331 series with even stronger lock on bottle performance," tells Stevenson.

Today, according to Stevenson, Nipcap is the Indian industry's standard closure for premium 180ml and 375ml spirits packages. "We designed and patented Nipcap. It has strong lock-on application performance, strong tamper evidence and additional protection available when decorated across the cutting line. The Nipcap design ensures the strongest sealing," he informs.

#### 'INDIAN STAFF ON PAR WITH GUALA STAFF ELSEWHERE'

Recently Stevenson had the opportunity to meet the employees of Guala Closures India working in their factories. He was "very much impressed by the level of their skills and professionalism, and how hard they work. They are on par with the Guala staff

around the world."

Guala's newest facility was built in Ahmedabad four years ago. Its first full year of production was 2012. According to Stevenson, this large, state-of-the-art facility is very well located to service the northern regions of India.

Stevenson describes India as a country with "wonderful, exciting growth potential and fascinating culture". He is all praise for Guala's Indian customers, whom he calls "typically very sophisticated organisations with high quality and safety standards. They also choose high quality packaging to protect their consumers and their brands. Virtually all premium spirits companies in India are using our products."

And, he also rates highly the spirits products of their clients. "Our customers produce excellent quality products that are on a par with their western counterparts. Independent reviewers, for example, rate some Indian whiskies as being amongst the best in the world. We will continue to support our customers growth and develop innovative products to support their brands," he says.

Stevenson came to India two months ago. For his stay in the county, he has chosen Goa as his home where he is living his wife and three young sons—Oscar, Caspar and Remy. He has one distinction with his family which he describes in these words, "My family is Australian though I am NZ born. This is an important distinction when my family watches rugby matches!"