

# Deceptive Counterfeits that Infiltrate Legitimate Distribution Channels

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## Introduction

The rapid expansion of digital channels that make it easier to buy and sell goods and products has contributed to the worldwide increase in counterfeit product sales. These channels thrive on the idea of connecting consumers directly with manufacturers to save money, but they don't show much about where products come from. Clearly, forgers profit by the pervasiveness and secrecy of online channels to acquire simple admittance to shoppers. According to Grossman and Shapiro (1986), counterfeit goods can be broken down into two categories: both non-deceptive and deceptive. For products that are not deceptive, the consumer is aware of the illegitimate nature of the product, is able to easily distinguish the counterfeit product, and willfully purchases the counterfeit product at a price that is significantly lower than that of the genuine product. This work focuses on deceptive products, which are the other category. The most widely recognized model and the fundamental inspiration for the displaying system that we propose is fake prescriptions, where the buyer can't recognize a fake and a veritable item and hence unwittingly buys the fake item at a market value that is typically close or equivalent to assuming the item is certified.

## Blockchain Technology's Tracking and Authentication

Drug forging is an extravagant industry that is compromising the prosperity of society and the financial soundness of the drug business. The World Wellbeing Association characterizes a fake medication as "one which is intentionally and falsely mislabelled concerning personality or potentially source". These counterfeit drugs are sold with the intention of deceiving consumers and may contain the correct or incorrect ingredients or the wrong quantities of the correct ingredients. According to Cockburn, Newton, Agyarko, Akunyili, & White (2005), consumers are then offered counterfeit goods at prices comparable to those of genuine goods. Legislation is constantly being enacted and the most recent technology is being utilized by both public and private sectors to assist in resolving this issue. For instance, the Obama administration enacted a law to protect drug distribution networks that mandated that drug packages include unique serial numbers for tracking purposes by 2017. Although blockchain technology holds the greatest promise for combating

drug counterfeiting, the issue is far more complicated than the application of blockchain, RFID, or serial numbers alone. First and foremost, consumers should be able to easily access the verification via text messaging or a website. Second, all substances in the production network ought to participate to stay up with the latest. Thirdly, all stakeholders in the supply chain should have access to secure technology, like blockchain. However, a significant issue arises for the pharmaceutical supply as a result of this ease of access. Counterfeiters, just like consumers, have access to these databases and could alter the process by which records are verified. The pharmaceutical industry's high hopes for blockchain technology's tracking and authentication verification capabilities are the impetus for this work (Orton, Wolfson). However, all parts of the supply chain need to work together in a dedicated and coordinated manner for this to work as expected. The awareness that counterfeiters are constantly improving their strategies to combat such endeavors is also crucial. Blockchain only authenticates the record, not the product, due to its security and fortification. If they are leaked, records could very well validate a fake product at the expense of a genuine one. Despite the fact that the pharmaceutical industry serves as a driving force behind the current work, it can also be applied to other products. As such the article will be kept general, yet the rousing model is chiefly fake medications. This influences a portion of the suppositions embraced, which we will allude to later. We know that both, tricky and non-misleading fakes, lead to huge social and monetary misfortune with extreme results to purchasers as well as brand proprietors. Clearly, recognizing tricky fakes is altogether harder because of the misleading idea of the items as well as their normal penetration into the proper appropriation channels of veritable items. As a result, each product can be tracked individually from production to delivery, increasing transparency in the supply chain and the ability to distinguish genuine products from counterfeits. Everledger, which can be found at <https://www.everledger.io/>, is one of a growing number of businesses that provide solutions for tracing products from the manufacturer to the end user, maintaining a safe record of the product's origin, characteristics, and ownership.

## Strategic Implications of using Block Chain

Blockchain provides a tracking technology for tracing the origin of goods throughout the supply chain, thereby combating

counterfeiting. The store network substances can then do quality confirmation at various levels of the inventory network by assessing the record for every item and adding data that can be utilized downstream in the store network as the item goes to retail and in the end to purchasers. Before selling the product to the customer, the retailer can then examine the recorded transactions and determine the product's authenticity. The added benefit of blockchain is that it provides an immutable, decentralized record tracing layer that is visible to all entities in the supply chain as well as consumers. This is despite the fact that these smart tags are already widespread tools that are utilized as counterfeiting technologies. Because more information is now available for all entities as well as consumers to verify the records rather than having partial information siloed and entities that can only verify local information, this layer of visibility constitutes a very important aspect in the prevention of counterfeiting. In addition, the immutability of the data stored on the blockchain is a crucial security feature that ensures that the digital record cannot be altered. Even though the virtual record cannot be changed, the physical product is still susceptible to counterfeiting, which can be done by either cloning the smart tag and making multiple products with the same smart tag that links to the real record or by replacing the

original product in the packaging. Accordingly it depends on the store network substances to settle fair and square of straightforwardness in the production network. The technology required to read the smart tag and push the information to the block chain as well as the cost of the block chain itself make it expensive to store data on the block chain. Then again, extra data and continuous record refreshes give more abilities to distinguish irregularities and improve the probability of recognizing unlawful items. The strategic implications of using block chain to prevent the sale of counterfeit goods are examined in this paper. Especially, this paper researches the utilization of block chain to kill the huge monetary benefit from the deals of misleading fakes. By to some degree keeping fake items from arriving at clients, the provider of misleading items acknowledges less benefit in the end arriving at a level where it is at this point not monetarily appealing to endeavor to sell fakes. Naturally, adopting block chain technology for the purpose of detecting counterfeits is expensive for brand owners. As a result, the purpose of this paper is to investigate the critical tradeoff between the expense incurred by suppliers and manufacturers of genuine products as a result of increasing adoption of blockchain technology and the potential benefit of making it less appealing to counterfeiters.