

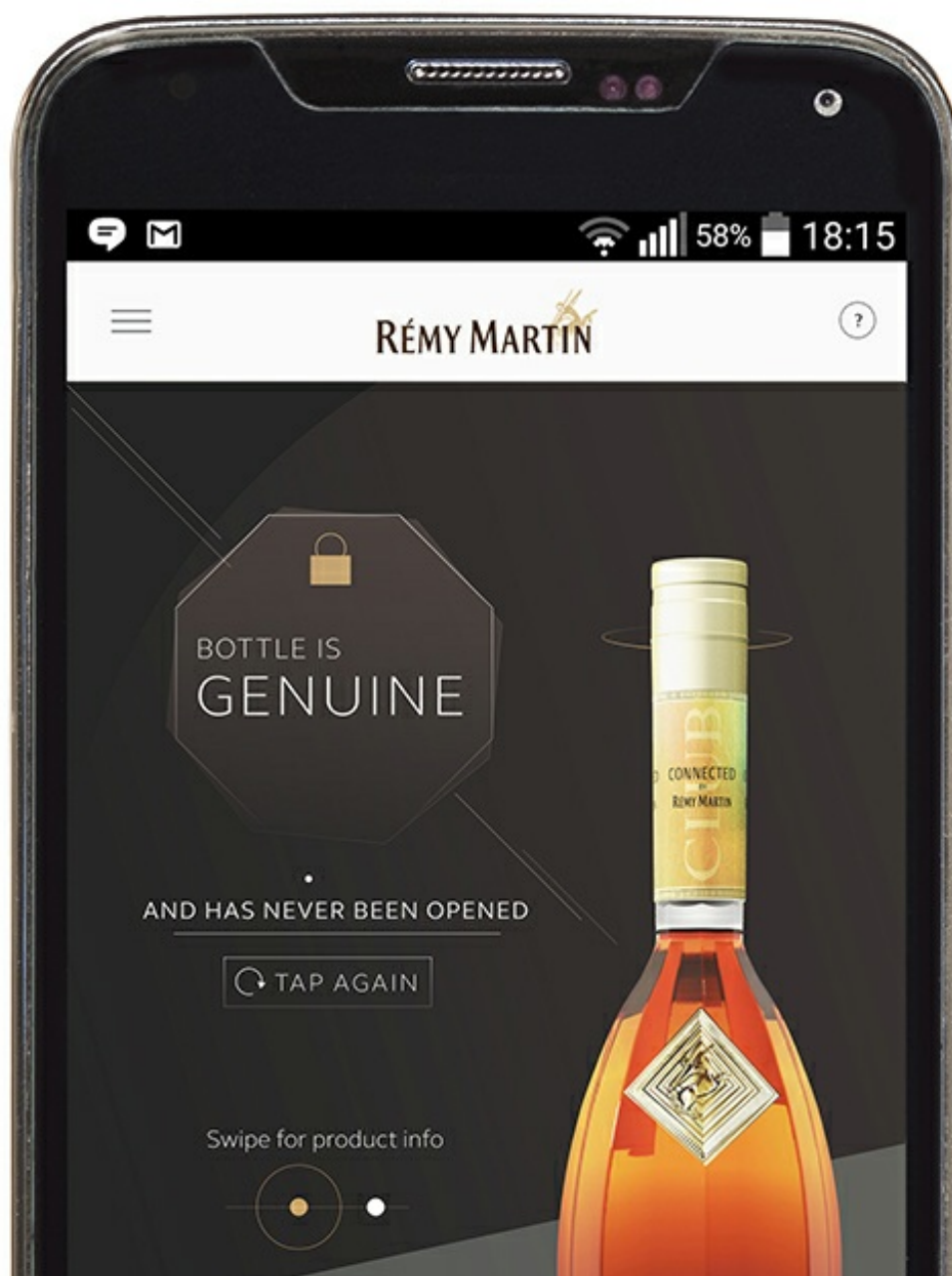
The French cognac producer uses NFC technology to authenticate bottles and improve customer loyalty.

By Barb Freda

Tags: Manufacturing, Labeling, NFC

**Aug 16, 2015**—In summer 2014, a serendipitous conversation between two neighbors in Cognac, France, led to the creation of a radio frequency identification solution that promises to fight counterfeiting of high-end cognac in China and improve customer relations.

The cellar master at [Rémy Martin](#), a cognac producer steeped in tradition, and one of the leaders at [Selinko](#), a new firm that uses Near Field Communication (NFC) technology to authenticate and market spirits and other products, were having a chat about bottling. As it turns out, Rémy Martin was looking for a way to combat fraud and connect with its consumers online, and Selinko had a solution that could meet its needs.





At the time, Selinko, working with chip manufacturer Inside Secure, had introduced CapSeal, a solution that detects bottle opening. Real wine being replaced with fake wine in real bottles is a problem that all luxury spirits brands face. That technology laid the groundwork for an innovative solution at Rémy Martin.

"Everyone wants to fight counterfeiting in the spirits industry," says Arjan Ackerman, Rémy Martin's digital director. "We saw this as the opportunity to reassure our consumers that the bottle is genuine and to create an experience for our consumers, providing even more value by establishing an interactive relationship with them."

Rémy Martin asked Selinko to create a "connected bottle" that would combine CapSeal technology with the ability to maintain a connection with customers once a bottle is opened. Rémy Martin requested this new technology for its Club cognac, a high-end beverage popular with Chinese connoisseurs.

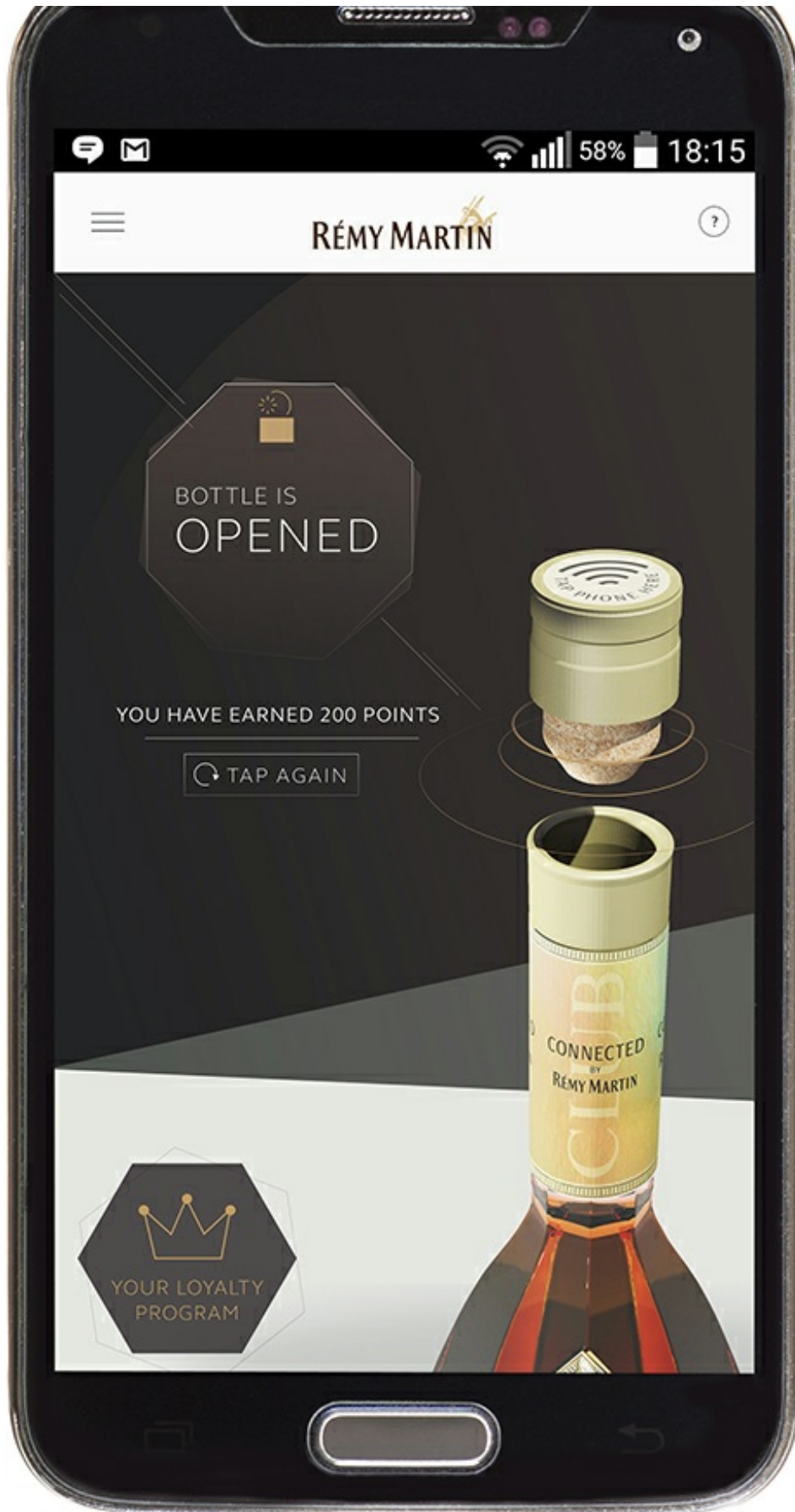
The result, one year later, is the Club Connected bottle, which accomplishes the two things Rémy Martin required. On the business front, it uses NFC to prevent counterfeiting and record bottle openings. And on the marketing front, the new bottle opens a world of interactive engagement, transmitting information to Club consumers by way of a dedicated smartphone application. The app includes a loyalty program, with reward points awarded for opening Club Connected bottles and engaging with the company via that platform. Club Connected is being introduced to markets in China, with the first full shipments expected to take place in Fall 2015.

"I wish we could tell you about a big study," says Florence Puech, Rémy Martin's communication director, "but it was really just one human connection."

### Customizing the Solution

The CapSeal anti-refill solution integrates a high-frequency 13.56 MHz NFC-compliant tag under the bottle capsule (the metal or foil protecting the cork), just above the cork. The tag detects the opening, thereby triggering a message recording this action to be sent to the server. A consumer or supply-chain partner can use an NFC-enabled smartphone to read the tag and then check Selinko's mobile app to confirm the bottle has not been opened.

The asymmetric-encryption chip is based on Common Criteria (EAL4+) for object identification and the Federal Information Processing Standard (FIPS 140), which provides security equal to that used by banks, the U.S. Department of Defense and the L'Agence nationale de la sécurité des systèmes d'information (ANSSI) in France, says Gwennaëlle Festraets, Selinko's VP of marketing and communications. With no battery, she adds, these chips are guaranteed for 30 years of life.



The NFC solution was a good option for Rémy Martin, Festraets says, because NFC chips can be read using Android phones, and Android dominates the already highly connected Chinese market. But Rémy Martin wanted to tweak the solution by including a marketing tag with the bottle-opening detection that was already part of CapSeal. The new tag would connect consumers to a loyalty application via a smartphone.

Rémy Martin approved the approach in March 2015, after review by its marketing, digital marketing, packaging, supply-chain and legal departments, as well as its company directors. The idea to combine the authentication of bottles, the recording of bottle openings and a marketing connection was already in the pipeline at Selinko, Festraets says, but Rémy Martin wanted the firm to "test and deliver the product in June 2015." Moreover, the cognac company didn't just want a prototype, but rather a solution ready to be shipped and marketed almost as soon as development was completed. The timeline Rémy Martin set in front of Selinko, she adds, "pushed us to move forward with those solutions even faster."

A new cap had to be developed, Rémy Martin's Ackerman says, with the tag embedded in the cap itself—a task assigned to cap maker [BT Watzke](#), located in Austria. Two antennas would be integrated into the tag: one to signal "opened," and one to connect with the customers via the new, dedicated app. "Selinko had to create a cap that had a premium look and looked close to the previous non-connected cap," Festraets adds.

The first thing that had to go was the metal on top of the cap, which blocks NFC communications. The new cap has a tag embedded in a layer made of a composite material compatible with NFC. That layer seamlessly melds with the body of the cap, so it looks all of a piece.

Rémy Martin designed a new capsule that works with the new caps and functions on the existing bottling line with the existing tools. Ackerman credits Rémy Martin's "genius" packaging department with creating a capsule that needed so little in the way of adaptation to the bottling line. "We have full control over our bottling facility," he states, "so we are adept at adding, changing [and] moving things around."

The company added an activator to the bottling line, which associates the tag with the serial number and bottle ID on a secure Rémy Martin database. If a tag is not activated on the production line, it will not be recognized as authentic by a smartphone.

Rémy Martin also worked with Selinko to design a new label to ensure the product is instantly recognizable as a Club Connected bottle. The new label features Wi-Fi symbols and different ink. "We knew the bottle will be sold in nightclubs, so we made it impactful for young people," Festraets says. "We worked with special ink and created a holographic label."





Rémy Martin did not hire an outside systems integrator. "We have a super-capable team that was able to provide the solutions we need for the bottling line," Ackerman reports, "and Selinko was a full-service partner."

#### **A Double Bonus**

From Rémy Martin's vantage, Ackerman says, the rollout has gone smoothly. The company conducted tests to make sure the Club cognac quality was maintained, and also made sure the new bottles with the new caps withstood shipment to China. The bottles have the same profile and weight, so there was no need to change existing export-import processes.

Rémy Martin had to be confident its suppliers would be up to the production demands, ready and able to meet the quantities the company knew it would use for Club Connected shipments to China. "We bought all the chips that Inside Secure had," Ackerman says, "and the company has scaled up production so it can supply chips and caps for the cases that will ship come Fall 2015."

Club Connected will be sold exclusively at high-end nightclubs throughout China, and for the same price as non-connected bottles: about US\$103 (643 RMB—renminbi, the Chinese currency). "The nightclubs are an important part of our business and a source of consumer engagement for us already," Ackerman says. "If you want to interact with us by way of Club Connected, you'll have to go to a party." Nightclub owners received the Club Connected bottle with enthusiasm, and Ackerman looks forward to positive reviews from customers.

Customers will need to download the Rémy Martin Club Connected app and join the loyalty program. Then it just takes two taps of an NFC-enabled Android smartphone on the Club Connected bottle. The first tap ensures authenticity, identifies the bottle and rewards customers with loyalty points via the app. The second tap sends opening information directly to Rémy Martin, and also awards more loyalty points to the customer.

The opening information, along with any other data customers share upon enrolling in the loyalty program, is transmitted directly to a secure database at Rémy Martin. Selinko built the app and provided the framework and software for the database, but it is housed entirely—and securely—at Rémy Martin. None of the shared information goes to Selinko. Rémy Martin plans to use the platform to send news and special offers directly to its customers.





Customers who haven't downloaded the app can use an NFC smartphone to read the cap on a public level, Ackerman notes. That will direct them to the Rémy Martin website, where they can then engage with the company and, perhaps, decide to download the app.

Rémy Martin says it will consider future markets and other connected bottles, but first it wants to focus on Club Connected's successful rollout. The toughest challenges have already been solved with this bottle, Ackerman says, so he expects future adaptations on other labels will go smoothly.

Rémy Martin isn't yet ready to reveal how much it cost to launch the Club Connected bottle, but the company remains confident that the new cap is the best thing for both the cognac maker and its customers. Club Connected eliminates any doubt about the authenticity of the Club cognac inside the bottle, Ackerman says, while also creating and maintaining a digital connection with its loyal customers.

"In the spirits industry, which is quite trade-focused, we see the bonus of being able to be consumer-focused," Ackerman states. "Club Connected is an innovation in consumer relations. The bonus is that it fights counterfeiters."