

# **Busan Consumers' Perception of Counterfeit Products**

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## Introduction

The European Chamber of Commerce in Korea (ECCK) is the pre-eminent association of European companies conducting business in or related to Korea. Representing the common voice of the European business community in Korea, the ECCK aims to function as the platform for information exchange, effective communication channel to the Korean authorities and organizer of networking opportunities for European businesses. The ECCK is a non-profit and non-political organization.

The ECCK, through its Intellectual Property Rights Committee, strives to protect all forms of intellectual property and contribute to improving the business environment in Korea. The IPR Committee has a three-fold objective of facilitating the exchange of information between member companies within Korea as well as in the broader Asia-Pacific region, fostering communication and cooperation with relevant government authorities through visits, seminars, roundtables and officers' trainings, and raising public awareness of intellectual property challenges.

In order to receive information about Korean consumer's perception of counterfeit products, their purchasing patterns and their suggestions on limiting the sale of counterfeit products, ECCK has decided to conduct surveys amongst the general public. This survey was conducted in Busan and accordingly most respondents are believed to be residents of Busan. To achieve a more extensive overview of general Korean consumers' views and possible differences within regions, additional surveys will be conducted.

## Executive summary

On October 18, 2014, the ECCK conducted a survey about counterfeit products in Korea amongst visitors to the Busan Global Gathering. The survey, which consisted of 7 questions, was intended to analyze the general public's perception of counterfeit products. All the respondents filled out the questionnaire on a voluntary basis.

Of the 193 respondents that participated in the survey, 103 respondents were female, 68 respondents were male and 22 did not indicate their gender. Additionally, 19 respondents were foreigner, of which 11 respondents were female, 4 respondents were male and 4 did not indicate their gender. The respondents' average age was 30 years old.

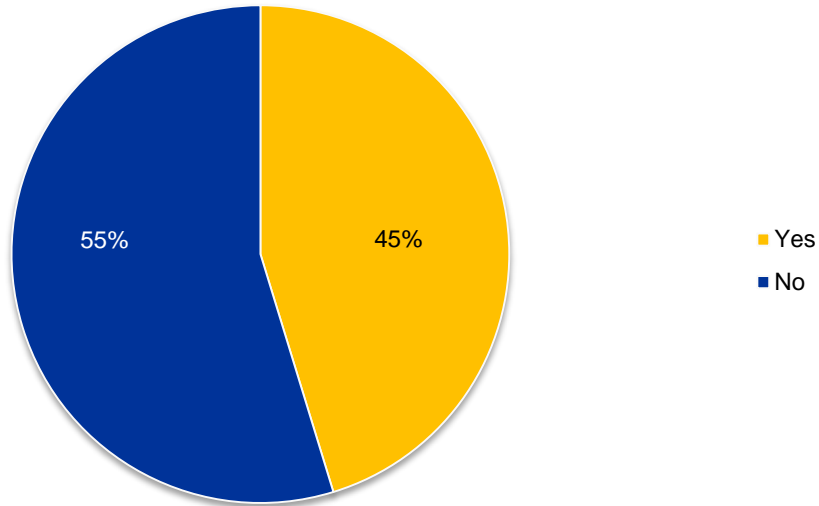
Of all the respondents, 45% indicated to having purchased counterfeit products. The most common source of these products has been street stalls (38%), followed by online stores (30%). The three most common types of products are all related to apparel, with bags or wallets being the most popular (37%), followed by clothing or shoes (29%) and jewelry or watches (17%).

The responses show that the low price of counterfeit products is perceived as the most important reason for their acquisition. The high availability of counterfeit products was believed to lie in the consumers' high demand. The respondents indicated that the most damaging aspect of counterfeits is the damage they cause to local businesses (36%), followed by the harm to consumers (25%) and the damages companies' brand image (23%).

Finally, a large majority of the respondents (81%) was of the opinion that stronger enforcement against counterfeits is required in Korea. According to almost one quarter of the respondents, the enforcement actions should also target the buyers of counterfeit products.

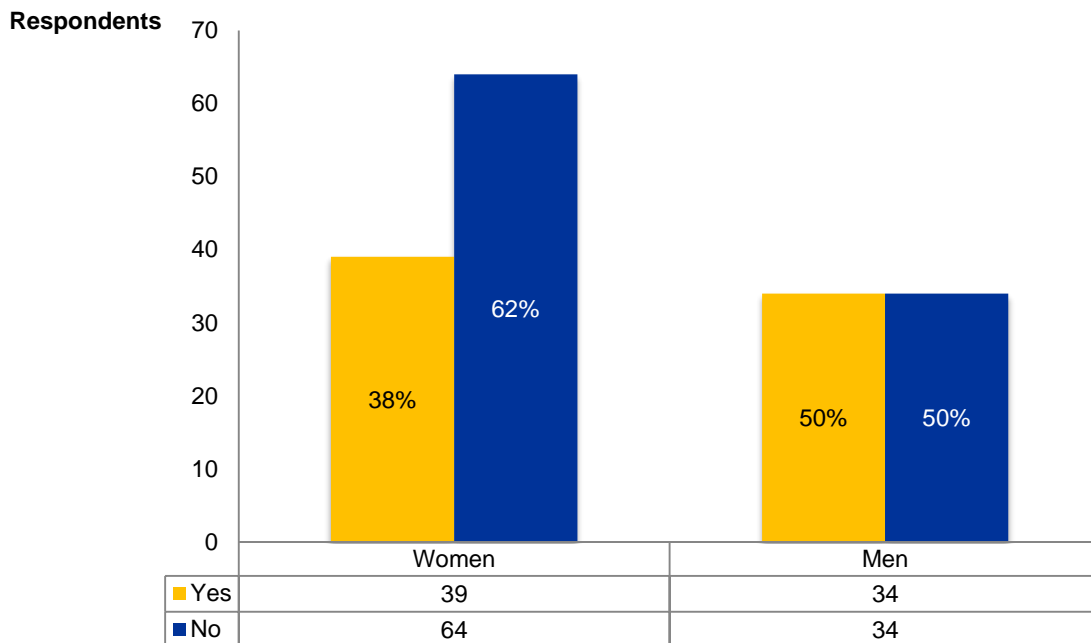
## Analysis of individual questions

### 1. Have you ever purchased any counterfeits?



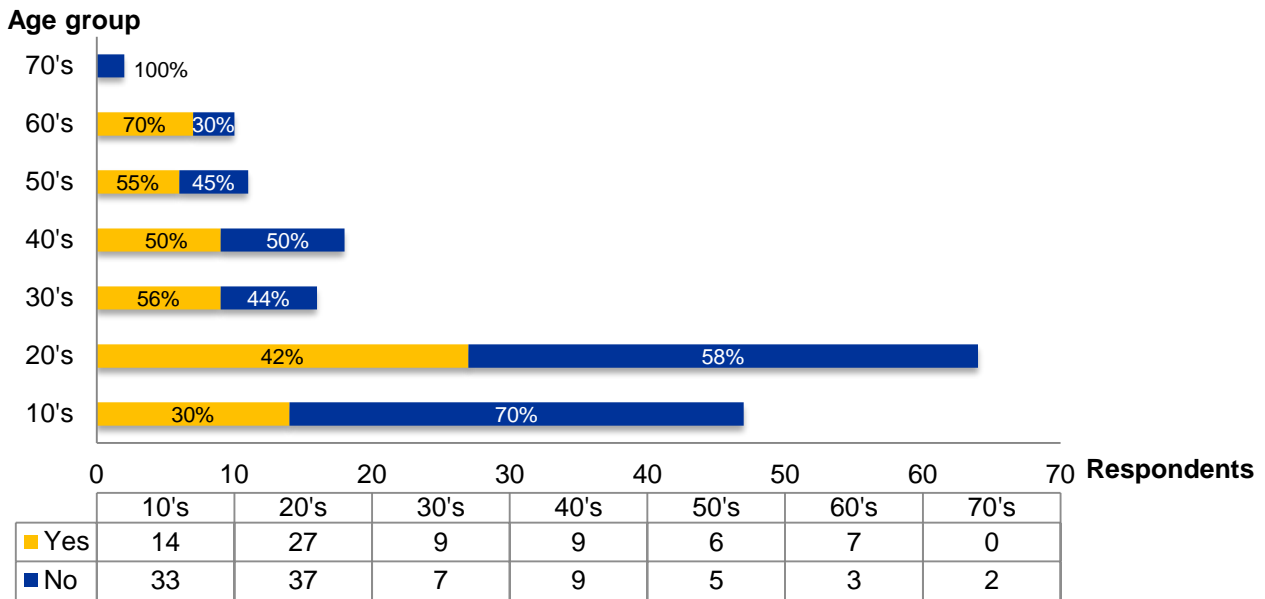
While 104 respondents indicated never to have bought counterfeit products, 86 respondents indicated that they have in the past purchased counterfeit products.

#### Gender analysis – purchase of counterfeit products



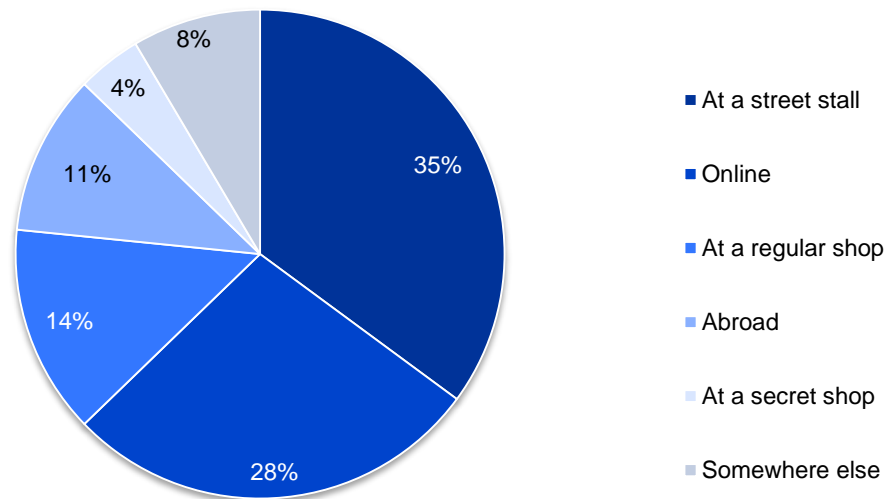
When the results are broken down by gender, they display that 62% of the female respondents indicated to have never bought counterfeit products, vis-à-vis 50% of the male respondents.

▪ **Age group analysis – purchase of counterfeit products**



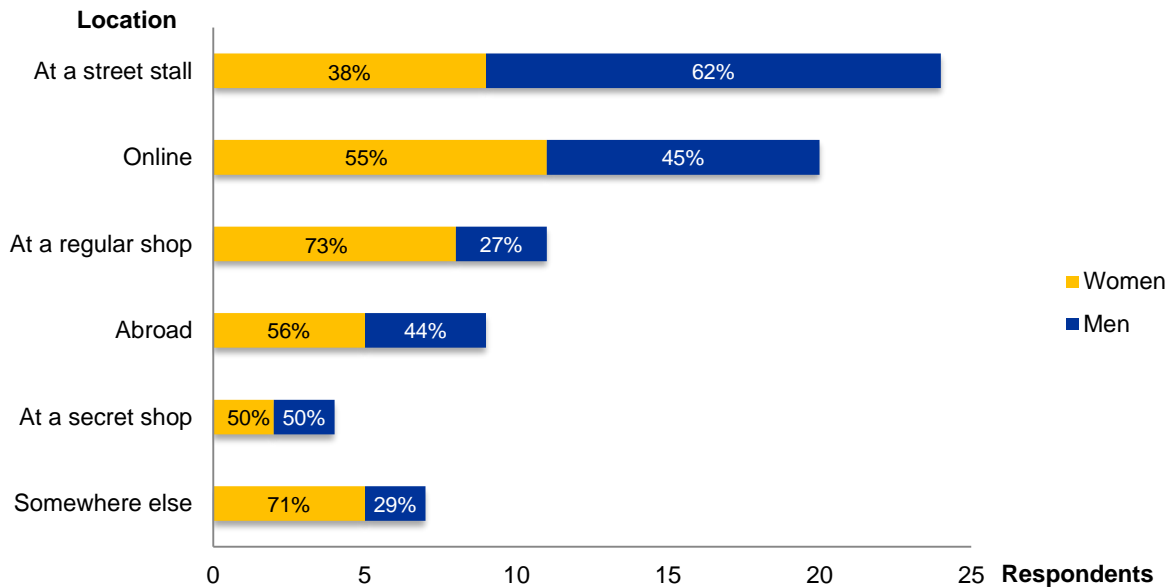
The age group with the highest percentage of counterfeit purchases are the respondents in their sixties (70%). The lowest percentage of counterfeit purchases was indicated by the respondents in their seventies (0%), followed by teenagers (30%).

**2. Where did you purchase these goods?**



The respondents that indicated to have bought counterfeit products before, pointed to street stalls as the most common outlet for their purchases. The second most used source for counterfeit purchases has been the internet. Some of the respondents further indicated to have received counterfeit products as gifts.

▪ Gender analysis – place of purchase

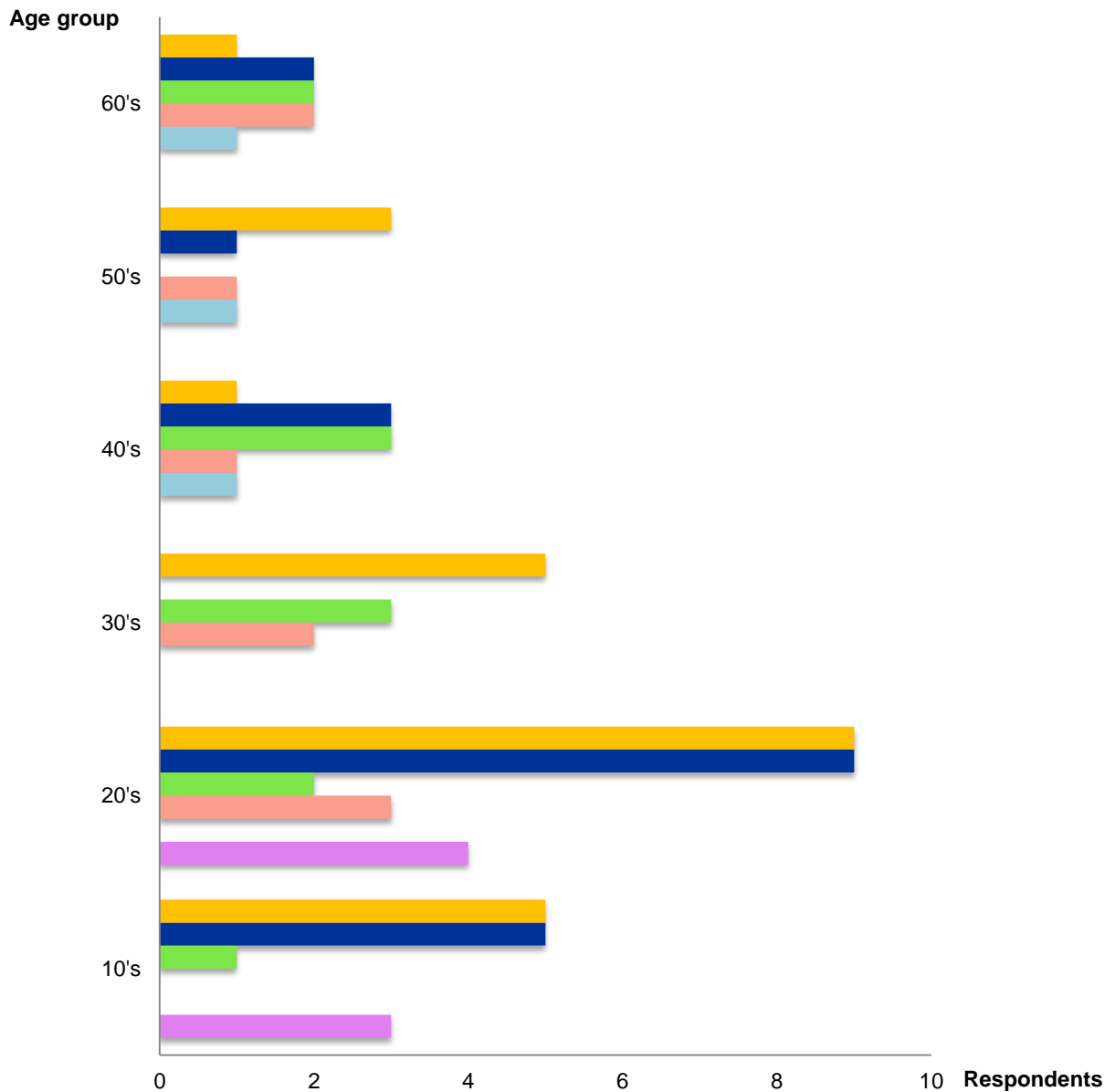


	At a street stall	Online	At a regular shop	Abroad	At a secret shop	Somewhere else
Women	9	11	8	5	2	5
Men	15	9	3	4	2	2

When considering the respondent's gender, the results show that street stalls are the most popular source of counterfeit products for male consumers, as indicated by 43% of the male respondents. Further, street stalls are the only source of counterfeit products from which male consumers indicated to purchase more counterfeit products than their female counterparts. For male consumers the internet was the second most popular source with 26% of the male respondents indicating such as the place where they purchased counterfeit items.

Female respondents indicated to use three main sources for the purchase of counterfeit items. These are the internet (28%), closely followed by street stalls (22%) and regular shops (20%)

▪ Age group analysis – place of purchase

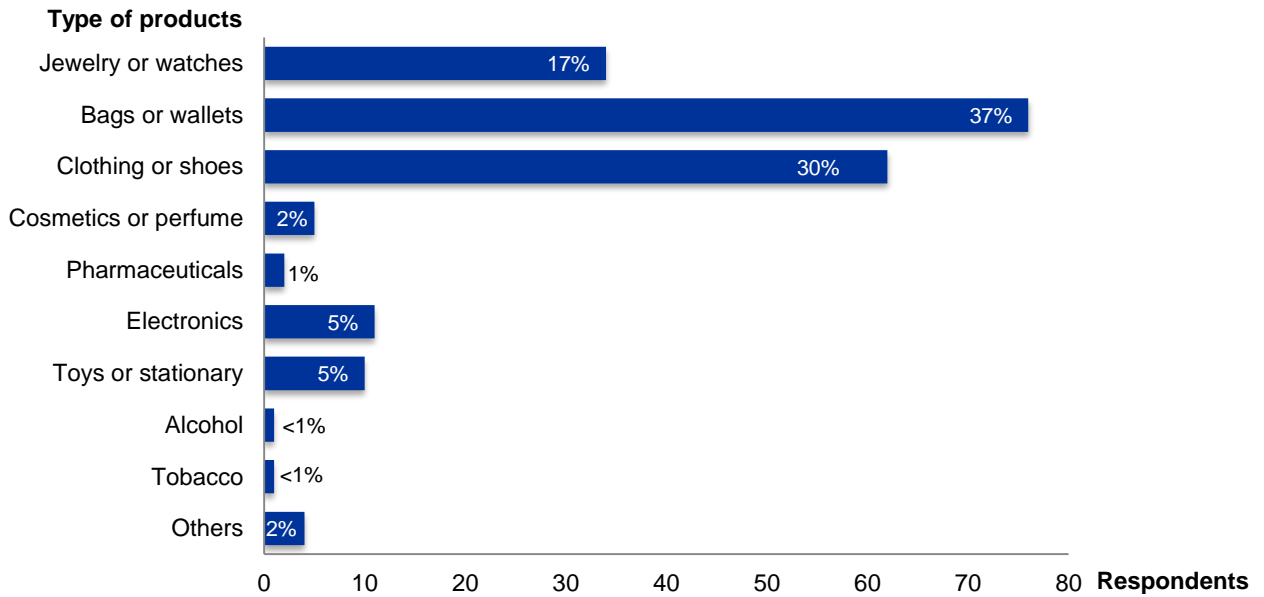


	10's	20's	30's	40's	50's	60's
At a street stall	5	9	5	1	3	1
Online	5	9	0	3	1	2
At a regular shop	1	2	3	3	0	2
Abroad	0	3	2	1	1	2
At a secret shop	0	0	0	1	1	1
Somewhere else	3	4	0	0	0	0

The predominance of street stalls as a source for counterfeit products is also reflected when the respondents' age is taken into consideration. Regular shops are a more popular source for counterfeit products for respondents in their thirties, forties and sixties, with about one third of the respondents in these categories indicating them as a source of their purchases, vis-à-vis 7% of respondents in their teens and twenties and no respondents in their fifties.



### 3. What kind of products have you purchased, or would you consider purchasing?



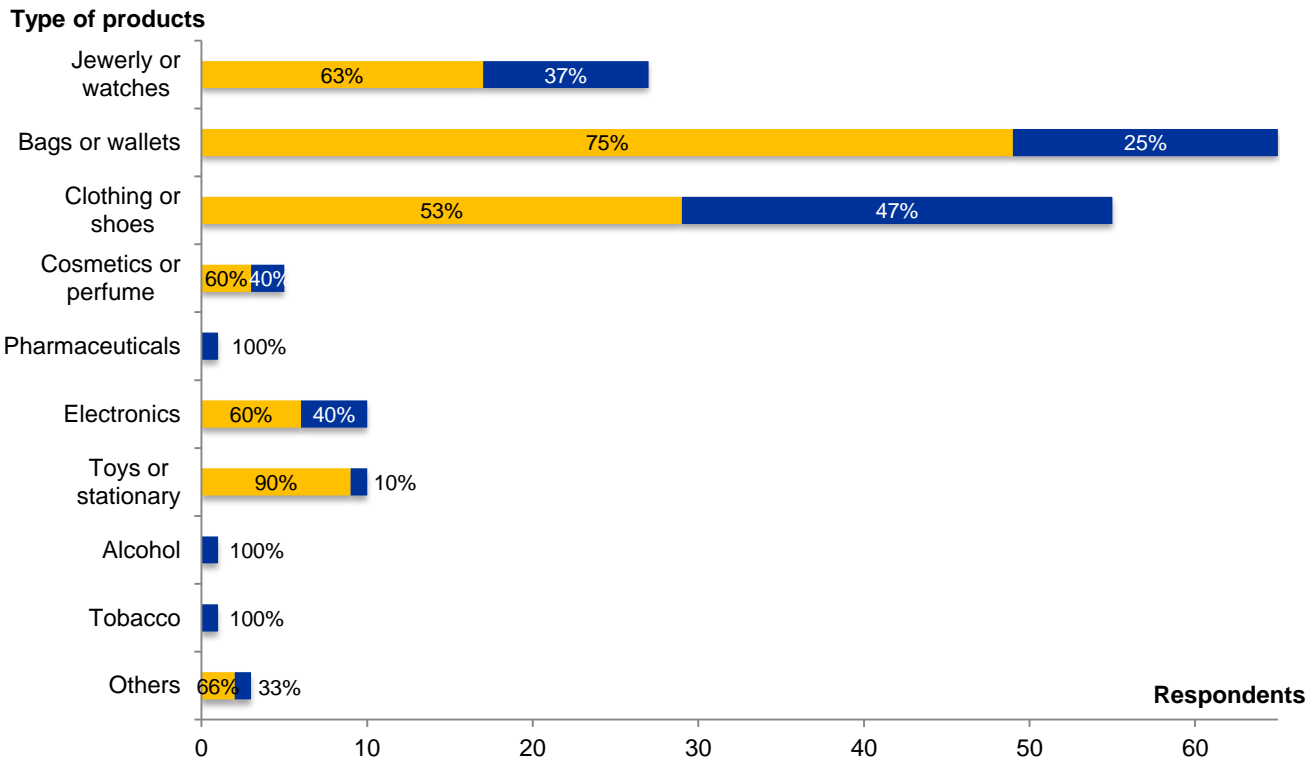
	Jewelry or watches	Bags or wallets	Clothing or shoes	Cosmetics or perfume	Pharmaceuticals	Electronics	Toys or stationary	Alcohol	Tobacco	Others
■ Respondents	34	76	62	5	2	11	10	1	1	4

The three most commonly purchased types of products are all related to apparel, with bags or wallets being the most popular products (37%), followed by clothing or shoes (30%) and jewelry or watches (17%). These products jointly make up over 80% of all responses.

Approximately 2% of all respondents indicated to have bought counterfeit versions of products that are intended for internal use, such as pharmaceutical products, alcoholic beverages and tobacco products.

Other types of products in which respondents indicated an interest are glasses, hair bands and accessories.

▪ **Gender analysis – type of purchased counterfeit products**



	Jewelry or watches	Bags or wallets	Clothing or shoes	Cosmetics or perfume	Pharmaceuticals	Electronics	Toys or stationary	Alcohol	Tobacco	Others
■ Women	17	49	29	3	0	6	9	0	0	2
■ Men	10	16	26	2	1	4	1	1	1	1

The high interest in counterfeit bags or wallets, clothing or shoes and jewelry or watches is maintained when dividing the results by gender.

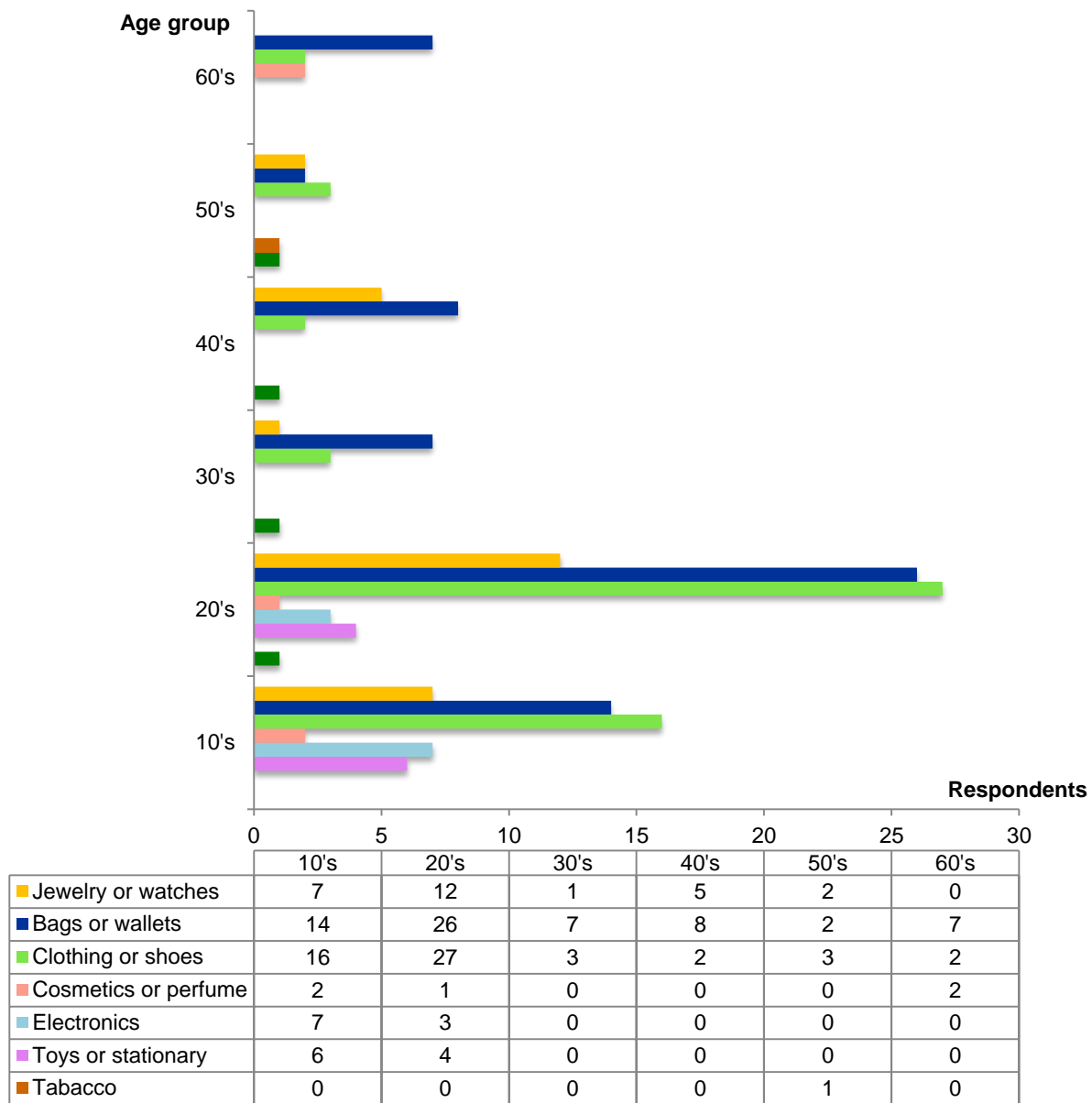
Almost half of all female respondents (43%) indicated to have previously purchased a counterfeit bag or wallet, or to consider purchasing these types of products. Female respondents further indicated counterfeit clothing or shoes and jewelry or watches as the second (25%) and third (15%) most popular types of products.

Male respondents indicated a stronger interest in clothing or shoes (41%), followed by bags or wallets (25%) and jewelry or watches (16%) as the third most popular type of products.

Four times as many female respondents as male respondents indicated to have bought counterfeit toys or stationary (8% of female respondents compared to 2% of male respondents).

Only male respondents indicated to have bought counterfeit versions of products that are intended for internal use, such as pharmaceutical products, alcoholic beverages and tobacco products.

▪ **Age group analysis – type of purchased counterfeit products**

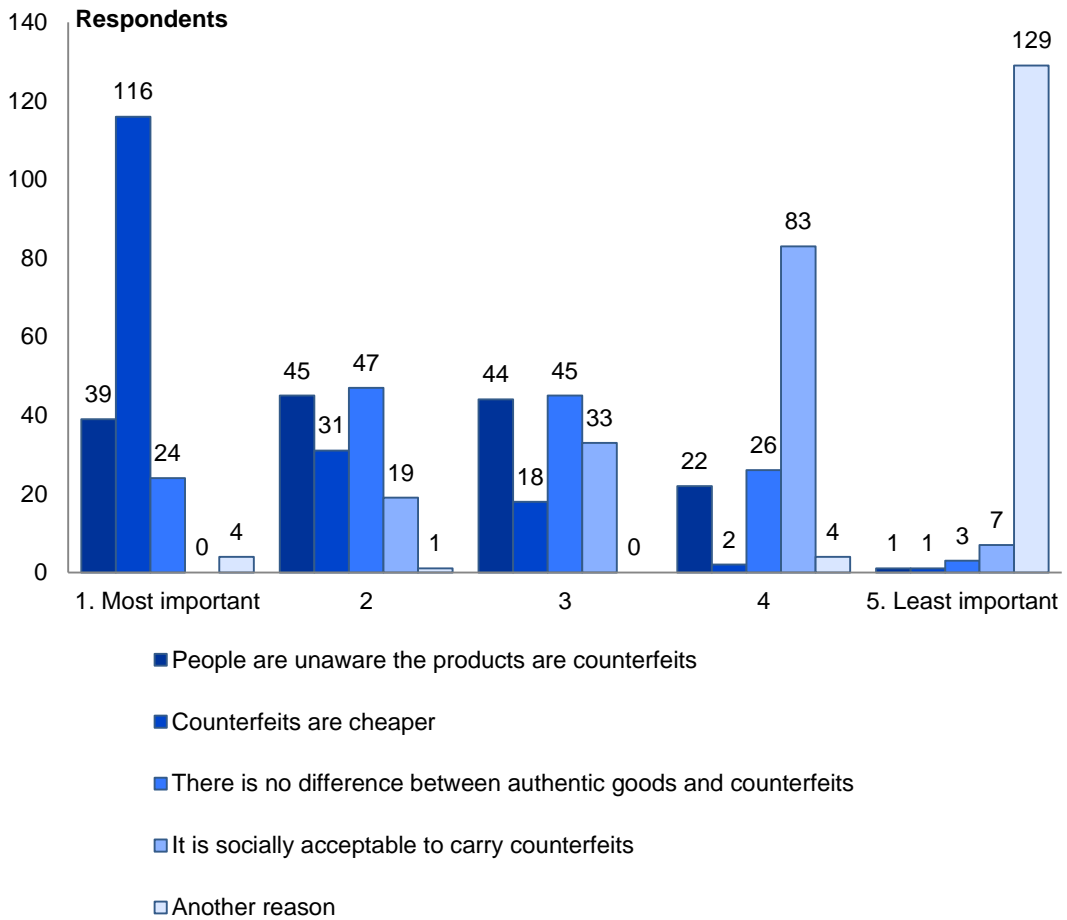


All age groups display the aforementioned high interest in counterfeit bags or wallets, clothing or shoes and jewelry or watches.

Only respondents in their teens and twenties indicated to have previously bought counterfeit electronics and toys or stationary. The only age groups that indicated to have bought counterfeit cosmetics or perfume were respondents in their teens, twenties and sixties.

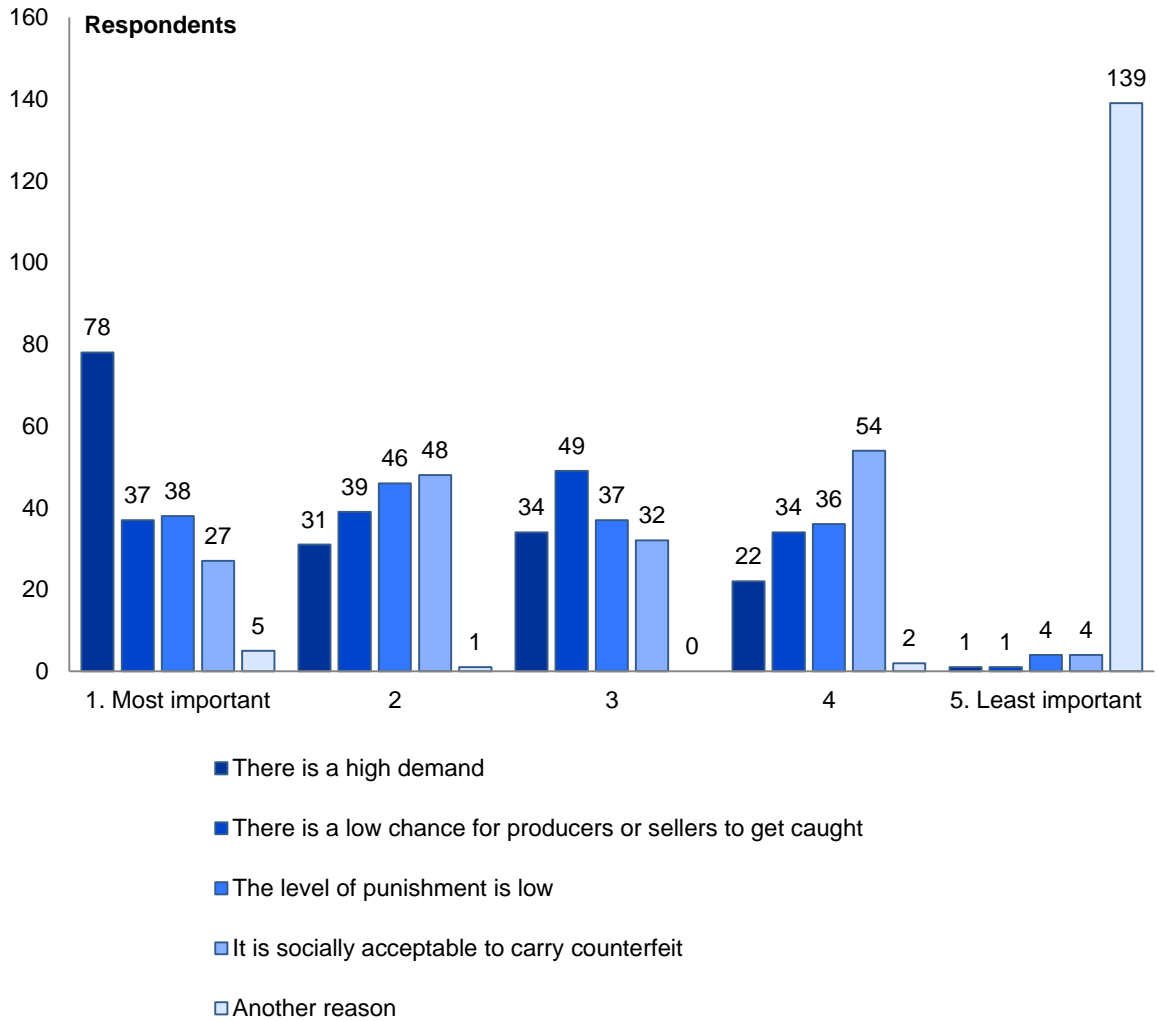
One male respondent indicated to have bought counterfeit alcohol, but since his age was not marked, his indication is not reflected in the above table. The same applies to a male respondent that indicated to have bought counterfeit pharmaceuticals.

#### 4. Why do consumers purchase counterfeit products?



When asked to rank the reasons why they believe consumers buy counterfeit products, a vast majority of the respondents selected the low price of counterfeit products as the most important cause. The unawareness of consumers about the counterfeit nature of the products was selected as the second most important reason, followed by the lack of difference between authentic and counterfeit products as the third reason. These results were demonstrated by both genders and throughout all age groups.

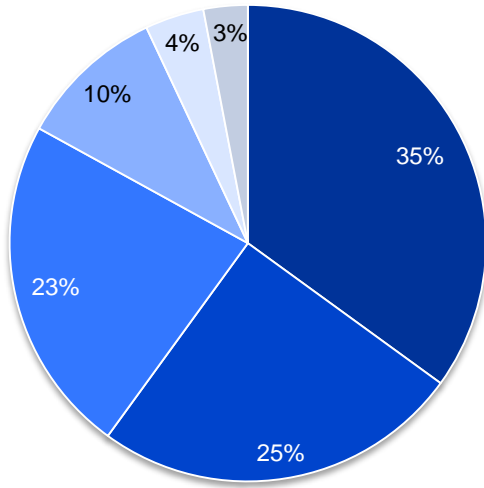
## 5. Why are counterfeit products widely available in Korea?



When asked to rank the reasons why they believe counterfeit products are widely available in Korea, a high majority of the respondents selected the high demand for counterfeit products as the most important cause. A low chance for counterfeit producers or sellers to get caught and a low level of punishment were indicated as the second and third most important reasons for counterfeit's wide availability.

Two notable other reasons that were suggested by the respondents are the judgement of individuals based on which brand of products they own and the high interest of Korean consumers to be up to date with the latest trends.

## 6. What do you think is the biggest problem with counterfeits?

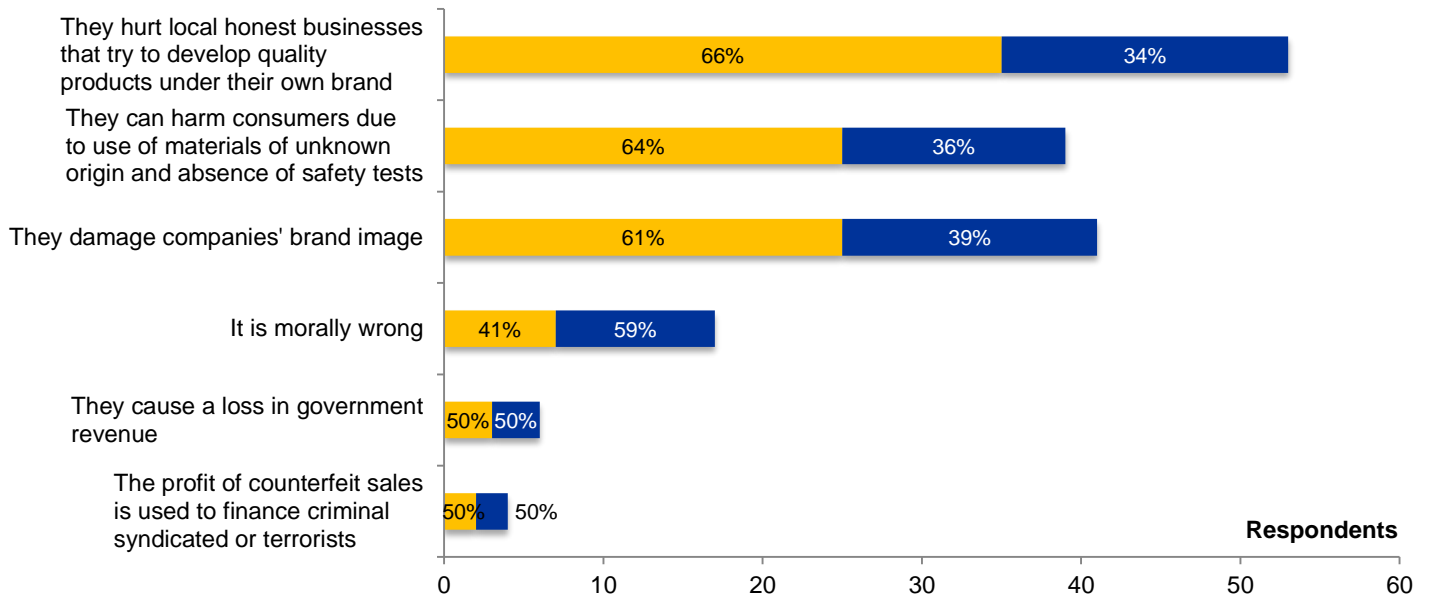


- They hurt local honest businesses that try to develop quality products under their own brand
- They damage companies' brand image
- They can harm consumers due to use of materials of unknown origin and absence of safety tests
- It is morally wrong
- They cause a loss in government revenue
- The profit of counterfeit sales is used to finance criminal syndicates or terrorists

The respondents indicated damage to local businesses (35%) as the biggest problem caused by counterfeit products, followed by damages to companies' brand (25%) and possible harmful effects to consumers (23%).

The fact that criminal syndicates and terrorist organizations have employed the sale of counterfeit products to finance their operations was considered by a small minority of the respondents as the biggest problem.

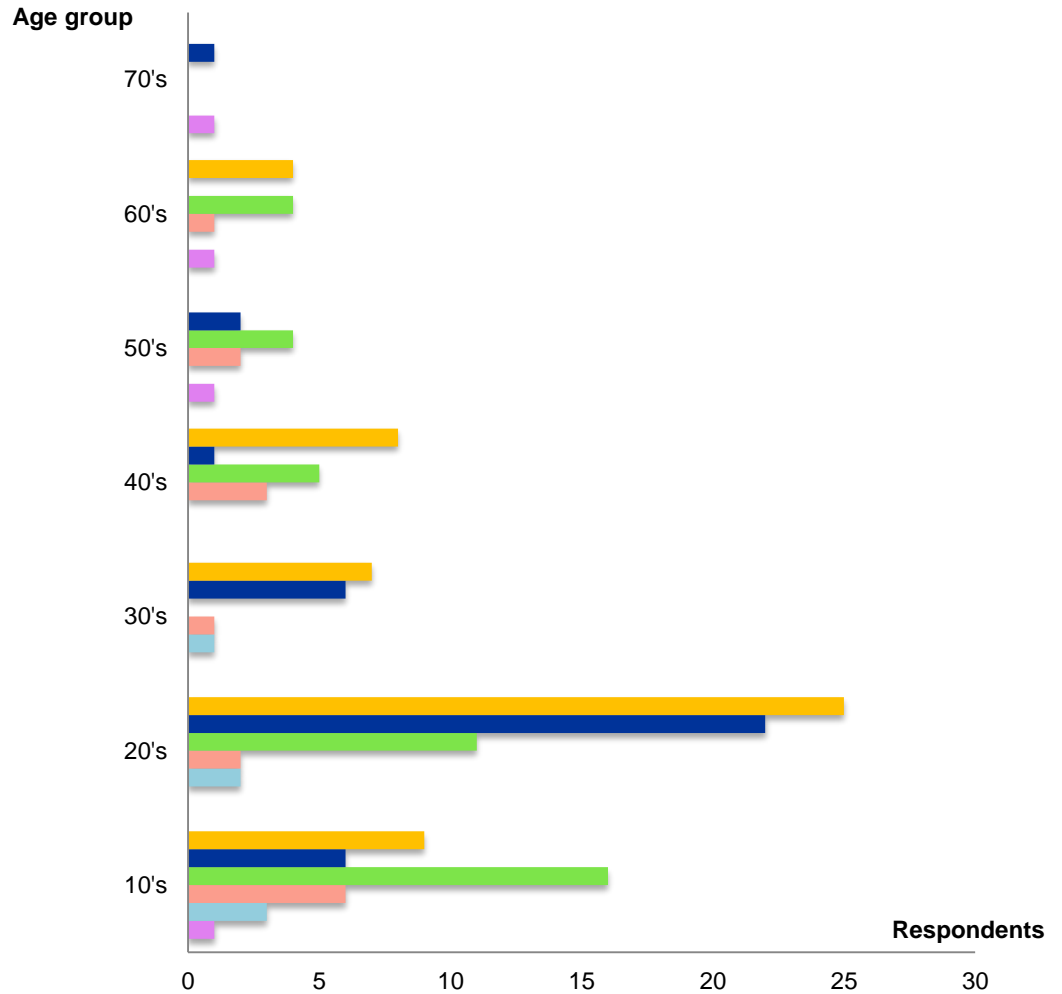
▪ Gender analysis – harmful effects of counterfeit products



	They hurt local businesses that try to develop quality products under their own brand	They can harm consumers due to use of materials of unknown origin and absence of safety tests	They damage companies' brand image	It is morally wrong	They cause a loss in government revenue	The profit of counterfeit sales is used to finance criminal syndicated or terrorists
Women	35	25	25	7	3	2
Men	18	14	16	10	3	2

Damage to local companies was selected by a majority of both female (36%) and male (29%) as the most pertinent problem the counterfeit industry causes. The damage counterfeit products cause to companies' brand image and the harm they pose to consumers were indicated to be of equal concern by female respondents (both 26%), whereas male respondents indicated the former to be of second most importance (25%) and the latter of third most importance (22%).

▪ **Age group analysis – harmful effects of counterfeit products**

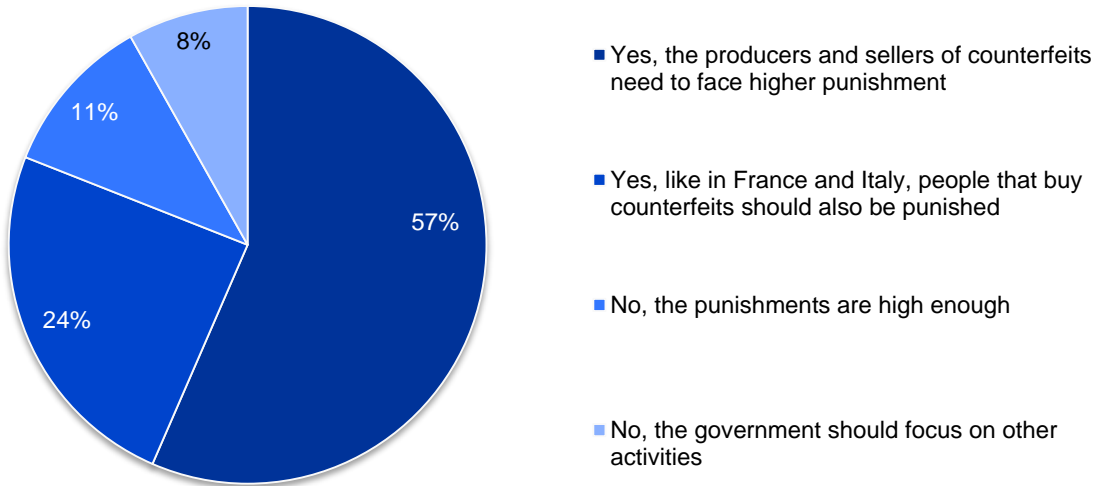


	10's	20's	30's	40's	50's	60's	70's
They hurt local honest businesses that try to develop quality products under their own brand	9	25	7	8	0	4	0
They can harm consumers due to use of materials of unknown origin and absence of safety tests	6	22	6	1	2	0	1
They damage companies' brand image	16	11	0	5	4	4	0
It is morally wrong	6	2	1	3	2	1	0
They cause a loss in government revenue	3	2	1	0	0	0	0
The profit of counterfeit sales is used to finance criminal syndicates or terrorists	1	0	0	0	1	1	1

For the respondents in their twenties, thirties, forties and sixties, the most harmful effect of counterfeit products is the damage they inflict on the local honest businesses. The teenaged respondents and the respondents in their fifties indicated that the damage to companies' brand image is of bigger concern, whereas respondents in their seventies indicated the biggest problem to lie in the harm to consumers and the financing of malicious organizations.

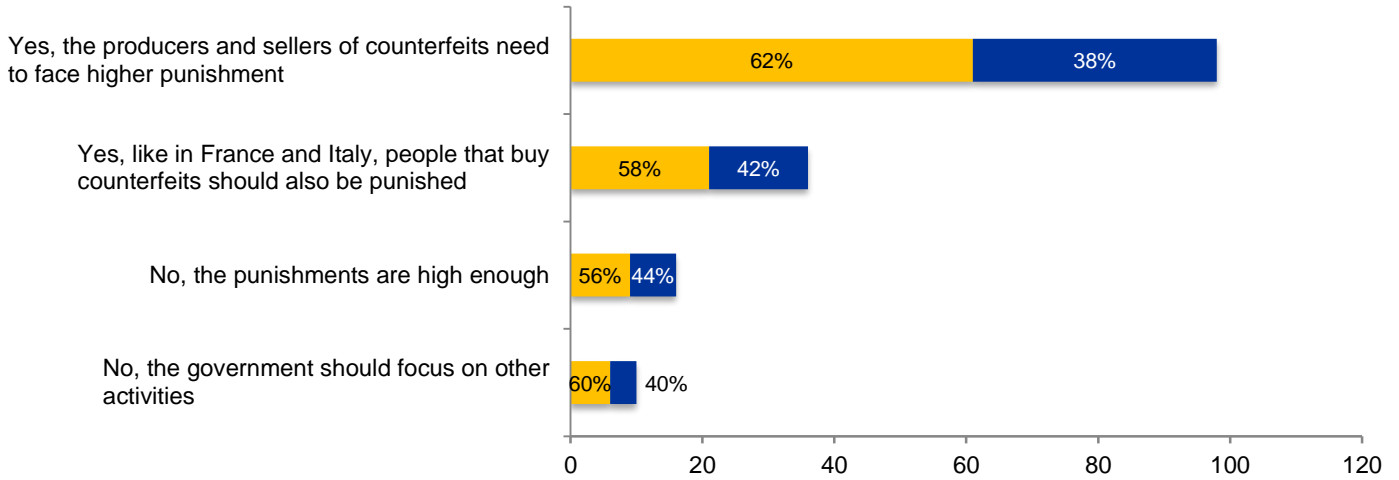


**7. In France and Italy sellers, buyers and anyone else who possesses counterfeits can face punishment. Do you think Korea should strengthen its actions against counterfeits?**



More than 80% of all the respondents indicated to be in favour of strengthened actions by the Korean government against the counterfeit industry. Of these respondents, 30% confirmed to be in favour of introducing punishments for individuals that buy counterfeit products, as is already possible in France and Italy. This opinion was expressed by respondents that indicated not to have bought counterfeit products before (question 1). A notable percentage of respondents that indicated to have bought counterfeit products also indicated to be in favour of punishment of buyers of counterfeit products (27%).

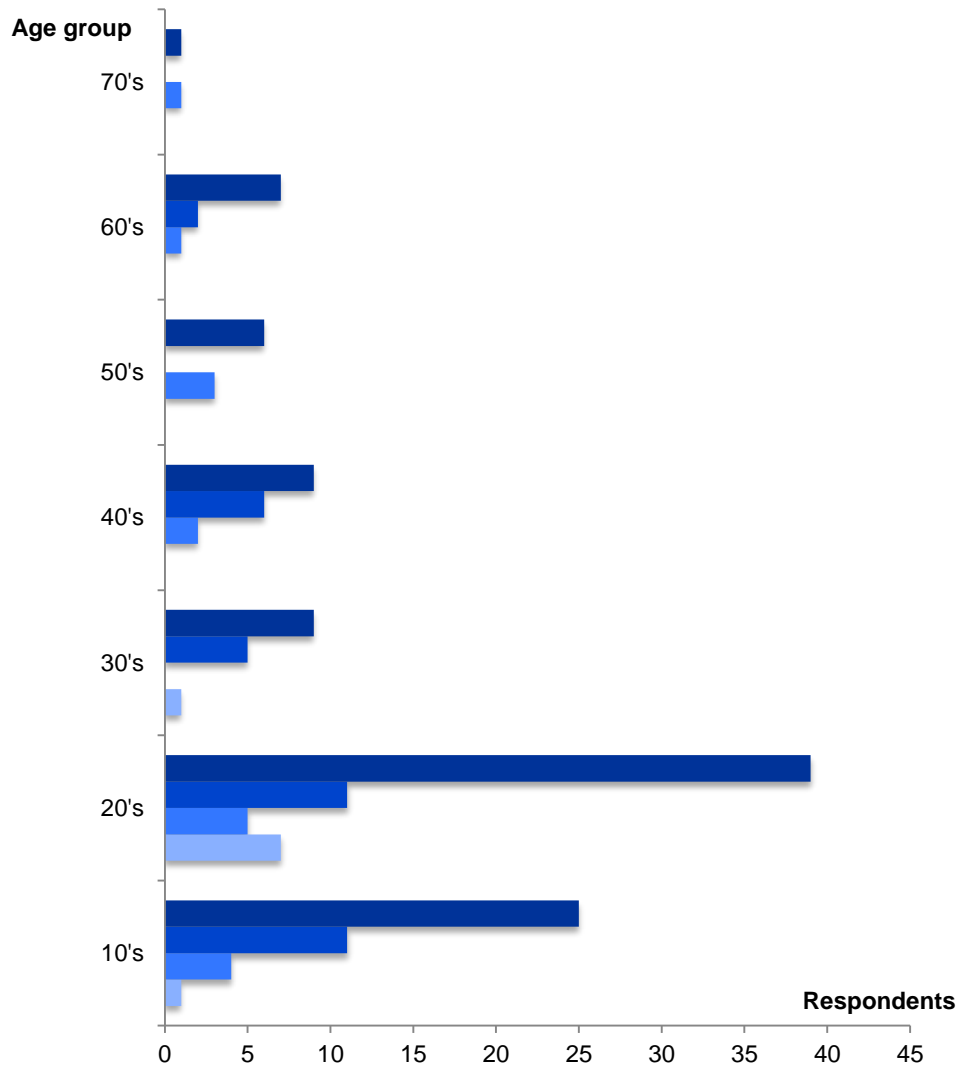
▪ **Gender analysis – enforcement actions against counterfeit products**



	Yes, the producers and sellers of counterfeits need to face higher punishment	Yes, like in France and Italy, people that buy counterfeits should also be punished	No, the punishments are high enough	No, the government should focus on other activities
Women	61	21	9	6
Men	37	15	7	4

A division of the responses by sex of the respondents, basically reaffirms the aforementioned results. A slightly higher percentage of female respondents expressed to be in favour of higher punishments than their male counterparts (63% versus 59%), while a slightly higher percentage of male respondents expressed to be in favour of fining buyers of counterfeit products (24% versus 22%).

▪ **Age group analysis – enforcement actions against counterfeit products**



	10's	20's	30's	40's	50's	60's	70's
■ Yes, the producers and sellers of counterfeits need to face higher punishment	25	39	9	9	6	7	1
■ Yes, like in France and Italy, people that buy counterfeits should also be punished	11	11	5	6	0	2	0
■ No, the punishments are high enough	4	5	0	2	3	1	1
■ No, the government should focus on other activities	1	7	1	0	0	0	0

In all age groups a majority of respondents indicated that higher punishments for producers and seller of counterfeit products is required. Respondents in their teens, thirties and forties were most favourable to punishment of sellers of counterfeit products, as indicated by respectively 27%, 33% and 35% of these groups.

## Questionnaire

This survey is used to analyze the public awareness and consumption pattern of counterfeit (fake) products. There are no right or wrong answers, so your honest answers will be very helpful. We will treat all responses confidentially.  
Thank you.

Age: ... years    Gender: m / f    Occupation:

### 1. Have you ever purchased any counterfeits? (if not, please move on to question 3)

- ① Yes    ② No

### 2. Where did you purchase these goods?

- ① Online  
 ② At a street stall (for example at the Busan International market)  
 ③ At a regular shop  
 ④ At a secret shop  
 ⑤ Abroad  
 ⑥ Somewhere else, namely .....

### 3. What kind of products have you purchased, or would you consider purchasing? (You may choose more than 1 answer)

- ① Jewelry or watches  
 ② Bags or wallets  
 ③ Clothing or shoes  
 ④ Cosmetics or perfume  
 ⑤ Pharmaceuticals  
 ⑥ Electronics  
 ⑦ Toys or stationary  
 ⑧ Alcohol  
 ⑨ Tobacco  
 ⑩ Others, namely .....

**4. There may be various reasons why people buy counterfeits. Please rank the following reasons in order of importance (1 being the most important, 5 being the least important)**

- ( ) People are unaware the products are counterfeits
- ( ) Counterfeits are cheaper
- ( ) There is no difference between authentic goods and counterfeits
- ( ) It is socially acceptable to carry counterfeits
- ( ) Another reason, namely .....

**5. There may be various reasons why counterfeits are widely available in Korea. Please rank the following reasons in order of importance (1 being the most important, 5 being the least important)**

- ( ) There is a high demand
- ( ) There is a low chance for producers or sellers to get caught
- ( ) The level of punishment is low
- ( ) It is socially acceptable to carry counterfeits
- ( ) Another reason, namely .....

**6. What do you think is the biggest problem with counterfeits?**

- ① It is morally wrong
- ② The profit of counterfeit sales is used to finance criminal syndicates or terrorists
- ③ They damage companies' brand image
- ④ They can harm consumers due to use of materials of unknown origin and absence of safety tests
- ⑤ They cause a loss in government revenue due to counterfeiters
- ⑥ They hurt local honest businesses that try to develop quality products under their own brand

**7. In France and Italy sellers, buyers, and anyone else who possesses counterfeits can face punishment. Do you think Korea should strengthen its actions against counterfeits?**

- ① Yes, the producers and sellers of counterfeits need to face higher punishment
- ② Yes, like in France and Italy, people that buy counterfeits should also be punished
- ③ No, the punishments are high enough
- ④ No, the government should focus on other activities

Thank you for your time and efforts!

## Disclaimer

The statistical information provided in this report was drawn from all responses that have been received during the Busan Global Gathering. Where respondents did not properly indicate certain fields of the survey (such as age, sex, or particular questions), we have eliminated their input where relevant. This has resulted in certain disparities between the number of responses to certain questions.

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