



EUROPEAN CHAMBER OF  
COMMERCE IN KOREA  
주한유럽상공회의소

# Busan Consumers' Perception of Counterfeit Products 2018

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## Introduction

The European Chamber of Commerce in Korea (ECCK) is the prime advocacy organization for European companies conducting business in and with Korea. The ECCK strives to promote a sustainable relationship between European corporations and the Korean government by working hand-in-hand with both. The ECCK's primary objective is to provide members with information, communication, and access pertaining to the business and regulatory environment of Korea. Furthermore, the ECCK strives to cultivate an optimal business environment and community, while operating for the benefit of the Korean society. The ECCK is a non-profit and non-political organization.

In light of the importance of intellectual property for both industry as well as government, ECCK operates an Intellectual Property Rights (IPR) Committee. This Committee has the three-fold objective of fostering communication and cooperation with relevant stakeholders, facilitating the exchange of information between industry and the government in Korea, and raising public awareness of the importance of protecting IPR.

The last objective also encompasses instilling awareness as to the insidious effects of the counterfeit industry on all levels of society. It is harmful to businesses, consumers, and society at large as it places consumers at risk, hinders economic growth, stifles innovation, reduces business and government revenue and results in job losses. In addition, there is growing evidence of a link between counterfeit products and the financing of criminal syndicates.

In order to curb these devastating effects, the IPR Committee cooperates with both industry and various governmental agencies to actively facilitate enforcement activities against all segments of the counterfeit industry. This has for example resulted in a drastic decrease in the open sale of counterfeit products at market places and other offline locations.

While it is essential for government officials and industry to jointly take action against the illegitimate counterfeit industry, an important role is reserved for consumers as they have one of the most powerful tools at their disposal: purchasing power. The unfortunate reality is that many of the globally consumed counterfeit products follow a deliberate purchasing decision with knowledge about the product's illegitimate nature. As long as a demand exists, counterfeiting will be a lucrative business. Enhanced consumer awareness of the facts about the counterfeit industry and its harmful implications will lead to a decrease in consumer demand and a disavowal of the false notion that counterfeiting is a harmless crime.

In order to learn more about consumers' perception of counterfeit products, their purchasing patterns and opinions on the enforcement activities against counterfeiting, ECCK conducts surveys amongst the Korean public.

## Executive summary

This report analyses the results of a public survey conducted by ECCK during the Busan Global Gathering on May 20, 2018. The survey was part of a campaign by ECCK to enhance awareness of IPR and measures public perception of counterfeit products. Where respondents did not properly indicate certain fields of the survey (such as age, gender, or particular questions itself), we have eliminated their input where relevant. This has resulted in certain discrepancies between the number of responses to certain questions.

The survey consisted of 7 questions and was completed by 519 people. Of the respondents, 267 were female, 208 were male and 44 did not indicate their gender. The majority of respondents was in their twenties.

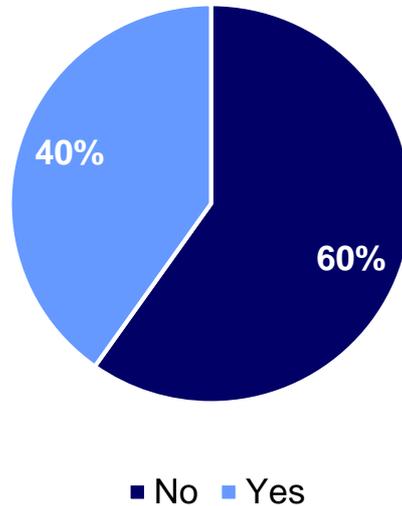
40% of all respondents indicated to have purchased counterfeits, with street stalls and online markets being the two most common sources, as used by 30% and 24% of the respondents respectively. Given the increase in the use of online platforms for counterfeit purchases, the respondents were requested to indicate which type of online platform they used. Open markets were the most common outlet (as indicated by 33% of the respondents), followed by individual shopping malls (23%).

The three popular categories of counterfeit products were all related to apparel, with bags or wallets ranking first (as indicated by 29% of respondents). 58% of respondents pointed to counterfeit products' low price as the main driver behind consumers' purchases. Almost all respondents (96%) perceived counterfeit products to be a problem, with the damage inflicted on companies' brand image (34%), decreasing business opportunities for local honest businesses (22%) and harm to consumers with absence of safety test (18%) being selected as the most pertinent concerns.

An overwhelming majority of all respondents (77%) expressed a wish for stronger enforcement against the counterfeit industry. Furthermore, almost one quarter of respondents indicated that enforcement should also target consumers of counterfeits products, in addition to counterfeit producers, distributors and sellers.

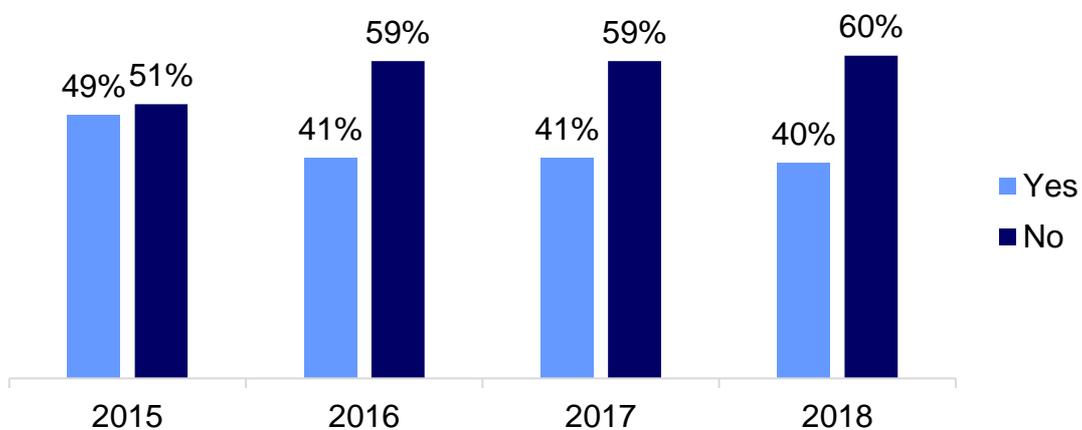
## Analysis of Individual Questions

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

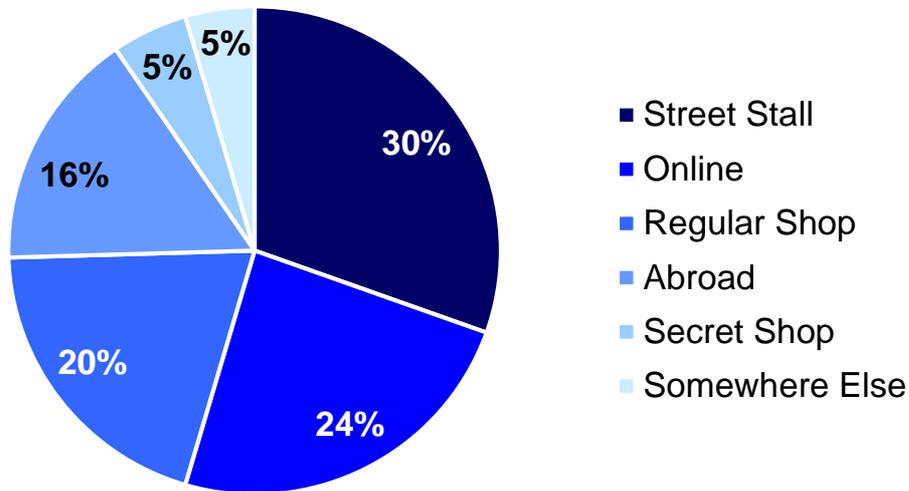


Two out of every five surveyed consumers indicated to have bought counterfeit products. These percentages were displayed across gender and also reflected in the answers of respondents in their twenties, thirties, forties and seventies. Different percentages were however observed by respondents in their teens (of whom 25% indicated to have purchased counterfeit products) and respondents in their fifties and sixties (of whom 72%, respectively 54% indicated to have previously purchased counterfeits).

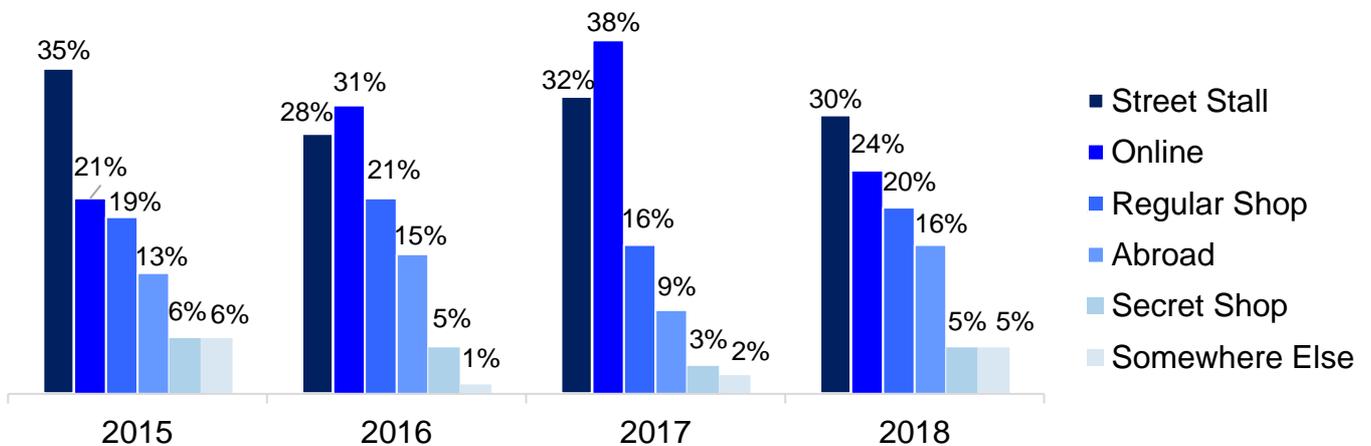
The findings from this year’s survey indicate a slight decrease in counterfeit purchases compared to previous years.



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

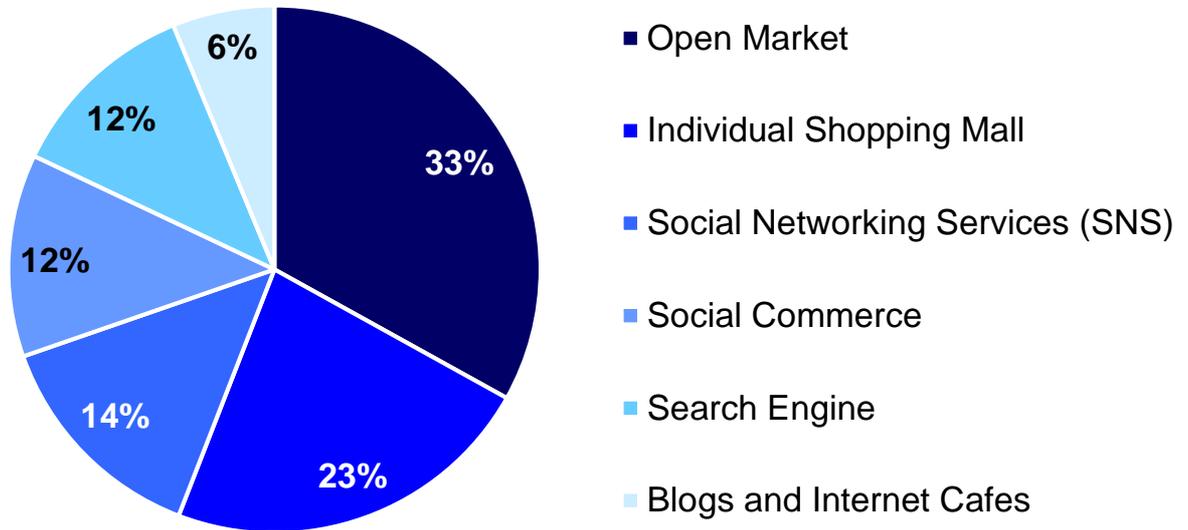


Street stalls and online platforms have been indicated by a majority of respondents as the most popular sources for counterfeit purchases since the 2015 survey. The trend has continued this year with 54% of respondents pointing to these platforms as the source of their counterfeit products.



Both male and female respondents pointed to street stalls (27%, respectively 29%) and online platforms (26%, respectively 25%) as the source of their counterfeit products. Younger generations (teens, as well as respondents in their twenties and thirties) expressed a higher tendency to use online platforms for purchasing counterfeit products (31%, 35% and 38% respectively). Respondents in their forties mostly indicated to have purchased counterfeit products abroad (31%), whereas respondents in their fifties were most inclined to buy these products at street stalls (44%).

### 3. “If you have purchased counterfeits online, what kind of platform have you used?”



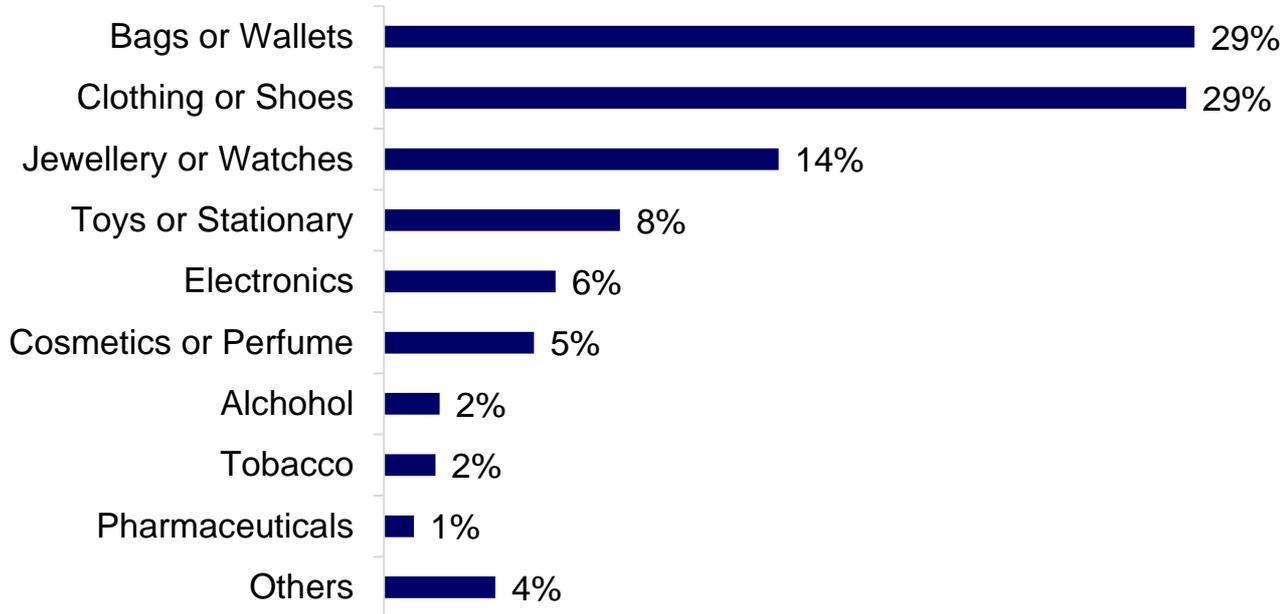
Over the past decade the amount and the transactions made through online sources has increased globally. In Korea alone, the total value of all products sold online has risen fivefold from 2007 to 2017. The counterfeit industry has keenly followed such trend and has also expanded its operation to the online space in order to distribute its illegitimate products. The responses to the previous question serve to highlight the fact that the Korean consumer is also a keen user of online platforms for counterfeit purchases.

As there are numerous potential sources for counterfeit products online, the survey also sought out to find the most commonly used platform. Of the respondents that had pointed to online platforms as the source of counterfeit purchases, 33% indicated to have made their purchases at open markets (such as [www.gmarket.co.kr](http://www.gmarket.co.kr) and [www.coupang.com](http://www.coupang.com)). The use of individual shopping malls has increased compared to last year, with these platforms serving as the source of 23% of respondent’s online purchases of counterfeit products (vis-à-vis 15% in 2017).

While open markets are indicated by both male and female respondents as the most common source for their counterfeit purchases (38%, respectively 30%), the use of Social Networking Services (SNS) and search engines differs significantly between genders. SNS were indicated as the third most popular source by female respondents (accounting for 18%), whereas 9% of male respondents indicated use of SNS for their purchase. On the other hand, 17% of male respondents indicated to have used search engines (such as [www.google.com](http://www.google.com), [www.naver.com](http://www.naver.com) and [www.daum.net](http://www.daum.net)) for their purchases, with these platforms being used by 8% of female consumers.

Respondents in their teens and thirties indicated to have used a variety of platforms. Respondents in their twenties predominantly use open markets as a source for counterfeit products, as indicated by 38% of this group.

#### 4. “What kind of products have you purchased, or would you consider purchasing?”

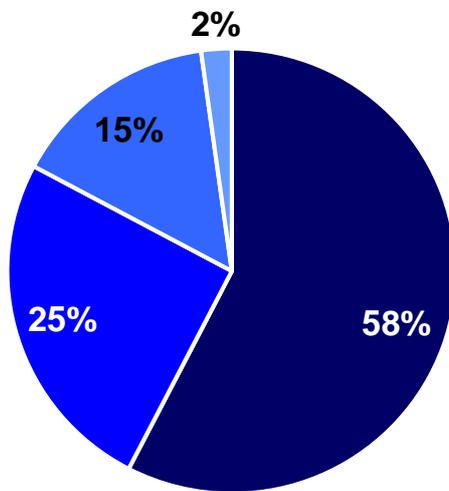


Counterfeit apparel products have remained very popular amongst consumers, with bags or wallets being the most popular (29%), followed by clothing or shoes (29%) and jewellery or watches (14%). The above order of interest is reflected by female respondents, yet 37% indicated bags or wallets as a category of interest. Male respondents on the other hand pointed to clothing or shoes as the category of highest interest (28%), followed by bags or wallets (20%) and jewellery or watches (16%). Male respondents further expressed a significantly higher interest in counterfeit electronics compared to their female counterparts (11% vis-à-vis 2%).

Of all respondents, 5% (the vast majority of whom was male) indicated to have bought counterfeit versions of products that are intended for internal use, such as pharmaceutical products, alcoholic beverages and tobacco products. As other goods respondents mentioned sunglasses, CDs and automotive parts.

The high interest in counterfeit apparel was displayed across all age groups. Teens expressed a noticeably higher interest in counterfeits toys or stationery (17% compared to an average of 8%). Additionally, respondents in their thirties expressed an elevated interest in counterfeit electronics (10% compared to an average of 6%).

## 5. “What do you think is the main reason people buy counterfeits?”



- The low price of counterfeits are attractive to people
- People are unaware the products are counterfeits
- People believe there is no difference in quality between counterfeit and authentic goods
- It is socially acceptable to carry counterfeits

Demand for any type of product or service generates (business) opportunities. As long as the demand persists, actors will be willing to step in and serve the market. As the previous questions confirmed the demand for counterfeit products, this question was set out to discover the reason behind such demand.

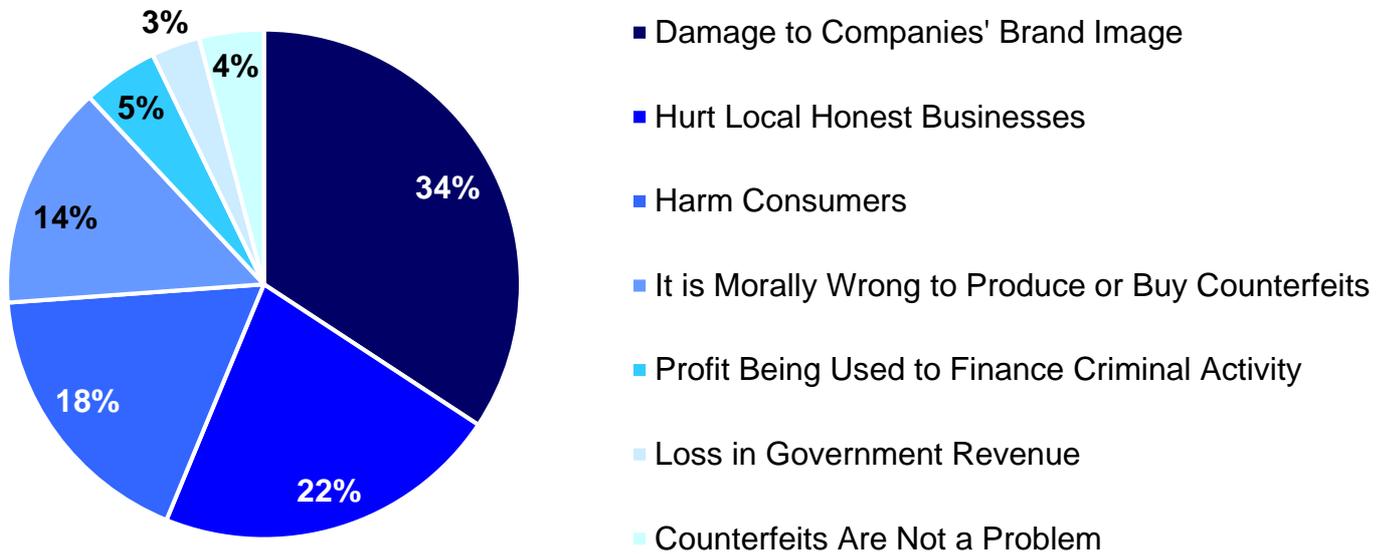
According to more than half of the respondents, consumers’ counterfeit purchases are mostly caused by the products’ low price. Since the 2015 survey respondents have consistently pointed to counterfeit products’ low price as the main reason behind consumer’s purchases.

The above figures were reflected by both male and female respondents. The dominant opinion across all age groups was also that the low price point drives consumer purchases (ranging between 44% of respondents in their teens to 84% of respondents in their sixties). Moreover, this was further expressed by 61% of respondents that indicated to have purchased counterfeit products before.

The second most stated reason for counterfeit purchases differed by age group. Whereas most age groups’ responses aligned with the above order (holding that the second most common reason for counterfeit purchases lies in consumers’ unawareness of the counterfeit nature of the goods), a lack of difference in quality between genuine and counterfeit products was indicated by respondents in their forties (16%) and sixties (15%) as the second most important reason for counterfeit purchases.

Compared to last year, a smaller percentage of respondents pointed to the social acceptability of counterfeit products as the reason behind their acquisition (4% vis-à-vis 2%).

## 6. “Do you think counterfeits are a problem? If yes, what is the reason?”



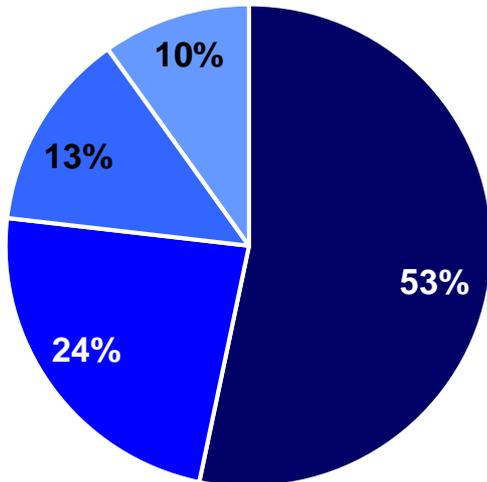
In line with last year’s survey, 96% of respondents expressed the opinion that counterfeit products are a problem. The three issues posed by counterfeit products which are perceived most critically have also remained the same; damage to companies’ brand image, decreasing business opportunities for local honest businesses and harm to consumers (jointly making up almost three-fourths of the responses). Since the 2015 survey, these three issues have consistently made up the top three biggest concerns, albeit with differing percentages.

Female respondents’ answers to this year’s survey aligned with the above, whereas male respondents expressed increased concern over counterfeit products’ harm to consumers (which was indicated as the second most pertinent issue with 17%) and moral concerns (being the issue of third most concern with 14%).

Respondents in their twenties, thirties and forties mostly agreed with the aforementioned top three concerns, with the first group expressing slightly higher concern over potential consumer harm (20%) than damage to honest businesses (15%). It is further noteworthy that 77% of consumers in their sixties perceived counterfeit products’ links to organized crime the most troubling aspect.

A small segment (4% of respondents) indicated that counterfeit products are not a problem, with almost half (46%) of these respondents indicating to have purchased counterfeit products before. This opinion was most strongly reflected amongst respondents in their twenties, with 9% expressing such view. None of the respondents in their forties, sixties and seventies indicated that counterfeit products are not a problem.

**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?”**



- Yes, the producers and sellers need to face higher punishment
- Yes, like in France and Italy, buyers should also be punished
- No, the punishments are high enough
- No, the government should focus on other activities

The production, distribution and sale of counterfeit products is illegal around the world. In Korea a variety of agencies are tasked with anti-counterfeiting activities, in particular the Korea Coast Guard, the Korea Customs Service, the Korean Intellectual Property Office, the National Police Agency, the Prosecution Service, as well as local governments. A wide majority of respondents (77%) called for strengthened counterfeit enforcement actions by these agencies. The overall positive sentiment towards enhanced enforcement activities has been displayed since the 2015 survey.

In France and Italy legislation was implemented that makes it illegal to possess counterfeit products. The percentage of respondents that favoured the criminalization of counterfeit possession in Korea rose by 7 percentage points compared to 2017.

The above results were displayed by both male and female respondents. Moreover, a majority of all age groups expressed a wish for enhanced enforcement (ranging between 69% amongst respondents in their sixties to 92% amongst respondents in their fifties). Respondents in their thirties, forties and fifties expressed higher than average support for criminalization of counterfeit possession with respectively 31%, 38% and 28% of respondents in these age groups enunciating such opinion.

## 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 range: 10 / 20 / 30 / 40 / 50 / 60 / 70

Gender: M / F

**1. Have you ever purchased any counterfeits? (if not, please move on to question 4)**

- 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. If you have purchased counterfeits online, what kind of platform have you used? (You may choose more than 1 answer)**

- ① Open Markets (ex. Alibaba, G-market, Interpark, Coupang..)
- ② Social Commerce (ex. T-Mon, WeMakePrice...)
- ③ Search Engines (ex. Google, Naver, Daum...)
- ④ SNS (ex. Kakao, Band, Instagram, Facebook ...)
- ⑤ Blogs and Internet Cafes
- ⑥ Individual Shopping Malls

**4. 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 .....

**PLEASE ALSO COMPLETE THE OTHER SIDE**

**5. What do you think is the main reason people buy counterfeits?**

- ① People believe there is no difference in quality between counterfeit and authentic goods
- ② The low price of counterfeits are attractive to people
- ③ People are unaware the products are counterfeits
- ④ It is socially acceptable to carry counterfeits

**6. Do you think counterfeits are problem? If yes, what is the reason?**

- ① The profit of counterfeit sales is used to finance criminal syndicates or terrorists
- ② They damage companies' brand image
- ③ They can harm consumers due to use of materials of unknown origin and absence of safety tests
- ④ It is morally wrong to produce or buy counterfeits
- 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 No, counterfeits are not a problem

**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!**

**PLEASE ALSO COMPLETE THE OTHER SIDE**



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