



EUROPEAN CHAMBER OF  
COMMERCE IN KOREA  
주한유럽상공회의소

# **Busan Consumers' Perception of Counterfeit Products 2016**

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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.

## Executive summary

On May 21, 2016, 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 analyse the general public's perception of counterfeit products. All the respondents filled out the questionnaire on a voluntary basis.

Of the 346 respondents that participated in the survey, 179 respondents were female, 155 respondents were male and 12 did not indicate their gender. The respondents' average age was 26 years old.

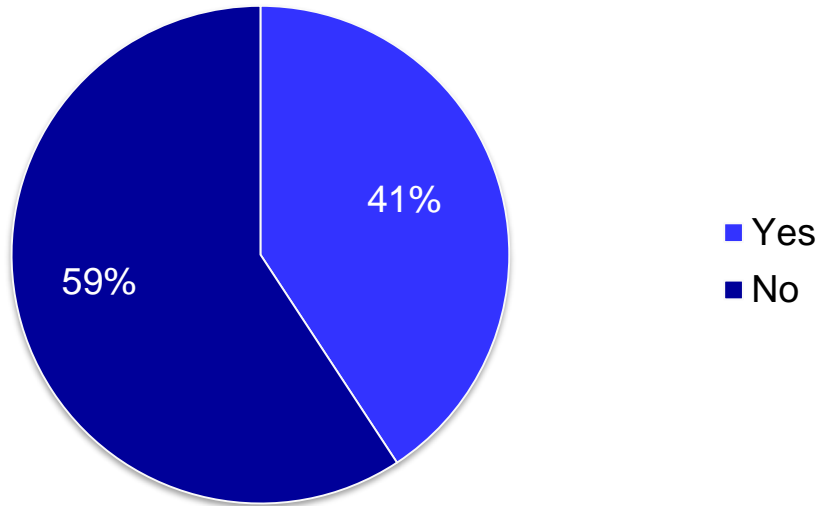
Of all the respondents, 41% indicated to having purchased counterfeit products. The majority of respondents who have purchased counterfeit in the past indicated online stores as their most common source (31%). The three most common categories of counterfeit products are related to apparel, with clothing or shoes being the most popular (28%), followed by bags or wallets (27%) and jewellery or watches (15%).

The respondents point to counterfeit products' low price as the main driver behind consumers' purchases. Consumers' high demand is believed to be the main reason behind their high availability. The respondents indicated that the three most damaging aspect of counterfeits is their damage to local businesses (28%), their damage to companies' brand image (24%) and the harm they inflict on consumers (23%).

81% of the respondents expressed a wish for stronger enforcement against the counterfeit industry. Furthermore, one fifth of the respondents indicated that enforcement should also target consumers of counterfeit products, in addition to counterfeit sellers.

## Analysis of individual questions

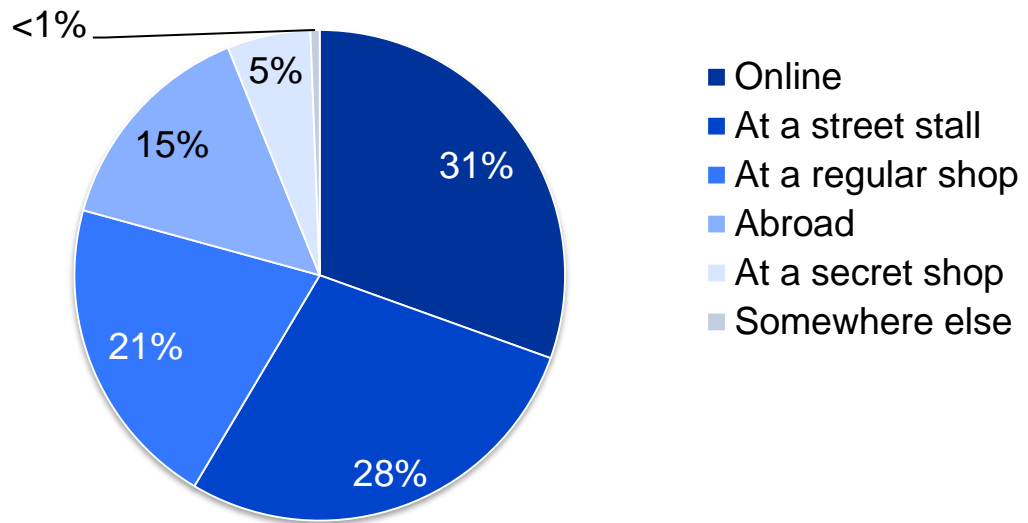
### 1. “Have you ever purchased any counterfeits?”



A majority of respondents (59%) indicated never to have bought counterfeit products, while 41% confirmed previous counterfeit purchases.

More than half of the respondents in their thirties, forties and fifties indicated to have previously purchased counterfeits. The lowest percentage (20%) of counterfeit purchases was displayed by teenaged respondents.

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

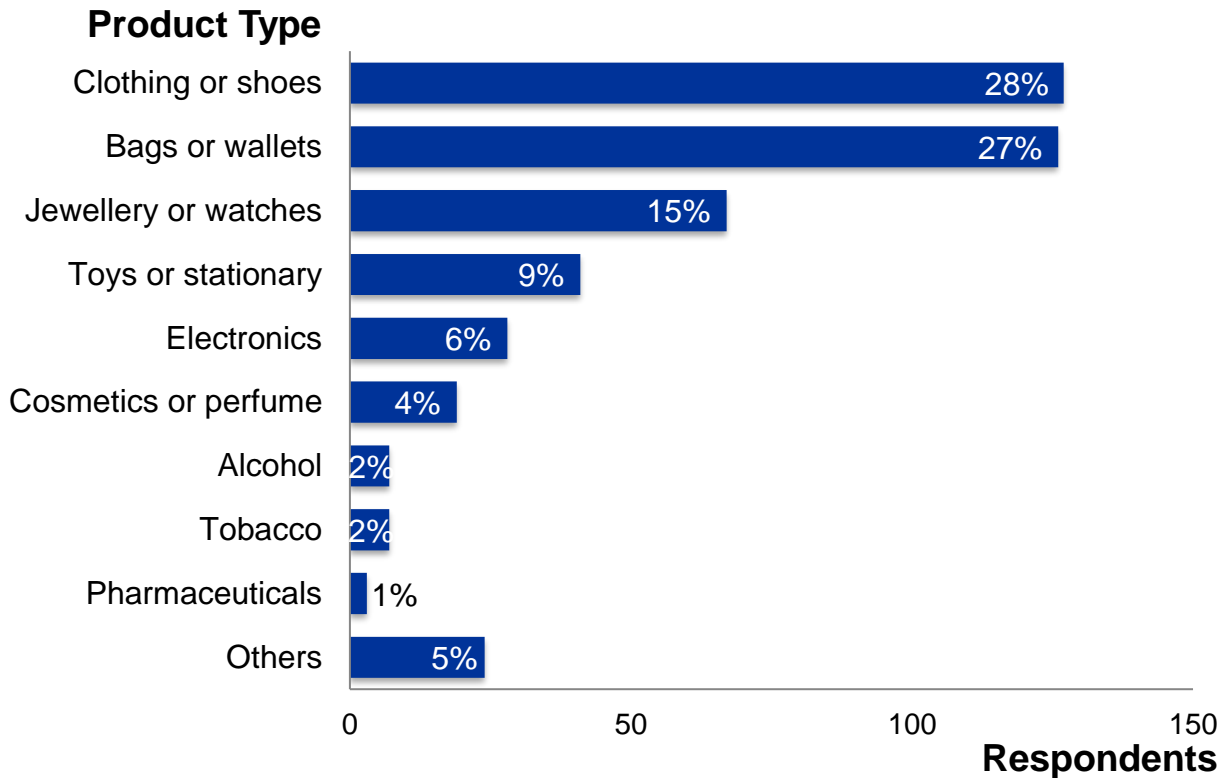


The respondents that indicated to having bought counterfeit products before, pointed to the internet as the most common source for their purchases. Street stalls, which were indicated as the main source of counterfeit products in the 2015 survey, were indicated as the second most popular source for counterfeit purchases.

When broken down by gender, the internet comes up as the most popular source of counterfeit products for female consumers, as indicated by 42% of the female respondents. Male respondents on the other hand expressed a preference for offline purchases at street stalls, with such outlet being favoured by 33% of male respondents.

The predominance of internet as a source for counterfeit products is most acutely noticeable by respondents in their twenties, with 43% of this group selecting it as their source for counterfeit purchases.

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

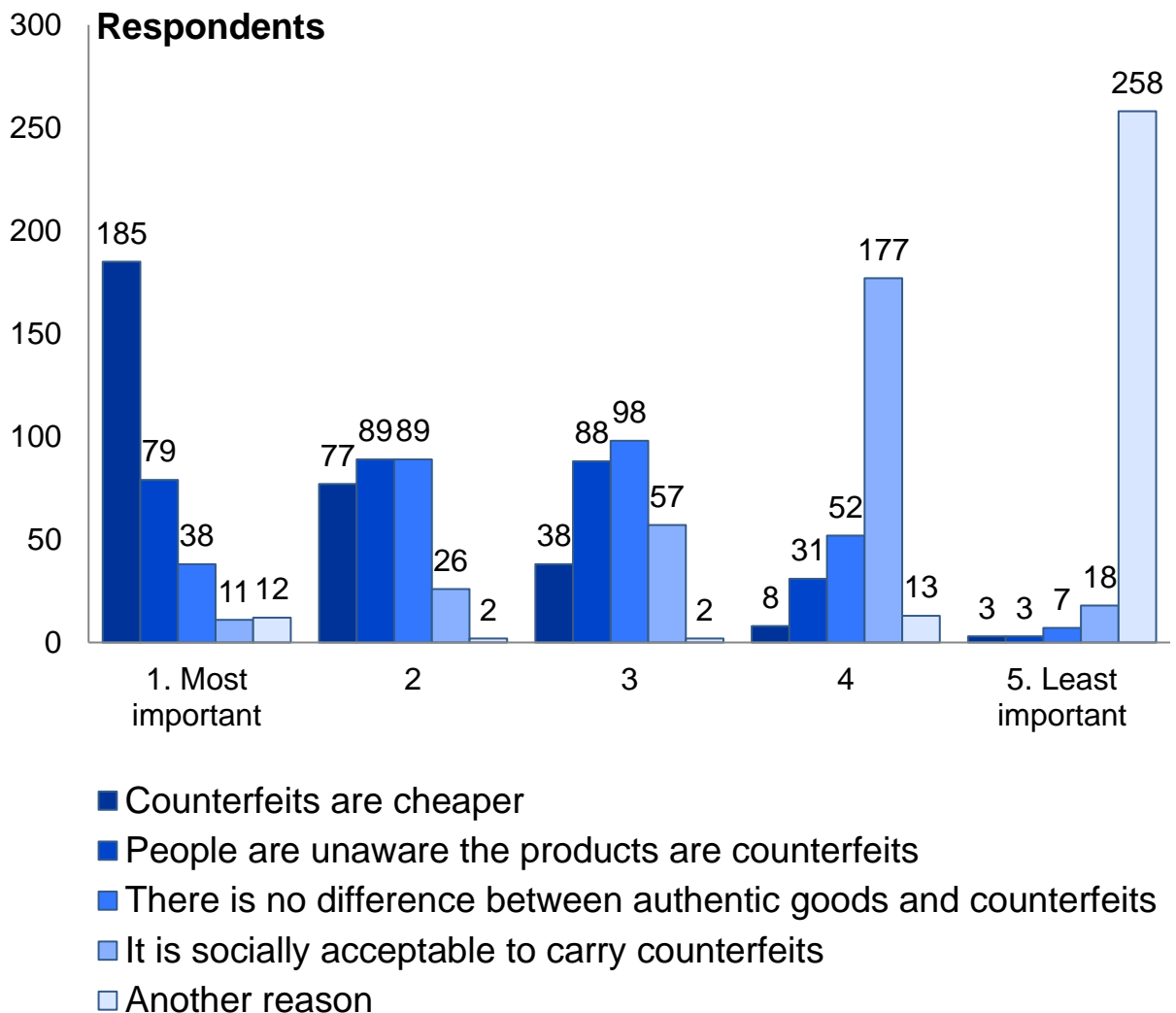


The three most commonly purchased product categories are all related to apparel, with clothing or shoes being the most popular (28%), followed by bags or wallets (27%) and jewellery or watches (15%). These products jointly make up over 70% of all responses.

The responses by males are in line with the above, while counterfeit bags or wallets were of highest interest to female respondents (34%), followed by clothing or shoes (29%) and jewellery or watches (13%).

Of all respondents, 4% indicated to have bought counterfeit versions of products that are intended for internal use, such as pharmaceutical products, alcoholic beverages and tobacco products. These respondents were all male.

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



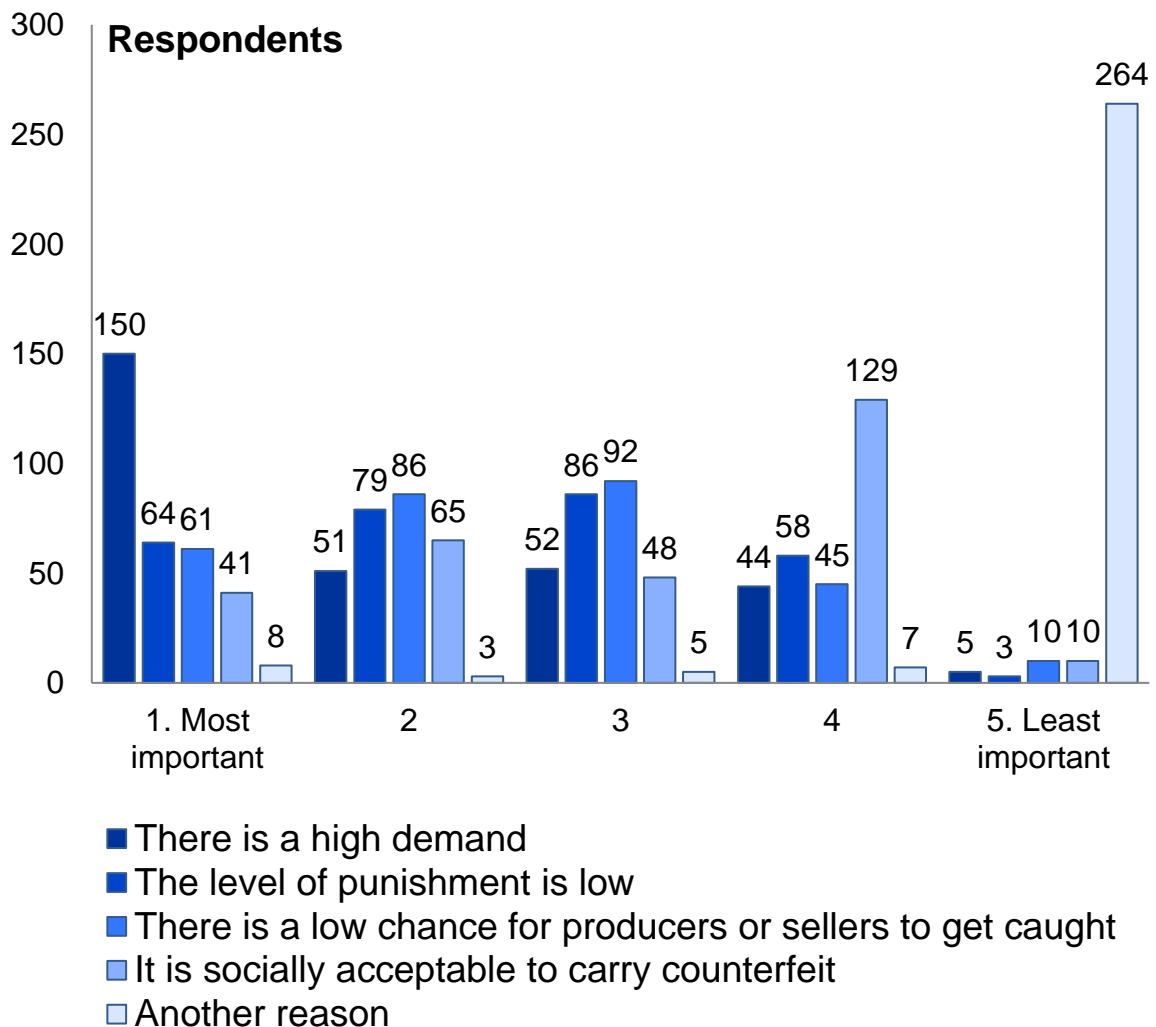
Counterfeit products’ low price was indicated by a majority of respondents (57%) as the main reason behind their purchase.

1 in 4 consumers (24%) expressed a belief that consumer’s unawareness about products’ counterfeit nature is the main reason behind their purchasing decision. A lack in difference between authentic products and counterfeit goods was the most important reason for counterfeit purchases according to 12% of the respondents.

These results were demonstrated by both genders and throughout all age groups.



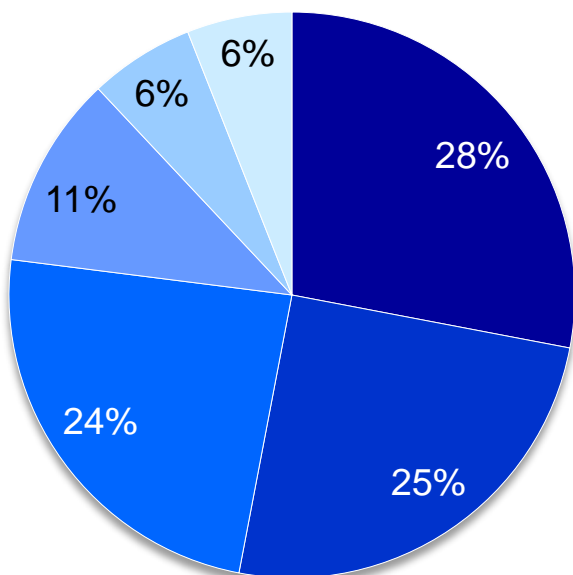
## 5. “Why are counterfeit products widely available in Korea?”



Close to half of all respondents (46%) indicated that the high demand for counterfeit products is the most important factor for the wide availability of counterfeit products. The second most indicated factor for counterfeit availability was a low level of punishment (20%), closely followed by a low chance for counterfeit producers or sellers to get caught (19%).

Both female and male respondents pointed to the high demand for counterfeit products as the most important factor for their wide availability. Female respondents however indicated a low chance for getting caught as the second most important factor (20%) while male respondents pointed to a low level of punishment (21%) as the second most important factor.

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

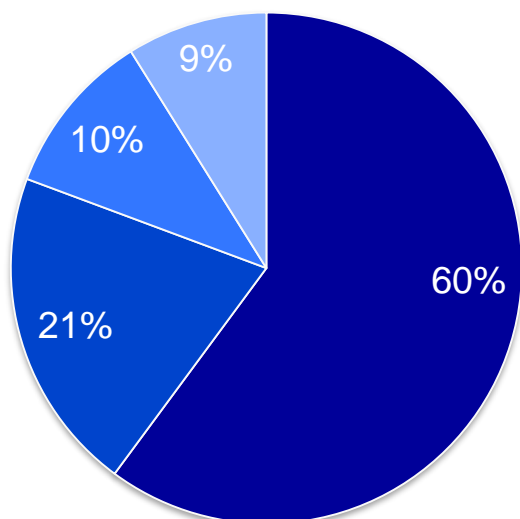


- They hurt local honest businesses that try to develop quality products under their own brand
- They damage companies' brand image
- They can harm consumers due to use of materials of unknown origin and absence of safety tests
- It is morally wrong
- They cause a loss in government revenue
- The profit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

While there are numerous problems related to purchasing counterfeit products and the counterfeit industry more broadly, damage to local businesses was selected as the most pertinent concern by the largest share of the respondents (28%). Damage to companies' brand image and possible harmful effects to consumers were the second and third biggest concern (selected by 24% and 23% of the respondents respectively).

Both genders' responses reflected the same top three concerns as mentioned above, albeit that male respondents' biggest concern was damage to consumers (32%), followed by damage to local businesses (24%).

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

A vast majority of respondents (81%) indicated to favour strengthened counterfeit enforcement actions by the Korean government. Moreover, 21% of all respondents called for punishments of individuals that buy counterfeit products, as is already possible in France and Italy. Of these respondents, a significant share (33%) had indicated to have purchased counterfeit products (in reply to question 1).

The abovementioned support for stronger enforcement was expressed by both genders and exhibited throughout all age 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 Jewellery 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!



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## 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, gender, 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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