



EUROPEAN CHAMBER OF  
COMMERCE IN KOREA  
주한유럽상공회의소

# Busan Consumers' Perception of Counterfeit Products 2017

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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 the counterfeit industry has 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 goods and the financing of criminal syndicates.

In order to curb these devastating effects, the IPR Committee has cooperated 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 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, 2017. The survey was part of a campaign by ECCK to enhance awareness of IPR and measures public perception of counterfeit products. The survey consisted of 7 questions and was completed by 407 people. Of the respondents, 240 were female, 136 were male and 31 did not indicate their gender. The majority of the respondents were in their twenties.

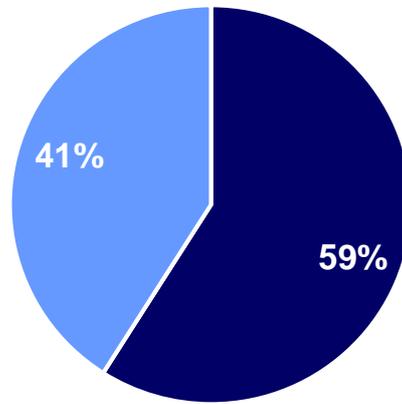
41% of all respondents indicated to have purchased counterfeits, with online platforms being the main source, as used by 38% of the respondents. Open markets (such as Alibaba, G-market, Interpark and Coupang) were the most common outlet (as indicated by 39% of the respondents), followed by search engines (22%).

The three most popular categories of counterfeit products were all related to apparel, with clothing or shoes ranking first (as indicated by 29% of respondents). More than half of all respondents (56%) indicated that counterfeit products' low price was the most important factor for their purchase. Almost all respondents (96%) perceived counterfeit products to be a problem, with the damage inflicted on companies' brand image, decreasing business opportunities for local honest businesses and harm to consumers selected as the most pertinent concerns.

More than two thirds of respondents expressed a wish for enhanced punishment of individuals involved in the counterfeit industry, with 17% of all respondents suggesting the criminalization of counterfeit purchases.

## Analysis of individual questions

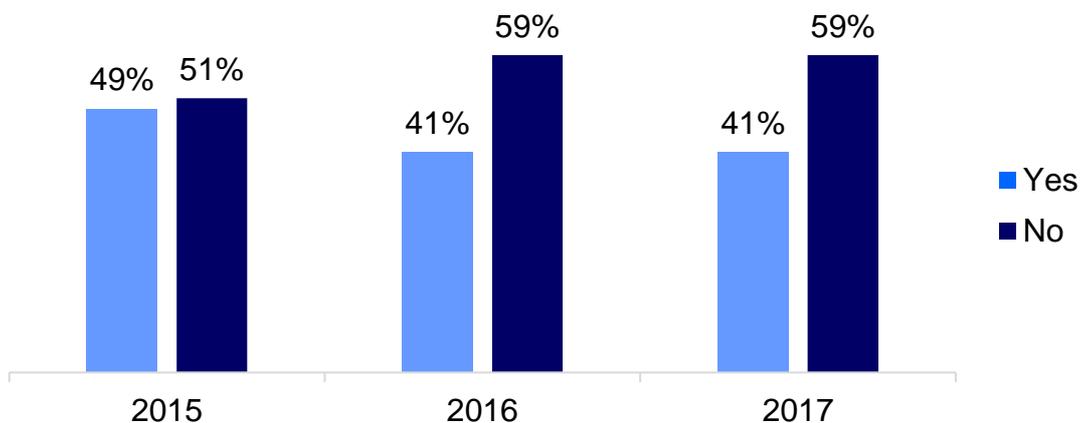
### 1. “Have you ever purchased any counterfeits?”



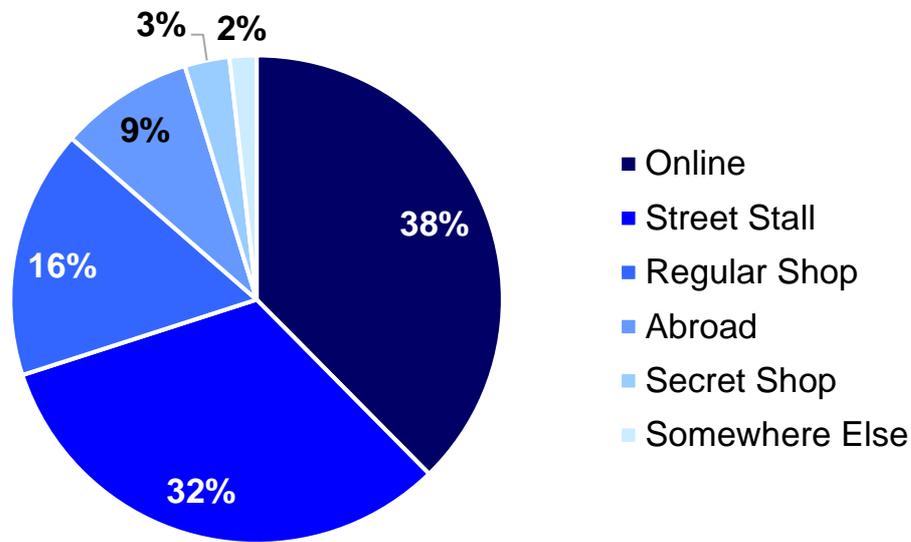
■ No ■ Yes

Of all respondents surveyed, 41% indicated to have bought counterfeit products. Counterfeit purchases were more common amongst male respondents than amongst female respondents, with 47% of men indicating to having purchased counterfeit products, vis-à-vis 38% of women. With 2 in 5 respondents having purchased counterfeit products, counterfeit products were most popular amongst respondents in their twenties. This is more than twice the rate exhibited in other age groups.

While in 2015 slightly less than half of all consumers indicated to have purchased counterfeit products, the 2016 survey displayed a drop to 41%, which was maintained in the 2017 survey.



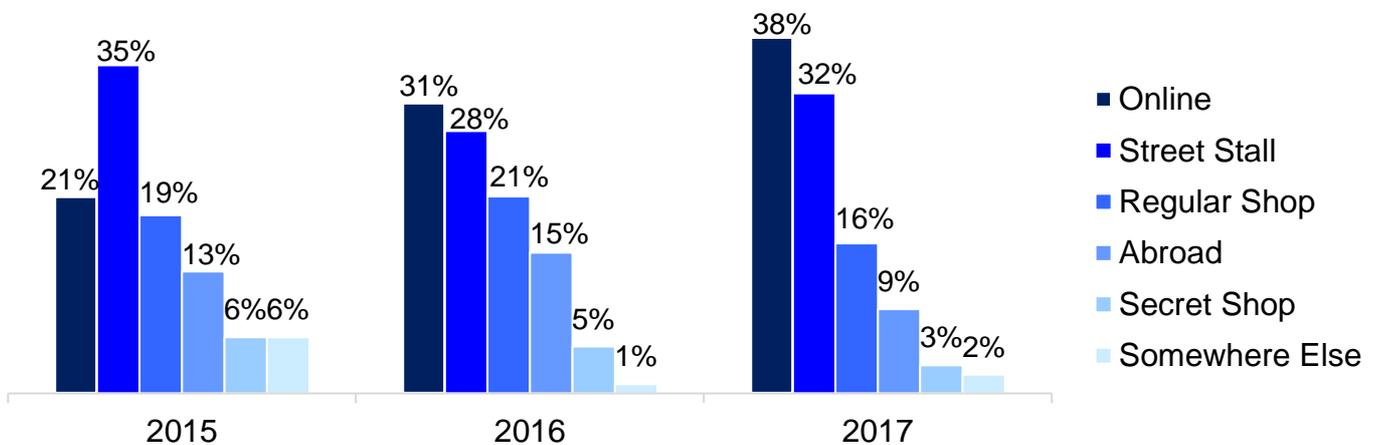
## 2. “Where did you purchase these goods?”



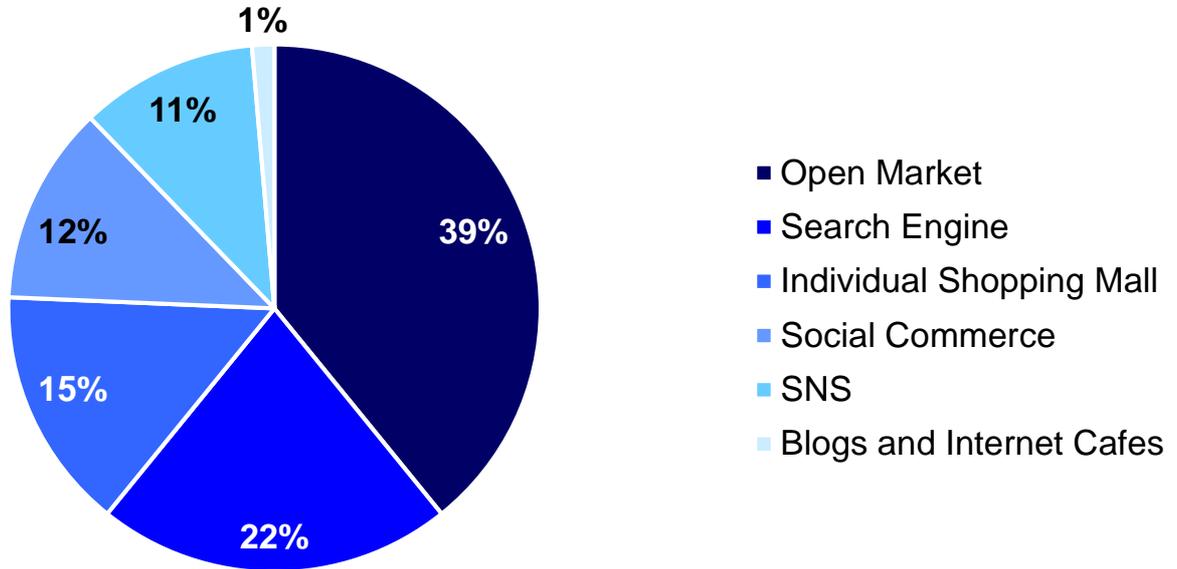
Online platforms were indicated as the most popular source of counterfeit purchases, followed by street stalls. Both venues combined were selected by more than two-thirds of the respondents, with 30% of the respondents using other sources, such as regular shops or abroad locations.

The dominance of online purchases was reflected by both female and male respondents (41% and 36% respectively). Respondents in their teens and twenties displayed the highest use of online platforms for their purchases of counterfeit goods (45% and 53% respectively), whereas street stalls were the most popular source of counterfeit goods for respondents aged in their thirties to fifties (43%, 50% and 36% respectively).

The use of online platforms for counterfeit purchases has rapidly increased (almost doubling since the 2015 survey). Such increase does however not seem to have affected the popularity of street markets.



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

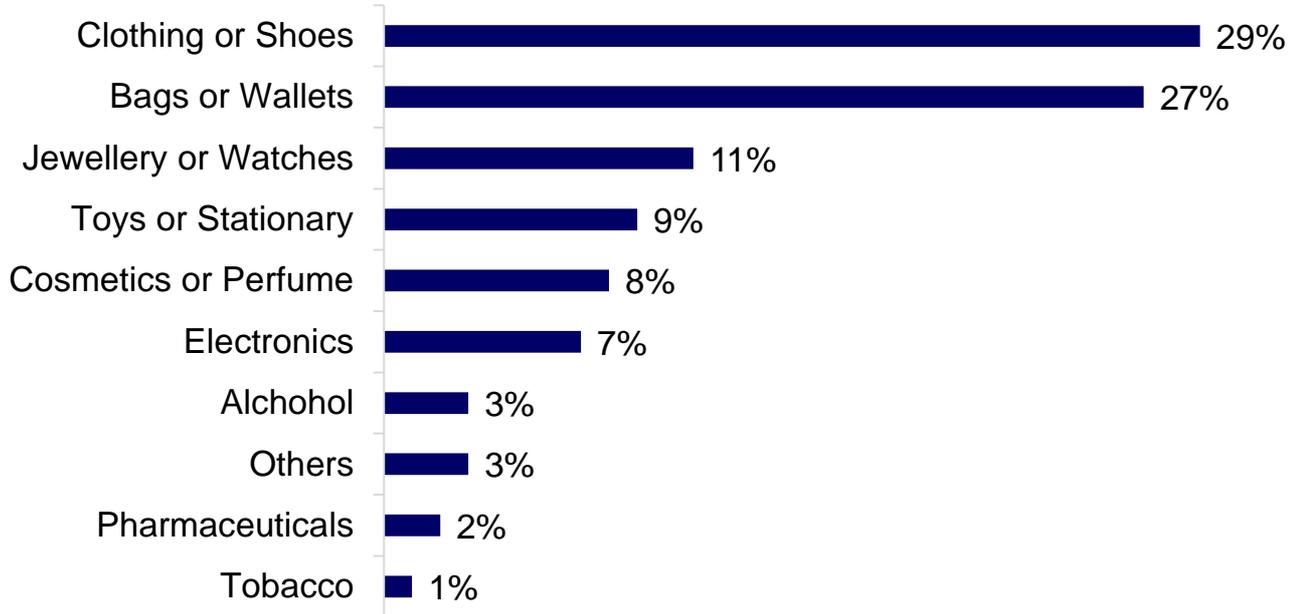


Over the past decade the amount and the transactions made through online sources has increased globally. In Korea alone, the total value of all products sold online has risen fivefold from 2006 to 2016. The counterfeit industry has keenly followed such trend and has also expanded its operation to the 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, 39% 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). 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), were indicated as the second popular type of online platform.

These results were displayed by both genders and across all age groups.

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



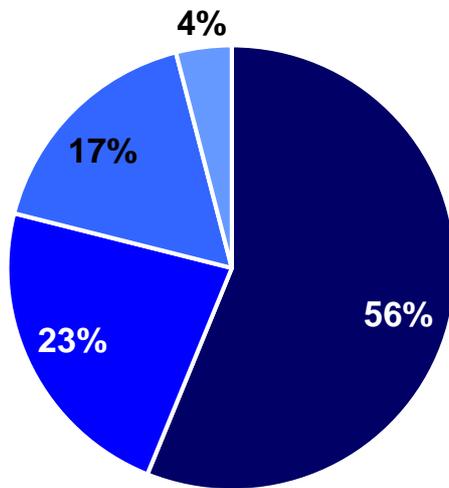
The most popular category of counterfeit products was clothing or shoes, closely followed by counterfeit bags or wallets. Both categories combined make up more than half of all responses.

6% of all respondents indicated to have purchases counterfeit versions of products intended for internal use, such as alcohol, pharmaceuticals and tobacco. Other purchased products were exercise equipment, DVD's and belts.

The significant interest in counterfeit apparel was reflected by both genders, albeit that bags or wallets were most popular amongst female respondents (32%) followed by clothing or shoes (28%).

Teens (44%) and respondents in their twenties (33%) pointed to clothing or shoes as the most appealing category of counterfeit products, while bags or wallets were most popular amongst respondents aged thirty to sixty (as indicated by 28%, 41%, 53% and 67% respectively). Counterfeit tobacco was of lowest appeal to respondents across all age ranges.

## 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

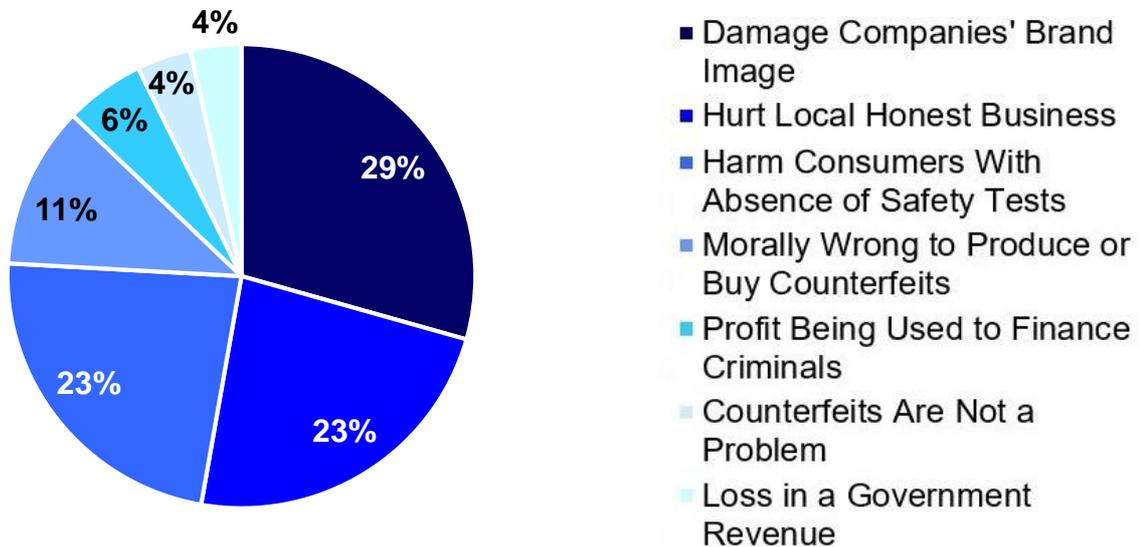
Demand for any type of product or service means that it can be lucrative to provide such product or service. As long as the demand persists, actors will be willing to step in and serve the market. As the previous questions confirmed the demand for counterfeit products, this question was set out to discover the reason behind the demand.

According to more than half of the respondents, the main driver for counterfeit purchases is the products' low price. Counterfeit products' low price has been indicated by respondents since 2015 as the products' highest appeal (by 68% of respondents in 2015 and 57% of respondents in 2016).

Counterfeit products' low price was indicated as the main reason by both male and female respondents (54% and 56% respectively) and throughout all age groups. 55% of the respondents that had purchased counterfeit products also pointed to counterfeit products' low price as the reason behind their purchase.

The second most stated reason for counterfeit purchases differed by age group. A lack of difference in quality was indicated by teens (25%) and respondents in their fifties (42%) as the second most important reason for counterfeit purchases, whereas respondents in their twenties (24%), thirties (21%), and forties (29%) expressed the opinion that unawareness of products' counterfeit nature is the second most important reason for counterfeit purchases.

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

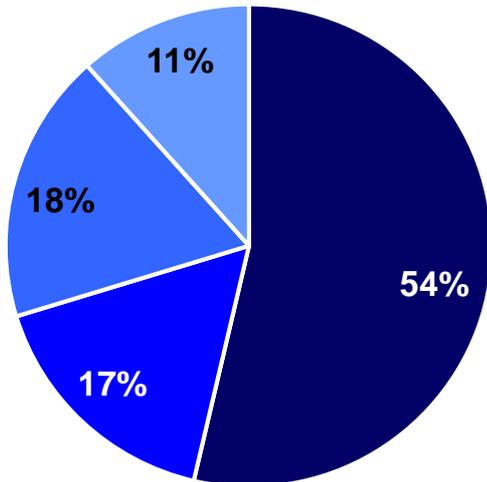


Of all the respondents surveyed, 24 out of 25 expressed the opinion that counterfeit products are a problem. These respondents perceived damage to companies’ brand image, decreasing business opportunities for local honest businesses and harm to consumers to be the three most critical issues posed by counterfeit products (jointly making up 75% of the responses). Damages to companies’ brand image and to local honest businesses were ranked as the two most pertinent issues in the 2016 and 2015 reports as well, albeit that the order of importance was reversed in the 2016 report.

While male respondents’ answers aligned with the above, harm to consumers was indicated as the number one issue amongst female respondents (27%), followed closely by damage to companies’ brand image (26%).

The 4% of respondents that indicated counterfeits are not a problem were mostly respondents in their teens (38%) and twenties (31%), with 60% of all these respondents indicating to have purchased counterfeit products.

**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

Almost three in four respondents indicated that enforcement against counterfeit products should be strengthened, with a substantial segment favoring the criminalization of the purchase of counterfeit products in similar fashion to France and Italy. 38% of respondents favoring such criminalization indicated to having made counterfeit purchases themselves. The overall positive sentiment towards enhanced enforcement activities has been displayed since the 2015 survey.

The above results were displayed amongst both male and female respondents. Respondents of 40 years old and above exhibited a particularly stronger sentiment towards enhanced enforcement, with 82% calling for more enforcement and 18% specifically calling for the introduction of sentencing for consumers of counterfeit products.

## 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 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 .....

**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 a 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!**



## 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 discrepancies between the number of responses to certain questions.

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