

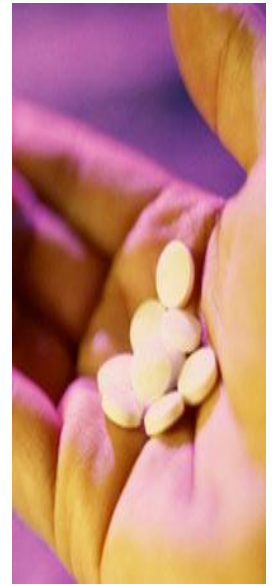


BASCAP

EXECUTIVE SUMMARY

*Review of Consumer Perception Studies and Public Awareness
Campaigns on Counterfeiting And Piracy
January 2009*

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I. Background

In support of its efforts to develop a strategic communications campaign aimed at combating counterfeiting and piracy, BASCAP enlisted Edelman to review and analyze a variety of research conducted by its member, as well as other professional organizations. Complimentary materials used in anti-counterfeiting educational programs were also reviewed as part of this project. In addition, a number of industry representatives with expertise in developing and implementing programs to address the counterfeiting and piracy issue were interviewed. And, finally Edelman interviewed a number of its senior executives who managed some of the global communications firm's most prestigious and successful campaigns that changed consumer behaviour.

The purpose of this preliminary research exercise is to provide an informed opinion on a number of the critical elements that shape any communications program plan and how they might be used in an awareness/education campaign on counterfeiting and piracy. These include at a minimum:

- Potential messages;
- Overall tone of the campaign;
- Communications delivery mechanisms and tools;
- Impactful spokespersons;
- Measurability

Following this preliminary analysis, the next step will be to conduct qualitative (focus groups) and quantitative (opinion surveys) consumer research in a number of key markets where a targeted awareness campaign could be beta tested to determine the most effective means to move consumer attitude and behaviour. Based on previous discussions with BASCAP it is recommended targeting at least one developed market (UK) where modern trade is conducted, one developing market (India) that utilizes traditional trade and possibly a third market (South Africa) that uses a combination of modern and traditional trade for the research. This will allow members in similar markets to take advantage of the findings for their own regional programs.

However, it is critical to note that this preliminary research should be viewed as a filtering process to identify potential trends in the data and deliver direction on what should be further tested. As the research conducted was very broad covering multiple geographies, demographics, timeframes and approaches it would be inappropriate, and frankly unscientific, to deliver specific recommendations for eliminating counterfeiting and piracy at this juncture.



II. Methodology

The desk research was carried out in four stages:

Stage 1: BASCAP and WIPO databases. 150+ surveys were reviewed and of these the most relevant (23 consumer perception surveys) based on their timeframe (surveys conducted between 2004-2008), their level of focus on the consumer and how relevant the area of focus and findings were to the objectives of this report have been summarised in the appendix. The majority of data provided in the report is taken from these 23 surveys, although others with smaller points of interest are also referenced.

Stage 2: Collaterals and website information. Anti-counterfeiting campaign materials obtained from the BASCAP website (146 campaign materials) and WIPO database (202 campaigns as of 17/10/08) were analyzed to garner insights on the audiences targeted, tools used to reach them, specific sectors focused upon and the messages used.

Stage 3: Industry expert interviews. Fifteen interviews with recommended BASCAP members and other experts in the anti-counterfeiting field were undertaken to provide a number of best practices and lessons learned to be considered in shaping an anti-counterfeiting program.

Stage 4: Edelman expert interviews. Senior executives from Edelman's global network with specific experience in designing and managing consumer awareness campaigns aimed at changing behaviour were interviewed to identify strategic imperatives critical to success. The practitioners were chosen on the size and scope of the projects, their successful outcome and their focus on reaching consumer and/or influencers.



III. Key Research Findings

While to date the amount of research has been extensive on the subject of counterfeiting and piracy, it has been very broad in nature. However, we were able to identify a number of overarching trends in the data that provides direction for a more targeted set of research to further test these findings. The report provided will look at a number of key areas including an overview of the current environment on counterfeiting, the areas of campaign focus to date, key messages and tone, the most impactful delivery mechanisms and spokespersons and how to best measure results.

Availability, high quality and social acceptance grant consumers with a license to buy fakes

It is important to have a sense of the landscape in which you are operating and in the first place what is driving consumer rationale to purchase counterfeited and pirated goods. This will prove helpful in testing their position against your counter-messages in the quantitative and qualitative research. To assist in this regard we identified eight surveys among 96,000 consumers across 51 countries that focused on the reasons people are buying counterfeits.

Their top reasons for buying counterfeits were:

- Availability of cheap products and lack of money to buy original products -- 6 out of 8 surveys
- Good quality of products -- 3 out of 8 surveys
- Availability of fakes -- is a top reason in 2 out of 8 surveys
- Counterfeit goods are socially acceptable -- mentioned in 1 survey
- Governments are not committed enough to fight and prosecute counterfeiting -- mentioned in the largest (Gallup) survey as a top reason

Campaigns to date lack a unified focus

The research revealed a lack of audience targeting which is a critical issue to address as BASCAP sets about further research and communications outreach. By doing so BASCAP will be able to better focus its efforts, maximize its financial and human resources and provide a measurable baseline for the future. The data reviewed showed a mixed approach:

- 47% of the campaign reviewed focused on general public /consumers with no particular segmented audience;
- 26% were focused on children / teenagers;



- 17% focused on teachers;
- 14% on SMEs

In addition the majority of the research and campaigns focused on more affluent markets and less on the developing world. The exact breakdown was as follows:

- 69% of campaign were conducted in high income countries
- 16% in upper middle income countries
- 13% in lower middle income countries
- 2% in lower income countries

This fact reinforces BASCAP's decision to further evaluate the potential differences between developed and developing markets through focus groups and quantitative research.

Messages need to address the individual and the society as a whole

In review of 200+ campaigns from the WIPO database and 150+ surveys collected by BASCAP and WIPO it was revealed that the messages used most often in the campaigns were not necessarily the messages that consumers found to be most effective in curtailing counterfeiting.

Below is a breakdown of the top messages used in campaigns (based on the review of 202 campaigns):

- Education about counterfeit and piracy (found in 59% of campaigns reviewed)
- Counterfeit and piracy is against the law in 47%
- Damaging to business and the economy in 33%
- Education on importance of ideas in 26%
- Counterfeit is unethical in 14%
- Enforcement in 12%
- Links to crime and terrorism in 11%
- Health and safety in 11%

However, based on eleven relevant surveys reaching a total of 80,000+ consumers across approximately 51 countries the most likely deterrents for buying counterfeits in descending order were:



- Threat of legal action or prosecution (appeared as a leading message in 5 of 11 surveys)
- Health & safety consequences of counterfeit products (appeared as a leading message in 4 of 11 surveys)
- Links to organised crime and terrorism (appeared as a leading message in 4 of 11 surveys)

While these three messages appear to be the most impactful based on the research reviewed, a variety of other messages as noted above should be tested in the next stage of research as there could be variations between developed and developing markets and across certain demographics. Also, the messages used and tested to date address both the personal and societal impact of counterfeiting and piracy which should be tested further to identify the proper mix moving forward.

Talk to, not at consumers

Based on the experiences of the experts interviewed there was general consensus that the tone of the campaign should be one of engagement rather than lecturing the consumer. Many believed that preaching to the consumer would create a barrier that would force them to simply switch off and ignore the message. Rather it was suggested that a successful campaign should serve to educate and engage the consumer. For example, it was noted in the interviews that Microsoft's campaign to inform consumers that piracy of software was a crime and they should report any known violators to a specific call-in number proved quite successful. Similarly, Edelman executives cited examples in awareness campaigns that educated and provided consumers with simple ways for them to engage most notably in the European Commission's CHANGE program to combat climate change that told consumers simply – turn down (thermostat), switch off, recycle and walk.

There is No Silver Bullet Approach for Delivering Your Message

In the 2002 IP crime campaigns reviewed in WIPO's database, there were 26 different tools used to deliver the respective program messages. Different tools were utilized to promote the campaigns rather than any one single tool – which falls in line with Edelman's experience as well. The tools and mechanisms for delivery will vary depending on the target audience, geography, demographics and budget. We may very well find after follow up research that while the messages may remain constant the tools and approaches in markets could differ significantly.

The breakdown of the most popular tools used was as follow:



- Websites used 6 out of 10 times (59%)
- Brochures - 36%
- Leaflets and posters - 28%
- Radio / TV ads - 26%
- Films / Videos - 22%

In addition a number of other interesting approaches were revealed in the expert interviews including:

- Use of face to face contact and street marketing can be impactful in some geographies – particularly near illegal point of sale (i.e. airport advertising, flea markets, etc.);
- Advertising is effective at increasing awareness, but not necessarily changing behavior;
- Films and videos need to be part of a multi-faceted program to have impact;
- Training about counterfeiting can be impactful particularly when working with law enforcement organizations, trade bodies and SMEs;
- It is difficult to involve younger audiences but parents and teachers can play an educational role;
- Creative online tools such as games and YouTube are ways to engage the younger demographic.

The use of mobile phones/SMS was overlooked entirely in the campaigns and research. This is particularly worth noting since China has 600 million mobile subscribers and in India there are more than 300 million people with mobile phones versus 120 million with TV and 200 million that read newspapers. So, particularly in developing markets the use of mobile phones as a delivery mechanism should not be underestimated and tested further.

In Search of the Right Messenger

There is nothing in the surveys or campaigns that reveal that consumers prefer a certain type of spokespeople over another. In fact, reviews of the campaigns show that spokespeople or spoke characters were used in only 8% of the campaigns. Three of the experts we interviewed believe that engaging directly with people on a one on one approach works best, which reinforces the findings of Edelman Trust Barometer that reveals a “person like me” is the most trusted person by educated and informed consumers in 18 countries.



Once again we might find differing opinions in various markets and we recommend testing accordingly. Also from Edelman's first-hand experience we have learned that there are certain types of spokespeople that influence and those that amplify. For example, on an awareness campaign on obesity in the UK we found that consumers trust the data on healthy eating provided by the National Health Service but were more likely to have seen that information on celebrity chef Jamie Oliver's website. So while the NHS was the influencer, Jamie Oliver was the amplifier – an approach worth testing further.

A Campaign without Measurement is Immeasurable

Measurement of a campaign is both critical and challenging. That noted, nothing in the review of the surveys or campaigns indicates that companies measure their campaign results on counterfeiting. Experts interviewed mentioned that they did not have a robust measurement process in place and in fact most did not measure at all. The types of measurement most used included counts of website visits, small questionnaires distributed directly to the target audience to assess opinion on the campaign and sporadic ad-hoc surveys to assess shifts in attitudes. This is not necessarily something that would be a subject of the next stage of research, but is an issue that should be agreed upon by the Steering Committee of BASCAP as it sets about implementing a communications program. Edelman has found that it is useful to have a number of metrics for measurement including:

- Baseline quantitative research;
- Media and online analysis;
- Tangible deliverables (i.e. number of events, materials, etc.);
- And industry results that can be tracked that show a decrease in purchasing of counterfeited goods.

IV. Hypotheses to be Tested

The data reviewed, combined with the expert interviews of BASCAP members and Edelman practice leaders have allowed us to arrive at a number of hypotheses. However, they are just that educated guesses and will require further research to confirm our thinking. Following are the hypotheses we would want to test in Phase II of the project.

a. Test 1: Drivers of counterfeit purchases

The following hypotheses are based on secondary research findings for non-deceptive purchase only. Our recommendations would be to test the most prominent drivers. Research indicated that buying counterfeited products can be:



- **There are a number of product-related issues that impact the purchase of counterfeits**
 - o Price – What is the tipping point in the price of a fake?
 - o Availability – Is it so easy to buy fakes?
 - o Good quality – Can we see the difference with the original product?
 - o Type of product – Would I rather buy a fake watch than a fake medicine?
- **There is a link to consumer demographics**
 - o Age / gender – Are youngsters more open to counterfeit than elders?
 - o Social group – Does revenue play a role?
- **There are a number of social, cultural and regulatory factors that impact decisions around counterfeit products**
 - o Social acceptance – Do /would you talk openly about the fakes you bought? Are you proud about it?
 - o Attitude toward risk - Would I believe that I would never be caught?
 - o Enforcement – Do the government and other institutions do enough?
 - o Government efforts – Do you believe that the government benefits from counterfeiting? How do you feel about it?
- **The decision to purchase counterfeit products is dependent on the environment in which purchasers are operating**
 - o 'Holiday mood': Are you more likely to buy counterfeit on holiday than when at home?
- Test 2: Messages / deterrents

The qualitative sessions should also be used to gauge message effectiveness. The following assumptions are based on the findings from secondary sources and discussions with industry experts:

- **Counterfeiting presents the threat of legal action and procedures** – Are you worried about being prosecuted because you bought counterfeits?
- **Counterfeiting is a risk to my health and safety** - Have you ever decided not to buy a counterfeited product because of the potential risk to your health or that of a loved one?
- **Counterfeiting is linked to organised crime and terrorism** - If you knew organised crime or terrorism was behind the product would you still buy it?
- **Counterfeiting does not respect people's ideas** – What would be your reaction if someone copies your ideas without your consent?



- **Counterfeiting is a risk to my belongings** – Do you feel you take a risk to damage your PC if buy pirate software or download illegal files?
- **Counterfeiting is a crime** – Do you agree / disagree that buying fake is a crime?
- **Buying fakes is unethical** – Do you agree / disagree that buying counterfeited products is unethically?
- **Counterfeiting activities damage businesses** – Do you think that buying fakes can damages (small or big) business?

The research should not only help to identify the most impactful deterrents, it should also look at the best combination of messages depending on the target audience and country, in particular how to use a mix of emotional and rational elements, and whether messages should address personal and societal concerns.

- Test 3: Campaign execution and tools

The secondary research revealed that some communications tools were most utilised in the campaigns (websites, brochure, posters, ...). Experts have also indicated that face to face engagement with consumers, choosing the right tone in the messages and communicating near the point of sales are key ingredients for a successful campaign. Data from the Edelman's Trust Barometer shows that a person like me is the most trusted person in many countries. Furthermore, communications specialists at Edelman believe that successful messaging should play on a mix of rational and emotional elements in order to be most effective. Based on these feedbacks, the following hypotheses may need to be tested further:

- **Consumers don't want to be preached to** – How the tone of the messages impact on campaign's effectiveness (recall, act upon, drive conversation)?
- **A person like me is the most credible person** – Do we trust more our peers than a celebrity, a company or an expert on counterfeiting?
- **Consumers feel more engaged when we directly talk to them** – What channel(s) of communications works best depending on the audience?
- **Consumers are more receptive when put into context** – Would you care more about counterfeiting if you understand what people are facing?
- **Campaigns are more effective if they are near the point of sale** – Would this deter you to buy a pirated copy / fake product?



The focus groups will only provide insights based on opinions of a small sample of targeted consumers. In order for these opinions to be representative, a validation through a quantitative survey is necessary. Before launching the quantitative phase in either one or several countries, BASCAP and/or its members should make use of the available research materials. Experts we have interviewed already make use of the available research sources. Many of these surveys (in the public domain) try to explain what drives counterfeit purchases. Very few however are designed to test campaign messages.

We would advise BASCAP and/or its members to conduct research among at least 1,000 respondents per market. This will allow segmentations by consumer's profile and, hence, help message targeting. In some countries where it is more difficult to access to consumers, 500 would be a reasonable sample.

The design of the questionnaire and relevance of the questions will be driven by the outputs of the qualitative research.

V. Conclusions and Next Steps

From its experience at managing large international campaigns to change social behavior Edelman has identified there are a number of strategic imperatives to drive success including:

- Respect local nuances when trying to educate and influence;
- Play to the emotional and rationale sides of the consumer;
- Utilize multiple channels to increase message resonance;
- Keep the messages simple and provide the consumer with a realistic call to action to engage;
- Develop and verify your strategy with research.

The desk research conducted to date compliments these best practices and will provide direction for a strategic communications campaign by:

- verifying key messages and a potential overarching theme;
- setting the right tone of the campaign to engage consumers;
- identifying the most impactful communications tools to use in each market;
- establishing the most appropriate messenger/ambassador;
- substantiating a call to action that consumers are willing to embrace.