

## **Most Consumers Buying Counterfeit Products with Little Remorse or Fear of Consequences**

### **New International Study Shows Counterfeit Purchasers Come from all Demographic Groups**

**Cancun, Mexico, December 2, 2009** -- A new report released today reveals that 80% of consumers spanning the developed and developing world regularly purchase counterfeit and pirated products (C/P) with little remorse or fear of any consequences, including potential health and safety risks to themselves or their family.

The Report details results of a global study, commissioned by the International Chamber of Commerce, through its BASCAP initiative, to better understand consumer attitudes and behaviors toward counterfeited and pirated products. It includes results from new research involving more than 5000 consumers in Mexico, Russian, U.K., South Korea and India. The Report provides a comprehensive look into why consumers buy fake products, as well as what types of fakes they are buying and where they are buying them. The research was conducted by the international research firm, StrategyOne.

"This Report shows that consumers around the world are buying fake products in large numbers, and see nothing wrong with buying these illegal and potentially dangerous products," said BASCAP Coordinator Jeffrey Hardy. "This Report provides new insights into the attitudes and behaviors that are driving the global growth in counterfeiting and piracy. Consumers need to understand how they will benefit from foregoing purchases of counterfeit or pirated products to be inspired to change, and also understand and appreciate the full repercussions of their counterfeit purchases. This Report highlights how the right messages are critical in convincing consumers to stop the practice."

Counterfeiting and piracy has grown into a global business valued at more than US\$750 billion. The OECD reported in 2007 that more than \$200 billion in counterfeit and pirated products is moving through international trade channels alone.

The research findings show that two-thirds of the consumers interviewed reported they bought some C/P products from time to time, and 14% admitted they bought them regularly. Only 20% of those interviewed said they never purchased a counterfeit or pirated product.

"The research shows that consumers take a very casual approach to counterfeits, not recognizing the real harm that can come from their purchases," Hardy added. "It also shows that consumers will change their attitudes and purchase habits when they understand the risks and dangers to themselves, their families and their communities. Consumers also are looking for evidence that government views this as a serious problem which has consequences."

While DVDs & CDs, clothes and computer software were the most frequently purchased, with over half of consumers reporting they bought counterfeit or pirated versions of these products, the range of products purchased included medicines, auto parts, alcoholic beverages and food.

Availability and purchase frequency were strongly connected. The most common counterfeits are those most easily found. Strong differences were seen in each country as well. For example, 61% of Russian consumers report easy access to counterfeit medicines compared to only 19% in the U.K.

A striking finding of the study was why consumers are buying counterfeit or pirated products in the first place and what could deter such illegal actions in the future. Those surveyed believe people buy counterfeits and pirated products “Because they cannot afford the original” (71%), “Because they don’t know it’s fake” (58%) or “Because they think genuine products are overpriced” (57%).

Health risks are the most powerful argument (70%) to convince a friend to stop buying counterfeit or pirated products. The risk to personal belongings was also a strong deterrent (59%). “Getting in trouble with law enforcement” was not as convincing with only 25 percent supporting this argument.

Some deterrents were particularly strong in specific countries: “You’ll get better service and warranty” was mentioned by 74% of Mexican consumers (20% more than the five-country average) as a good reason not to buy fakes. “Your money goes to criminals” was the answer given by 52% of Mexican respondents (13% more than the five-country average). In the U.K. “Setting a bad example for a child” was a good reason not to buy by 43% of consumers (versus 34% overall). In India, 43% of consumers said “You can have trouble with the police” (versus 25% overall).

While some counterfeit purchasers in all five surveyed countries came from lower-income groups, in the U.K., the frequency of counterfeit purchases actually increased with income. In the U.K., 41% of lower-income purchasers reported counterfeit or pirated products, rising to 47% for medium-income and to 50% of higher-income respondents. In Russia, 88 % of high income consumers admitted purchasing counterfeits, the highest percentage measured among Higher Income level consumers in the five countries tested.

Age appears to have little bearing on the decision to purchase a counterfeit or pirated product, in general. Counterfeit purchasers can be found among all age groups, with only a slight decrease with age in most countries. The U.K. proved an exception in this regard, with a much steeper decrease of purchasers by generation was reported (56% of those aged 18-24 compared to 36% of those aged 50+).

Perhaps most concerning for some product sectors, consumers indicated a willingness to switch from original products to counterfeit or pirated ones based primarily on a decrease in availability of the original. For example, for software and clothes, more than half reported they would be ready to switch. This decreased to 26% for food and 13% for medicines.

“Consumers show no remorse for their illegal activity, blame their own lack of resources for their behavior and feel no recourse associated with their actions”, Hardy noted. “Consumers need to see they are exposing themselves and their families to unsafe and dangerous products. They need to understand the real harm that can come to their communities as workers employed by legitimate brands are put at risk when counterfeit or pirated products replace purchases of legitimate products.”

Efforts by governments and enforcement agents to stop counterfeiting and piracy have largely focused on stopping the production and sale of fake products. BASCAP undertook this study as a first step toward developing programs that will help build awareness of the problem and educate decision makers and consumers that counterfeiting and piracy are not victimless crimes – but instead inflict serious harm on people, the economy, and their communities.

"We also hope governments will see the need to make counterfeiting and piracy a higher public policy priority so that local consumers will see their government taking the issue seriously and acting on it," Hardy said. "As governments fully understand the factors that drive their constituencies to purchase

these illegal goods, they can undertake appropriate communications and policy initiatives to stop the demand for fakes. “

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**About BASCAP**

The drain on businesses and the global economy from counterfeit goods and piracy of intellectual property is of great concern to ICC member companies worldwide. Business Action to Stop Counterfeiting and Piracy (BASCAP) is an ICC initiative that unites the global business community across all product sectors to address issues associated with intellectual property theft and to petition for greater commitments by local, national and international officials in the enforcement and protection of intellectual property rights. For more information and a copy of the *Research Report on Consumer Attitudes & Perceptions of Counterfeiting and Piracy*, visit: [www.iccwbo.org/bascap](http://www.iccwbo.org/bascap)

**About the International Chamber of Commerce**

The International Chamber of Commerce (ICC) is the largest, most representative business organization in the world. Its hundreds of thousands of member companies in over 130 countries have interests spanning every sector of private enterprise. The fundamental mission of ICC is to promote trade and investment across frontiers and help business corporations meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from its origins in 1919. For more information about ICC, please visit: [www.iccwbo.org](http://www.iccwbo.org)

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With offices in [Washington DC](#), [New York](#), [Chicago](#), [Atlanta](#), [London](#), [Paris](#) and [Silicon Valley](#), StrategyOne is a Global research institute specialized in Consumer and Stakeholders research.

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