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**OpSec Security Identifies High Quality and Product Functionality as Key New Drivers Motivating Online Counterfeit Electronic Sales**

*Study Shows Consumers Enticed by Increasingly Better Electronic Fakes Available on the Internet*

BOSTON, MA, July 08, 2009 **/24-7PressRelease/** -- OpSec Security, Inc., global leader in anti-counterfeiting and brand protection, surveyed online consumers to assess purchasing behavior toward buying counterfeit electronic goods. 80% of respondents claimed to avoid buying fakes on the Internet, yet 66% were willing to purchase counterfeits when shown offers of convincing fakes. The study finds that online consumers are easily persuaded to overcome their initial inhibition towards buying potentially dangerous counterfeit electronics. High quality and product functionality were identified as two key new factors influencing consumers' purchasing decisions to buy counterfeit electronics online.

- 80% of respondents professed to never shopping for fakes
- 66% of respondents overcame their initial aversion and indicated a willingness to purchase convincing counterfeits, although approximately the same percentage recognized the online offers as fakes
- 81% of respondents who were aware of the dangers of counterfeits considered product functionality as more important than potential risks when weighing online offers
- As expected, almost all respondents (90%) stated price as a driving force for counterfeit purchases

**High Quality Fakes Erode Risk Aversion Towards Buying Counterfeits Online**

Counterfeit sales are on the rise and estimated to reach over \$1 trillion according to a June 2009 Time magazine article. In addition, "AAA quality" counterfeits have become more prevalent in the marketplace, as counterfeiters turn out increasingly better quality fakes.

In the study, consumers were shown a sampling of online offers for highly popular consumer electronic products, and asked to indicate whether they would buy these goods. While the respondents were not informed that the products were counterfeits, a significant majority of 62% recognized the fake electronics when asked to determine the product's authenticity. Surprisingly, 66% of respondents overcame their original reservations to avoid fakes online, and indicated a willingness to buy the counterfeit goods.

**Consumers Focus on Counterfeit Product Functionality Over Potential Dangers**

A majority (52%) of respondents was aware of the potential dangers of counterfeit electronics. However, 81% of respondents who were aware of the dangers considered product functionality as more important than health risks, such as fire hazard and electric shock, in deciding to buy fakes online. Many consumers exposed to higher quality fakes assumed the knockoff would perform with the same functionality as the authentic product, and discounted the threat to their safety.

Additionally, 39% of respondents did not view country of origin as a factor in discerning possible counterfeit offers. In fact, the study uncovered the pervasive attitude that since the majority of consumer goods, both genuine and counterfeit, are manufactured in China and other parts of Asia, consumers may as well purchase the less expensive product that apparently had the same desired functionality. This finding suggests consumers place relatively low value on brand reputation in their decision process.

**Price Remains a Dominant Factor in Online Purchasing Decisions**

As expected, 90% of survey participants indicated price as a dominant motivator in purchasing counterfeit products online. This finding aligns with recent research from e-Marketer that found 90% of online shoppers strongly agree that they compare prices to find the best deals online.

**Vigilance and Action Advised as Consumers are Lured with False Security to Buy Fakes**

The emerging trends suggest that higher quality fakes with seemingly comparable product features are giving consumers a false sense of security to buy counterfeit products online. While price remains a key factor, consumers are no longer only looking for cheap online bargains, but deals on quality products that can substitute for the genuine article.

"Counterfeiters have raised the stakes by offering higher quality counterfeits, and consumers need to be more vigilant in weighing online offers," said Jeffrey Unger, president, Brand Protection, OpSec Security. "For brand owners, the most direct approach to protect consumers is to take down infringing online offers, and reduce their exposure and temptation to buy counterfeits. At OpSec, we support brand owners in detecting and removing fakes and gray market goods on the Internet. We also support them in the prosecution process and in securing online sales channels to protect revenues and brand image. These online enforcement activities are most effective when coordinated with processes to secure the physical supply chain in an integrated brand protection program. It is essential to keep track of genuine products and be able to easily distinguish them from counterfeits at a glance."

#### **About OpSec**

OpSec Security, Inc. is a wholly owned division of OpSec Security Group plc (London AIM: OSG). OpSec Security is the global leader in providing anti-counterfeiting technologies, as well as solutions and services for physical and online brand protection, to over 300 brand owners and over 50 governments worldwide. The Group operates manufacturing facilities and laboratories in the USA and the UK, and has sales operations in the Americas, Europe, and Asia. For more information, please see [www.opsecsecurity.com](http://www.opsecsecurity.com), or contact Terri Mock, +1-617-226-3000, or [tmock@opsecsecurity.com](mailto:tmock@opsecsecurity.com).