



counterfeiting?
issues:
- fakes
- risks
- raised
and safety
losses
violation of brand
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What is Counterfeiting?

Counterfeiting is the practice of manufacturing goods, often of inferior quality, and selling them under a brand name without the brand owner's authorization. (INTA,2013)

TOP 10 PRODUCTS SEIZED

1. Footwear	38%
2. Consumer electronics	12
3. Handbags/wallets/backpacks	8
4. Apparel	8
5. Watches/parts	6
6. Computers/hardware	5
7. Media	4
8. Pharmaceuticals	4
9. Jewelry	4
10. Toys/electronic games	2

SOURCE: U.S. Customs and Border Protection

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China is main producer of 'fakes'
Low education levels
Inexpensive manufacturing capabilities
Demand: Culture focused on status

Whats the issue?

'The International anti-counterfeiting coalition estimates responsible for £200b a year in job losses, unpaid taxes and lost sales' (Furnham,2007)

'Not just a handbag'
Counterfeits =
Terrorism,child
labour,the drug trade

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- Workshops do not respect human working conditions
- Enviromental issues
- Impact on human health

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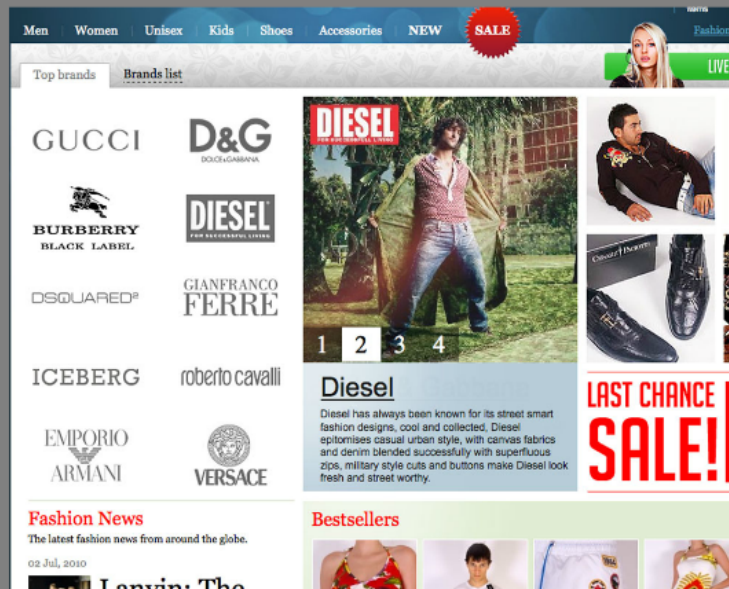


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In 2013

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"As ecommerce expands, we are seeing more international criminal organisations exploiting cyberspace to further their criminal enterprises," Vogue.com, 2013

Dupe consumers into thinking they are buying genuine goods

Seizures

16,000 counterfeit Hermes handbags seized at California ports," Washington Post, March 5, 2013.

20,000 Christian Louboutin shoes

79,000 counterfeit sunglasses

Counterfeiting Impact on Luxury Brands

- Devalues Brand Image
- Damages Global Brand Reputation
- Legitimate producers face intangible losses -
Reduce brand equity

Lost confidence from consumers
- LV, Burberry



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Can the industry benefit from counterfeiting?

Advantages:

- Brand awareness
- Free Advertising
- Products status and symbol of high brand value
- 'You've made it'
- Flattering to be imitated
- Primarily Price advantages

Disadvantages:

- Aesthetics
- Design is compromised
- Health and safety issues
- Brand loses exclusivity
- Devaluation of brand

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'Prada CEO Says Counterfeit Fashion Isn't A Bad Thing' (Sanchez, 2012)

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Consumer Attitude

Purchase intentions

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- Consumer behaviour supports the trade

80% of consumers purchased counterfeit goods

People want luxury but cant afford it
Want symbol it portrays

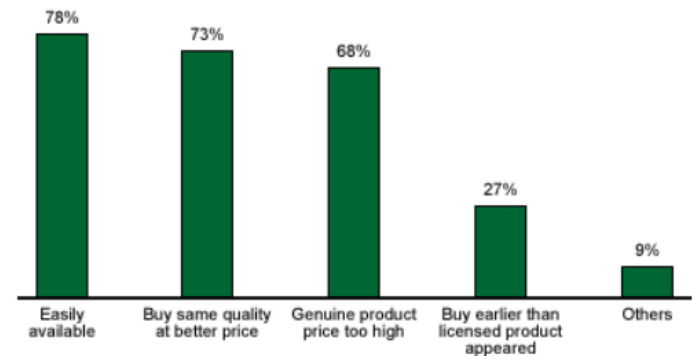
Anti-counterfeiting group survey found one third of consumers disregard negative effects

Buyer shift blame to producer (Ang et al, 2007)

Consumers do not perceive the counterfeit trade as illegal (Penz, Stottinger, 2005)

Consumers may feel they are being 'ripped off' by brand

Which of the following were factors in your purchase of an imitation or counterfeit product?



What are brands doing to protect themselves?

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Preventions:

- Registering Trademarks
 - Brands investing in research
- Industry wants to change attitudes of consumers

Hermes and Burberry recently won court cases over online counterfeiting

Seizures - LV Carried out 4,200 raids last year

'New technology spots designer knock-offs' (FT, 2013)



HERMÈS
PARIS

Luxury brands must remain innovative = Harder to replicate

