A study into an everyday crime
Foreword

The sale of fake goods across the United Kingdom is a huge business. In 2004 the illicit market ran into billions of pounds in the UK alone. This business is criminal and wrong; yet many people are lured into becoming customers and helping criminals make profits. Why?

The Organised Crime Task Force (OCTF) which I Chair, was created in September 2000 to galvanise the efforts of all the law enforcement agencies tasked with tackling organised criminality in Northern Ireland. Much of the focus of its work is on combating intellectual property crime (IPC) and the sale of contraband tobacco, alcohol and other smuggled goods. These undermine legitimate business, de-stabilise the local economy and stifle genuine entrepreneurial spirit. Of course fake goods are presented to the public as cheaper alternatives. In reality they are not. At best they are inferior, sometimes useless and often dangerous.

The Police Service of Northern Ireland and Her Majesty’s Revenue & Customs have had significant success in stemming the supply of a vast range of illicit goods onto the streets of Northern Ireland – ranging from pirated DVDs, CDs, games and business software to counterfeit clothing, cigarettes, alcohol, washing powder and power tools. Under the umbrella of the OCTF these partner agencies are also working closely with brand-holders and trade associations to identify illegal goods and those manufacturing and selling them and then bringing the latter to justice.

As part of the Government’s strategy for combating the IPC problem across the UK, the Patent Office has also built on its links with representatives from industry, Trading Standards and law enforcement agencies to create a new intelligence hub to collate as much information as possible on the criminal networks involved. We intend to use every tool available to clamp down on the criminals who are behind the supply of fake and pirated goods onto the UK market.

But it is equally important that we counter the demand for such products. And to do that effectively we must have an insight into consumers’ attitudes - what do people really think about counterfeit goods and why do they choose to buy or, indeed, not to buy, fake products. This study into perceptions of fake and pirated products and motivations behind their consumption is a key starting point to help inform the design of future awareness campaigns.

I am delighted that the OCTF has teamed up with colleagues in the creative industries who have co-funded this project. I want to thank Dr Jason Rutter and Dr. Jo Bryce for undertaking this important piece of independent, innovative research which has confirmed that the consumption of counterfeit goods is widespread and normalised across the United Kingdom.

We want to reverse that trend and to challenge those consumers who routinely purchase fakes, so that they think twice before they purchase goods that they know have been produced illegally, regardless of who is offering the items for sale. To do that Government and industry must create anti-piracy messages which present an unambiguous picture of the real cost of counterfeiting - to individuals, communities, industry and the UK economy, as well as exposing the links between IPC and organised crime.

This report is a contribution to the debate we need to have about organised crime in our society. It raises questions as well as providing answers. But in opening up the debate on counterfeit products it poses a challenge to us all. If we want a fair society, it has to be honest and built on the rule of law. The crimes described in this document should have no enduring place in that society.

Shaun Woodward MP
Chair of Northern Ireland Organised Crime Task Force
BACKGROUND

This publication details the background, empirical and analytical research undertaken during the Intellectual Property Theft and Organised Crime research project (IPTOC) and provides a robust insight into contemporary consumption of counterfeit/pirated goods and illegal downloading in England and Northern Ireland.

The research outlined in this report is premised upon the belief that while significant attention has been placed upon developing technical solutions to prevent the copying of products (eg digital rights managements, holograms, and increased complexity of product design) and analysis of legal and policy issues relating to copyright and intellectual property theft (IPT), there remains a significant lack of research investigating demand side/consumption aspects of the counterfeiting market.

The results of the project demonstrate that the consumption of counterfeit, pirated and other fake goods is a common, widespread and normalised practice to those who purchase them and that this presents a significant challenge to the government, affected industries and enforcement agencies.

This summary is divided into two parts. The first provides a general summary of the research and key findings of the IPTOC project. The second provides a series of more focused ‘datasheets’ which concentrate on providing an overview of the project results on an industry sector by sector basis.

RESEARCH CONTEXT

The economic impacts of counterfeiting are widely agreed upon, with the Organisation for Economic Co-operation and Development (OECD) noting large growths in counterfeit trade through the late 1990s when they estimated that trade in counterfeit goods was worth between 5-7% of world trade. Drawing on industry figures, they have estimated that the share of counterfeit products in total sales are as high as 50% for video sales, 43% for software and 33% for music.

Innovation in new technologies, as well as growth in international outsourcing, has contributed to the continuing increase in the production and distribution of counterfeit goods. However, across the research literature there is a lack of clarity of what constitutes a counterfeit. The availability of counterfeit and pirated goods, copies, grey imports and seconds each with varying degrees of legitimacy from a legal perspective, suggest that distinctions between ‘real’ and ‘counterfeit’ goods is an unhelpful binary opposition from an analytical, policy or consumer perspective, despite its routine use in industry and media discourses.

Previous industry research suggests that a ‘typical’ consumer of counterfeit goods is young, male, and in full-time employment. However, developing a profile of a stereotypical consumer of counterfeit goods offers a limited understanding; it tells us who but not why. This research examines consumer behaviours, motivations and practices, with the aim of developing a more complete understanding of the consumer of counterfeit goods.

Exploring links between the purchase and consumption of counterfeit goods and using theoretical concepts from the sociology of consumption such as authenticity, value and quality, allow the development of a more consumer-centred approach. This can identify the consumer attitudes, perceptions and motivations associated with the consumption of counterfeit goods and the way in which this has become normalised within contemporary society. Achieving such an understanding is central to the development of more effective public awareness campaigns and reducing consumer demand for counterfeit goods.

METHODOLOGY

The project utilised both qualitative and quantitative methods – over 2,000 people were questioned using a postal and web-based questionnaire. In addition, nine focus groups were held. This enabled the development of a detailed examination of consumer perspectives on IP crime, including counterfeiting and downloading which combines both deep (qualitative) and broad (quantitative) methodologies and associated forms of data.
PROJECT OBJECTIVES

The project objectives were to develop a deeper understanding of the following key issues:

- Consumer attitudes towards, and motivations for, the consumption of fake and pirated goods;
- Consumer perceptions of risk associated with the consumption of these types of goods;
- Processes of normalisation and rationalisation;
- The influence of demographic and product-related factors in determining motivations, perceptions and processes surrounding the consumption of fake and pirated goods;
- Potential mechanisms for increasing public awareness about the risks associated with the consumption of fake and pirated goods and the links to organised crime in order to change consumer attitudes and reduce demand.
Key Findings

ATTITUDES AND BEHAVIOUR

Level of public awareness of counterfeit and pirated goods is high.

• 73% of respondents stated that they had seen counterfeit goods for sale.

Consumption of fake goods is fairly common across the UK.

• 34% indicated that they had purchased counterfeit goods at one time or another.
• 56% had never bought fake goods and indicated that they are unlikely to buy fakes in the future.
• 7% of those surveyed had never bought fake goods but thought they might in the future.
• 3% of those surveyed were not sure if they had bought counterfeit goods.
• 13% had bought fakes thinking they were real.

Counterfeit goods are available through a variety of locations and networks.

• The main location for the purchase of counterfeit and pirated goods was on holiday abroad.
• Respondents indicated that a full range of fake goods could also be found at car boot sales, local markets and street vendors.
• Of those who had purchased pirated computer games, 40% indicated that their purchases were made in local pubs or social clubs.
• 26% of respondents who had purchased pirated DVDs and CDs also indicated that their purchases were made in local pubs or social clubs.
• In Northern Ireland, local markets were the main location for the purchase of DVDs and CDs.

MOTIVATIONS AND JUSTIFICATIONS

Cost is a key driver for the purchase of fake goods.

Of those respondents who had purchased fake goods in the last 12 months:

• With the exception of toys, the majority indicated that they purchased counterfeit goods because they were cheaper.
• 16% of respondents indicated that they would be unable to afford the genuine product.
• 19% of respondents agreed that buying fakes made their money go further.
• Almost three quarters of all respondents said that they thought genuine goods were overpriced.

Purchases are not solely based around economic decisions.

• 56% of respondents who had purchased a fake DVD bought it because they wanted to see a film as soon as possible.

Fake goods often meet expectations.

• 21% said they had purchased counterfeit goods because they are of an acceptable quality.

RISKS AND CONSEQUENCES

The public are aware that counterfeiting and piracy impacts on the public purse.

• Almost 80% of respondents agreed that counterfeit goods were cheaper because the producers did not pay tax.

Good appreciation of the consequences that counterfeiting and piracy has for legitimate business.

• Just under 77% of respondents agreed that the difference in price between legitimate and fake goods was because counterfeiters did not have the same overheads as legitimate producers.
• Approximately 81% agreed that the difference in price between legitimate and fake goods was due to the fact that counterfeiters did not incur design, filming or recording costs.

• 83% indicated that the price difference was due in part to the absence of marketing expenses.

• Half of the respondents would have purchased a legitimate DVD if the copied version had not been available.

Degree of ambivalence about the dangers of some fake goods.
• 20% of respondents thought that goods such as alcohol, cigarettes and toys were of an acceptable standard despite being generally presented as potentially dangerous.

CHANGING ATTITUDES AND BEHAVIOUR
Messages need to be explained more fully.
• Respondents indicated that campaigns which demonstrated the links between counterfeiting and piracy and local and organised crime would be effective in changing attitudes.

• Messages which demonstrated the negative effects on local business and the impact on local jobs were perceived to be the least effective.

• In Northern Ireland respondents stated that they would be most convinced by messages which highlighted the links between counterfeiting and piracy to organised crime and that the producers of illicit goods did not pay tax.

Law enforcement action against the producers of fake products is sending out an effective message.
• Northern Ireland respondents also indicated that prosecuting the producers of counterfeit and pirated goods would be effective in changing attitudes towards fake goods.

Previous campaigns have made an impact.
• 47% of respondents had seen the campaign launched by the Industry Trust for Intellectual Property Awareness and highlighted the links between DVD piracy and organised crime which was rolled out across the UK in the latter half of 2004.

• Of those who had seen the campaign, 42% indicated that it had changed their attitude towards fake goods.

AREAS FOR FURTHER RESEARCH
Exploring differences in consumer attitudes and behaviour surrounding the consumption of counterfeit goods according to different industry sectors or product categories was not a specific objective of the IPTOC project. However, there is clear evidence that consumers distinguish between different product categories, as well as between purchased and exchanged goods and physical and on-line infringements.

The following pages summarise these differences by product category.
HEADLINE FINDINGS FOR MARKET SECTOR:

DVD PIRACY

“They’re more readily available nowadays. You can get fake CDs, fake DVDs from anywhere.”

Focus Group Participant
CONSUMER DEMOGRAPHICS

PURCHASE PATTERNS

<table>
<thead>
<tr>
<th>Consumer demographics: Purchasers of counterfeit DVDs</th>
<th>Consumer demographics: Downloaders of film/TV</th>
</tr>
</thead>
<tbody>
<tr>
<td>63% male</td>
<td>63% male</td>
</tr>
<tr>
<td>36% aged 21-30</td>
<td>33% aged 21-30</td>
</tr>
<tr>
<td>38% with household income &lt; £15K</td>
<td>36% with household income &lt; £15K</td>
</tr>
</tbody>
</table>

• 16% of the sample had purchased counterfeit DVDs once or more in the last 12 months.
• 15% of the sample had downloaded films/TV programmes from the internet.
• 4% downloaded films more than once a week.
• Purchase of counterfeit DVDs was claimed by focus group participants to be common amongst work, school and college networks, but these accounted for only 4% of typical purchase sites in the quantitative data.
• Purchase of copied DVDs was most frequent on holiday abroad (29%) and in local pubs, social clubs, etc. (26%).

LEGALITY AND AWARENESS

• Most consumers were aware that purchasing counterfeit products and downloading unauthorised copies of DVDs was illegal.
• Downloading and owning counterfeit/pirated DVDs was considered widespread and normal, particularly among younger users.
• Electronic versions of films downloaded from the Internet were viewed differently from DVDs purchased from markets etc.
• Consumers were more reluctant to accept downloaded copies as ‘theft’, ‘wrong’ or having a direct economic impact.
• Downloading was generally perceived to be less problematic ethically because of the lack of profits generated and this was seen as negating claimed links between IP crime and organised crime.

MOTIVATIONS

• For film and music, consumers placed higher emphasis on being able to access content, rather than being assured of the quality of the content.
• Cost was the most frequently cited motivation for the purchase of copied DVDs.
• However, being able to view films before anyone else and/or as soon as possible was also a major motivation for purchasing copied DVDs and downloading films.
• Reasons given for purchasing copied DVDs are detailed overleaf.¹

¹These figures represent the distribution of percentages across the different motivations of those respondents who had purchased copied DVDs once or more in the last 12 months.
- 56% of respondents purchased counterfeit DVDs so they "could see a film as soon as possible."\(^2\)
- 38% of respondents said that viewing counterfeit copies of films prevented them going to the cinema as frequently.
- 69% of respondents said that they did not use counterfeit DVDs as a way of previewing films before legitimate purchase.
- 51% of respondents would have purchased a legitimate copy if the copied version had not been available.
- 30% of respondents had purchased a legitimate copy of at least one DVD having already owned a counterfeit version.

- Of people who purchased a legitimate version of a DVD after owning a counterfeit copy, 40% said the purchase was influenced by the poor quality of the counterfeit version and 30% said the purchase was influenced by the extras available on the legitimate version.
- For those participants who had never purchased fake DVDs, preference for the legitimate version (44%) and poor product quality (45%) were the most frequently indicated reasons for non-purchase.

\(^2\) These figures represent the percentages of participants who had purchased copied DVDs once or more in the last 12 months who answered each DVD specific item.
HEADLINE FINDINGS FOR MARKET SECTOR:

MUSIC PIRACY

“It’s a normal thing... an everyday thing.”

Focus Group Participant
CONSUMER DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Consumer demographics: Purchasers of counterfeit CDs</th>
<th>Consumer demographics: Downloaders of music tracks</th>
</tr>
</thead>
<tbody>
<tr>
<td>63% male</td>
<td>82% male</td>
</tr>
<tr>
<td>33% aged 21-30</td>
<td>38% aged 21-30</td>
</tr>
<tr>
<td>36% with household income ≤£15K</td>
<td>50% with household income ≤£15K</td>
</tr>
</tbody>
</table>

PURCHASE PATTERNS

- 16% of the sample had purchased copied music CDs once or more in the last 12 months.
- Purchase of copied music CDs was claimed by focus group participants to be common amongst work, school & college networks, but accounted for only 6% of typical purchase sites in the quantitative data.
- The most typical site for purchase of copied music CDs was from the pub, social club etc (26%) and whilst on holiday (21%).
- Of all product categories, consumers were most likely to buy counterfeit music CDs and film DVDs.

ELECTRONIC DELIVERY

- Downloading of music files was notably more common than purchasing of counterfeit CDs.
- 27% of the sample had downloaded music tracks and 18% entire albums at least once in the last 12 months.
- 7% of participants downloaded music tracks once a week and 4% music albums.

- The most frequently used services offering downloads were e-Donkey (11%), Kazaa (12%) and MSN (19%), with a higher percentage of occasional use of Win MX (17%) and Gnutella (13%).
- Access to credit cards was perceived to be a barrier to young consumers accessing legal downloading services in the focus groups.
- Viruses and files not working properly were the only risks which were perceived to be significant when downloading files from the internet.

These results should be interpreted in the context of the framing of the items for this question. Usage of these services does not necessarily equate with use of that service solely for downloading files. The percentages for use of MSN are likely to reflect use for other purposes such as email, news etc and as such are consistent with OECD figures indicating that MSN and MSN Hotmail are the top visited computer and internet sites by UK users (OECD, 2004).
LEGALITY AND AWARENESS

- Most consumers were aware that counterfeit music products and sharing unauthorised copies of music files is illegal.
- Downloading and owning counterfeit CDs was considered widespread and normal, particularly among younger users.
- Ripped tracks and albums downloaded from the Internet were viewed differently from CDs purchased from markets etc. Consumers were more reluctant to accept downloaded copies as ‘theft’, ‘wrong’ or having a direct economic impact.
- Downloading was generally perceived to be less problematic ethically because of the lack of profits generated, and this was seen as negating claimed links between IP theft and organised crime.
- 52% of questionnaire respondents were aware of recent record industry announcements about the potential prosecution of downloaders.
- 75% of respondents felt the threat of prosecution would be effective in preventing some people from downloading illegally.

MOTIVATIONS

- Cost was the most frequently cited motivation (78%) for the purchase of copied music CDs in the quantitative data.
- Additional motivations for downloading music discussed in the focus groups included range of choice, convenience, cost and gaining access to tracks not available in the UK.

- Being able to listen to albums before anyone else and/or as soon as possible was seen as a major motivation for purchasing copied CDs and downloading music.
- For music, consumers placed higher emphasis on their being able to access content, rather than being assured of the quality of the content.

- For those participants who had never purchased copied music CDs, preference for the legitimate version (43%) and poor product quality (39%) were the most frequently indicated reasons for non-purchase.
HEADLINE FINDINGS FOR MARKET SECTOR:
DIGITAL GAMES

“People don’t really consider this to be a major crime.”

Focus Group Participant
CONSUMER DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Consumer demographics: Purchasers of counterfeit computer games</th>
<th>Consumer demographics: Downloaders computer games</th>
</tr>
</thead>
<tbody>
<tr>
<td>82% male 19% aged 16-20 43% aged 21-30 21% aged 31-40 44% with household income &lt;£15K</td>
<td>90% male 21% aged 16-19 37% aged 21-30 25% aged 31-40 60% with household income &lt;£15K</td>
</tr>
</tbody>
</table>

PURCHASE PATTERNS

- 7% of the sample had purchased counterfeit computer games once or more in the last 12 months.
- Copied computer games were most typically purchased from pubs and other social environments (40%) or from market stalls (17%).

ELECTRONIC DELIVERY

- The frequency of downloading computer games was higher than that for purchasing counterfeits.
- 15% of the sample had downloaded computer games at least once in the last 12 months.
- 10% of downloaders downloaded games once every few months suggesting a regular but focused demand for games.

LEGALITY AND AWARENESS

- Downloading was generally perceived to be less problematic ethically because of the lack of profits generated.
- Downloading for personal use was generally viewed as more acceptable than reselling.
- Consumers generally accepted that downloading games illegally resulted in lost legitimate sales.
- For respondents to the web questionnaire, chipped consoles accounted for half (50%) of all units owned. This amount was one in ten for the paper-based questionnaire respondents.
- The most common reason given for chipping was to play pirated games (57% in paper-based and 35% in web-based samples).
- 34% of those respondents in the web-based and 27% in the paper-based samples who owned a chipped console indicated that their main motivation was to play imported games.
MOTIVATIONS

- Cost was the most frequently cited motivation for the purchase of copied computer games in the quantitative data (91%).
- For those participants who had never purchased copied computer games, preference for the legitimate version (30%) and poor product quality (28%) were the most frequently indicated reasons for non-purchase.
HEADLINE FINDINGS FOR MARKET SECTOR:

FASHION ITEMS

“All the counterfeits that I have bought have been abroad, so this country has not lost out on tax.”

Focus Group Participant

FAKE NATION?
CONSUMER DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Consumer demographics: Purchasers of counterfeit fashion items</th>
</tr>
</thead>
<tbody>
<tr>
<td>53% male</td>
</tr>
<tr>
<td>32% aged 16-20</td>
</tr>
<tr>
<td>27% aged 21-30</td>
</tr>
</tbody>
</table>

PURCHASE PATTERNS

- 16% of the sample had purchased counterfeit fashion items once or more in the last 12 months.

- The majority of counterfeit fashion items were typically purchased on holiday (54%).
- Unlike most other product types, school and workplace were not typical sites of purchase.
- Participants routinely said they felt that the quality of counterfeit goods was comparable with their legitimate counterparts: “Yes, I bought a [counterfeit] sweatshirt for £7 and it has washed and washed and lasted for 5 years now and it is still going. My daughter has bought the proper stuff in this country and it has been absolute rubbish and the quality has been awful.”
- Of all product types, consumers were least amenable to accepting a substitution model of counterfeiting for fashion items.

MOTIVATIONS

- Cost was the most frequently cited motivation for the purchase of counterfeit fashion items (72%), though acceptable product quality was also a frequently cited motivation (60%).
- Low product quality of counterfeit fashion items was not generally perceived to be a common problem by focus group participants.
- Commonly, people judge whether a fashion item is counterfeit not by the product itself but by who is wearing it.
HEADLINE FINDINGS FOR:

INTELLECTUAL PROPERTY THEFT ON-LINE

“...the more people they prosecute, the more people would back off...”

Focus Group Participant
• When analysed across product category, four main reasons for not purchasing counterfeit goods were offered most frequently: poor quality, preference for 'the real thing', links to organised crime, and concerns about lack of product guarantee.

**MOTIVATIONS FOR PURCHASING COUNTERFEIT GOODS BY PRODUCT CATEGORY**

<table>
<thead>
<tr>
<th>File type</th>
<th>Never downloaded</th>
<th>Once every few months</th>
<th>A few times a month</th>
<th>Once a week</th>
<th>More than once a week</th>
<th>% downloading once or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Film/TV</td>
<td>95</td>
<td>3</td>
<td>2</td>
<td>0.3</td>
<td>0.3</td>
<td>5</td>
</tr>
<tr>
<td>Music Tracks</td>
<td>86</td>
<td>7</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Music Albums</td>
<td>94</td>
<td>3</td>
<td>2</td>
<td>0.3</td>
<td>0.5</td>
<td>6</td>
</tr>
<tr>
<td>Computer Games</td>
<td>97</td>
<td>2</td>
<td>0</td>
<td>0.3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Business Software</td>
<td>96</td>
<td>3</td>
<td>0.3</td>
<td>0.3</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

• 22% of the respondents in the total questionnaire sample had downloaded files for free from the internet.
• Frequency of downloading varied by file type. The percentages of participants who had downloaded files in each category once or more were:
  - 14% for music tracks
  - 5% for films/TV
  - 6% for music albums
  - 3% for computer games
• A significant number of participants downloaded files more than once a week: 2% for music tracks.
• However, there was evidence of the infrequent downloading of other file types such as business software (3%) and computer games (2%) once every few months.

**MOTIVATIONS FOR PURCHASING COUNTERFEIT GOODS**

• In all product categories cost was the most frequently chosen motivation for purchase by the majority of participants.
• Acceptable quality was also cited as an important motivation, particularly for music CDs (57%) and fashion items (70%).

**File type**

<table>
<thead>
<tr>
<th>File type</th>
<th>They are cheaper</th>
<th>They are of acceptable quality</th>
<th>Could not afford otherwise</th>
<th>Lets me buy more for my money</th>
<th>My children want them</th>
</tr>
</thead>
<tbody>
<tr>
<td>DVDs</td>
<td>97</td>
<td>43</td>
<td>30</td>
<td>27</td>
<td>16</td>
</tr>
<tr>
<td>Music</td>
<td>91</td>
<td>57</td>
<td>23</td>
<td>41</td>
<td>7</td>
</tr>
<tr>
<td>Computer Games</td>
<td>94</td>
<td>24</td>
<td>6</td>
<td>24</td>
<td>12</td>
</tr>
<tr>
<td>Business Software</td>
<td>100</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>0</td>
</tr>
<tr>
<td>Fashion</td>
<td>72</td>
<td>70</td>
<td>38</td>
<td>45</td>
<td>5</td>
</tr>
<tr>
<td>Alcohol &amp; Cigarettes</td>
<td>100</td>
<td>29</td>
<td>12</td>
<td>53</td>
<td>0</td>
</tr>
<tr>
<td>Toys</td>
<td>33</td>
<td>33</td>
<td>0</td>
<td>33</td>
<td>0</td>
</tr>
</tbody>
</table>

1 This figure refers to the total percentages of frequency of downloading excluding those participants who indicated that they had never downloaded files in that category i.e. the figures represent those participants who had downloaded files once or more in each category.
2 These figures were calculated for those participants who indicated that they had purchased goods in each of the product categories once or more in the last 12 months.
### MOTIVATIONS FOR NOT PURCHASING COUNTERFEIT GOODS BY PRODUCT CATEGORY

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Waste of money</th>
<th>Poor quality</th>
<th>Prefer the real thing</th>
<th>Children prefer the real thing</th>
<th>No product guarantee</th>
<th>Links with organised crime</th>
<th>Products might be harmful</th>
</tr>
</thead>
<tbody>
<tr>
<td>DVDs</td>
<td>19</td>
<td>44</td>
<td>45</td>
<td>3</td>
<td>34</td>
<td>56</td>
<td>7</td>
</tr>
<tr>
<td>Music</td>
<td>17</td>
<td>44</td>
<td>45</td>
<td>3</td>
<td>36</td>
<td>55</td>
<td>8</td>
</tr>
<tr>
<td>Computer Games</td>
<td>16</td>
<td>33</td>
<td>35</td>
<td>3</td>
<td>30</td>
<td>47</td>
<td>8</td>
</tr>
<tr>
<td>Business Software</td>
<td>15</td>
<td>24</td>
<td>35</td>
<td>1</td>
<td>35</td>
<td>39</td>
<td>11</td>
</tr>
<tr>
<td>Fashion</td>
<td>19</td>
<td>40</td>
<td>49</td>
<td>3</td>
<td>35</td>
<td>39</td>
<td>6</td>
</tr>
<tr>
<td>Alcohol &amp; Cigarettes</td>
<td>21</td>
<td>23</td>
<td>41</td>
<td>1</td>
<td>12</td>
<td>51</td>
<td>41</td>
</tr>
<tr>
<td>Toys</td>
<td>15</td>
<td>35</td>
<td>34</td>
<td>8</td>
<td>28</td>
<td>33</td>
<td>44</td>
</tr>
</tbody>
</table>

*These figures were calculated for those participants who indicated that they had NOT purchased goods in each of the product categories once or more in the last 12 months.*
HEADLINE FINDINGS FOR
NORTHERN IRELAND

“It’s cheap, why pay the full price when you can have something that looks virtually the same?”

Focus Group Participant
COMPARISON BETWEEN GREAT BRITAIN AND NORTHERN IRELAND DATA

Generally, there was a high level of consistency in the results of the analysis of the data for the Great Britain and Northern Ireland locations.

The themes which emerged during analysis of the focus data were consistent across the two locations. Whilst the involvement of paramilitary groups in the production and sale of counterfeit and pirated products in Northern Ireland was identified as a factor which might influence attitudes and behaviour, there was little evidence of this in the data. The Northern Ireland focus groups concentrated on younger consumers, the core demographic for the consumption of fake and pirated goods as outlined in the introduction. Consumption of counterfeit goods and downloading was seen as routine, normalised and justified by Northern Ireland participants, and this was consistent with the Great Britain data.

There was some awareness that organised crime/terrorists were potentially behind the production and sale of counterfeit goods, but there were no discernable differences between participants in both locations of this issue. Northern Ireland participants felt that such links were more likely to have existed in the past but were not as justified in the current political context. There was a high level of agreement that even if such links existed the majority of consumers do not sufficiently consider this when purchasing counterfeit goods.

The importance of cost and, to an extent, the desire to obtain new entertainment products before anyone else were important motivations for purchase of counterfeit goods, consistent with the Great Britain data. The issues of product quality, value for money and potential mechanisms for changing public attitudes and behaviour were also generally consistent with discussed in the Great Britain focus groups.

The results of the quantitative data suggested that both locations were similar in terms of attitudes, behaviours and perceived effectiveness of awareness messages. The percentages of general and product specific purchase were lower in the Northern Ireland sample, but this is likely to be partially explained by the higher concentration of participants in the older age ranges compared with those in Great Britain. The only exception to this pattern was that participants in Northern Ireland perceived that demonstrating producers of counterfeit and pirated goods do not pay tax, prosecuting producers, highlighting links to organised crime, health and safety risks and creating incentives to report producers would be significantly more effective in changing public attitudes and behaviour. However, further examination of these results suggest that these differences are explained by the lower proportion of respondents who had purchased counterfeit or pirated goods in the Northern Ireland sample.
PURCHASE PATTERNS

• Consumption of fake and pirated products is widespread, routine and normalised within Northern Ireland and Great Britain.
• 25% of questionnaire respondents indicated that they had purchased counterfeit goods.
• 3% of respondents who had never purchased counterfeit goods indicated that they would consider purchasing them in the future.
• 10% of respondents indicated that they had purchased counterfeit goods but would not do so again.
• The frequency of purchasing behaviour varied according to product category. The percentages of participants who had purchased goods in each product category once or more in the last 12 months were:
  - 12% for music CDs
  - 5% for alcohol and cigarettes
  - 10% for DVDs
  - 2% for business software
  - 11% for fashion items
  - 1% for toys
  - 4% for computer games
• With the exception of toys, all the goods showed a similar level of demand, with approximately 0.5-1% of respondents indicating that they would purchase counterfeit goods in these categories whenever possible.
• Consumption of counterfeit and pirated products occurs in a wider demographic than previously suggested by industry research and is evidenced by the lack of variation in frequency of purchase and downloading by demographic variables such as age, gender or income category.

COUNTERFEITS AND CONSUMPTION

• The main location for purchase of DVDs (18%) and music CDs (24%) was in local markets. This contrasts with the GB data where the major purchase location was on holiday abroad for the majority of product categories.
• The main location for purchase of fashion items was abroad (47%).
• 9% of the sample indicated that they purchased computer games from car boot sales and 6% from school, college, workplace, local pubs, social clubs etc.
• There was also a relatively high frequency of purchase in local pubs, social clubs etc for DVDs (11%) and music CDs (13%) suggesting that a significant amount of distribution of counterfeit goods occurs through existing social networks.
• The distribution of counterfeit goods through existing social networks (such as workplace, schools and leisure environments) were considered to be important.
About the project

The Intellectual Property Theft and Organised Crime (IPTOC) research project was commissioned to develop a detailed understanding of consumer motivations, behaviours and attitudes surrounding the consumption of counterfeit goods. The project was conducted by researchers from the University of Central Lancashire, in Preston and the ESRC Centre for Research on Innovation & Competition, University of Manchester. The project funding consortium consists of the following organisations:

- Organised Crime Task Force (OCTF)
- British Video Association (BVA)
- British Phonographic Industry (BPI)
- Business Software Alliance (BSA)
- Entertainment & Leisure Software Publishers Association (ELSPA)
- Federation Against Copyright Theft (FACT)
- The Patent Office

ABOUT THE AUTHORS

Dr Jo Bryce is Senior Lecturer in Psychology at the University of Central Lancashire. Her research interests include; technological development and changing leisure practice, gender and leisure, social and psychological aspects of computer gaming.

Dr Jason Rutter is a Research Fellow at the ESRC Centre for Research on Innovation and Competition at the University of Manchester. His research interests include social aspects of computer gaming, sociability in online communities and humour research.

Together the authors work on the Digiplay Initiative (www.digiplay.org.uk) and are currently producing a textbook on digital games studies and have edited special editions on digital gaming for "Game Studies" (2003) and "Information, Communication and Society" (2003).

More information on the project can be found at www.iptocproject.org

QUALITATIVE METHODOLOGY

RATIONALE

Qualitative research methods such as focus groups are not intended to provide quantifiable results or provide a different way of answering the same questions as quantitative research. Instead, they offer insight into the ways in which certain phenomena are understood and talked about and how understanding is linked to current and potential action. The use of this methodology allowed participants to discuss their own perceptions of, and the meanings they construct around, the consumption of fake and pirated products. It also allowed other relevant themes associated with the project objectives to be discussed.

SAMPLE CHARACTERISTICS

Nine focus groups were conducted in England and three in Northern Ireland. Participants were recruited through community associations, churches, universities and schools to gain participants from pre-existing social groups. The focus groups examined consumer perceptions and motivations surrounding the consumption of counterfeit goods using a semi-structured format.

QUANTITATIVE METHODOLOGY

RATIONALE

The quantitative data provided a broad level analysis of patterns of purchasing behaviour, motivations and perceptions associated with the consumption of fake and pirated goods. This complements the detailed and deeper level understandings obtained using the qualitative methodology. Data was collected using a postal and web-based questionnaire. The questionnaires contained identical questions.

SAMPLE CHARACTERISTICS

- The total sample for the quantitative data set was 2,388.
- Age distribution was consistent with reflected population.
- The gender split in the total sample was 60.2% male and 39.8% female. The sample favoured male participants due to the (predicted) gender bias of respondents to the web-based questionnaire.
- The distribution of participants across income categories was highest in the lower income categories. 60.7% of the sample was from households with annual income of less than £25,000.
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