



Red Points

MARKET RESEARCH

Counterfeit athletic footwear online

How shopping habits can lead consumers to fakes

Behaviour, experiences and attitudes

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Key findings

32%

32% of respondents **were not confident that they could identify fake sports shoes online**

20%

20% of participants **had purchased fake footwear online at some point in the past**

35%

35% of all counterfeit purchases **were made not knowing the item was fake**

48%

48% of participants **who bought a counterfeit were originally searching for the real product online**

69%

69% of participants **who bought a counterfeit were satisfied with the product to some extent**

49%

49% of respondents **would buy fake footwear if the discount was big enough**

61%

61% of respondents **would buy footwear via a social media post**

9%

9% of our sample, **who had bought fake footwear, started with the intent of finding counterfeits**

Introduction

Athletic footwear goes from strength to strength

The sports/athletic footwear industry is one of the strongest apparel industries in the world. It has seen constant growth of around 2.1% per year, expected to reach a gross market value of \$114.8 billion by 2022. The explosion of this market is due to growing demand in Asia and growth-hacking strategies implemented in online channels. The market is extremely competitive, with consumers demanding ever-more creative designs. According to Cotton Incorporated Lifestyle Monitor™, half of consumers want their fashion apparel brand to offer new designs every month or more frequently, and 65% of younger consumers have similar expectations but prefer more novelty designs. Smaller brands have begun to enter the market, driving the market to focus more investment in brand name and image.

The production of fakes is big business

However, this explosion of demand has allowed for a supply vacuum where counterfeiters have entered in force. The OECD estimates that the global trade in counterfeits is worth half a trillion dollars and has projected it will reach one trillion by 2022. The OECD report into counterfeit goods found that over three years, based on border seizures, counterfeit footwear was by far the most prevalent illegal product found. The problem of fake footwear is enormous, with estimates valuing the fake footwear industry in the region of \$12 billion per year, around 10% of the total global market value.

With regards to brands affected, the OECD found that Nike trainers were the most common brand to be counterfeited. This is unsurprising

as Nike holds around 22% market share of the global athletic footwear market. However, while the problem has long affected market giants such as Adidas, New Balance and Puma, counterfeits have begun to affect smaller brands. Unlike higher value items, sports footwear is placed in real competition with counterfeits. Sports footwear items are increasingly being purchased for recreational use, a trend that has been growing since the 90s. This has implications for the sale of counterfeits as many consumers are not interested in the performance elements of the items but rather the aesthetic appeal, where counterfeits can compete with the genuine items.

The counterfeit industry is agile

The fake footwear industry shows no signs of slowing down. One of the most innovative trainer designs of recent years was the Adidas YEEZY trainer line. In 2017, a study found that on Chinese ecommerce sites, fake versions outnumbered real products 6:1, selling for around 20% of the average price of a genuine item. This proliferation of fakes happened in the space of three months after Adidas restocked the item.

It is clear that counterfeit sports footwear will continue to be a pressing issue for both medium and large brands. Counterfeiters attack both mass-appeal brands like Nike and Converse, and also more niche brands like Merrell.

About the survey

Method

Our survey used an online survey platform that could provide us with the reach and audience we wanted. None of the participants had taken part in any previous Red Points surveys, so not to affect potential results.

Question style

In many of the questions asked, our participants were able to select more than one answer. This allows us to have a more complete picture of their opinions and actions.

About the sample

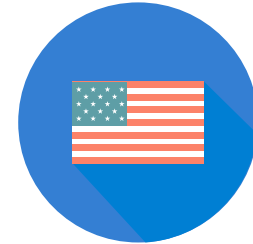
To better understand the behaviour of footwear customers who shop online, we selected the industry's demographic. Based on industry research, we selected U.S. customers, aged between 18-65.

Error Margin

We have conducted this survey based on a 90% confidence level in our respondents' answers, so the error margin for our results will be 6%. This means we can be 90% sure that results are accurate within a 6% range.



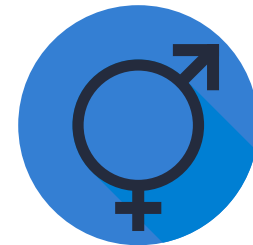
SURVEY SIZE
315 PEOPLE



COUNTRY
U.S.A.



LANGUAGE
ENGLISH



GENDER
ANY



AGE RANGE
18-65 YEARS OLD

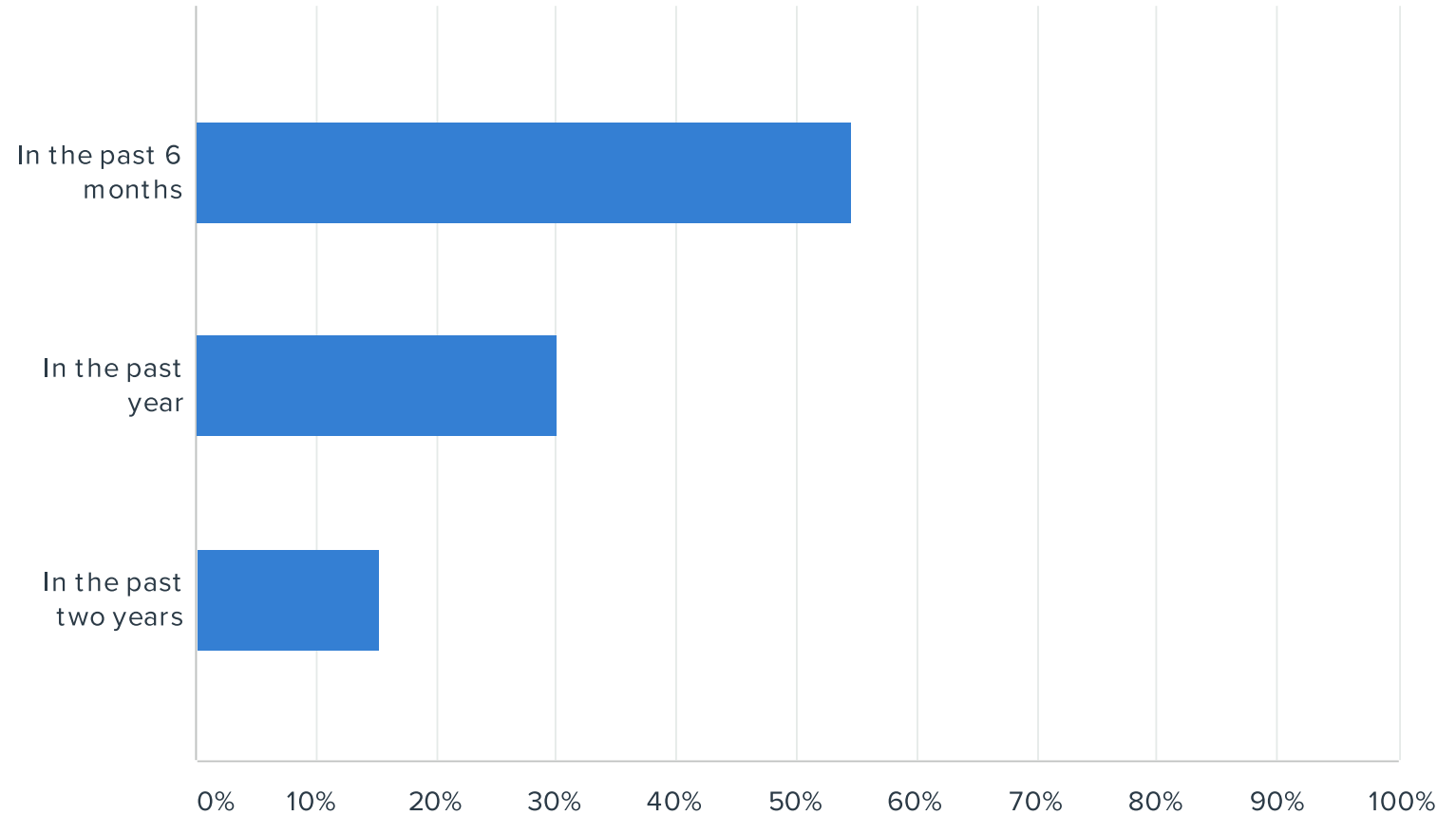


EDUCATION
ANY

Qualifying Question

When was the last time you bought sports footwear online?

In order to be eligible to participate in the survey respondents had to have bought sports footwear online within the past two years. Of the 558 who received the survey, 315 qualified for the survey. 35% of total respondents had bought sports footwear online within the past 6 months, suggesting it is a common online purchase.





SECTION 1

Buying behaviour

*Shopping habits, social media,
and trust evaluation*

Question 1

Buying behaviour

Can you please list which sports footwear brands you buy online?

Here we can see a diverse spread of brands, from well known to sport-specific. Nike trainers have long been the most counterfeited shoes and the most popular, so it is no surprise that they top this list, with over 200 respondents stating they have bought Nike trainers online in the past two years.

25+	25 - 20	20 - 15	15 - 10	10 - 5	< 5	
Nike	Jordans	Merrell	Brooks Sports	Champion	North Face	Altra
Adidas	Reebok	Converse	Vans	Vibram	Salomon	Hoka
New Balance	Sketchers		Fila	Mizuno	Clarks	Saucony
Puma	Asics			NoBull	Inov-8	Icebug
Under Armour				Gucci	On	Keen
					Toms	Yonex
					Hi-tech	Pendlay
					Gola	Babolat

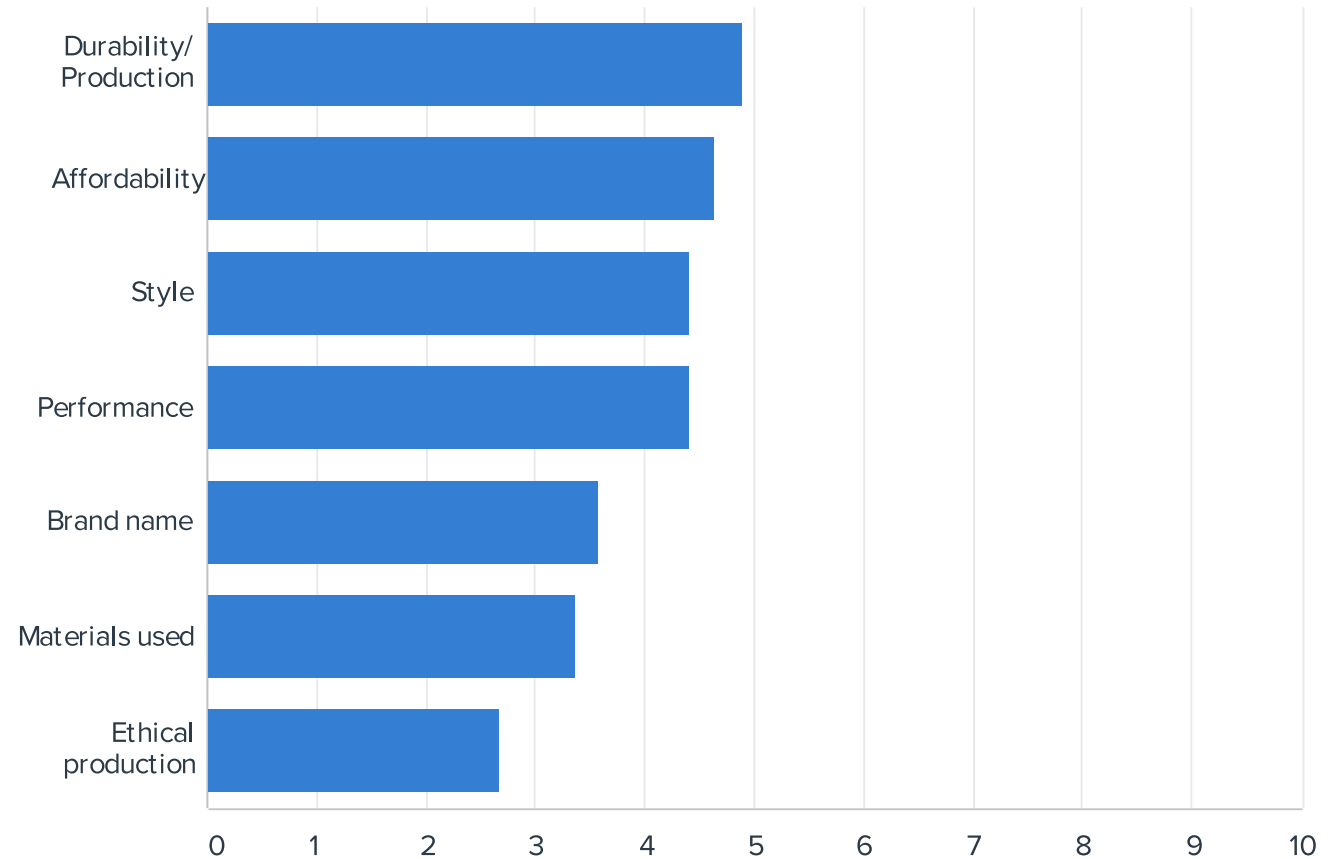
Question 2

Buying behaviour

When looking for sports footwear, what factors do you consider to be the most important?

(1 being the most important, 7 being the least)

We can see that our respondents value durability or production quality over other elements when looking for sports shoes. The second most important factor was affordability, followed closely by style. This would imply that customers of sports shoes have price sensitivity but overall value product quality first and foremost.

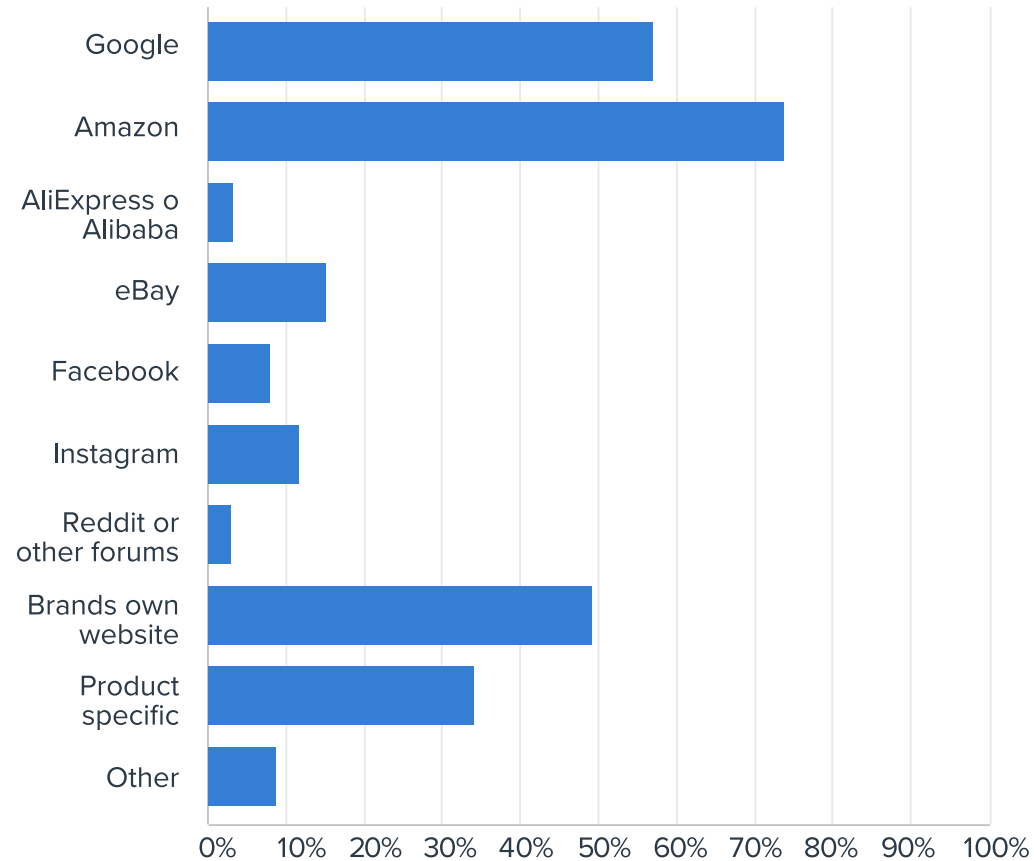


Question 3

Buying behaviour

When searching for sports footwear online, what methods do you use?

Here, we can see that consumers overwhelmingly favour Amazon as their primary search method. Google and the brands' own websites also feature highly. However, given the popularity of these top 3 results, it would be fair to assume that consumers research items on a variety of sites before making a final purchase. Interestingly, 18% of respondents used social media to search for items, which can be a risky search method due to the prevalence of counterfeits being sold there.

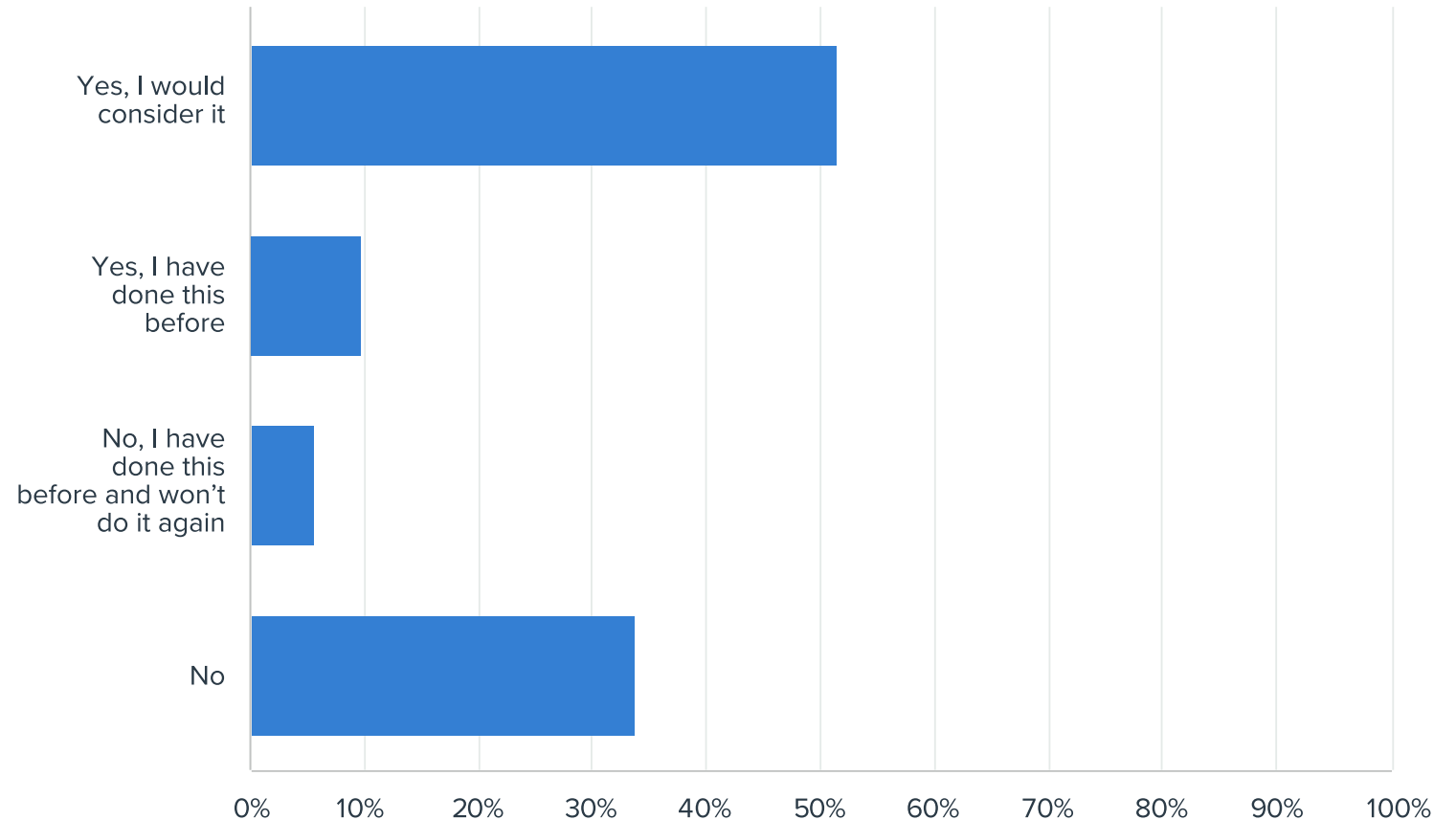


Question 4

Buying behaviour

Would you consider buying sports footwear online via a social media post or advert?

This question establishes to what extent our respondents trust social media posts as a purchase method online. 61% of respondents either already have or would consider buying sports footwear via social media. However of the 39% that responded no, 5% have bought an item via social media before and stated they won't do so again. It is fair to assume that this 5% have had a negative experience from using social media to buy footwear.



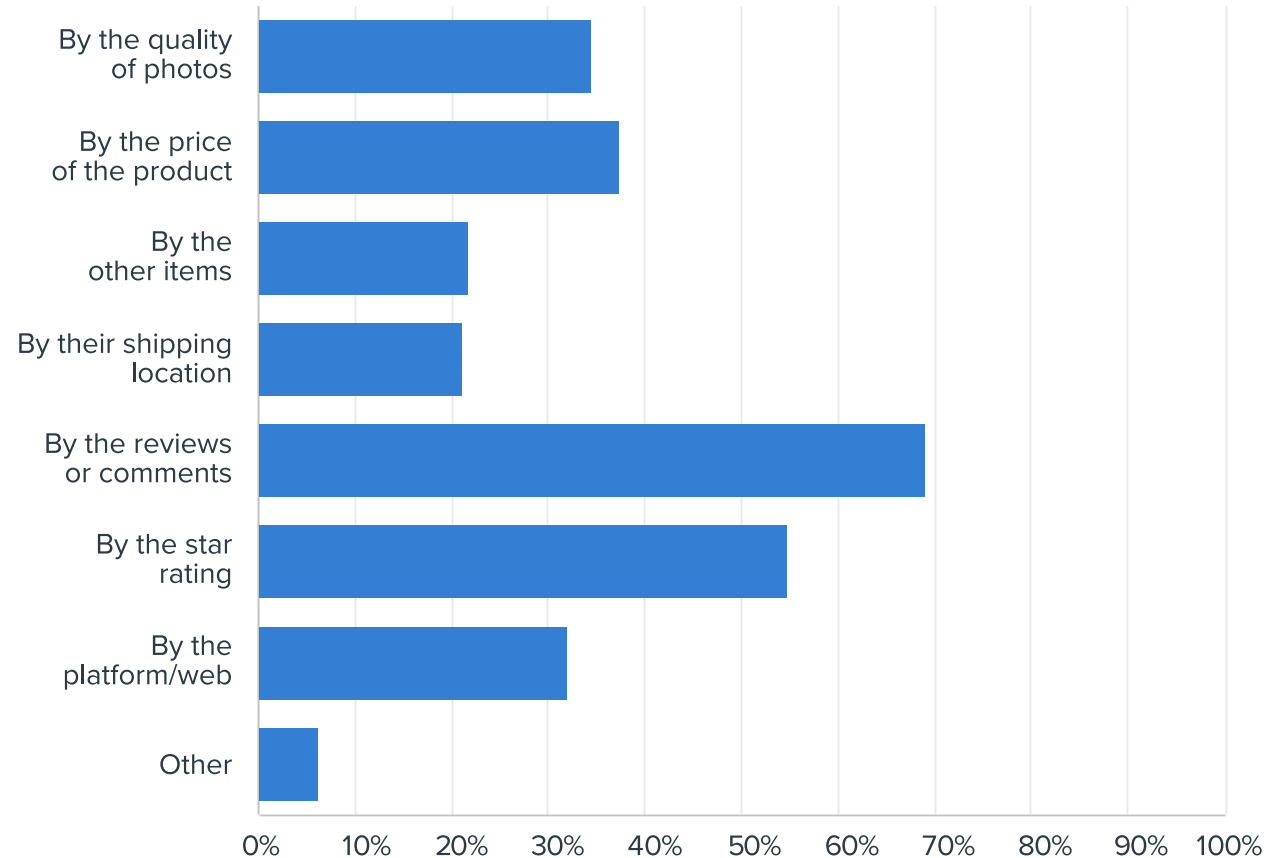
Question 5

Buying behaviour

How do you evaluate the trustworthiness of a product/seller?

(On either social media or traditional platforms i.e. Amazon)

Most participants will predominantly use the reviews and star ratings in order to evaluate products online and the trustworthiness of the seller. The next most common evaluation techniques are the price and the image of the product. This could indicate a lack of evaluation ability, as reviews are easily generated or falsified, and overreliance on this can leave consumers vulnerable.



SECTION 2

Product evaluation & experiences



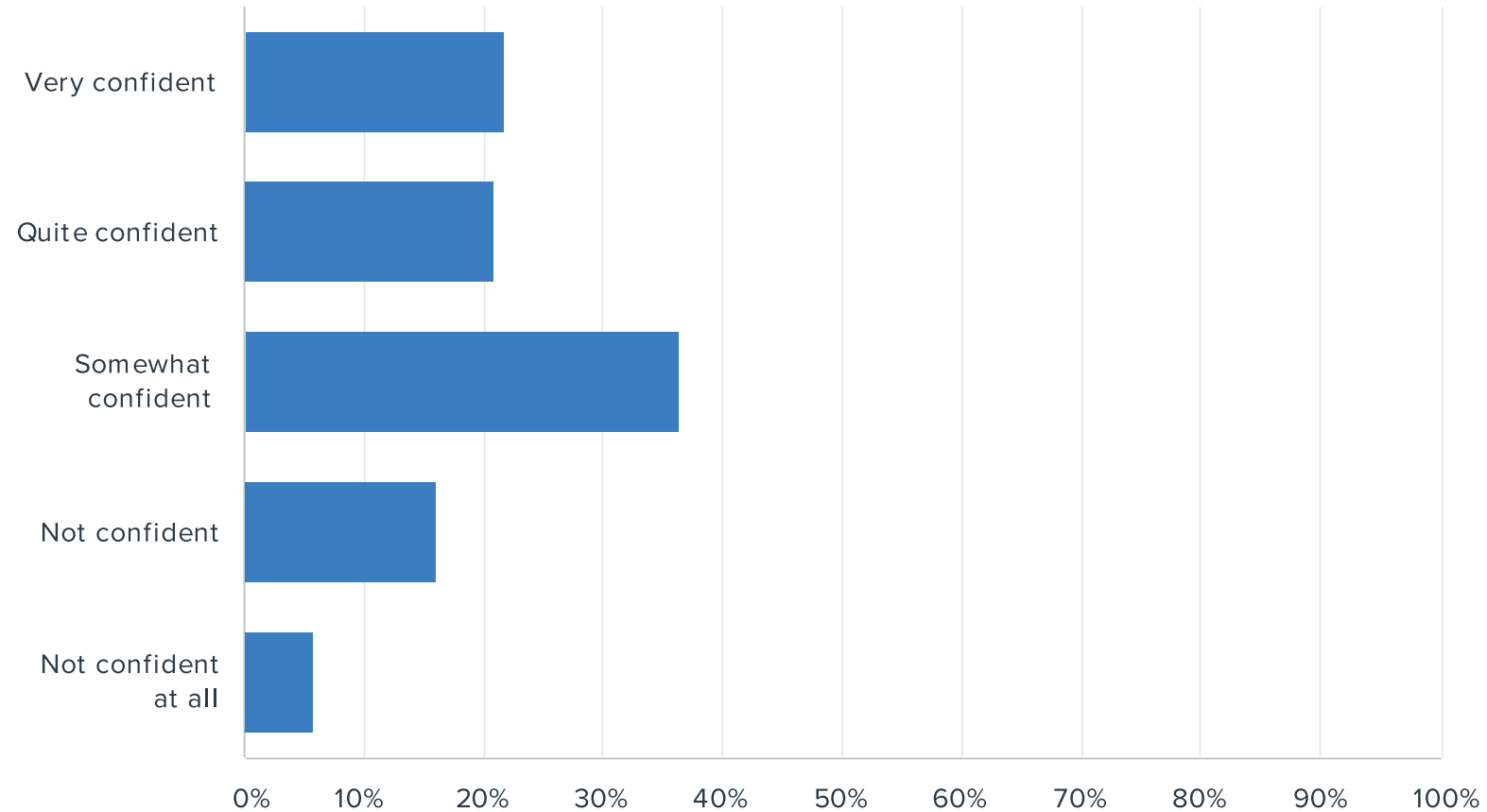
*Confidence levels and contact
with counterfeits*

Question 6

Product evaluation

How confident are you in your ability to identify a fake sports footwear listing online?

Our respondents, appear largely confident in this first question; with 41% saying they were confident about their capacity to identify a fake item. A large amount, 21%, state they are very confident. Not confident responses only account for 21% in total.



Product Images

Product evaluation

The participants were then shown a series of images with accompanying text:

“Please view the following images of both real and fake pairs of sports trainers and consider your usual level of scrutiny when shopping online”

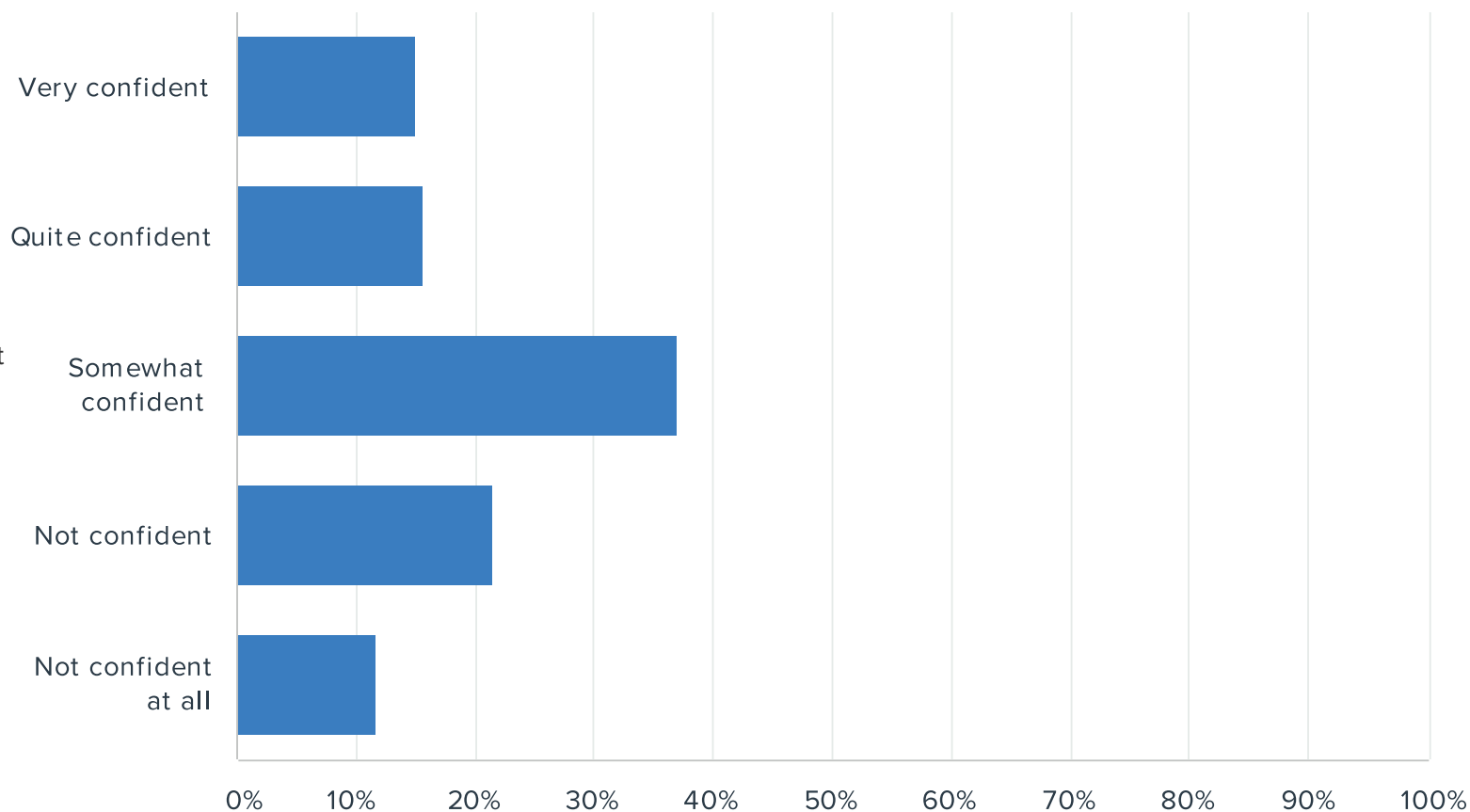


Question 7

Product evaluation

Considering these images, how confident are you now in your ability to identify a fake sports footwear listing?

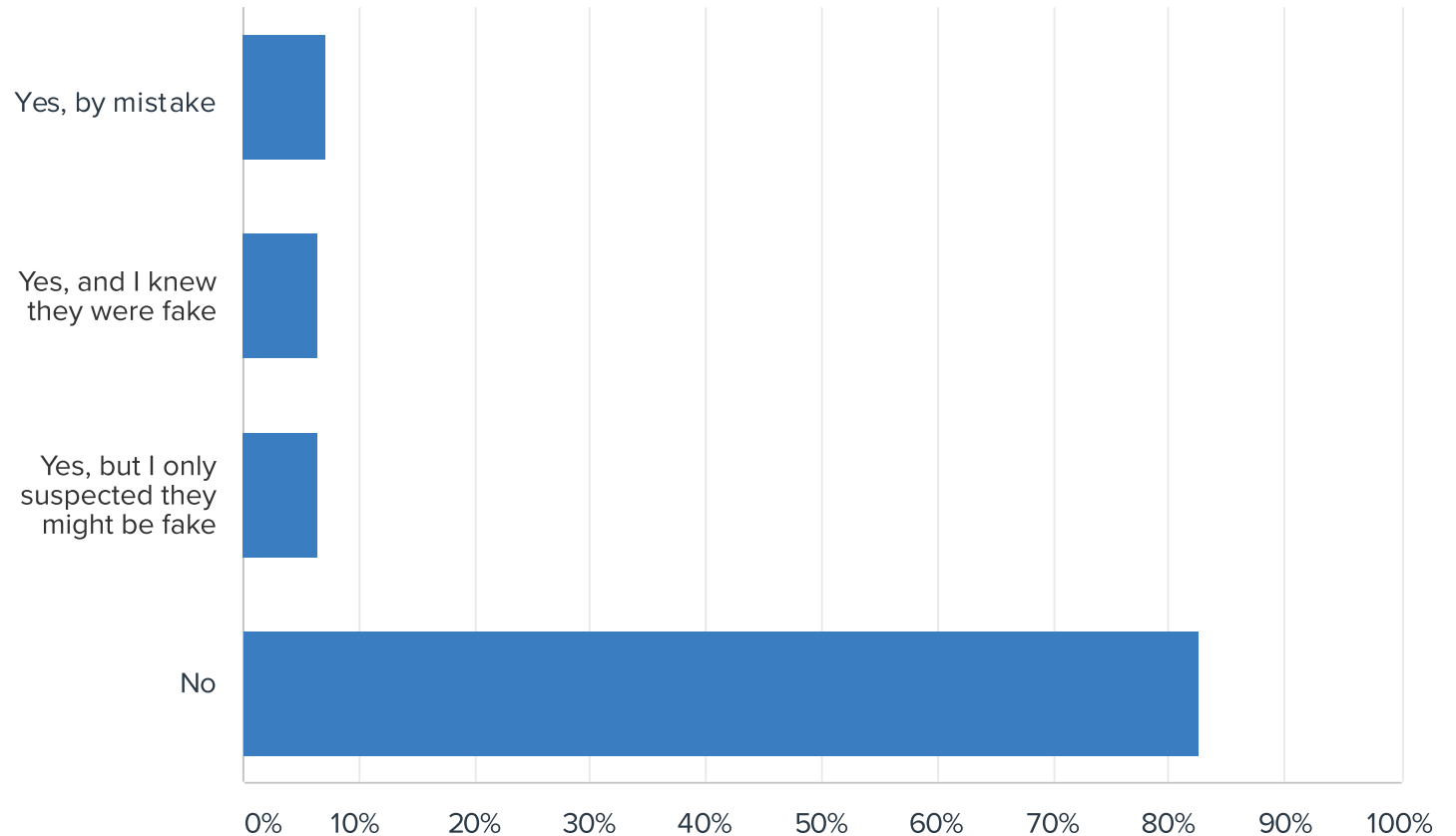
We can see an 11% reduction in confident answers which now account for only 30% of total responses, and naturally, we can see that after viewing the images, non-confident responses have risen to 32%. The average percentage change per answer between Q6 & 7 is around 5.7%, so it would be fair to surmise that 22% of all participants downgraded their confidence levels. Interestingly, “somewhat confident” remains constant, it could be that confident responders in Q6 who wished to downgrade their confidence level in Q7 jumped straight to non-confident options.



Question 8

Have you ever purchased fake sports footwear online?

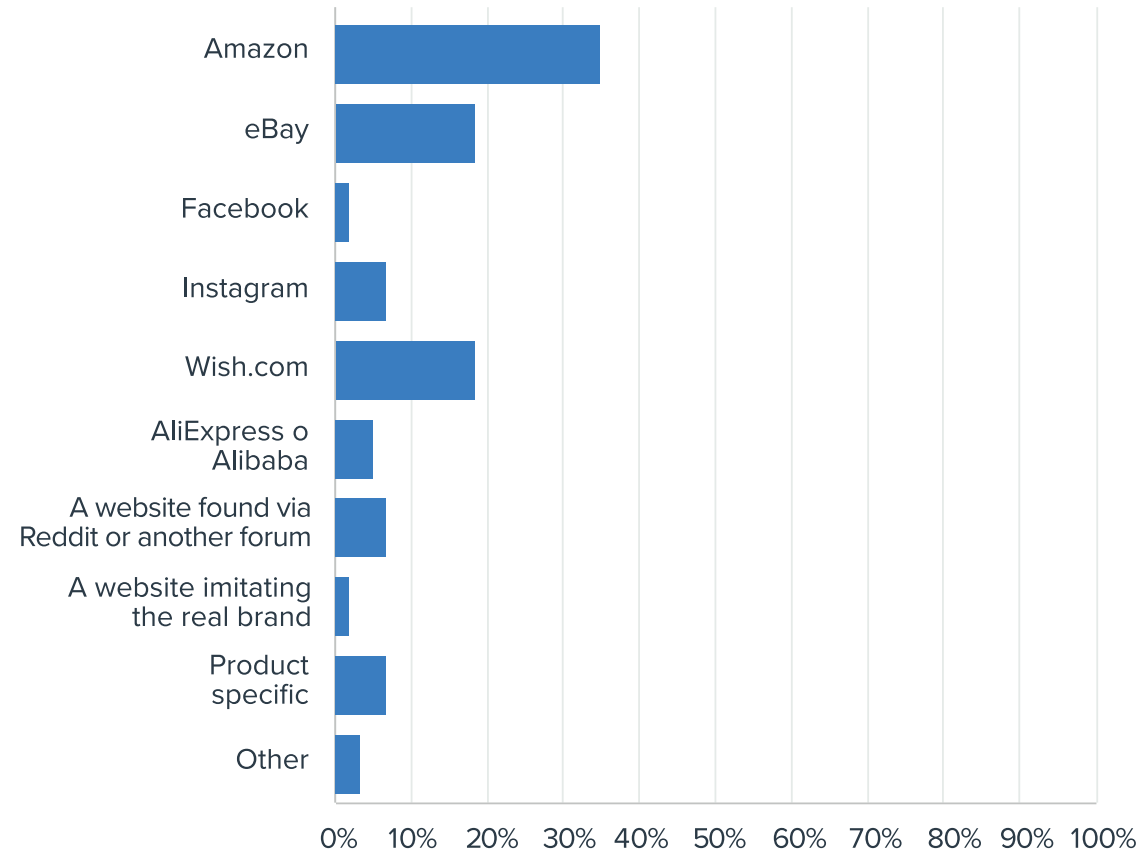
Only a small number, 20%, of respondents had purchased fake footwear online in the past. However, this is still a significant proportion of consumers, and is more concerning considering that 35% of those who had purchased a fake had done so accidentally. That said, the majority of consumers who purchased fake sports footwear had done so either knowingly or suspecting the item was fake.



Question 9

Where did you buy the item from?

For those respondents who had previously purchased a fake item online, we can see the distribution of the sources. Amazon is clearly the most common source of fakes for this test group, which is perhaps not surprising given the fact that it is the most common search method. Wish and eBay combined were the source of 35% of the counterfeits. Outside of ecommerce platforms, Instagram was the most common source of fake footwear, with 6%.

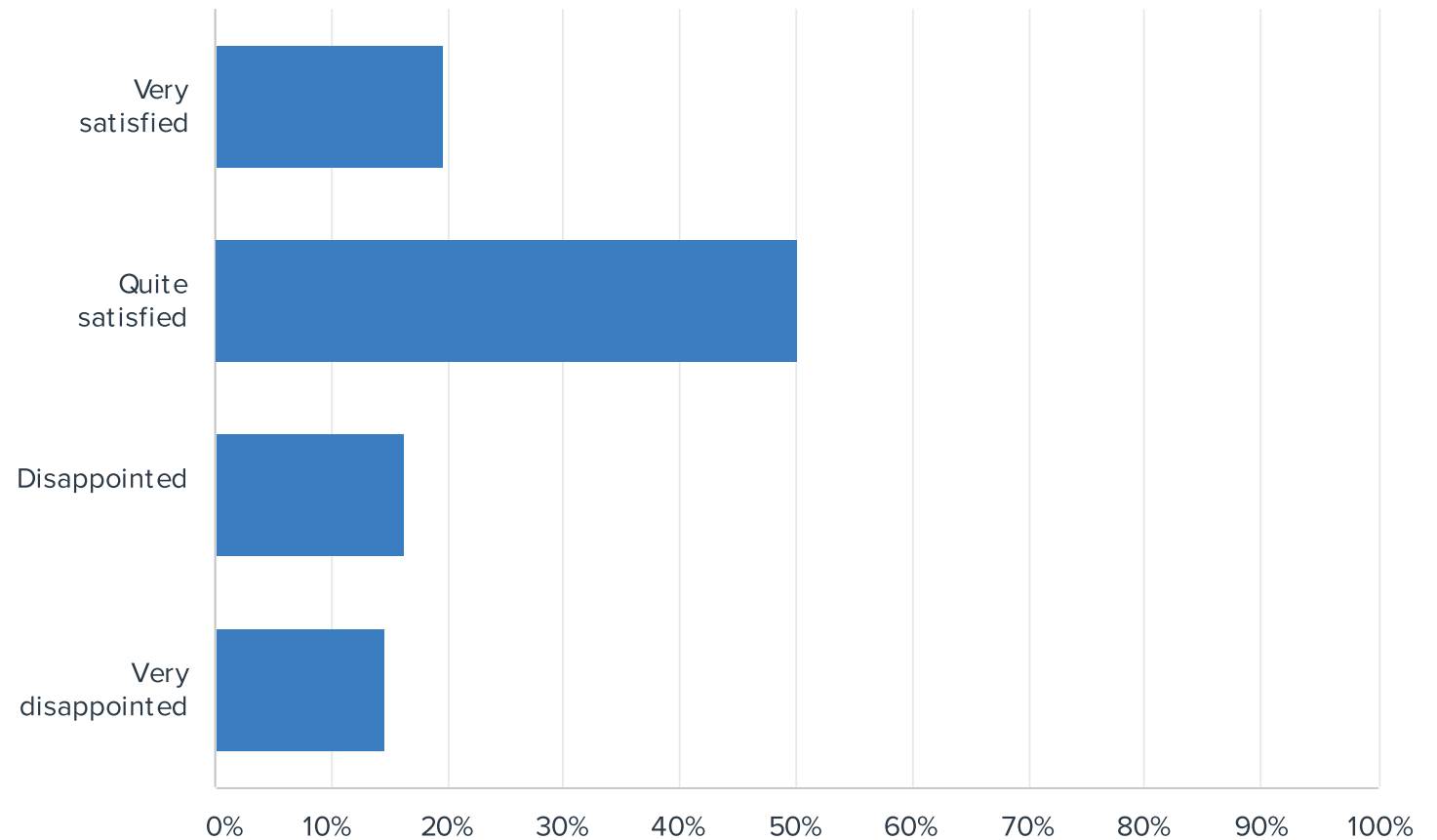


Question 10

Experiences

What was your experience of the fake sports footwear?

The majority of respondents who had bought fake footwear were content with the result; 69% stated they were either very satisfied or quite satisfied with the items. Only around 30% of respondents were dissatisfied to some extent with their counterfeit footwear; nevertheless, only 14% were very disappointed with the item they had purchased.

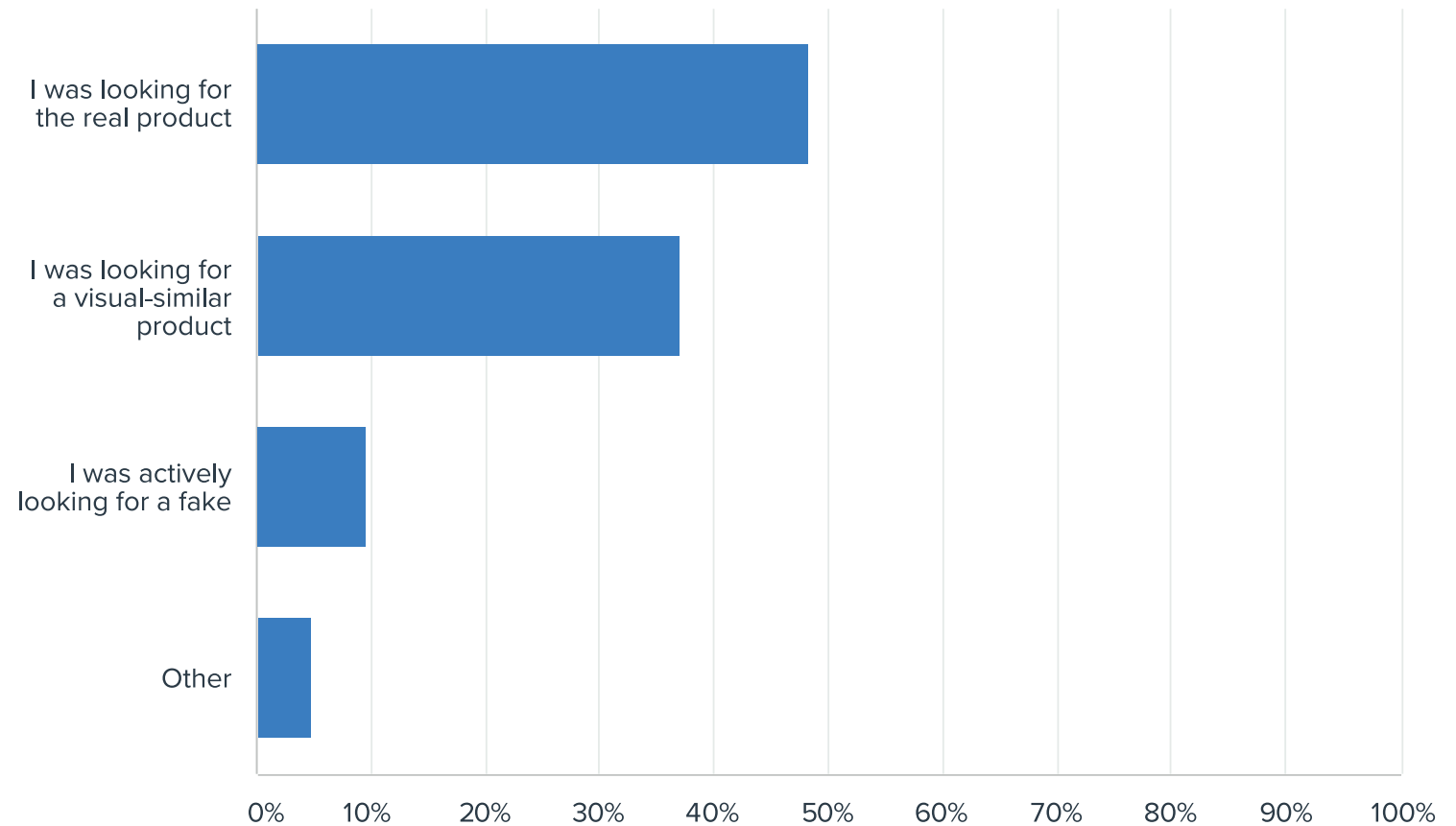


Question 11

Experiences

What was your search intent that led to you buy the fake sports footwear?

Surprisingly, 48% of consumers who had purchased a pair of fake sports shoes online were originally looking for the real product, and a further 37% were looking for a product that was visually similar to the authentic branded item and found the fake by chance. It would indicate that our participants were extremely responsive to price incentives, given that only 9% had begun their product search with the objective of finding fakes. In the “other” option, all respondents refer to “looking for something cheaper than the real brand”.



SECTION 3

Knowledge, opinions and attitudes

*Reactions to counterfeits
in the marketplace*

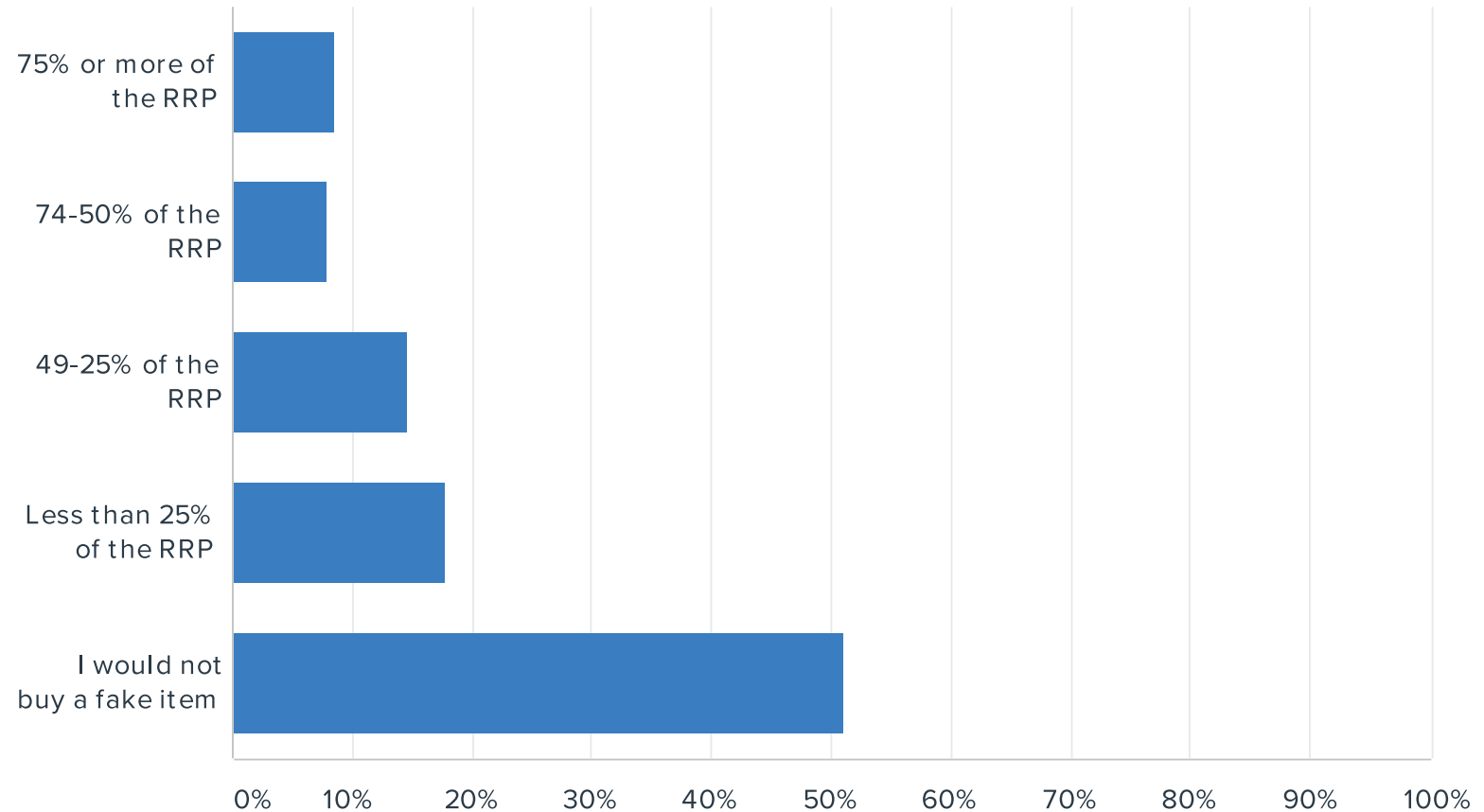


Question 12

Attitudes

How much would you be willing to pay for fake sports footwear of your desired brand?

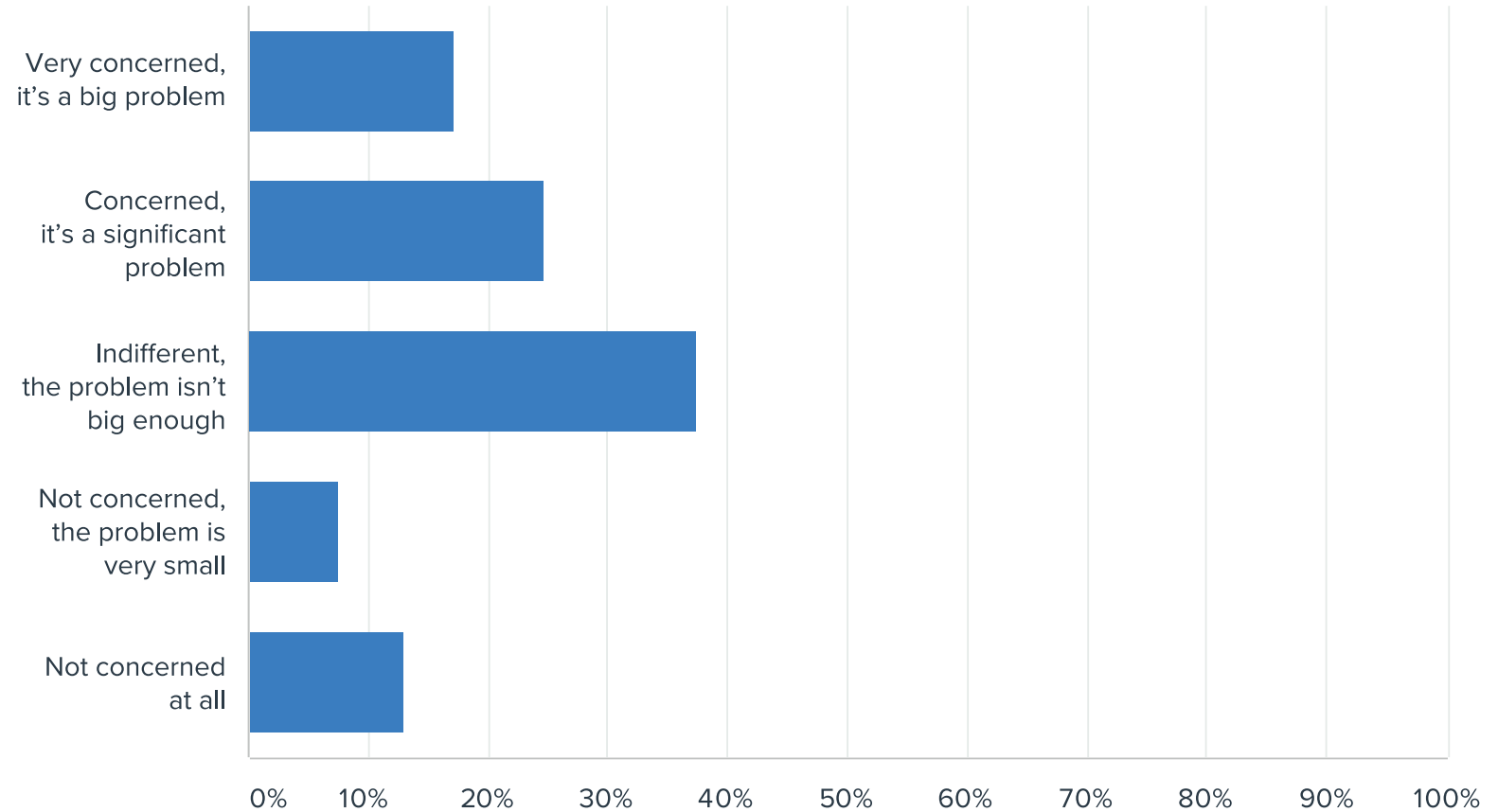
The responses to this question show a clear, almost 50/50 split in sports footwear consumers; 51% stating they would not buy a fake under any circumstances and 49% willing to buy them if the price is sufficiently low. However, 8% of our sample would be willing to pay 75% or more of the RRP of a genuine product, for a fake version. While the majority of the participants would only pay less than 50% of the RRP, it is interesting that there are potential customers who can be motivated to move away from the real product for a small discount.



Question 13

How concerned are you, if at all, about the problem of fake items in the sports footwear sector?

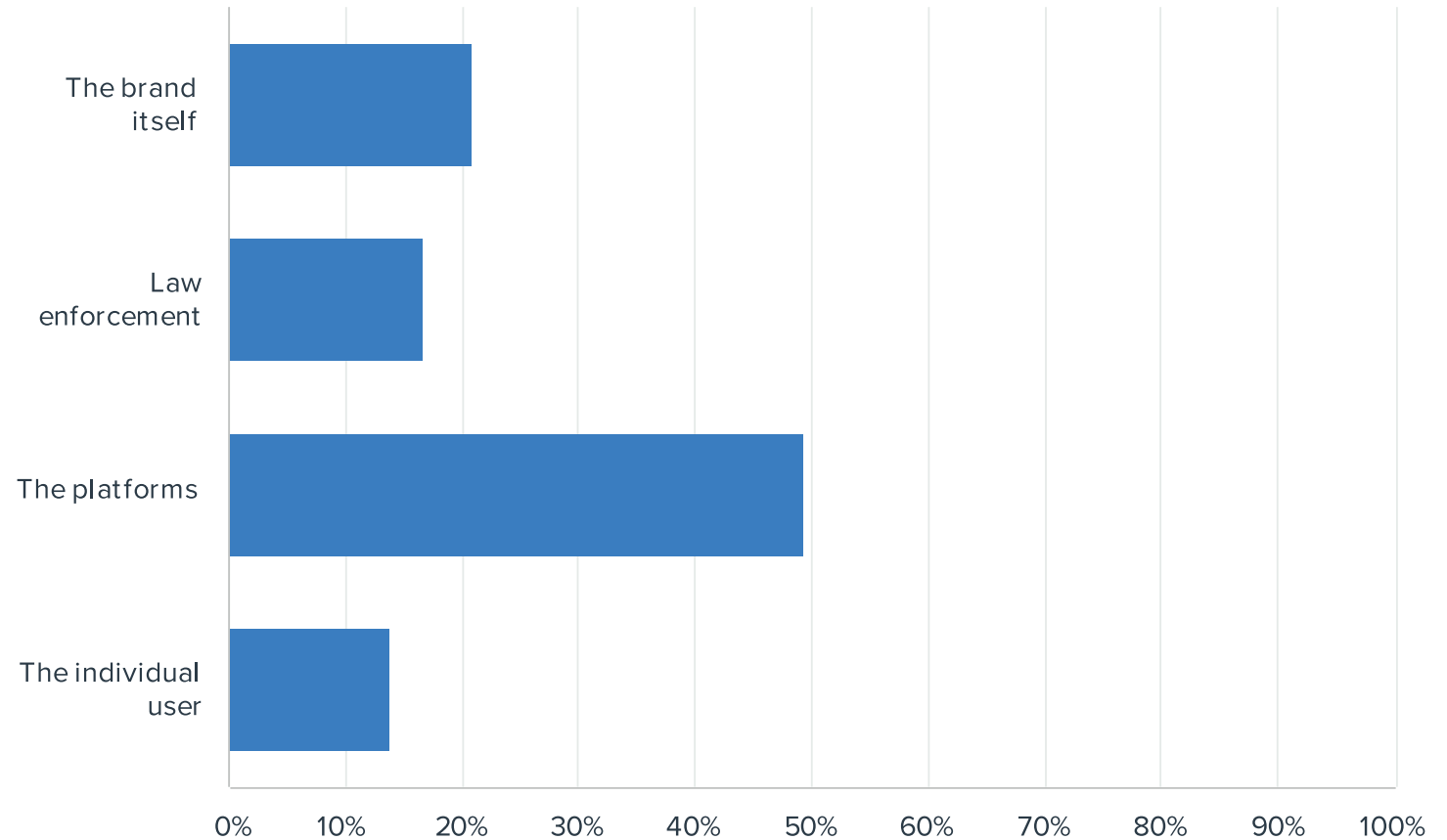
The results of this question indicate to what extent consumers care about if brands take action against counterfeits. 31% of consumers are concerned to some extent about the issue of counterfeits and a further 37% are indifferent about the issue. Consumers, on the whole, show a disregard for the issue; this could imply that consumers lack knowledge about the harmful effects of fake items.



Question 14

Who do you think should be primarily responsible for taking fake items off online channels?

We can see that most consumers believe it is the responsibility of the platforms to remove fake items from online channels. However, 20% believe the brands should be the ones to police online channels for counterfeits. Only a small amount, 13%, believe it is up to the individual user to identify and remove fakes.



Findings and discussion

Consumers are price sensitive and opportunistic

We can see from the results that a proportion of our sample were extremely price sensitive and will buy fakes if given the chance. Consumers stated that production quality was the most important factor when buying sports footwear, however, affordability was rated as the second most important factor. Affordability proved critical for 49% of respondents, who stated they would buy a fake item if the price were sufficiently discounted.

Question 11 provides further insight into this; only 9% of the sample who had bought fakes were originally looking for them online. The rest of the participants who had bought a fake were either looking for the real product or something visually similar, with some stating directly they were looking for a cheaper alternative. This suggests that few consumers begin the shopping process with the intent to buy a counterfeit; however given their price sensitivity, they can be lured into buying a fake either knowingly or unwittingly.

Risky buying behaviour

Many consumers partake in buying behaviour that could put them at risk of buying counterfeits. Initially, we can see that many consumers use multiple methods of searching for footwear online. We can see in question 3 that many consumers use Google to search for items, which in itself is not a risky buying behaviour. However, given that we know many consumers were looking for cheaper or alternative versions to real products, their search terms likely used keywords like “cheap or alternative”. By employing SEO techniques, counterfeiters often attempt to appear high on the search results pages for terms such as these, capturing unaware consumers.

In addition, we can see that a significant number of sports footwear customers use social media as a search method, and over 60% would consider buying an item via a social media post. Red Points have found that counterfeiters are increasingly utilising the targeting tools available on social media in order to drive traffic to their listings on ecommerce sites. It is our participants’ penchant for a discount combined with their readiness to trust social media posts that puts them at risk of being intercepted by counterfeiters, via a seemingly incredible discount.

Findings and discussion

Mixed evaluation techniques

The respondents showed both good and bad evaluation techniques. In question 5 we can see that many consumers rely heavily on reviews and star ratings. However, Red Points' analysts regularly find that counterfeit listings have relatively good reviews and high star ratings. This is usually due to either false reviews, which are against the terms of use for most ecommerce platforms, or paid-for reviews, which are harder to police. In the same question, consumers stated that they also heavily relied on price and photos. Price is a relatively good indicator of authenticity, it is rare for a genuine item to be listed online for 40% of its RRP. That said, consumers in the study almost equally relied on photos, which as they were able to see in the following section, are not a good method of evaluating an item.

This idea of false confidence in the customers' abilities to identify fakes was further reinforced in questions 6 and 7, where we were able to see that a significant proportion of the sample was forced to reevaluate their own abilities after seeing how similar real and fake items appear online.

The big platforms are still the primary target for counterfeiters

We can see that the big ecommerce platforms, such as Amazon, continue to be the go-to search method for most consumers. It is likely that for this reason, counterfeiters continue to target these sites. 33% of respondents who had bought a counterfeit had sourced them on Amazon and a further 35% from eBay and Wish.com. Although, the remaining the 32% were spread across multiple channels and source. This suggests that counterfeiter employ a number of tactics in order to maximise their sales and, although maintain a primary focus on the big ecommerce channels, they invest resources in spreading their operations to other online methods.

Not all counterfeits disappoint

The survey results would suggest that many consumers are satisfied with their counterfeit purchase. Question 10 shows that 19% of respondents who had purchased a fake item were very satisfied and 50% were quite satisfied, recognising that the item was somewhat lower in quality. The argument could be made that many of these consumers were never in a position to buy the real brand. However, while that may be true for many of the participants who had purchased a fake item it is certainly not the case for all. From question 10, only 30% of respondents were disappointed to some degree with the item, but considering that 35% of respondents had bought a counterfeit completely unknowingly, it may indicate that there is a small proportion of people who are loyal to the genuine brand but were pleasantly surprised by the counterfeit they received.

Implications for footwear brands

Mid-range and younger brands must act

The evidence above shows that many consumers are not best placed to evaluate the authenticity of a product and almost half can be swayed by price incentives towards fakes. Generally, for younger brands, consumers have less knowledge about their products and sales channels and would be therefore less able to identify fake items. Mid-range brands may struggle as well, as price differences may be smaller and this is a key indicator for consumers. While counterfeiting generally affects larger brands more, counterfeiting of smaller brands is likely to have more severe consequences.

Consumer education is key

It is clear from the above evidence that one of the best ways to protect against counterfeits is a well-informed consumer. Brands should be investing in online content about how to detect fakes, including telltale signs on the product and perhaps even price ranges. Many manufacturers today will include whitelists of channels where they operate, though these can be problematic when it comes to the grey market. Informing consumers about the technical faults and poor performance of cheap counterfeits is likely to help reduce those who are at risk of being persuaded to buy fakes.

Owning social media and Google results

While the evidence suggests that the major platforms are the main source of counterfeits, simple measures such as ensuring that the brand's own pages show up for certain search results can be an effective way to reduce the likelihood of consumers finding their way to counterfeits by mistake. Red Points have found that many counterfeiters will use social media to promote "offers" of their counterfeit products, driving consumers to their listings on more trusted ecommerce platforms. Given that consumers appear fairly trusting of social media as a search and sales method, it would be prudent for brands to own adverts for certain search terms and have a large social media presence. This action, coupled with social media monitoring would provide social media users a safe environment to shop for the brand.

Brands must monitor across all channels

It is obvious that brands must proactively monitor their listings on the big ecommerce sites as a first priority. That in itself is a large job, however, given the spread of counterfeits across a multitude of channels, brands should have the ability to check these relatively frequently. Brands have lots of platforms to monitor, much more than just the big names like Amazon, etc. Certain industries are listed heavily on certain websites, so finding nothing on one platform doesn't mean that another platform isn't filled with counterfeits. Vigilance is important to combat wily behaviour from counterfeiters, who are aware of brand protection strategies. Constant and speedy protection can help prevent "whack-a-mole" style tactics.



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