



MARKET RESEARCH SURVEY

**PARENTS & ONLINE
COUNTERFEITS:**

ATTITUDES, HABITS & AWARENESS

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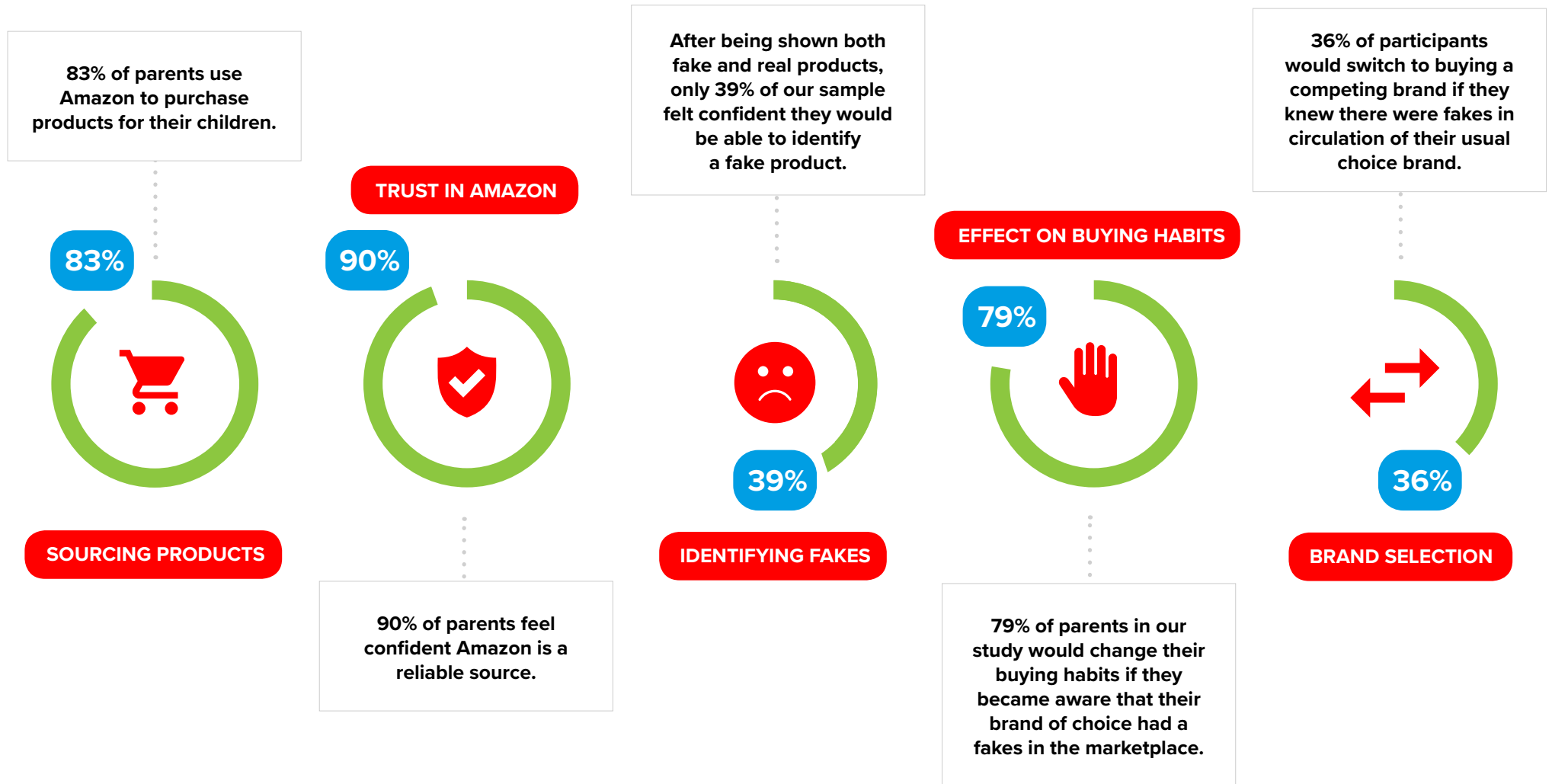
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Key Findings



Intro

Counterfeits are a \$460 billion market and account for almost 5% of all goods imported to the EU, the world's largest free-trading area. Counterfeits affect virtually every industry. However, their growth in the children and baby products industry has been alarming. The explosion of e-commerce has allowed counterfeits to infiltrate supply chains and appear to be listed as genuine products on trusted sites.

The problem of counterfeiting is more dangerous in industries with vulnerable consumers, such as children. There have been several reports in the press in recent years warning parents about the dangers of fake products aimed at children. Counterfeit products tend to use inferior materials and are not held to any safety standards, making them a grave risk to the health of children. With this in mind, this investigation seeks to explore the relationships between parents, online shopping platforms and counterfeits.

This study has focused on the risks, level of awareness and attitudes of parents with regards to shopping online.

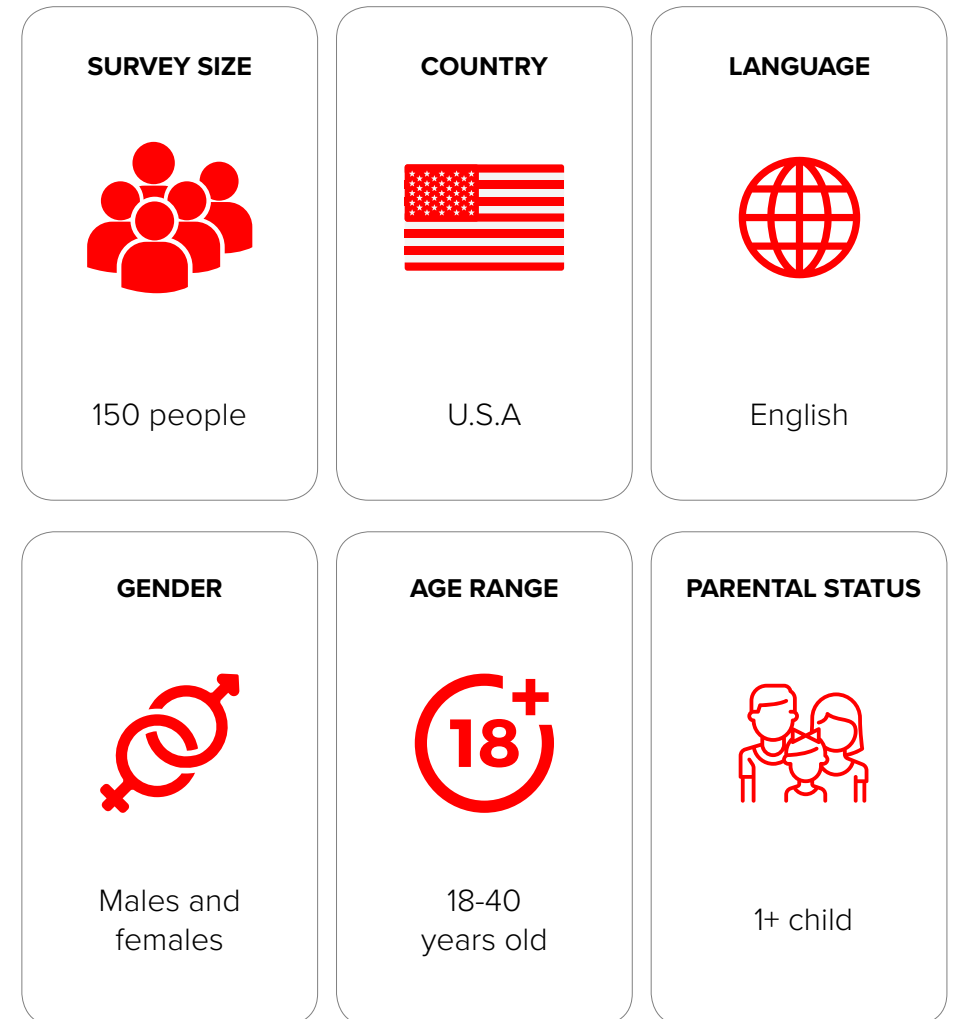
This document aims to explore three key areas:



Methodology

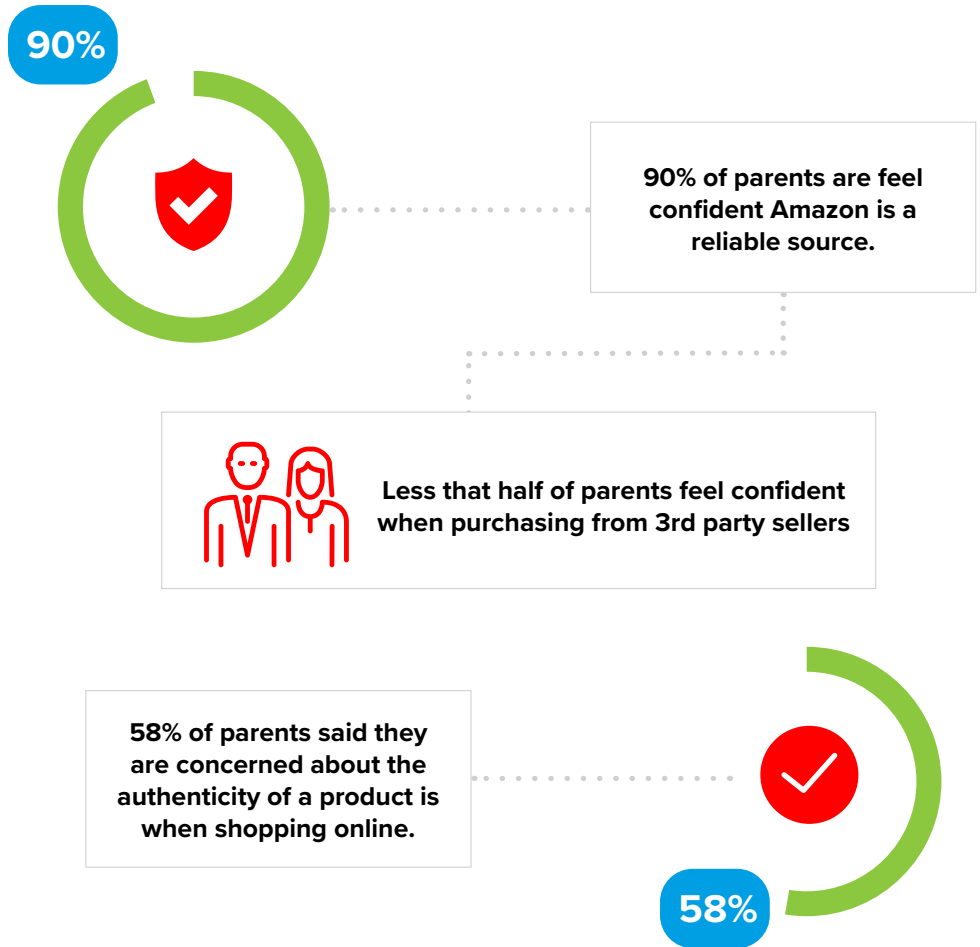
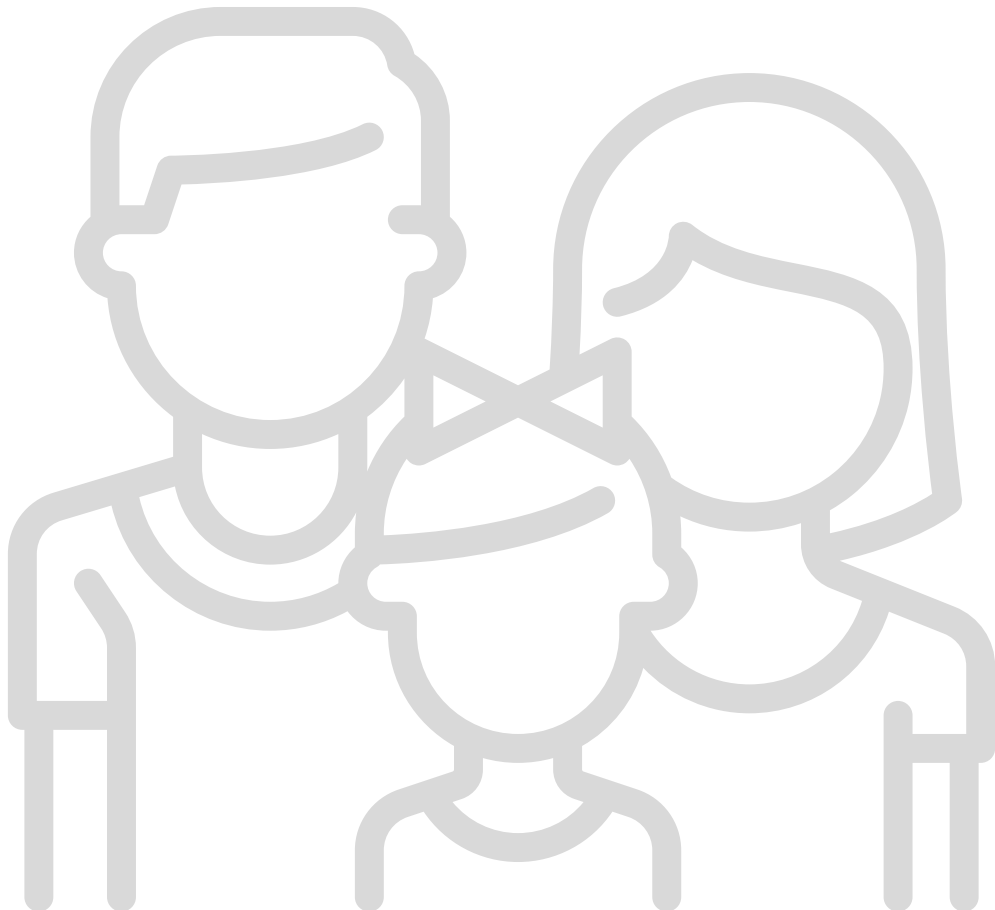
Method and respondents

The survey was carried out using an online survey platform to reach the relevant audience. The study was completed in July 2017. The profile of the respondents is as follows:



Section 1.

Parents' buying habits and attitudes



In this initial section, we aim to uncover where parents shop for products for their children, if they are aware of counterfeits and to what extent they trust these sites. This information will provide us with a better understanding of the current online shopping habits from our sample frame. The responses will allow us to build a complete picture of parents' mindsets when shopping online.

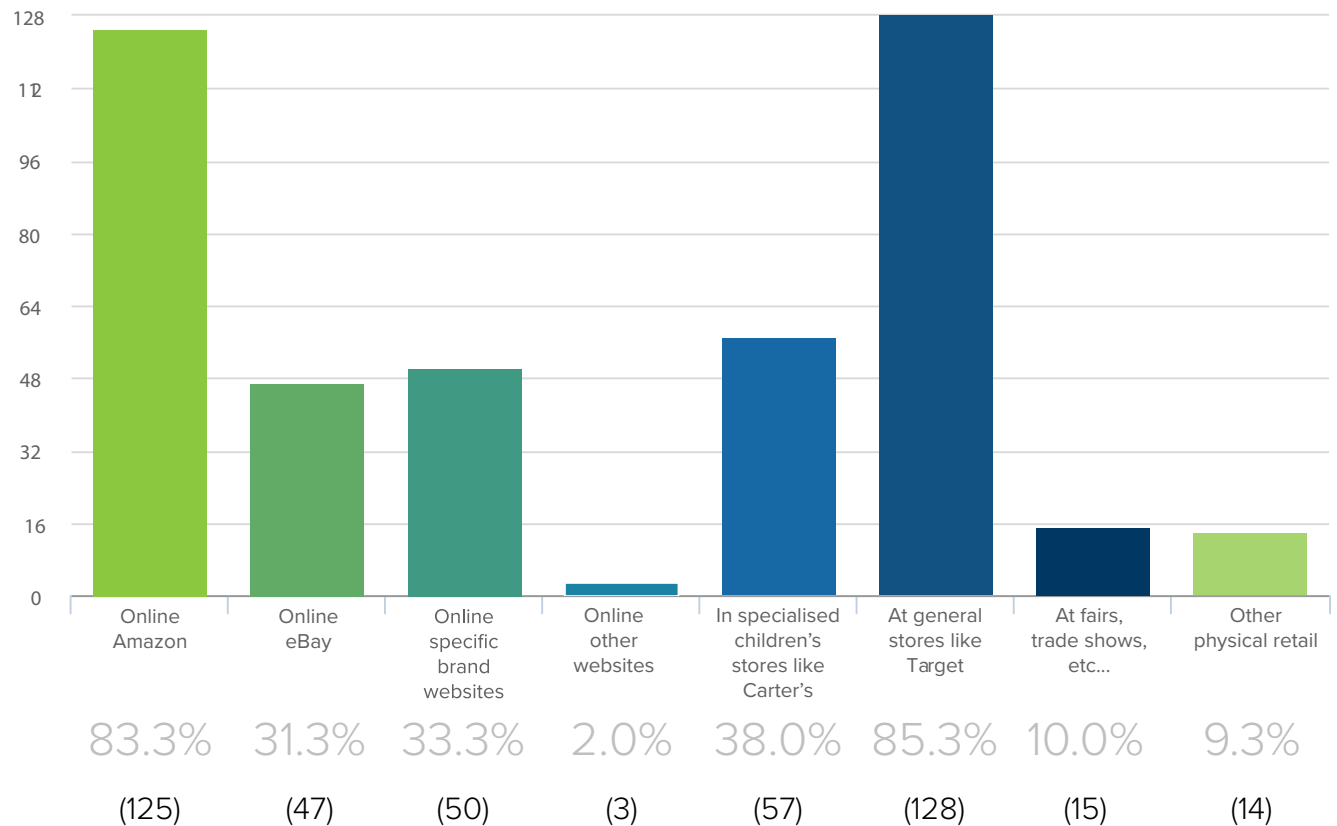
Parents' buying habits and attitudes

1

Where do you typically buy products for your child/ren?

Where do parents shop?

Parents from our sample favour Amazon.com and general stores over other forms of shopping. Our study found that over 83% of parents use Amazon to buy products for their children. This result would suggest that our respondents are comfortable and familiar with buying products for their children online.



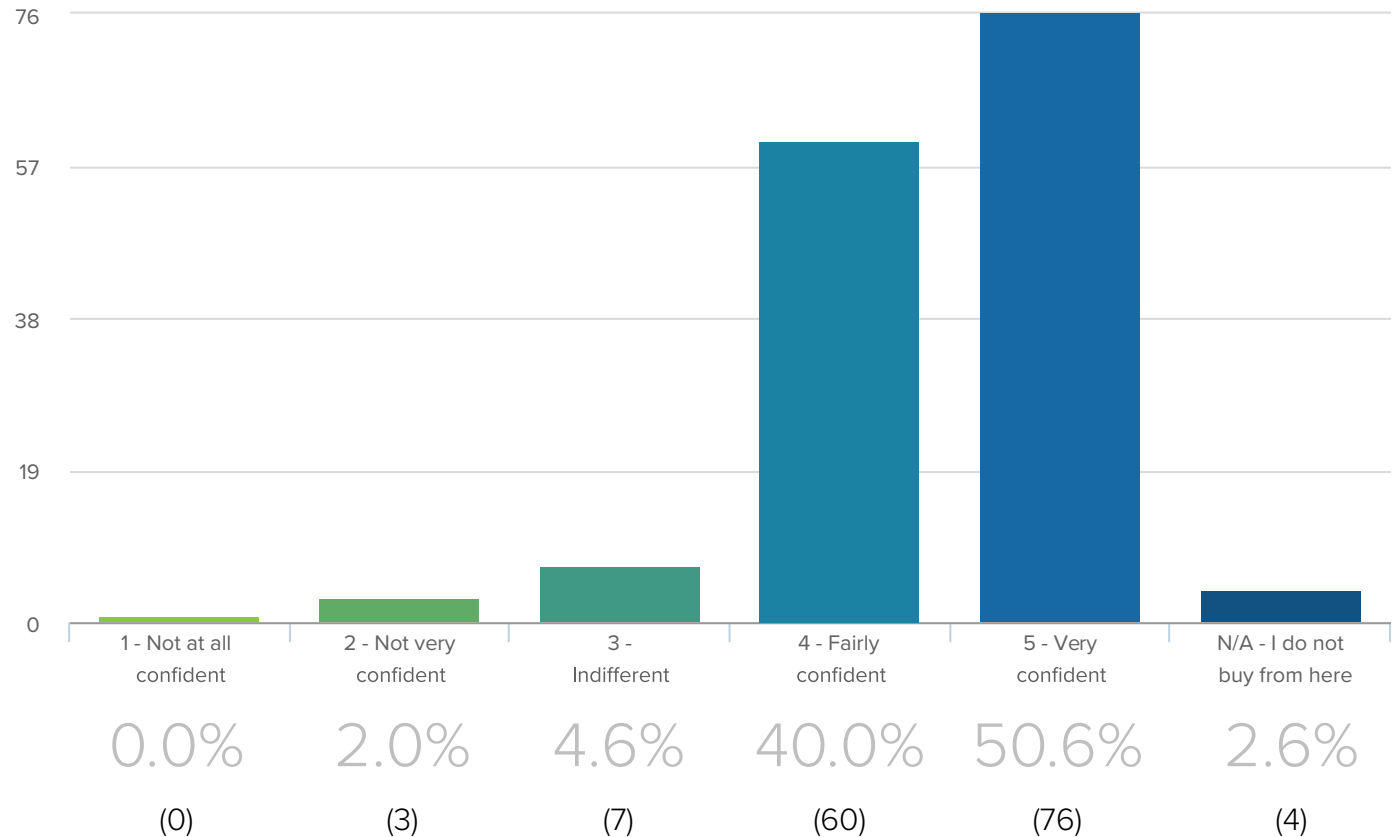
Parents' buying habits and attitudes

2

How confident are you that you are purchasing from a trusted source when you buy from: Amazon (Fulfilled by Amazon)?

Who do parents trust?

Our respondents showed a high level of trust when purchasing directly from Amazon. 90% of respondents reported feeling confident that Amazon is a reliable source. This indicates that our sample feels there is little to risk when purchasing directly from Amazon itself.



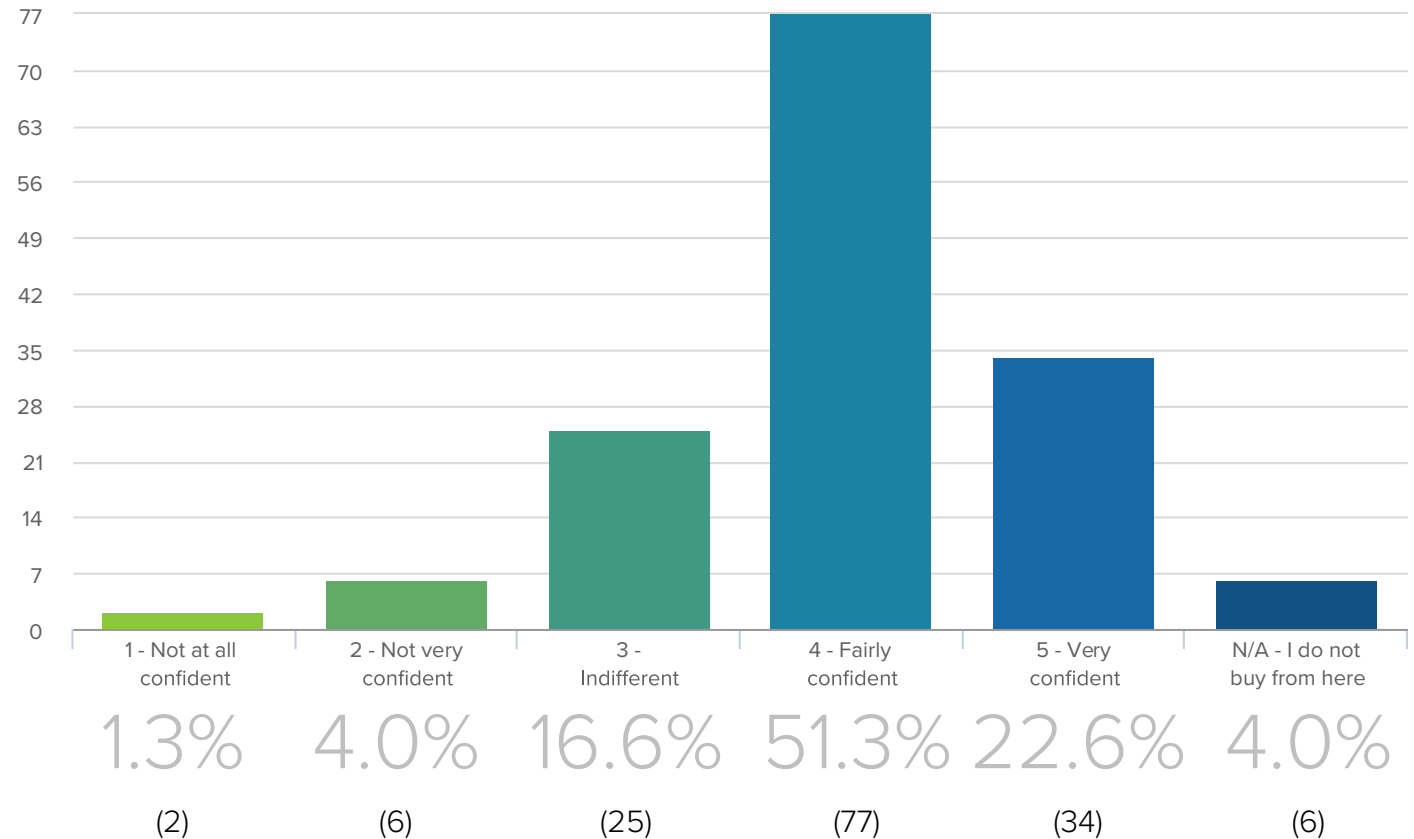
Parents' buying habits and attitudes

Who do parents trust?

Although our sample frame is still very confident when purchasing from Amazon, the number of people who trust Amazon drops to 73% when buying from a 3rd party seller. This suggests a small level of concern about buying online from sources other than Amazon directly.

3

How confident are you that you are purchasing from a trusted source when you buy from: Amazon (third-party seller)?



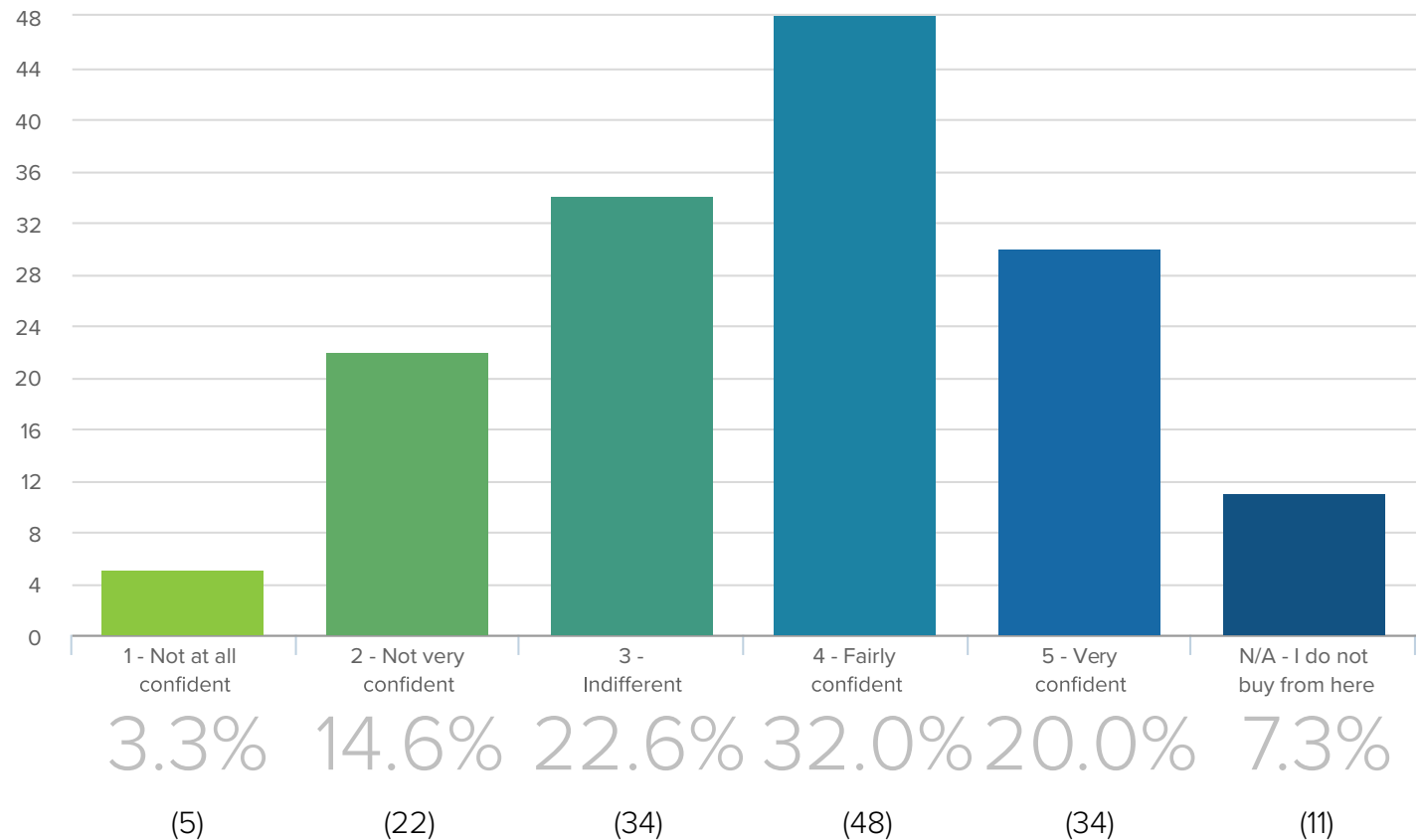
Parents' buying habits and attitudes

4

How confident are you that you are purchasing from a trusted source when you buy from: eBay (Buy It Now)?

Who do parents trust?

eBay did not engender as much trust as Amazon. Only 52% of respondents reported they felt confident when purchasing from eBay "buy it now". eBay is predominantly used by 3rd party sellers, so this corresponds to the drop in trust seen in 3rd party sellers on Amazon.



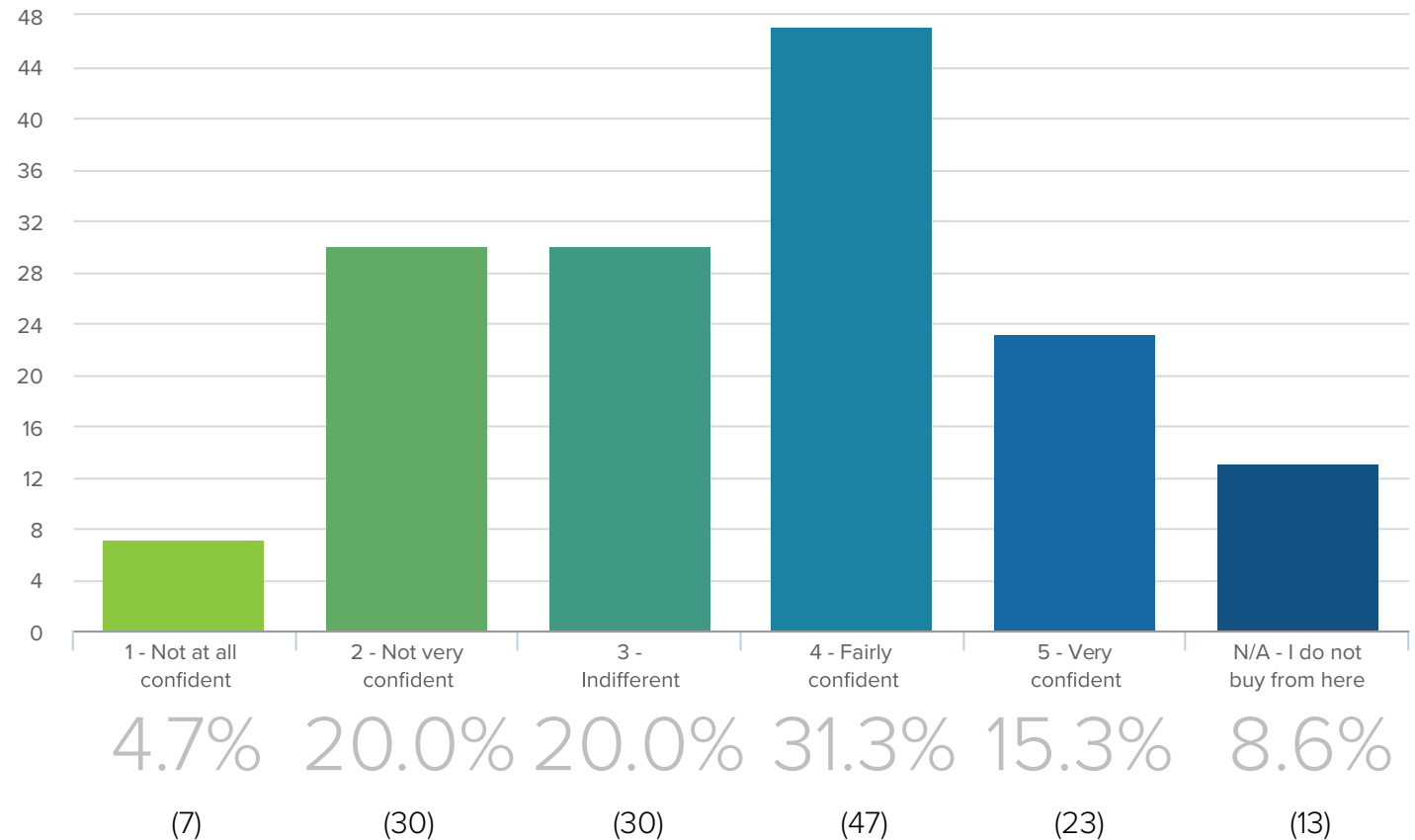
Parents' buying habits and attitudes

Who do parents trust?

Trust levels drop even further when customers are presented with the option to buy from an auction. Only 46% of our sample stated they felt confident when purchasing from an auction. This drop in trust again further reflects a level of mistrust for 3rd party sellers.

5

How confident are you that you are purchasing from a trusted source when you buy from: eBay (auction)?



Parents' buying habits and attitudes

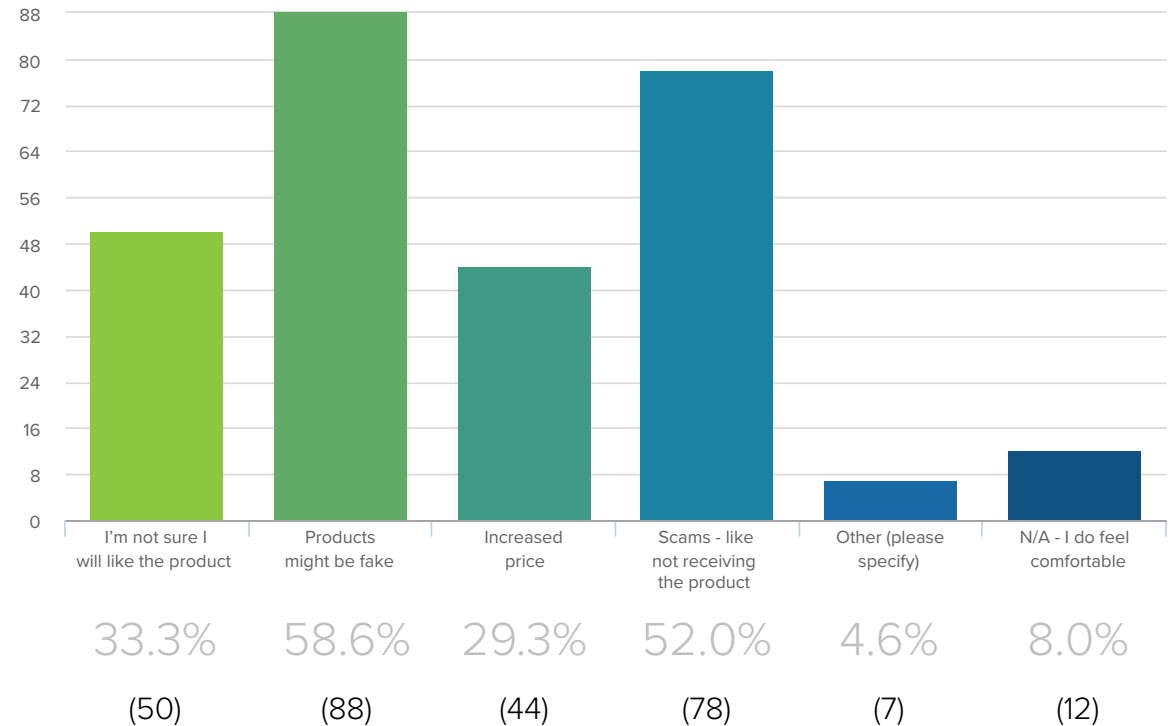
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For what reason/s might you not feel comfortable buying branded products online?

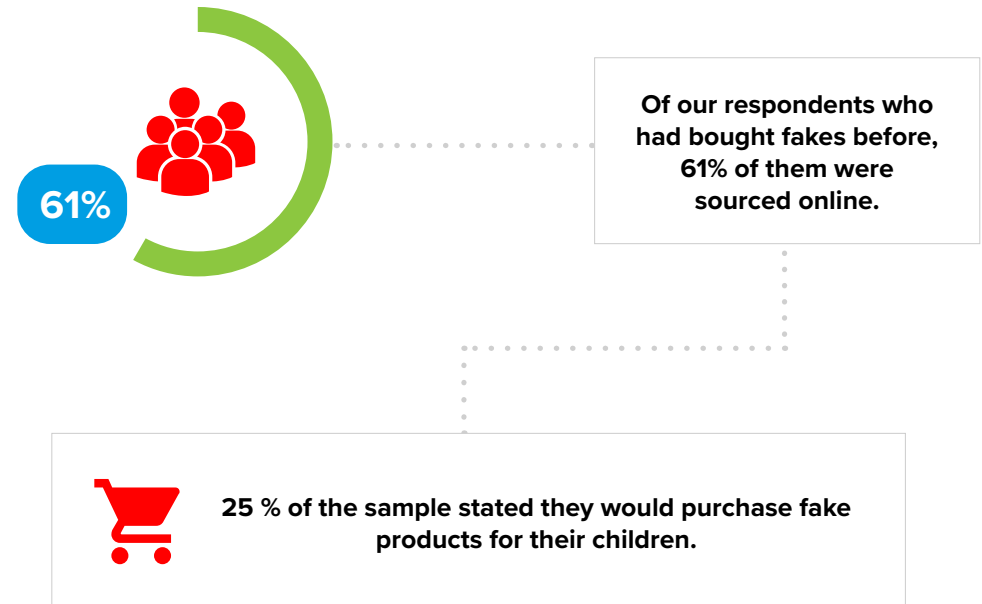
What are the main concerns?

When asked for what reasons might they not trust an online source, the respondents showed an interesting level of awareness about counterfeits online. The most common concern was to do with the authenticity of a product; 58% of respondents stated this factor made them feel uncomfortable when buying products online.

It would appear that while parents know that online counterfeits are an issue, they do not believe that this affects Amazon in significant enough volume to influence their confidence in the site.



Section 2. Fake products online



This section aims to establish what experience our sample has had with fakes and how do they react to fake products. In doing so, this will give us a better understanding of their opinions surrounding fake items. In addition, we will gain a better comprehension of our respondents' perceived ability to identify a fake product online.

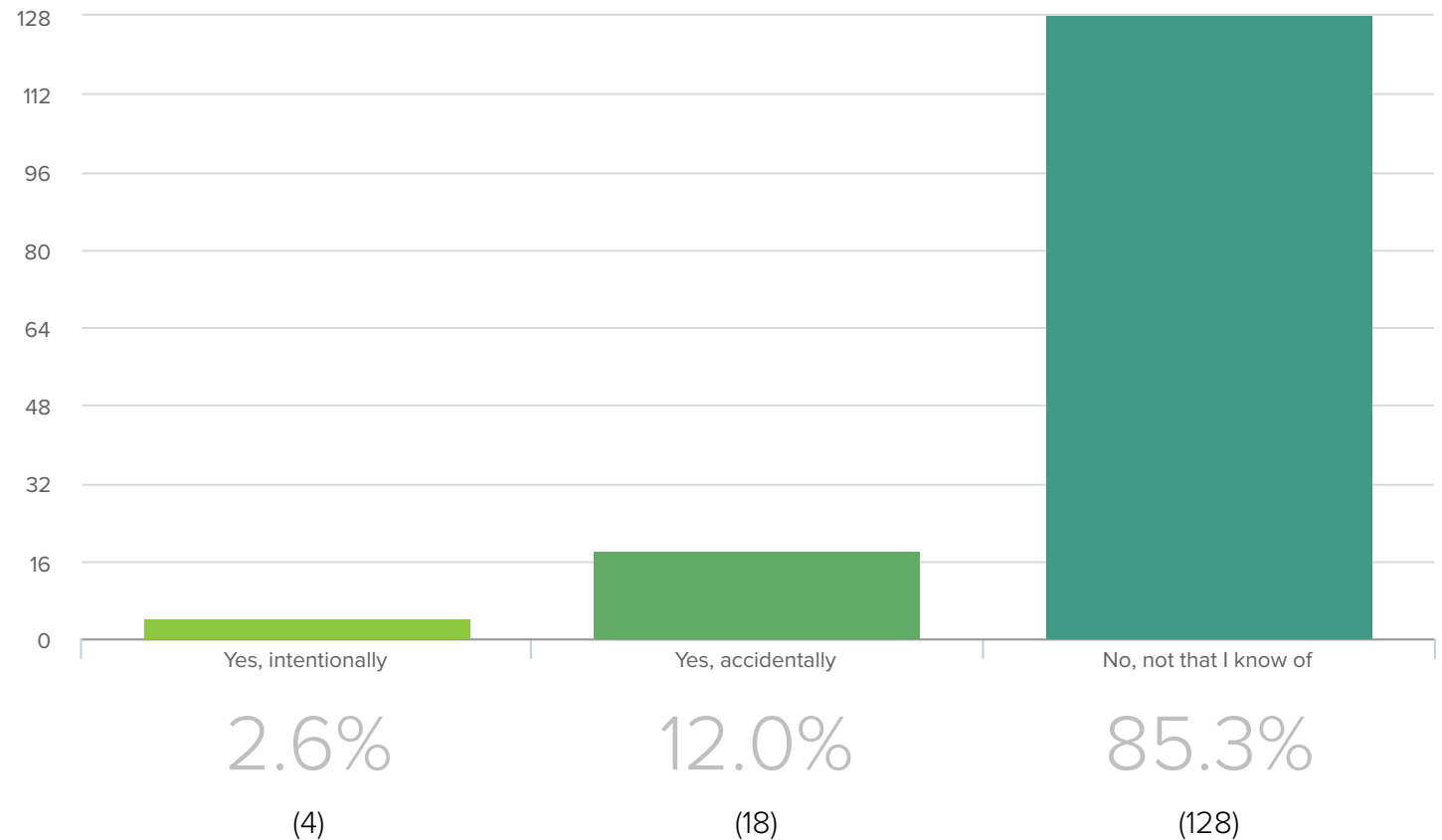
Fake products online

Contact with counterfeits

Almost none of the participants in our sample had ever knowingly bought a fake. This result suggests either a very low level of fake products in circulation or because people trusted their sources and therefore had no reason to suspect a product might not be genuine.

7

Have you, to your knowledge, ever bought a fake product for your child/ren?



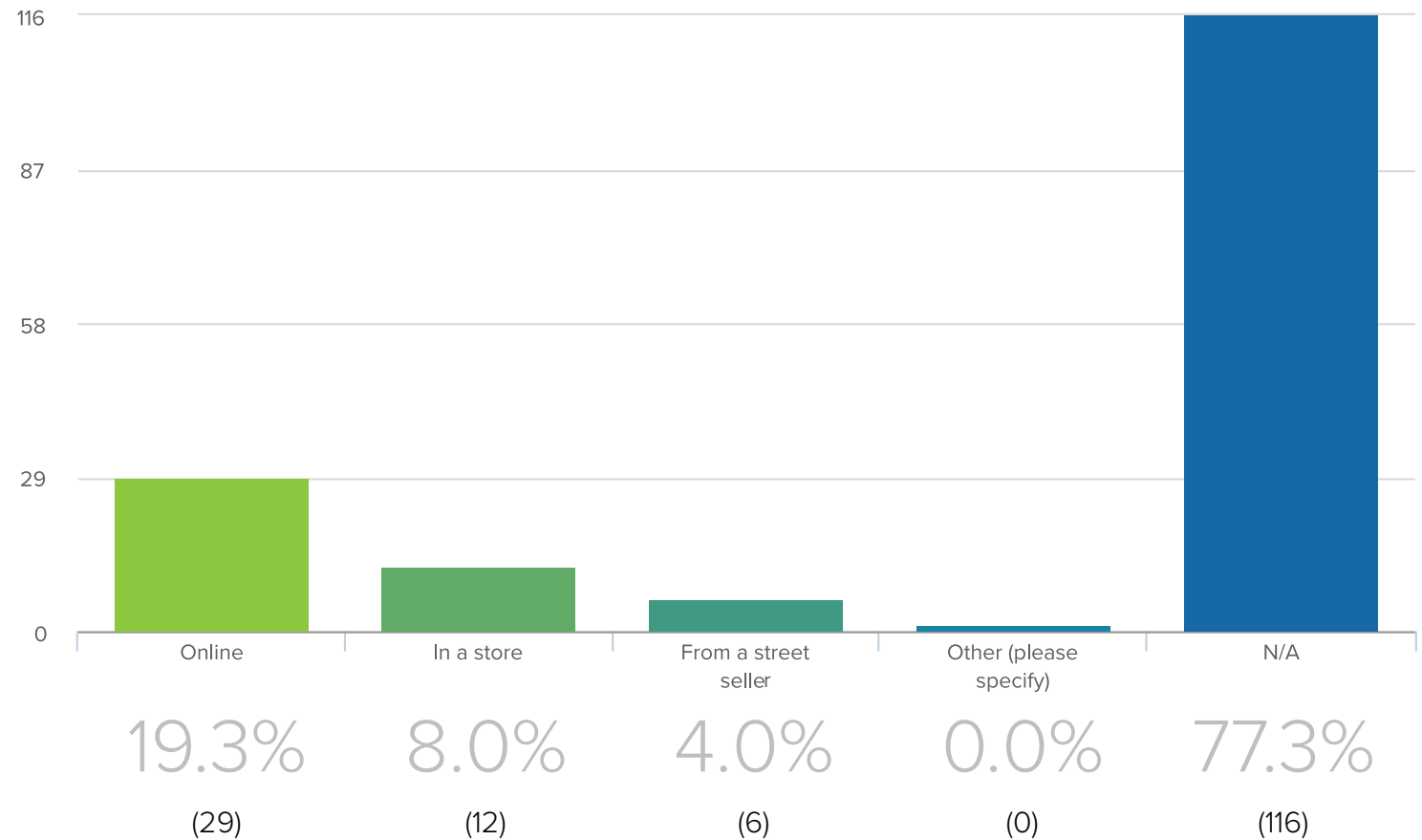
Fake products online

Contact with counterfeits

Question eight provides some interesting results. **Most of the respondents stated that they had never bought a fake product. However, from those that had, 61% were from online sources.** This doesn't take into account products that the buyer has failed to identify as fake.

8

If so, where did you buy that fake product for your child/ren?



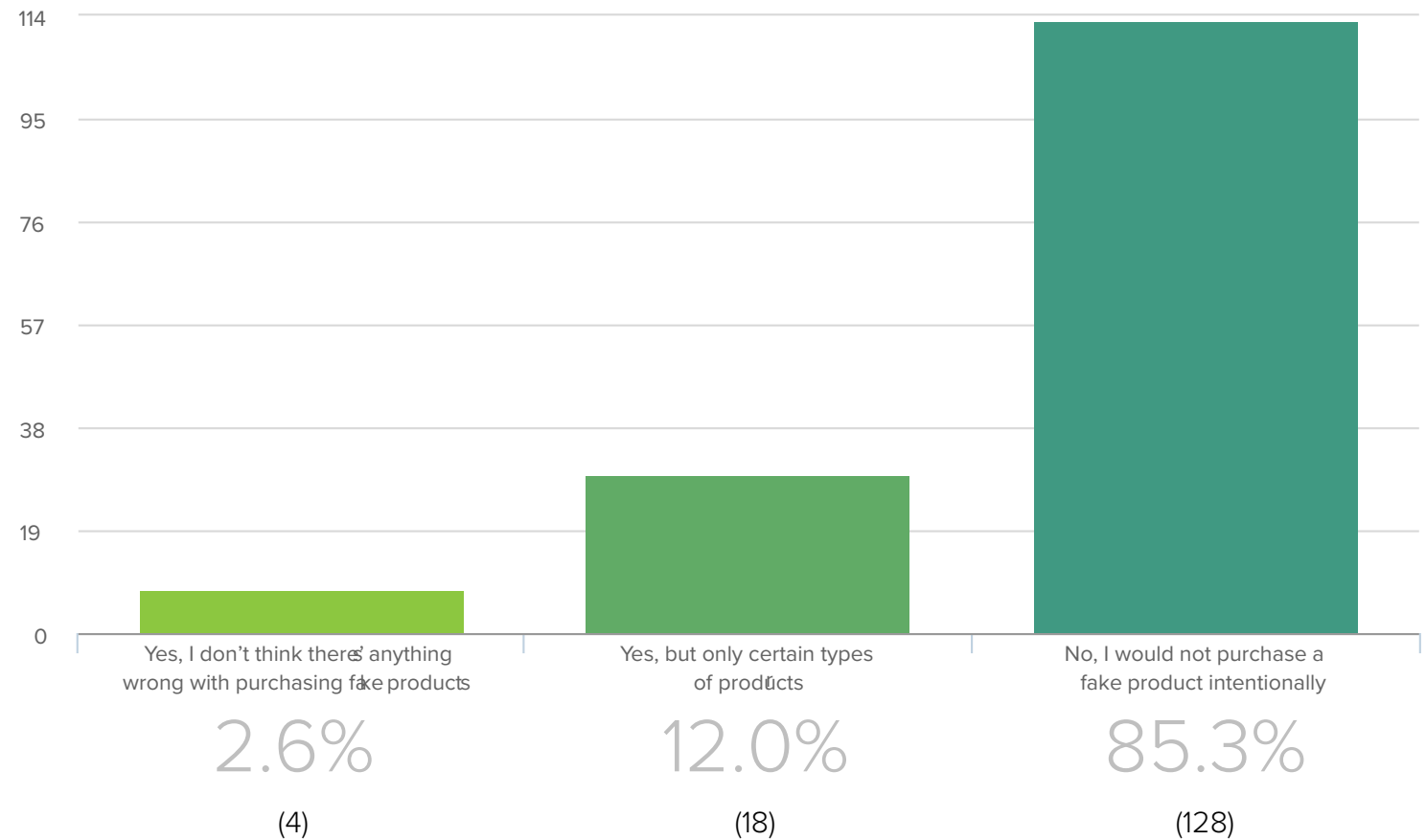
Fake products online

Attitudes towards counterfeits

Most respondents are adverse to buying fake products under any circumstances. However, **almost 25% stated they would buy fake products, generally or only for certain products.** This result may imply that there is a percentage of the market which is easily persuaded by the price incentives that counterfeits usually offer.

9

Would you purchase a fake product for your child/ren intentionally?



Fake products online

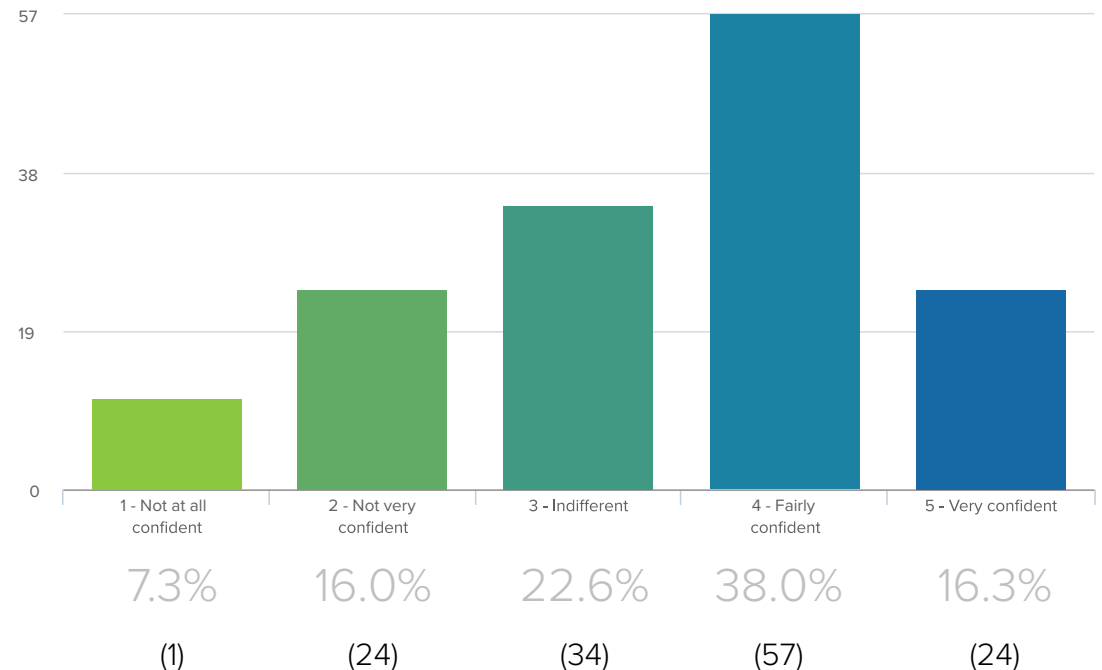
10

How would you rate your confidence in identifying a product as fake online?

Perceived ability to identify fakes vs actual ability

It is important to understand to what extent our sample believe they can identify counterfeits. It is fair to assume, if an individual believes they are easily able to identify a fake product, then they will be less concerned about buying one by accident.

The majority of our sample, 54%, state they were either fairly confident or very confident. When we compare this to the negative response options, **only 23% labelled themselves as not confident in some capacity.** We can see from these answers, that based on their current knowledge, most of our respondents believe that they are able to avoid fake products while shopping online.



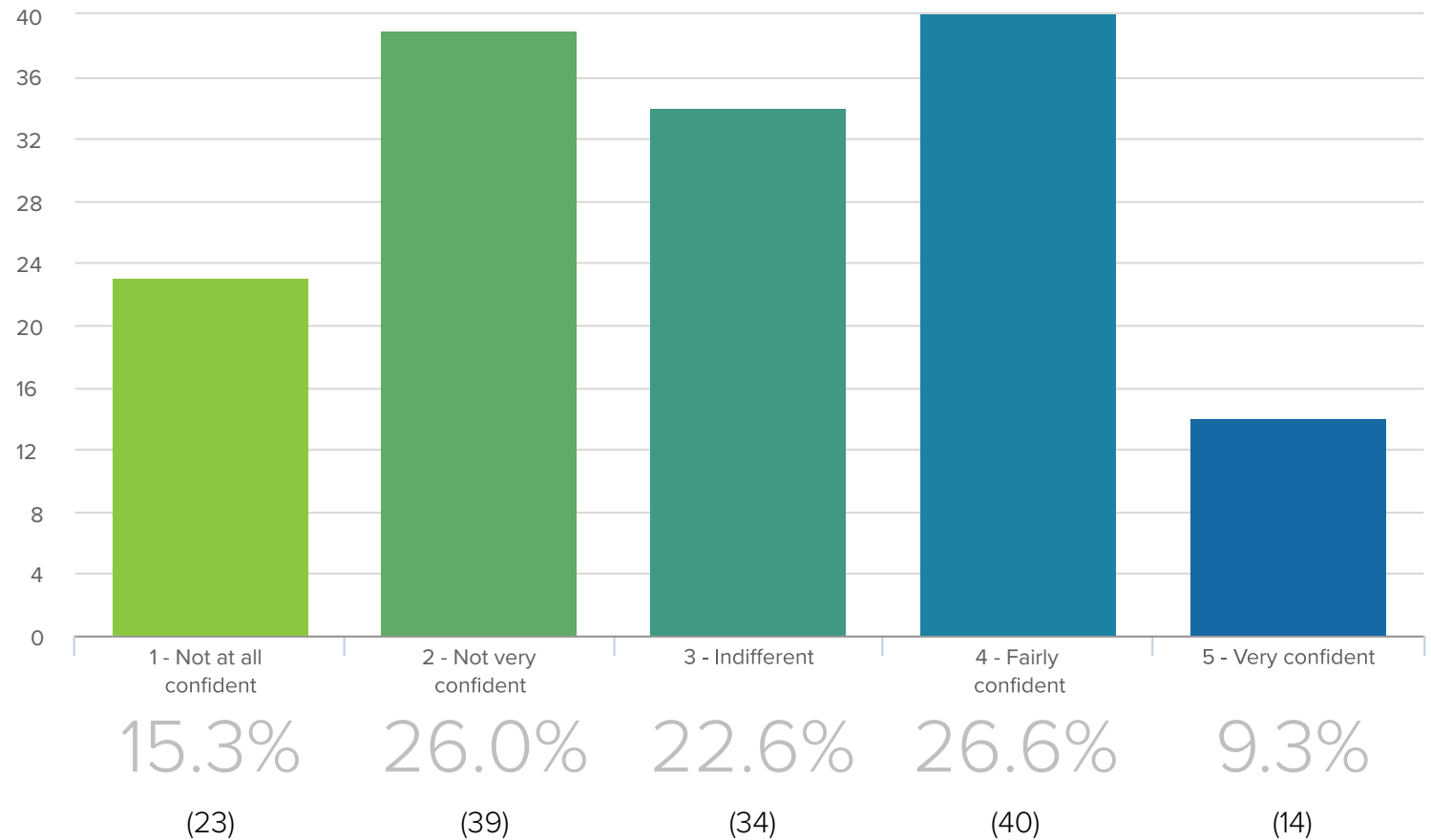
Fake products online

Perceived ability to identify fakes vs actual ability

Respondents were shown images of real and fake products side-by-side and then asked to re-rate their ability to identify a fake. There was an **18% shift towards “not confident” responses**. It would be fair to surmise that our respondents were not aware that many counterfeits are aesthetically very similar to the real product; therefore they could be buying fake products on but be unaware of it..

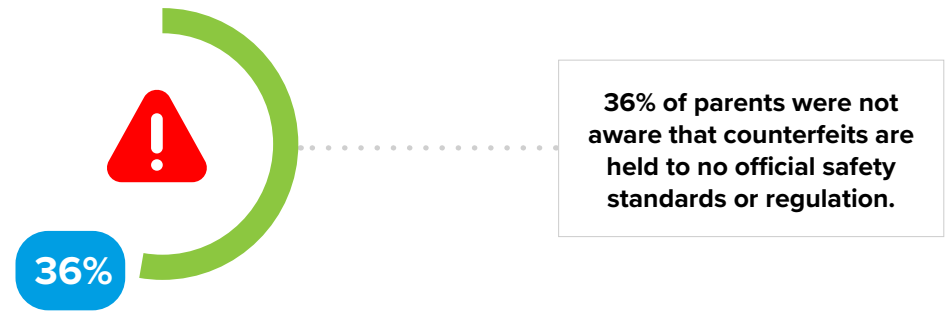
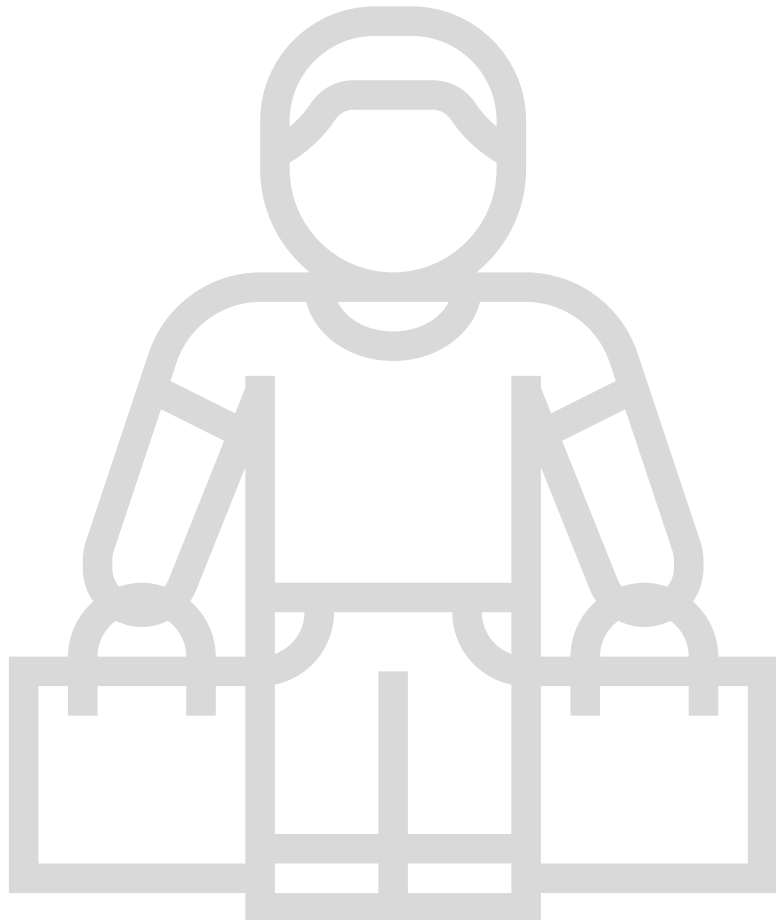
11

How would you now rate your confidence in identifying a product as fake?



Section 3.

Customer behaviours and brand perception



In this section, we will explore how counterfeits affect our sample's buying habits. As the previous questions have established, much of our sample became less confident about their ability to spot a counterfeit after being confronted with fake products. We will now explore how the presence of fake products would affect their opinions of brands and what tactics they would use in order to avoid buying counterfeits.

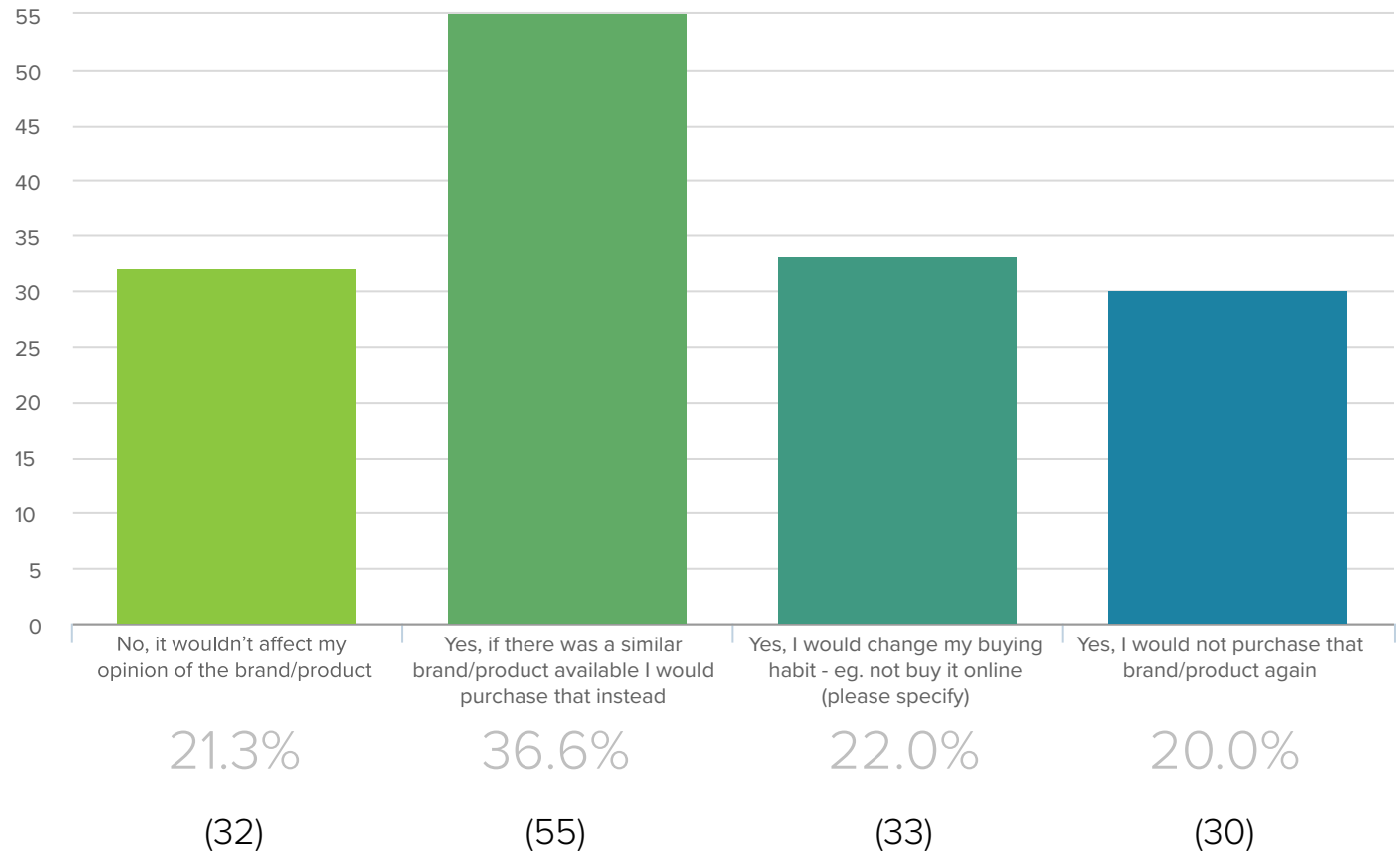
Effects of fakes on customer behaviours and brand perception

12

If you knew there were many fakes of a specific brand/product, would it affect your buying choice?

Effect on shopping habits

The results of this question show an **aversion towards brands with fakes in the marketplace; 79% of our respondents would change their buying habits in some way.** The most common response (36%) stated that customers would buy an alternative brand. This “brand switching” is concerning as it suggests counterfeits will not only devalue a brand but potential act as an aid to competitors.



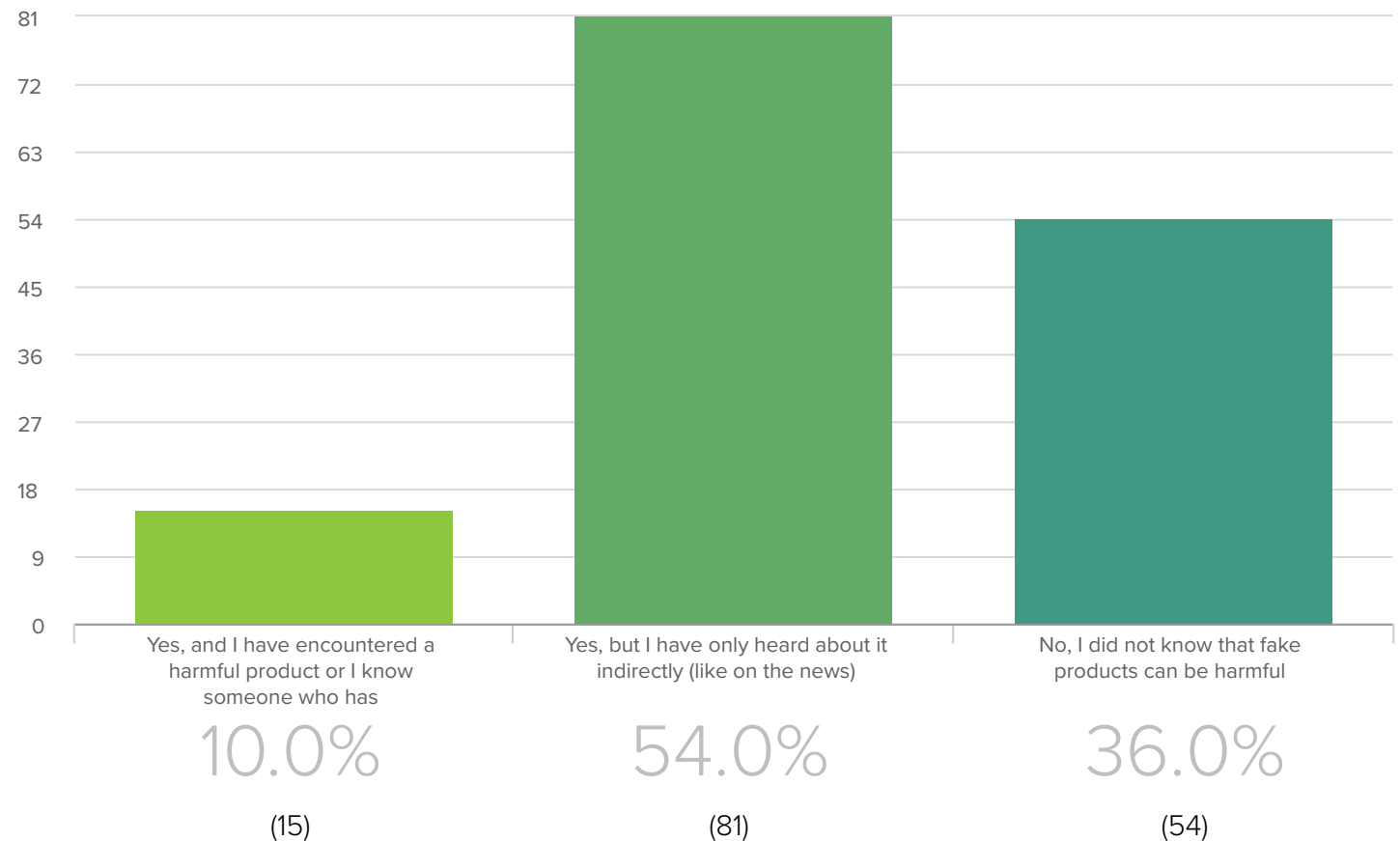
Effects of fakes on customer behaviours and brand perception

Counterfeits and safety

Most respondents stated they were aware, either through experience or via second-hand accounts, that fake products can be dangerous. However, a significant number of respondents (36%) reported they were not conscious of the dangers of false products.

13

Did you know that fake products are not regulated for health and safety standards and can be harmful?



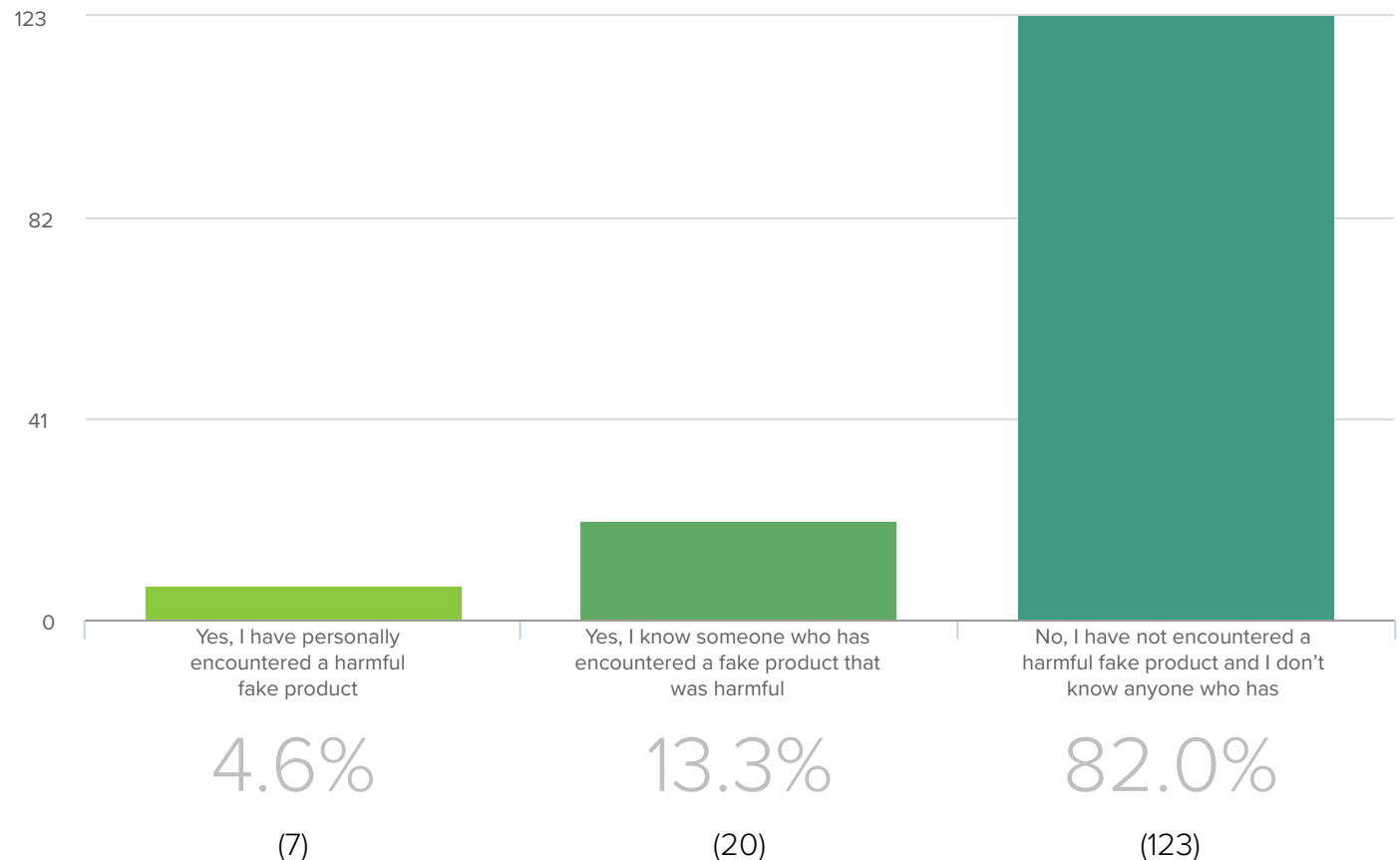
Effects of fakes on customer behaviours and brand perception

14

Have you or someone you know encountered a fake product, of any kind, that was harmful?

Contact with harmful counterfeits

Only 17% of our sample had either directly or indirectly experienced a harmful fake product. However, as we established in previous questions, many of our respondents recognised that their ability to identify a counterfeit was not as good as they initially believed; therefore, the actual number may be higher.



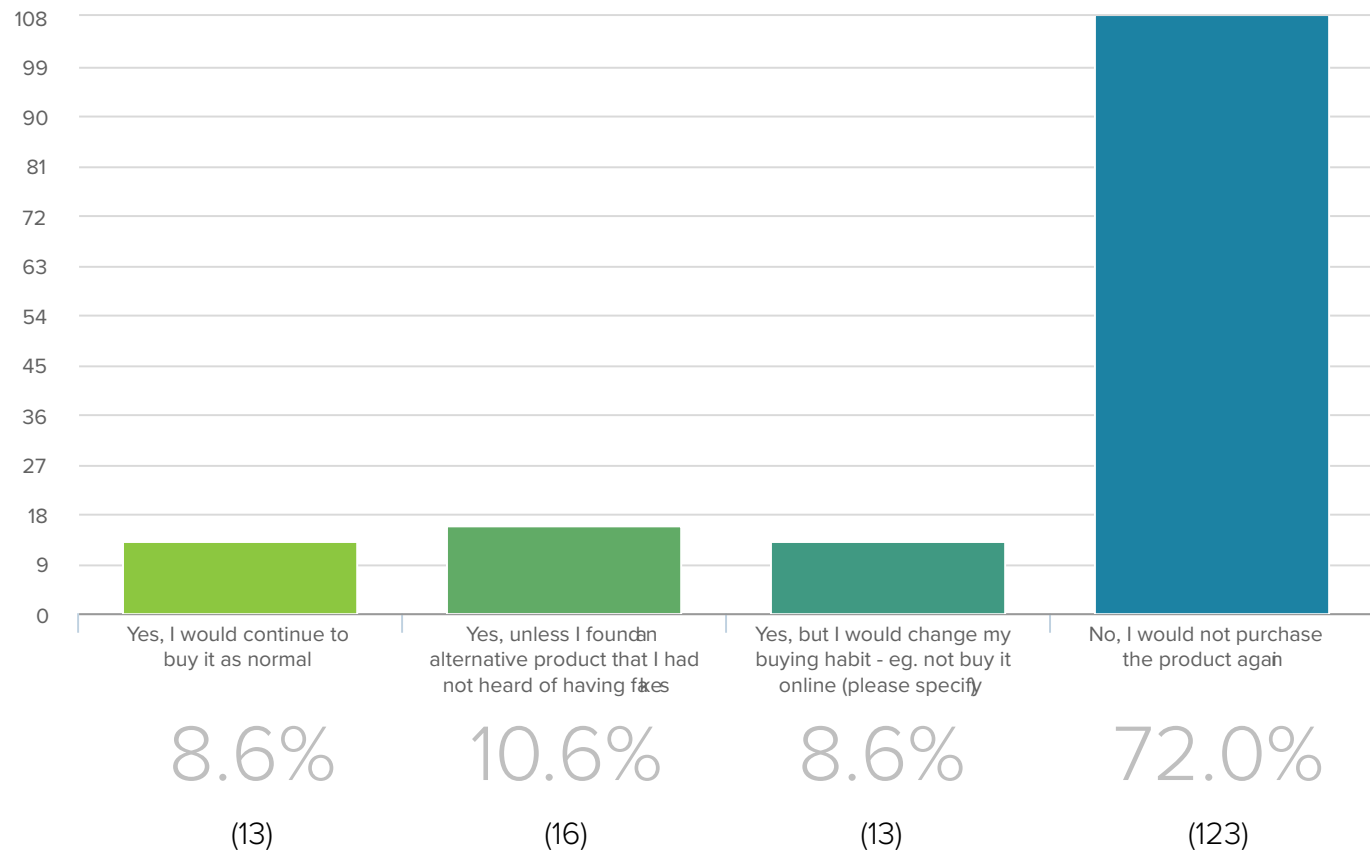
Effects of fakes on customer behaviours and brand perception

15

If you knew that there were harmful fakes of a children's product you already buy, would you continue to buy it?

Effect on purchase decision

If customers learn that there are potentially harmful fakes of a product in circulation, only 8% of respondents stated they would continue buying said product as normal. **What is more concerning is that 72% reported they would stop purchasing the product entirely.** These findings are concerning as brands do not control counterfeits, but their presence can devastate sales and reputation.



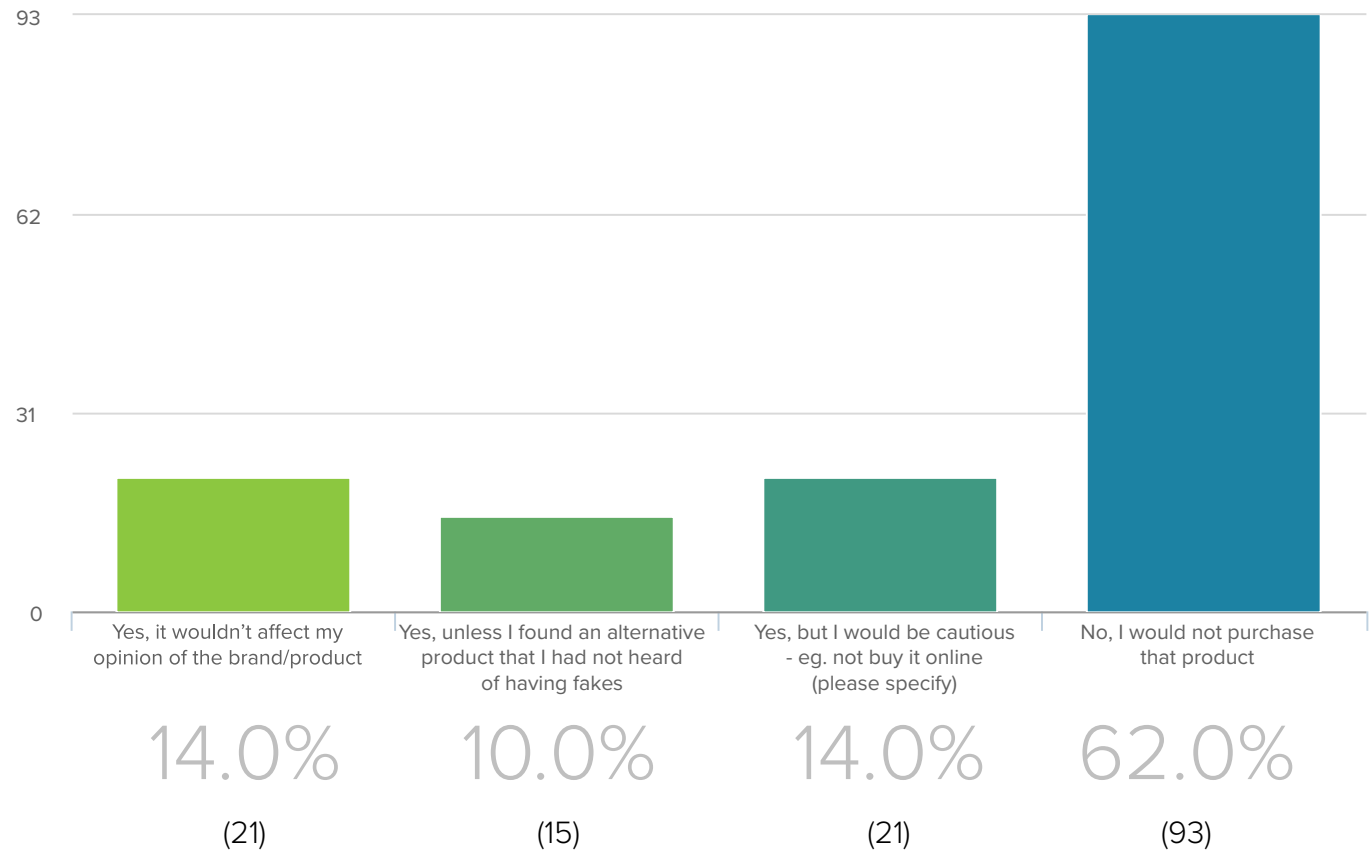
Effects of fakes on customer behaviours and brand perception

16

Would you buy a new product for your child/ren that you were aware there were harmful counterfeits of?

Effect on product choice

New products seem to differ slightly from those that consumers already purchase. The majority of our respondents indicated that they would not buy a new product if there were counterfeits in circulation. However, 14% would still purchase the product, just cautiously.

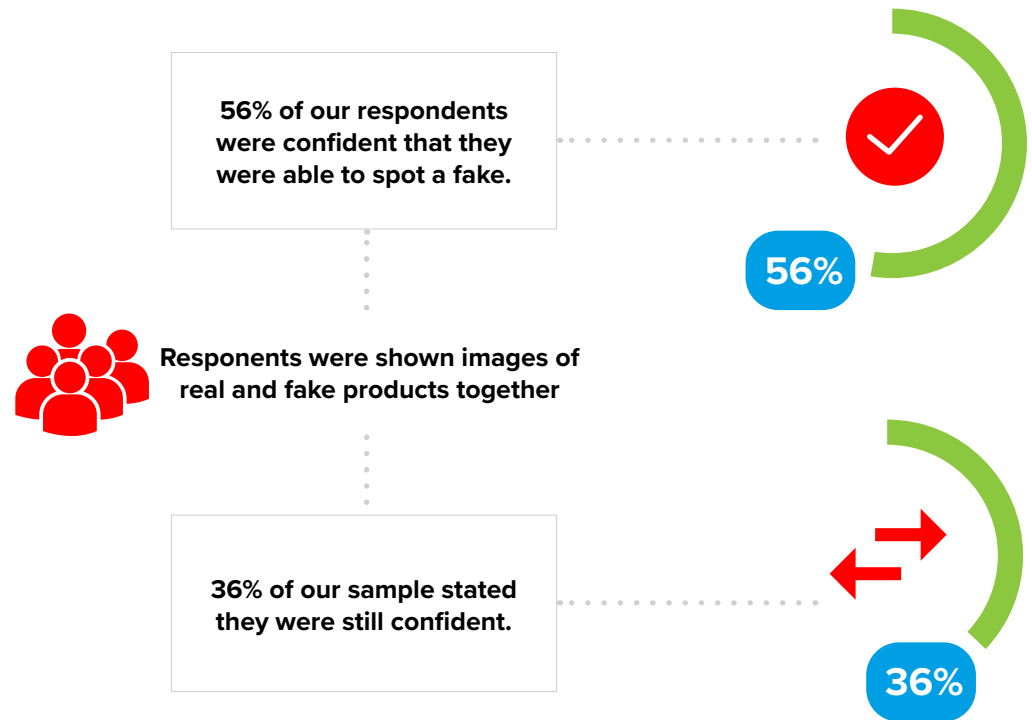


Section 4. Discussion



Section one of the study shows us some valuable information. We know that the majority of parents use Amazon to shop for their children and that they trust the site to deliver what they have purchased. **However, despite this confidence, the respondents show a clear awareness of fake products online;** one conclusion is that they believe that fake products do not affect Amazon.

Section two reveals that the majority of our respondents who have bought fake products by accident have sourced them online. Interestingly, this section proves that, from our sample, **people believe they are better at spotting fake items than they are in reality.** The question eleven showed a clear drop in confidence in our sample after they were shown fake and real products side by side. This could imply that the number of fake products bought online is much higher as the average customer may not be a good judge authenticity.



Section 4.

Discussion



Section three emphasises the consequences for businesses. The essential information, with regards to parents buying for children, is that **customers will stop purchasing a brand if they believe there is a significant number of counterfeits in the market.** Brands do not control counterfeits, yet these fake products have the potential to devastate sales and reputation. In addition to this, we can see that parents will switch brand loyalty and opt for a competitor if they believe there is less risk associated with an alternative brand. **For brands, all it takes is for one important product to be counterfeited on mass and they could potentially lose sales and market share to their competitors.** This brand switching is arguably more concerning; as when they switch to an alternative brand customers do not have an unresolved need. It is, therefore, harder for the original brand to win back their customer.

The study indicates that brands should seek to control and mitigate the prevalence of counterfeits as best they can. One bad experience could be enough to seriously undermine a product in the eyes of the consumer; parents will take no risks when it comes to buying for their children.



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