

Underwriters Laboratories Anti-Counterfeiting Symposium Research Paper Summaries

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BeSafeBuyReal.UL.org



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About the World Anti-Counterfeiting Virtual Research Symposium

Underwriters Laboratories' Be Safe Buy Real™ is an annual global campaign designed to raise awareness about the health and safety risks associated with counterfeit products. UL partnered with over 20 global partners in their mission to help consumers make informed buying decisions that will keep them and their families safe. Last year was the inaugural campaign and it had astounding engagement, reaching over 8.5 million people globally. This year, the campaign will again share digital assets such as social posts, interview articles, infographics and videos, providing valuable insights that can influence purchasing decisions during the week of the campaign (Nov. 16-20, 2020).

A new element of the campaign this year is the introduction of the UL Anti-Counterfeiting Virtual Research Symposium on Nov. 18, 2020. This symposium features researchers and leaders of anti-counterfeiting initiatives discussing the health and safety effects of counterfeiting. The symposium presenters are scholars whose research on anti-counterfeiting is prominent in the anti-counterfeiting field. An overview of their research studies is included in the subsequent pages. The symposium is free to join. For more information about the UL Anti-Counterfeiting Virtual Symposium, please visit our website and share it with your social networks.

Please email besafebuyreal@ul.org for more information.

[BeSafeBuyReal.UL.org](https://www.ul.com/BeSafeBuyReal)



Summary

Counterfeit goods fraud: an account of its financial management



Anqi Shen, Ph.D,
Northumbria Law School

Counterfeit goods fraud is reputedly one of the fastest growing businesses in the world. Considerable academic work has examined the flow of counterfeit goods, but little has examined the financial mechanisms for such work. Anqi Shen and colleagues undertook an exploratory [study](#) of the financial management of the counterfeit goods trade. They addressed how counterfeiters secure and sustain financial backing, settle payments and spend or invest profits. Shen and colleagues interviewed law enforcement and other government officials, academics and researchers, criminal entrepreneurs, legitimate entrepreneurs, and other knowledgeable individuals.

Counterfeiters may rely on one of several sources of funding. For small schemes, they can rely on their own funds from legitimate work and savings. They may

also use funds from legal businesses, such as transportation or logistics companies or legitimate companies trading in the same commodity that is counterfeited. Criminal entrepreneurs may branch off into counterfeiting after engaging in other activities. Counterfeiters may seek loans from those with whom they have had business.

For small schemes, cash transactions are most common. Larger schemes, particularly import or wholesale schemes, rely more on credit. Such credit may be available from a party with whom one has a preexisting relationship or through a broker who can verify a borrower's trustworthiness. Internet transactions may be settled by PayPal or credit card, though bank transactions are becoming more common.

Counterfeiters may use their profits to finance consumption or expand their business. One counterfeiter, for example, used his profits to buy a real version of the product he was counterfeiting. Many counterfeiters engage in counterfeiting to supplement low wages. Counterfeiters may also choose to invest in legitimate or counterfeit businesses. Small-scale counterfeiters may re-invest only small amounts of money so as not to draw attention to their business. Because many counterfeiters have small profits, money laundering is unnecessary for them.

Shen and colleagues found counterfeiting to be "a fragmented business, which does not necessarily require a great degree of sophistication and management of finance and resources." Counterfeiting is an attractive business because counterfeiters can get involved with only a small investment. That is, there is a low entry barrier to counterfeiting, and counterfeiters can expand as they wish after entry. Rather than counterfeiting infiltrating legal business, counterfeiters may use legal business to facilitate their counterfeiting. Shen and colleagues suggest better understanding of counterfeiting will require better understanding of the connection of money to markets, connections between microfinance mechanisms and wealth management, and of identifying patterns of financial management.



Summary

The copyright and trademarks enforcement data landscape - a comparative review



Dennis Collopy,
University of Hertfordshire

Dennis Collopy has four decades of experience on intellectual property issues. His recent work examines what current data can tell us about counterfeiting, particularly on social media. Much of this work stems from research commissioned by the United Kingdom Intellectual Property Office.

Collopy's [review](#) of the enforcement data landscape analyzes international research on counterfeiting and piracy from 2014 to 2020. It assesses a new physical goods tracker that may help build a unique long-term data set of consumer attitudes toward counterfeits.

Earlier research noted the need for frequent measurements over a long period of time. A multitiered approach, including an omnibus survey, could depict counterfeiting more accurately. More frequent research could also provide more timely information for action.

One of the key advances in measuring the demand for counterfeit goods has been development of the Audience Net tracker survey. This survey can both track trends

over time and help change consumer behavior. It divides consumers into segments allowing for better targeting of anti-counterfeiting messages.

Among Collopy's key findings:

- Most respondents have never purchased counterfeit goods. Among reasons cited for not doing so are moral concerns and perceived lower quality.
- Younger consumers are more likely than older ones to buy counterfeit.
- Among those who have bought a counterfeit good, most say they do so at least occasionally. The main reason cited for purchasing counterfeit goods is lower price. Across most product categories, consumers indicated they were willing to pay half the price of an authentic product for the counterfeit version.
- Counterfeit purchases are most common in clothing, footwear and accessories, as well as for sporting goods.
- Global e-commerce sites are a key source for counterfeit goods.

Audience Net also offered insights into the most effective anti-counterfeiting messages. The most effective are messages on global impact (human), such as messages on the links between terrorism and counterfeiting. The second most effective are messages on personal impact. Messages on global impact (economic) were least effective, though messages on the impact of counterfeiting on the economy and jobs had some impact. Audience Net and other frequent tracking efforts can provide new and more timely insights, but several measurement challenges persist. Many measures rely on international trade statistics but, should

international trade barriers increase, counterfeiting may focus more on domestic production.

Collopy's research also notes that the spread of coronavirus disease 2019 (COVID-19) has posed its own counterfeiting problems. Consumers preoccupied with their health and well-being may be prey to and at risk of counterfeiters. New purchasing patterns resulting from COVID-19 can lead to shifts in supply chains and vulnerabilities to counterfeiting. E-platforms have thwarted some counterfeit offerings, though decreasing sales on such platforms may show consumers are searching for cheaper counterfeit options elsewhere.

Collopy's [earlier research](#) explored how social media may facilitate infringement of intellectual property rights. Most online purchases of counterfeit goods are complicit. Nearly half such purchases involved social media communications, particularly in closed groups. Social media can amplify counterfeiters' messages by increasing connectivity among customers. Though data on social media and counterfeiting is improving, industry data can provide deeper and more timely analyses.



Summary

Tactics of a total business solution to brand protection



**Jeremy Wilson, Ph.D.,
Michigan State University**

Counterfeiting is a multifaceted problem requiring a multifaceted approach. Typical anti-counterfeiting efforts, however, are scattered or reactive. To better address the problem, Jeremy Wilson and colleagues recommend a total-business solution, involving all functions of a firm.

This [research](#), based on a survey of anti-counterfeiting practitioners and other experts, found hundreds of unique tactics firms could use in the fight against counterfeiting. Legal function tactics were among the most common. These can include seeking injunctions against counterfeiters or organizing evidence for law enforcement investigators. Legal function actions can signal willingness to fight infringement and thereby deter infringers. More generally, prevention, proactivity and strategy should be emphasized in anti-counterfeiting efforts. Enforcement metrics, such as those on customs locations and personnel, can also inform efforts such as training of law enforcement.

Wilson and colleagues also [classified](#) tactics to apply across functions. The categorization illustrates the variety of approaches that may be taken in anti-counterfeiting efforts. Enforcement tactics can involve legal authorities, litigation, and still other means. Internet monitoring and website seizure is becoming increasingly important as counterfeiting shifts to virtual markets. Investigations can focus on incidents and follow-ups as well as gathering intelligence. Education and awareness tactics can help law enforcement identify counterfeit goods. They can also inform consumers on the connection between counterfeiting and criminal activity.

Firms may initiate enforcement activities and increase consumer awareness by first launching anti-counterfeiting initiatives. In forthcoming research, Wilson and colleagues note that practitioners mention great depth and narrow breadth of enforcement tactics in brand protection and legal functions. They also note great depth and narrow breadth of education and awareness tactics for the brand protection functions and public policy tactics in the government affairs function. Among the first anti-counterfeiting measures are identifying the criminal consequences, educating consumers about them and enforcing against them.

In prior [research](#), Wilson and colleagues have also noted how to extend guardianship of products to thwart counterfeiting. Such "design against crime" techniques may include

radio frequency identification technology, use of holographic labels, and serialization of products. These and similar tactics can help increase "line of sight" for products and identify counterfeit infiltration. Retailers and customers can also help identify counterfeits. For pharmaceutical products, for example, retailers can ensure products match their specified appearance. Patients and doctors can report adverse reactions. Consumers can also educate themselves on a product's quality and performance.



Summary

Gen Z insights: Brands and counterfeit products



Renee Garrahan,
International Trademark Association

The International Trademark Association (INTA)'s [study](#) of Generation Z consumers provides several keen insights on consumers who will shape future market attitudes. The survey asked nearly 5,000 consumers 18 to 23 years old in 10 nations about their attitudes toward counterfeit products and the different considerations influencing their purchase of these products.

Among the major findings of the study, the top two factors influencing opinions about fake products are morals and income. While 48% of respondents said they "don't think it's okay" or "it's totally not okay" to purchase fakes, income beat out morals by 10% globally. Almost all respondents said they have a lot of respect for people's ideas and creations (93%). However, 79% of respondents had bought fake products in the past year.

Functional benefits like price and accessibility come to the forefront as reasons Gen Zers buy fake products with 50% saying that fake products are easier/more convenient to find than genuine products and 57% saying they can only afford the fake version of some brands. Gen Z's top barriers to purchasing fake products are related to quality and safety concerns with 81% saying that fake products are unsafe and 77% believing that the quality of fake products is usually not good enough.

The survey asked young consumers whether they were aware of or had purchased counterfeit products sold in eight different categories. The categories were apparel, shoes and accessories; sporting goods, beauty and cosmetics; consumer electronics; food and beverage; toys; and personal care products.

Large majorities were aware of counterfeit products in all these categories. More than one in three respondents said they had at least occasionally bought counterfeit apparel (37%) or counterfeit shoes and accessories (34%). At the other end, only one in six said they were at least occasional purchasers of counterfeit toys (17%) or personal care products (16%).

The report found that most young consumers expected to buy fewer counterfeit products in the future (52%). It also found several drivers

which would change their attitudes toward counterfeit products. These included if the product is dangerous or bad for their health, if money spent on fake products goes toward organized crime, and if fake products are bad for the environment.

The report also found some differences by nation. Young consumers in Indonesia and Russia were most likely to say fakes are easier to find than genuine products. Those in Argentina and Japan were more likely to say they can only afford the fake version of some brands. Brand name is more important to young consumers in India, China and Indonesia, and less important to those in Russia, Italy, Japan and the United States. The findings for each country are available in individual reports at www.INTA.org.

Learn more at BeSafeBuyReal.UL.org.

