



Red Points

MARKET RESEARCH

Counterfeit Outdoor Apparel

**Trust, habits and
counterfeit-prone customer**

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Key findings

41%

**WOULD BUY
SOCIAL MEDIA
DISCOUNTS**

41% of respondents would buy a discounted item from a social media post.

20%

**BOUGHT
FAKES
KNOWINGLY**

20% of respondents have knowingly bought a fake outdoor apparel item.

15%

**FIND LACK OF
EXCLUSIVITY
LESS ATTRACTIVE**

15% of consumers would think a brand is less attractive due to a lack of exclusivity, if they found counterfeits of that brand.

46%

**FEEL BRAND
OWNER IS
RESPONSIBLE**

46% of participants believe that brands should be responsible for removing counterfeits from the marketplace.

19%

**WERE
SATISFIED
WITH FAKES**

19% of participants were satisfied with their counterfeit purchase and kept the item.

26%

**STOP BUYING
IF AWARE OF
FAKES**

26% of outdoor apparel consumers would stop buying a brand if they became aware of fakes in the market.

65%

**THINK THAT
FAKES ARE A
PROBLEM**

65% of respondents think that counterfeiting in the outdoor apparel industry is a problem.

16%

**RECOMMEND
FAKES AS AN
ALTERNATIVE**

16% of respondents who had previously bought a fake item recommended it as an inexpensive alternative.

Introduction

Outdoor apparel is usually placed within “The Sports and Outdoor Industry”, which has performed well, generating revenue in the region of **\$24,798m in 2017**, furthermore it is expected to grow at a rate of 10.7% in the following years. The industry as a whole boasts an average revenue per customer of \$238 per year.

The Outdoor Apparel sector has performed well but not quite as strongly as the industry as a whole. In Europe by alone, the sector has grown by **3% in 2016** and retail sales both online and offline remain strong.

The market remains steady, however brands within the sector have increasingly become the targets of counterfeits. A number of high-profile legal cases have taken place in recent years focusing on both technical and more fashion-based outdoor apparel brands.

China has become a major market for western outdoor apparel brands, with the Chinese market estimated to be worth 7 billion dollars and growing at a rate of around 12% per year. The growing presence in China has naturally led to lots of copycat producers and inevitably to counterfeits. Brands such as The North Face and Columbia hold a 16.6% and 14% of the market share, respectively. Possibly, as a result of their large market share, these brands have become particularly prone to counterfeiting.

Given the global nature of ecommerce, it was inevitable that counterfeits would find their way to western customers. The presence of counterfeits online appears to be growing. This study aims to look at the behaviours and opinions of US outdoor apparel customers, to discover more about how susceptible they are to counterfeits; either through incentives, risky behaviour or a lack of awareness.

SECTION 1. Consumer buying behaviour

This section aims to briefly outline the existing buying behaviour of our sample, such as what factors they believe to be important in an outdoor apparel brand. This section will help us understand what draws them to a specific brand, their buying motivations, how they search for items online and which of these sources they trust.

SECTION 2. Incentive and risk evaluation

In section 2, we will learn how our participants react to a risky purchasing situation. We will explore their trust towards social media as a method of buying items. Also, we would like to learn how price incentivises our participants and whether our sample is able to judge the authenticity of a product adequately.

SECTION 3. Consumers and counterfeit

This section addresses the issue of counterfeits directly, we aim to establish how good our respondents believe they are at spotting fake outdoor apparel items. We will find out what level of contact our sample has had with counterfeits and their reactions. We also wish to understand the experience of those who have purchased counterfeits.

SECTION 4. Reactions & Trusted Solutions

In the final part of the study, we ask our sample about the repercussions of counterfeits for brands and the best solutions. This info will help businesses understand what countermeasures are valid and reassuring in the eyes of their customers as a means of brand protection.

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 have taken part in any previous Red Points' surveys, so not to corrupt potential results.

Question style

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

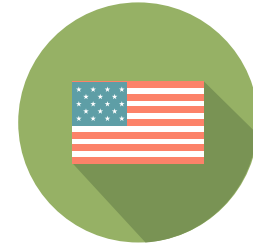
Qualifying question

Do you regularly buy outdoor apparel products?

All of our sample are regular outdoor apparel customers. Individuals were provided with 3 example brands and were only allowed to participate in the survey if they answered yes when asked if they regularly purchase outdoor apparel.



SURVEY SIZE
250 PEOPLE



COUNTRY
U.S.A.



LANGUAGE
ENGLISH



GENDER
MALE (51%) AND FEMALE (49%)



AGE RANGE
18-65+ YEARS OLD



EDUCATION
ANY

What brands do our participants buy?

We asked our participants to list all the outdoor apparel brands they buy or have bought in the past. The percentage shown reflects the number of participants that mentions the brand. This is important as when we ask our participants questions about “outdoor apparel brands” we have an insight into what specific brands they are considering when they answer.

25% +	20 - 25 %	15 - 20 %	10 - 15 %	5 - 10 %	0 - 5 %	
The North Face	Canadian Goose	Helly Hansen	Berghaus	Eagle Creek	Dicks	Redhead
Nike	Mammut	Reef	Lowe Alpine	Alpine Swiss	Kuhl	La Sportiva
Columbia	Champion	Coleman	Eddie Bauer	Burton	Huckberry	Black Diamond
Patagonia	Carhartt	Timberland	Cabelas	Skechers	Chaco	Poler Stuff
Under Armour	Merrell	Arc'teryxx	Lands' End	Mossy Oak	Eastern Mountain Sports	Badlands
Adidas	Salomon	Sorel	Osprey	Spyder	Fjällräven	Northwoods
New Balance	Asics	Mountain Equipment	Rocky Mountains	Real Tree	Prana	32 Degrees
Reebok	Jack Wolfskin	MSR Gear	Condor Outdoor	Jansport	Hilleberg	Real Wing
	REI	Haglofs	Schwinn	Jorden	Penfield	Mongoose
	Marmot	L.L. Bean		Athleta	Wilson	Keen Outdoors
		Mountain Hardwear		Hammer	Outdoor Research	Schutt
				Yeti	Rawlings	Filson
				Saucony	Smartwool	Swany
				Fox Racing	Lole	Vango
					East Bay	
					Field and Stream	
					Bucked Up	
					Berne	
					Dunhams	
					Kirckland	

SECTION 1

Consumer buying behaviour

*What attracts customers to brands
and how they buy them?*

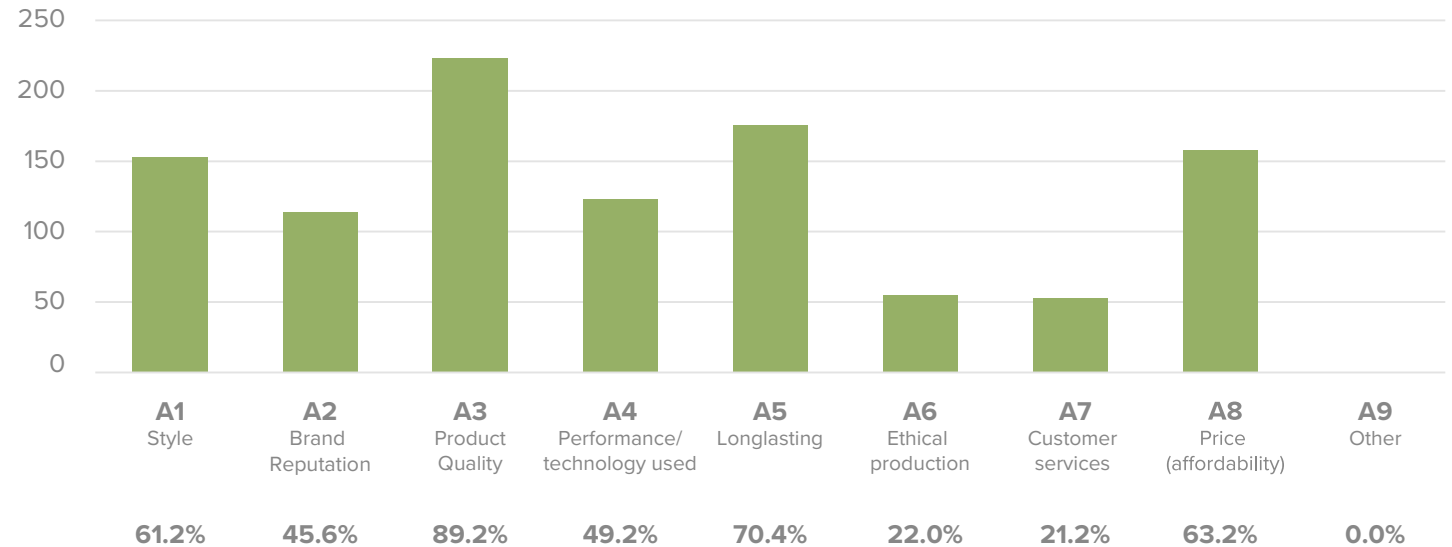


Question 1

Brand Values

Please indicate which of the following factors you believe to be most important when selecting an outdoor apparel brand

This initial question aimed to discover what motivates customers when choosing between different brands. A product's quality, its durability and price were the main incentives, shortly followed by style. Given the nature of the products, most brands attempt to communicate quality and performance in their marketing, however, it is interesting that price was such an essential factor for performance-based items.

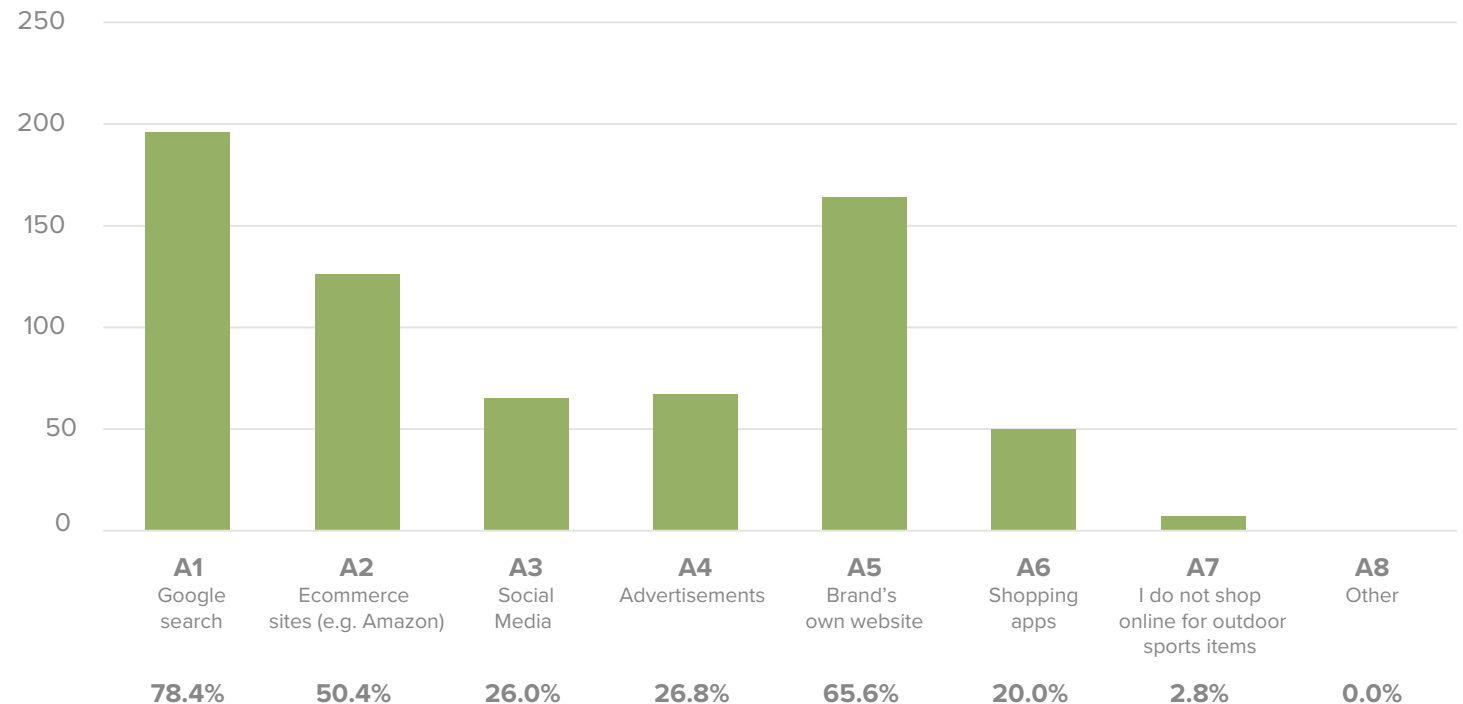


Question 2

Brand Values

When looking online for outdoor apparel items, what search methods do you use?

To better understand our participants, it was important to establish how they search for outdoor apparel products. Interestingly, most used Google searches followed by the brands' websites. The brand's website is usually extremely secure, but Google searches are slightly riskier. Also, we should note that 26% would use social media as a search method, which tends to put the customer at risk of finding a non-genuine product..

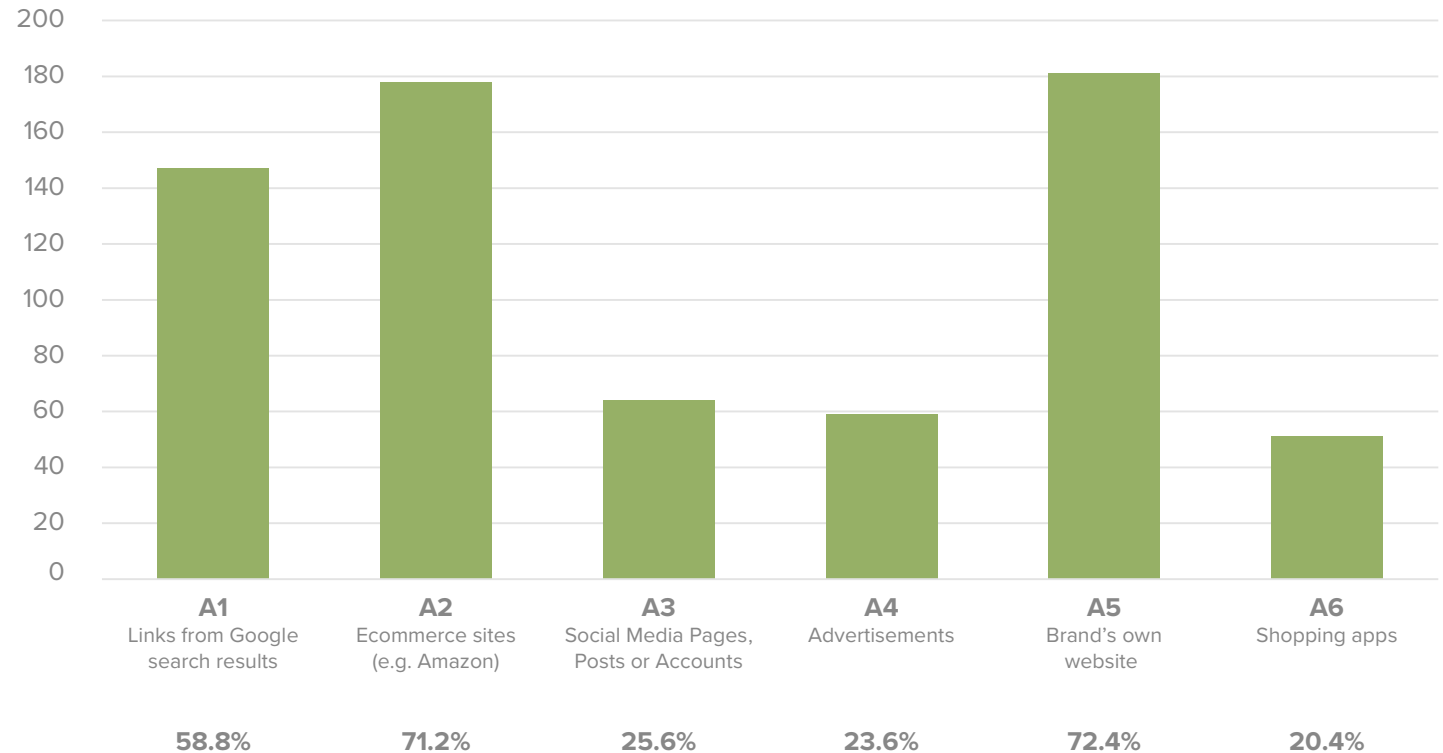


Question 3

Brand Values

Which of the following sources would you trust to purchase outdoor apparel items from?

Participants put trust in brands' websites and ecommerce sites. Links from Google also score high, with 58% of our participants stating they trust them. Google links are not always a secure source, so it is surprising that they should score so high in with our sample. Another risky search method, social media, scores relatively high; 25% of participants, said they would trust this as a source. However, there is clear age preference for social media; **46% of 18 to 24-year-olds said they trusted this option, compared to only 16% 45 to 54-year-olds.**



SECTION 2

Incentive and risk evaluation

*Willingness to take and ability
to evaluate risks*



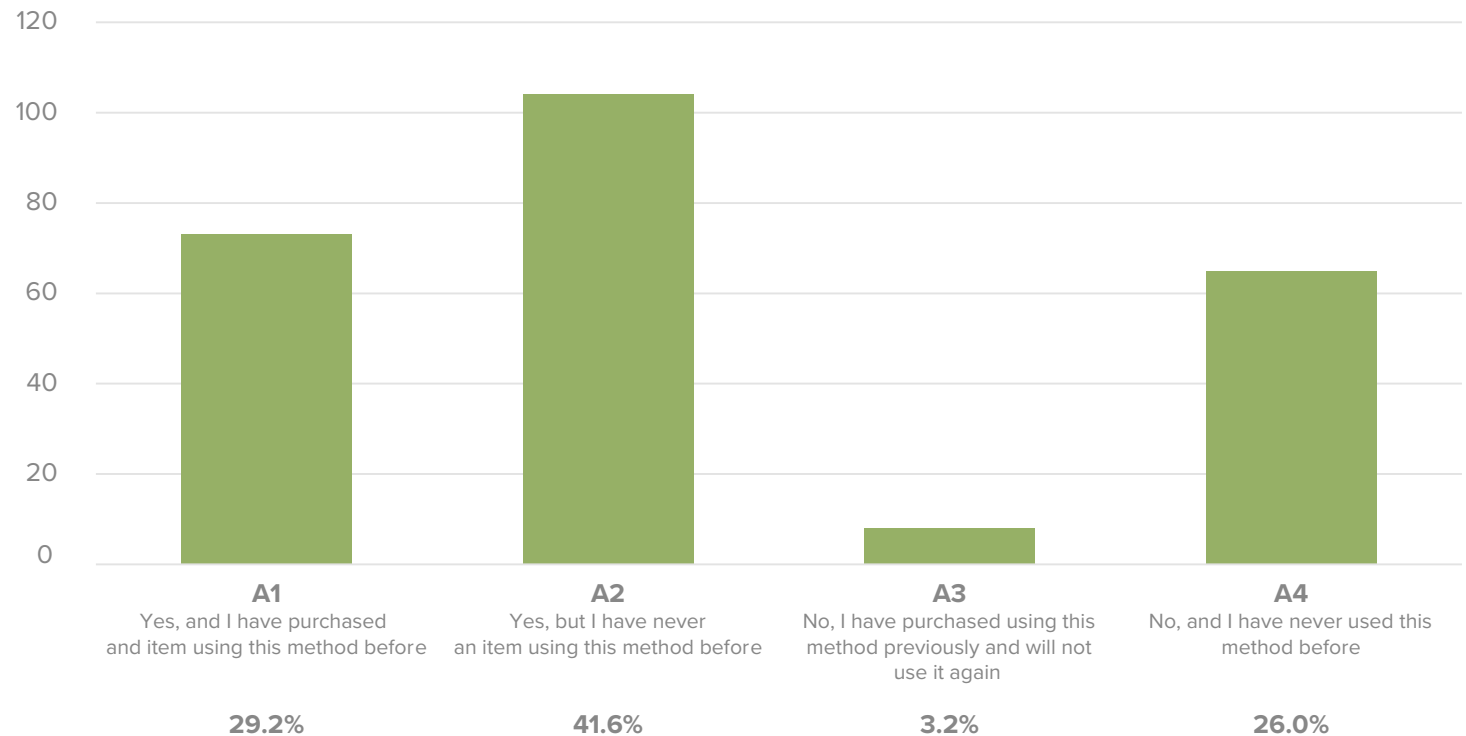
Question 4

Risky Behaviour

Would you consider buying a discounted outdoor apparel item on social media (Instagram, Facebook page or Twitter post)?

Over 70% of respondents would consider purchasing a discounted item via social media. This would imply our sample is particularly price sensitive as only 25% of the sample said they trusted social media.

For answer A1, **younger participants were more likely to have actually used social to buy an item; 26% of 18 to 24-year-olds compared to only 14% of 45 to 54-year-olds** selected this option. However, this age bias disappeared for option **A2, where all age groups were almost equally represented**, indicating that all ages could be tempted into risky buying behaviour if there were financial incentives.



Question 5

Risky Behaviour

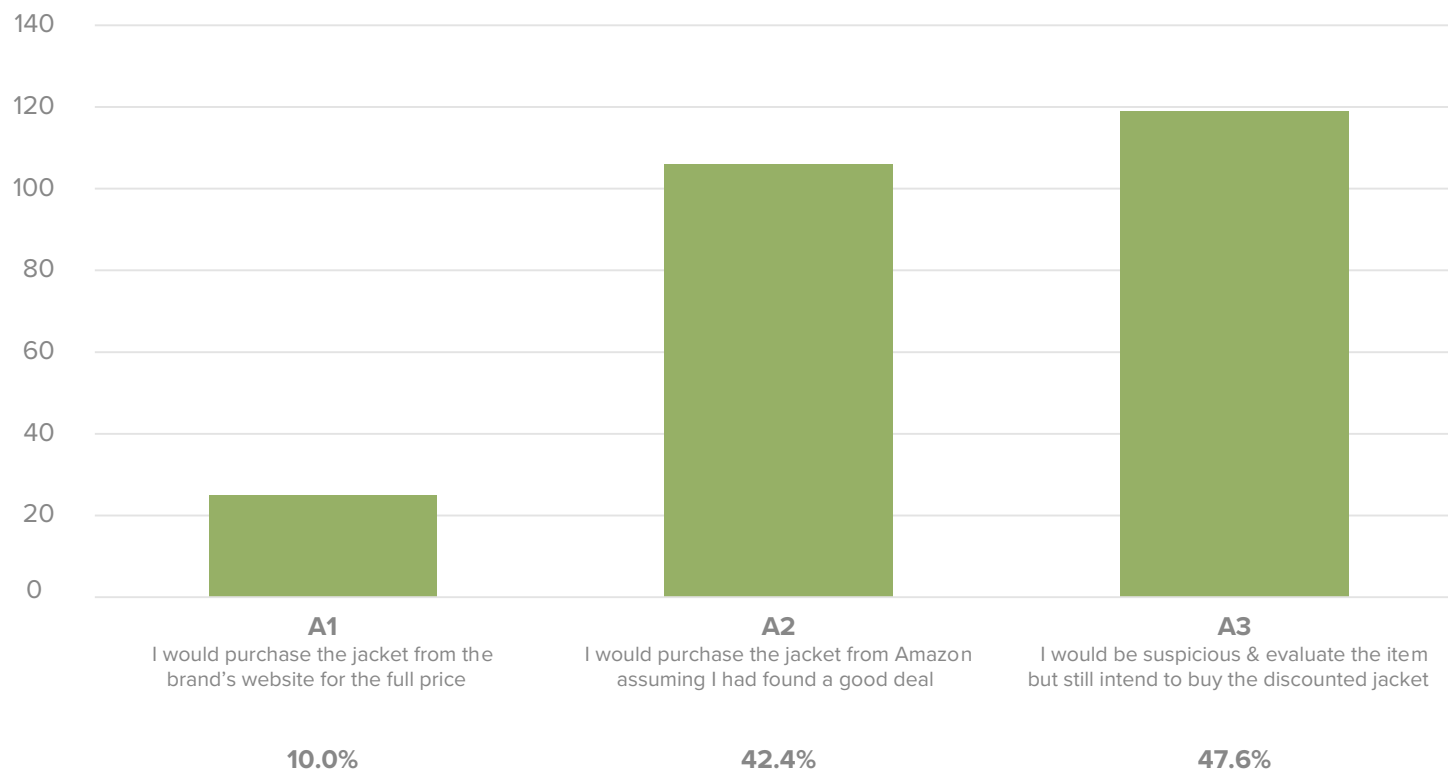
Please consider the following scenario and select the answer that best describes your probable response:

You are browsing an outdoor apparel brand's website and find a jacket that you like.

Later, you find the same jacket (new) on Amazon. It looks identical to the one on the brand's website but it is being sold for 30% of the price by a 3rd party seller (not fulfilled by Amazon).

A brand protection professional would describe the above **selling conditions as suspicious and likely to be a counterfeit.**

It is concerning that **42% of our respondents do not consider these circumstances risky and directly purchase the item.** Almost 50% of the sample recognise that this offer is suspicious but still intend to buy the item, implying that our sample will partake in risky behaviour for financial incentives. Only 10% would avoid this offer in favour of the full-price product.



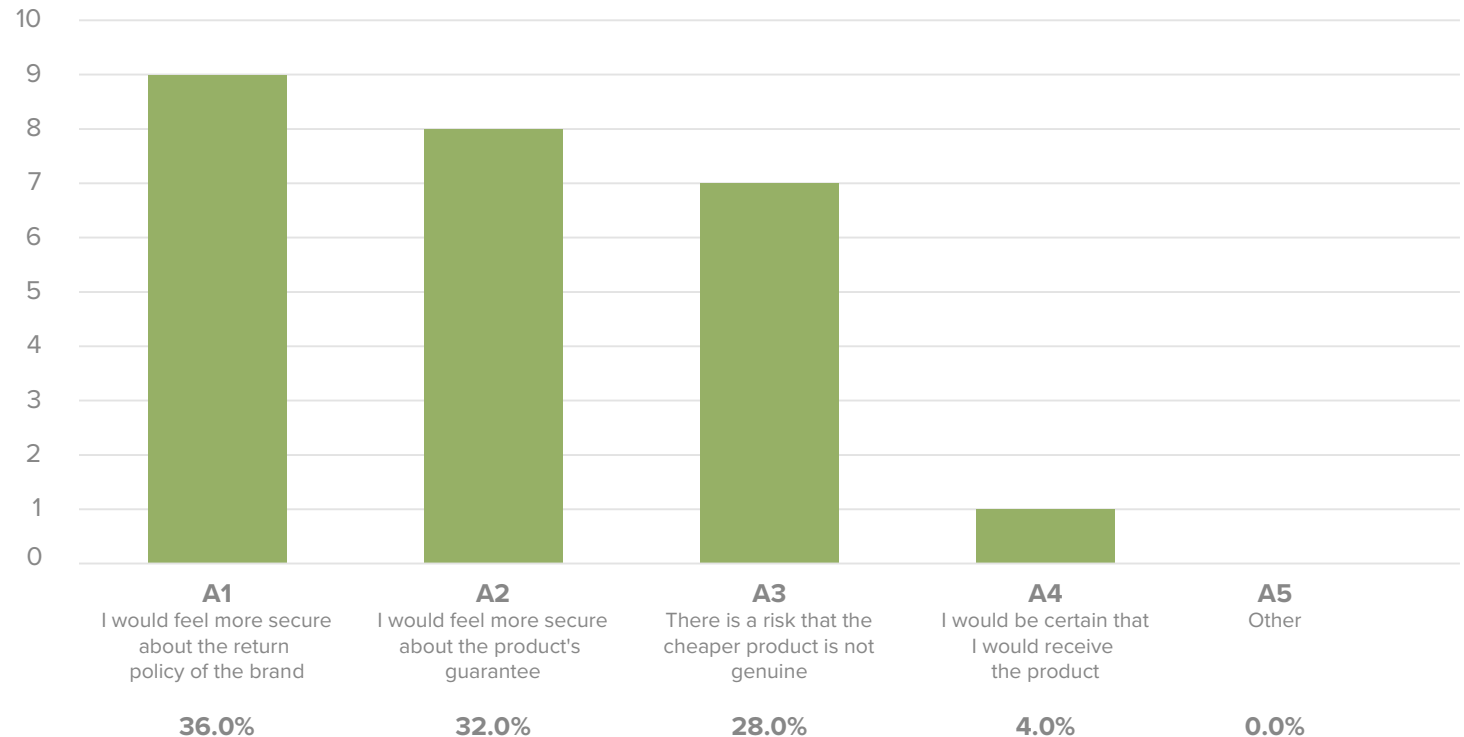
Question 6

Risky Behaviour

You selected to buy the jacket from the brand's website. Can you please choose the option that best describes why?

For the 10% of the sample that selected to buy the item at full price, **only 30% stated it was because they were suspicious about the authenticity of the product.**

The remaining participants were concerned about either the guarantee or the returns policy. This indicates a lack of awareness of counterfeits.



Question 7

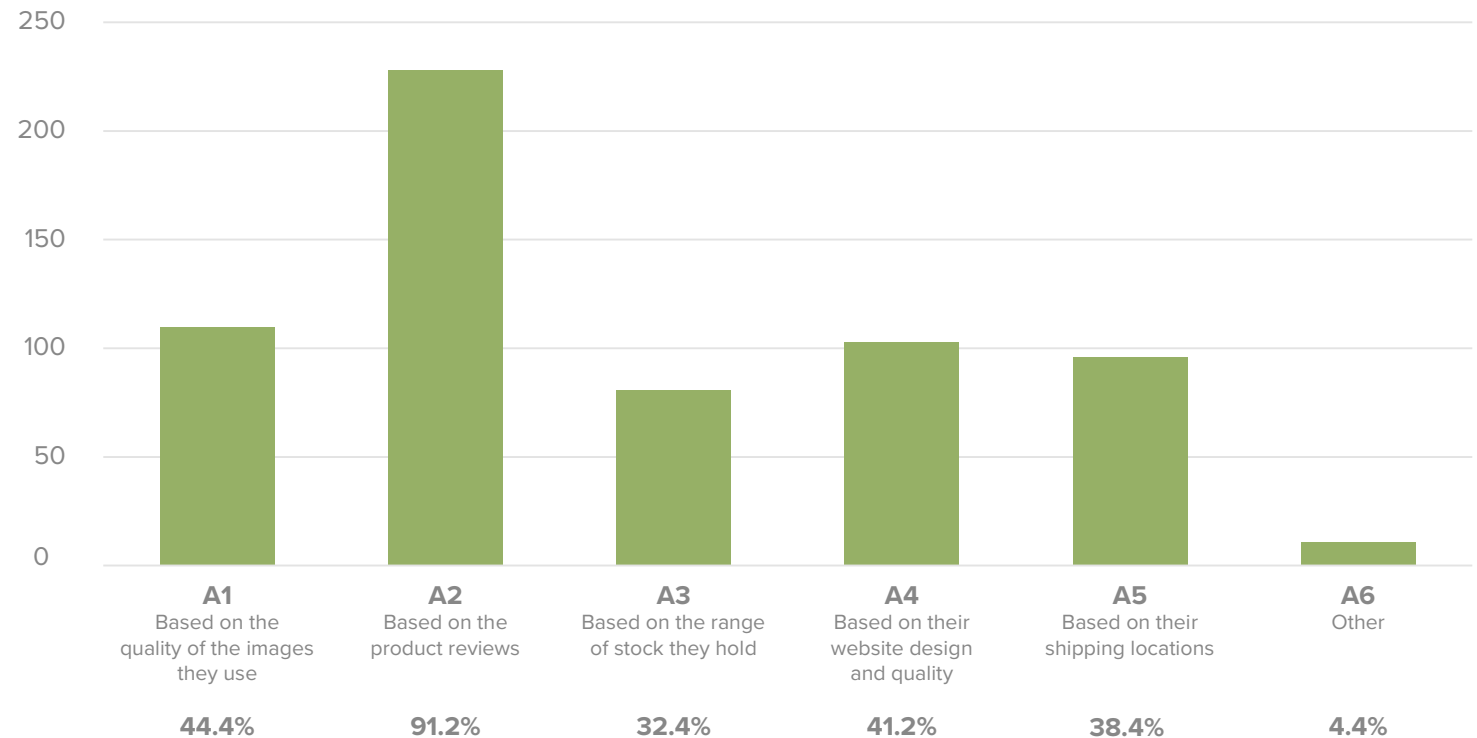
Risky Behaviour

How do you evaluate the trustworthiness of a listing when buying outdoor apparel items?

91% of our sample stated reviews would be a method of evaluation. However, **reviews can be manipulated**. A comments on the question showed awareness of this:

“these days so many sellers are doing something sneaky and paying people to leave reviews, makes you skeptical if seller, and items are trustworthy!”

Images are not always a reliable mark of authenticity as **many counterfeiters use high-quality pictures, some from the real brand**. Stock and location can be helpful to identify fake products, but only a small number chose this. In Q5, 47% stated they would evaluate the discounted item, but we can see they lack the knowledge to do so effectively.



SECTION 3

Customers and counterfeits

Confidence levels, contact with fakes and reactions

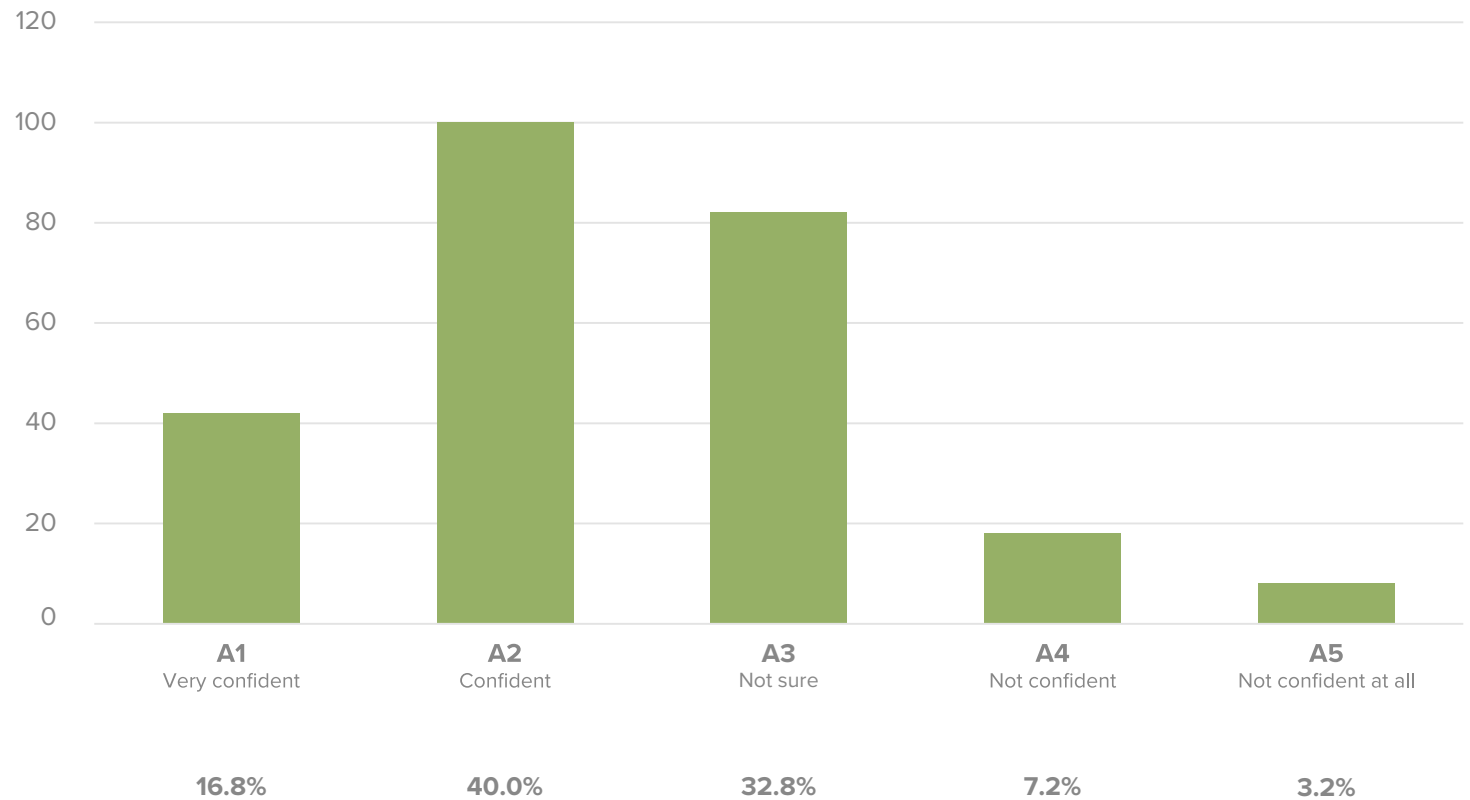
Question 8

Confidence in Spotting Fakes

How would you rate your ability to identify a fake outdoor apparel item online?

As you can see, **almost 57% of respondents stated they were either confident in some capacity.** We can see that around 17% selected very confident.

It would be safe to assume that this confidence is based on their ability to evaluate a listing, and **we have already established that these methods are flawed.** Regardless, the majority of our candidates are confident about their ability, with only around 10% stating they were not confident



Product Images

Confidence in Spotting Fakes

The participants were then shown a series of images with accompanying text: Please look at the following images carefully. These pictures are of both genuine products and images taken from listings selling counterfeits.

These images were taken from 3 major ecommerce sites. The counterfeits were being sold for approximately 20-30% of the actual retail price.

The counterfeit listings shown were analysed by Red Points' brand protection specialists, who concluded that these items were false and that it was extremely improbable they were genuine.



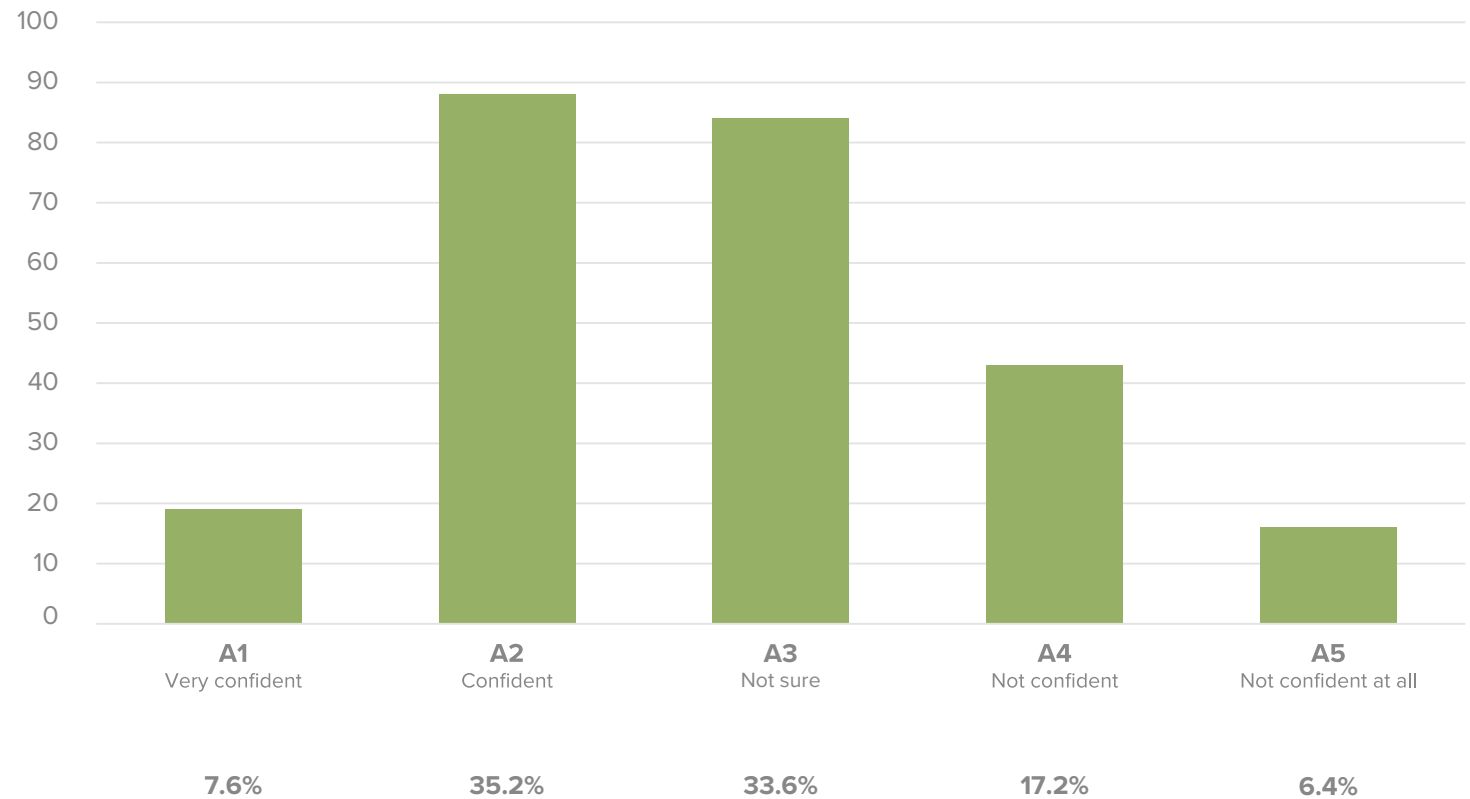
Question 10

After looking at these images, how would you now rate your ability to identify a fake outdoor apparel item online?

After viewing the images, our respondents are significantly less confident. **Confident responses drop to around 42%**, while “**very confident**” now only accounts for **7.6%**, more than halving.

On the other hand, **non-confident responses increase from 10% to 23.6%**. This shift implies that there is a sizable percentage of our respondents who found it difficult to distinguish between the fake and real products, and therefore doubted their own ability to successfully spot a non-genuine item.

Confidence in Spotting Fakes



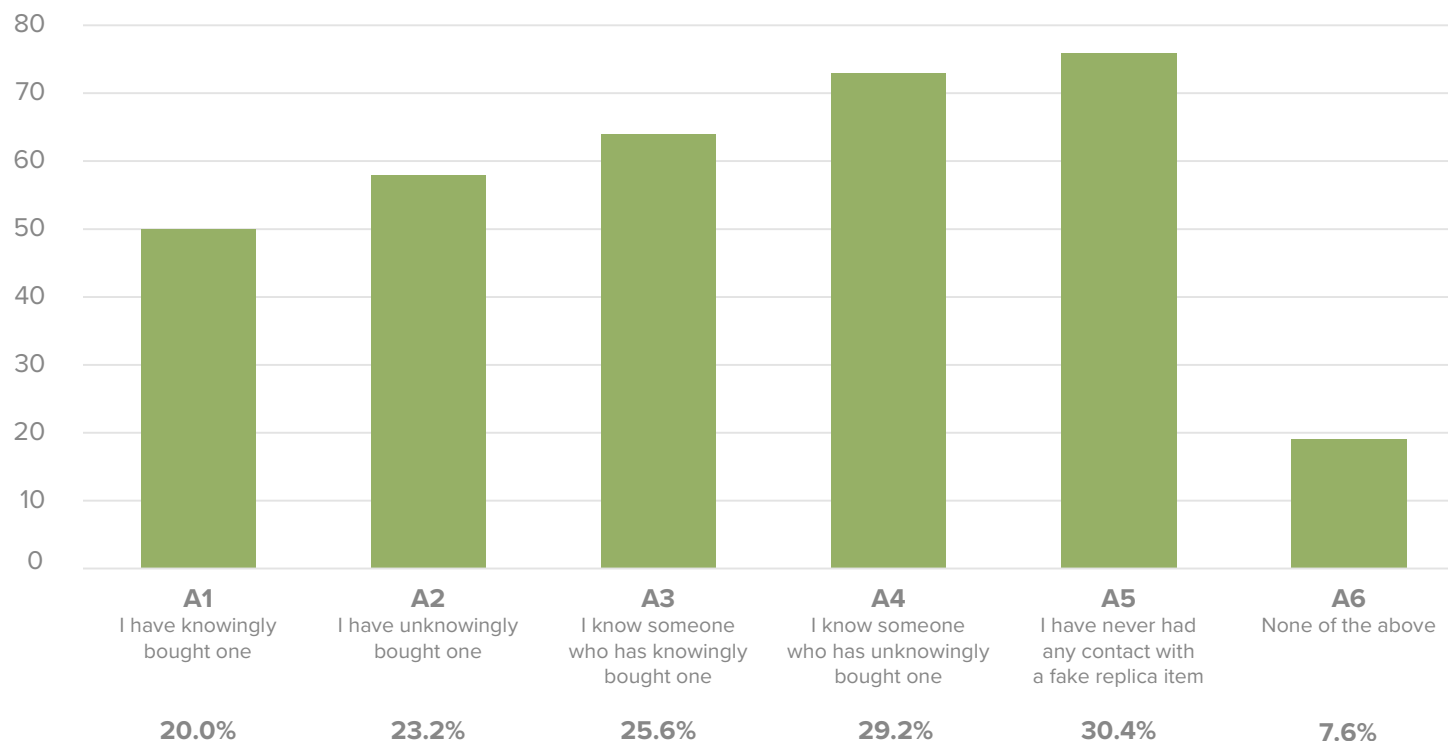
Question 11

What contact have you had with counterfeit items?

20% of our respondents have knowingly bought a fake item and 23.2% stated that they have bought one unknowingly. Only 30.4% have had no contact with a fake item, and this number could be lower as we have already established that our respondents are not evaluating listings well.

There was no significant correlation between income and contact with counterfeits. **However, there was a clear correlation between age and those who have knowingly bought a counterfeit.** 26% of our respondents aged between 18 to 24 have knowingly bought a counterfeit; this percentage falls as age increases; only 12% of 55-64 years olds had knowingly bought a fake item.

Confidence in Spotting Fakes



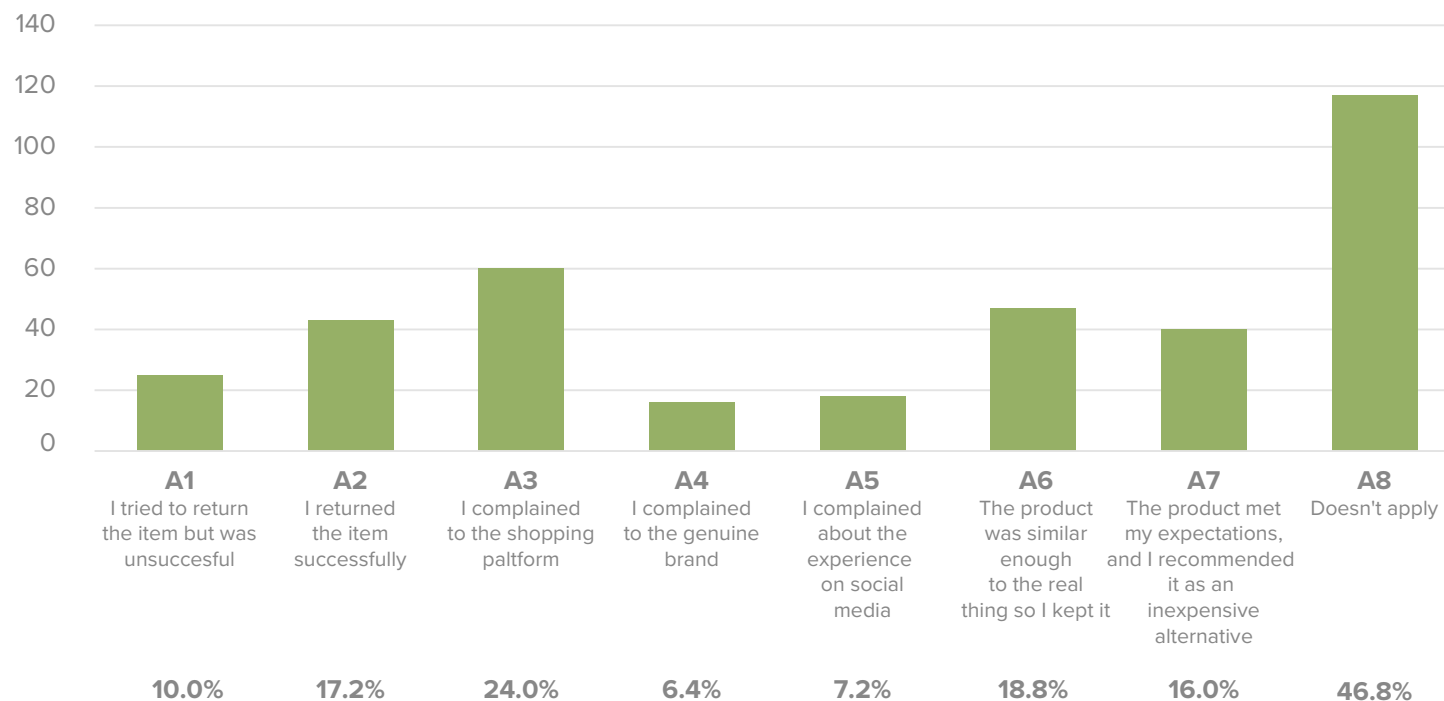
Question 12

If you have bought a fake item (unknowingly or knowingly) what did you do after receiving the item?

Perhaps the most concerning response from this question for brands is that, of our respondents who had bought a fake item, **16% believed it was a good, cheap alternative to the real product and recommended it.**

The most popular response was to complain to the ecommerce site, which would imply that consumers may hold them responsible for policing counterfeits. It is also surprising that 6.4% complained to the genuine brand, suggesting that some held the brand responsible for the counterfeit. All of this is made more concerning by the fact that **7.2% would complain on social media,** causing damage to the genuine brand's reputation.

Confidence in Spotting Fakes



A person's legs in hiking boots are shown from the knees down, standing on a large, textured rock. The person is wearing dark leggings and brown hiking boots with laces. The background is a hazy, green-tinted landscape with rolling hills and some foliage in the foreground. The overall scene is bathed in a monochromatic green light.

SECTION 4

Consequences and customer concerns

*Level of concern, effect on sales
& reputation and blame*

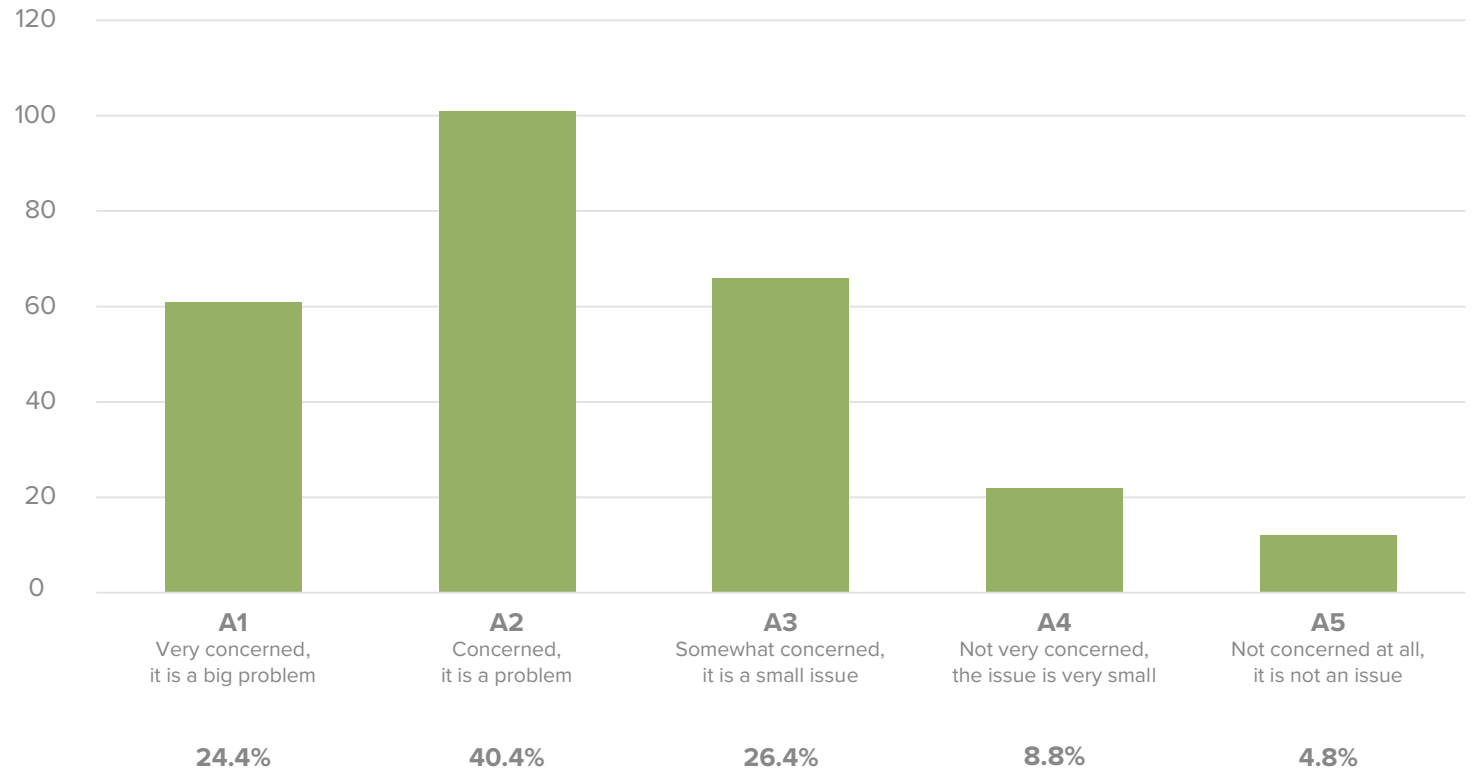
Question 13

Level of Concern

How concerned are you about the problem of counterfeit outdoor apparel?

These responses have undoubtedly been influenced by the previous questions; however, we can see a majority of people believe counterfeiting is a problem, and almost a quarter believe it is a big issue. **40% of our respondents think that it is a problem** and are concerned.

Only 13% were not concerned by the issue of counterfeits in the marketplace.



Question 14

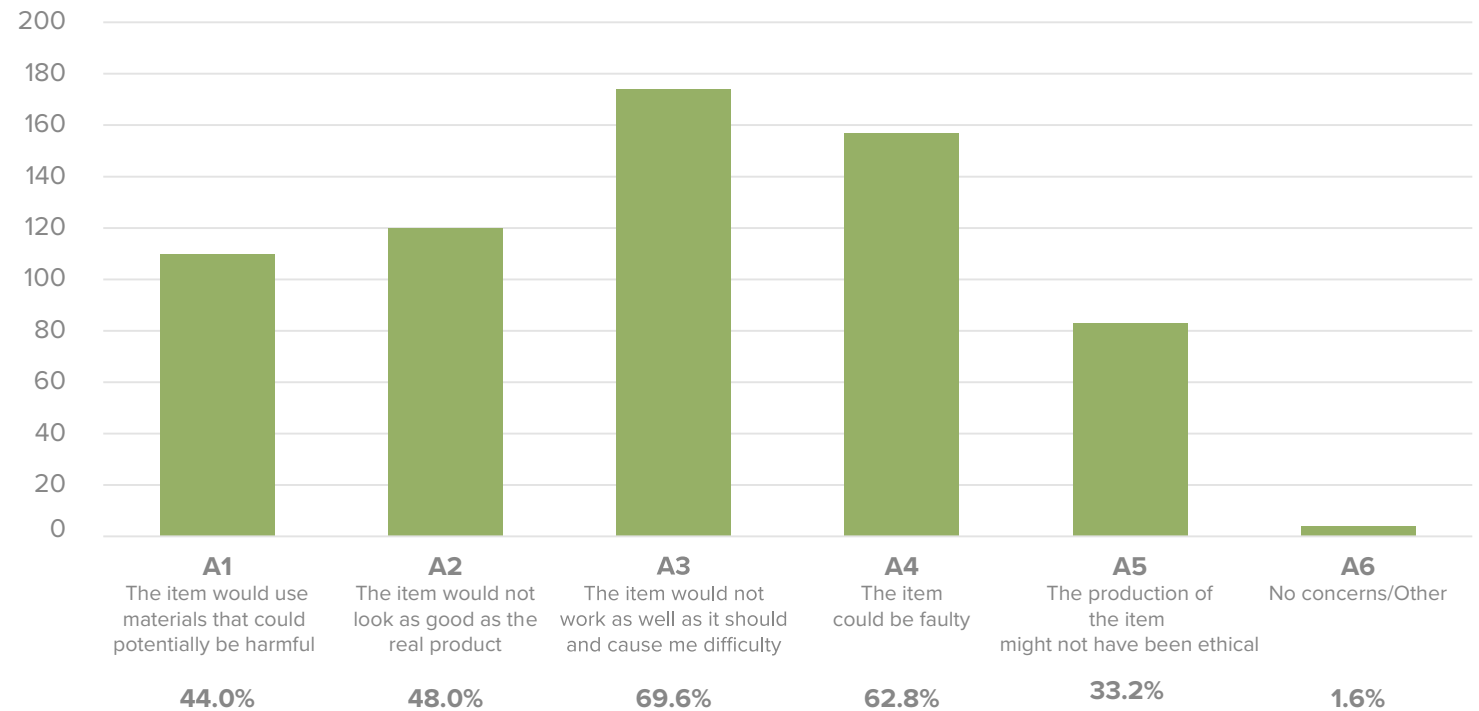
Level of Concern

What would be your main concern about buying a fake outdoor apparel product?

Our sample showed a high level of awareness that counterfeit products tend to be of lower quality.

The most popular response showed concerns over product functionality. Our sample also showed good awareness about the potential harmful effects of counterfeits with 44% selecting this option.

Only 1.6% of our sample stated they would not be concerned about buying a fake item; and given that 20% of our sample have knowingly purchased a fake item before, it is interesting that most people seem to be aware of the risks of counterfeit products.



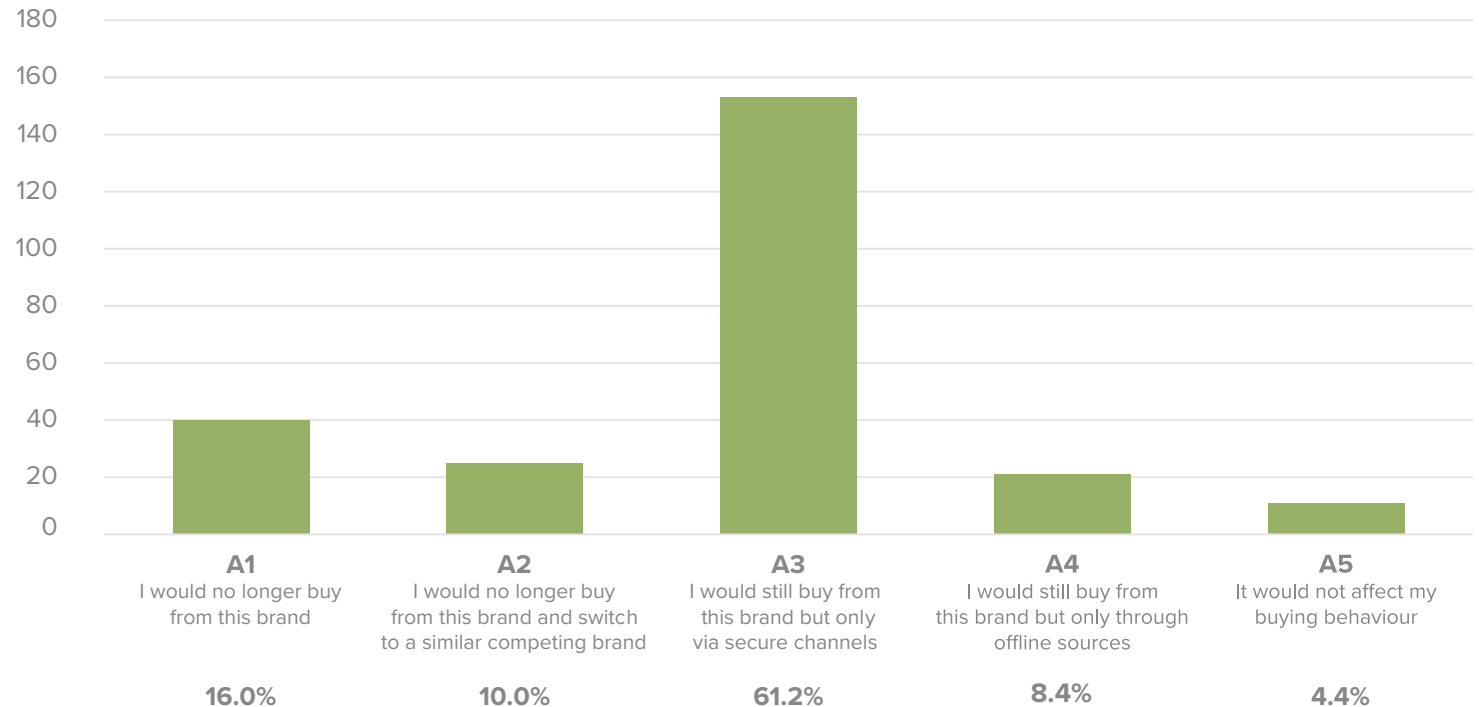
Question 15

Level of Concern

If you were aware of fakes across online marketplaces of a specific outdoor apparel brand, how would this affect your buying behaviour?

This question gives us some insight into the potential consequences for brands. It's clear that if customers become aware that a brand is extensively counterfeited, then they will change their buying behaviour, with the majority restricting their purchases to only secure channels. This change in itself is not necessarily bad news for brands.

However, what is concerning is that **26% of respondents would no longer buy a widely counterfeited brand** and 10% of which will switch to a competing brand.



Question 16

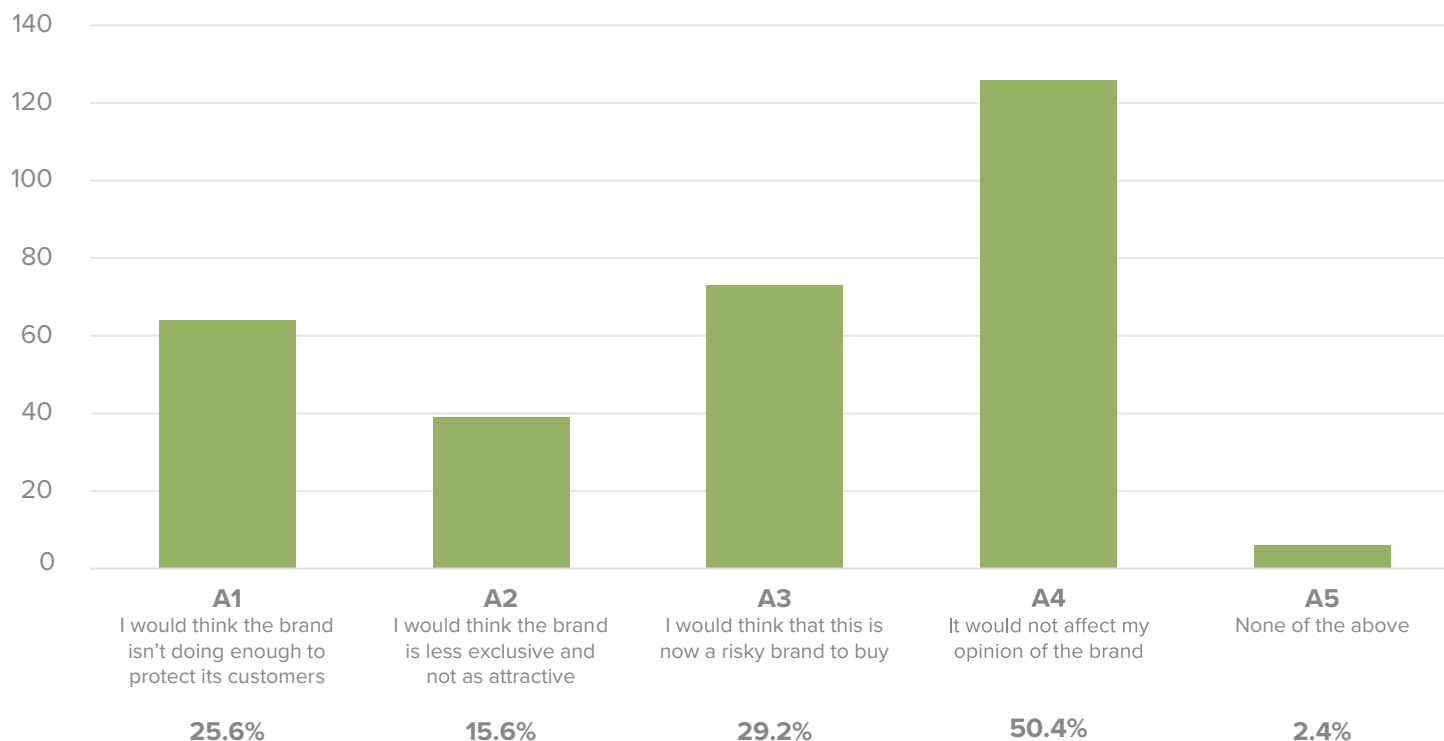
Level of Concern

If you were aware of fakes across online marketplaces of a specific outdoor apparel brand, how would this affect your opinion of the brand?

Although 50.4% of our sample said it would not affect their opinion of the brand, the rest of our sample reported adverse opinion changes. Besides the fact that 29.2% would consider the brand risky to buy, **15.6% would feel the brand is now less attractive.**

It is clear that opinion is divided, from the none of the above option one respondent commented:

“it depends, if the fakes were on Amazon, Facebook and big online shops then yes, I suppose I would think the brand isn’t doing enough. But if they were on specific sites or Chinese websites then no, I wouldn’t think any less of the brand.”



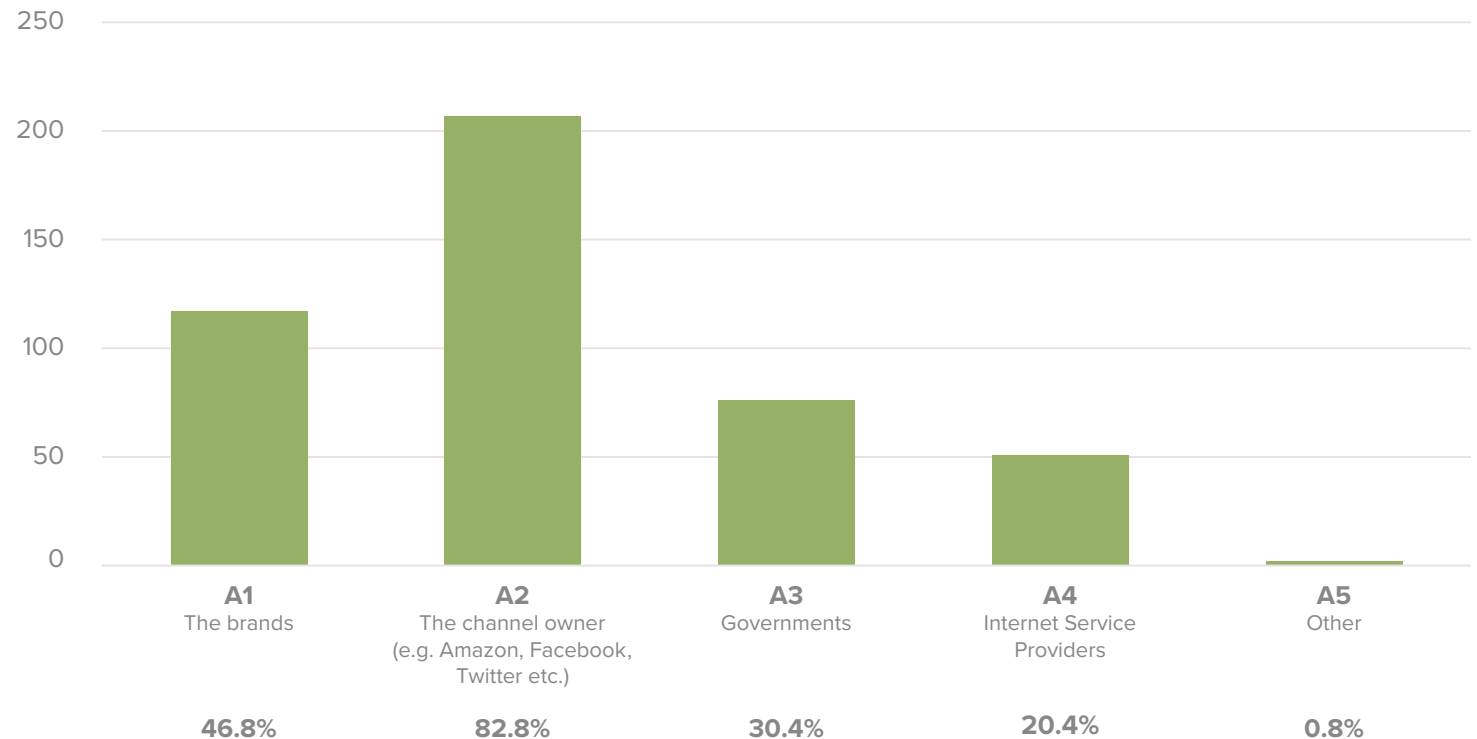
Question 17

Level of Concern

Who do you think should be responsible for removing counterfeit products from online channels?

The most popular response was to place the responsibility on the channel owner themselves. This answer echoes the sentiments of brands over the past few years. However, **approximately 47% of our sample also felt that the brands themselves should be responsible.**

Older respondents tended to place more responsibility on brands than younger respondents. For example, **40% of 18 to 24-year-olds stated the brands were responsible compared to 53% of 45 to 54-year-olds.**



Conclusion

This document indicates that outdoor apparel customers are both at risk of buying counterfeits and can be incentivised into risky behaviour.

Evaluation techniques

It is clear that our sample, to some degree, lack the evaluation techniques necessary to judge the authenticity of a product online. Question 9 and 10 found that our sample appears to be shopping online with a level of false confidence, given that many downgraded their reported confidence levels. It is clear that many from our sample were not aware that often counterfeits are sold using high-quality images. Their use of images as an evaluation technique was confirmed in question 7, where 44% stated the images were an evaluation tool.

Reviews were the most common tool used to judge sellers, 91% of our sample selected this option. However, reviews are frequently manipulated by either false reviews or paid-for-reviews. Red Points' analysts regularly find that counterfeit sellers and products on ecommerce platforms hold 4+ star reviews, due mainly to review manipulation techniques.

Age matters, but everyone is susceptible

Although our research has found that younger outdoor apparel customers are more prone to risky behaviour, all are vulnerable to financial incentives. This is probably best expressed by the findings of questions 3 and 4; younger participants were more likely to trust social media as a purchasing method and more likely to have actually used it

to buy a discounted item. However, when asked whether the individual would consider using this method with no prior use, results were the same across nearly all age groups. In short, everyone is in search of a bargain. Age proved to be a factor in question 11, where there was a correlation between the age of a participant and people who had knowingly bought a fake item; younger participants were more likely to have purchased a fake than older participants. That said, question 12 found no clear connection between age and the response to a fake item; older participants were just as likely to be satisfied with a fake product as younger ones.

Brands pick up the bill

Question 15 drives home the potential impact for brands; 26% of participants would potentially stop purchasing an outdoor apparel brand due to the presence of counterfeits in the market. Only a fraction, 4.4%, of our sample stated it would not affect their buying behaviour. This could potentially have huge impacts on a brand's sales channels and marketing.

In the following question, (question 16) although 50% stated that the fakes would not affect their impression of the brand itself, 15% would find the brand less attractive due to its loss of exclusivity and 29% selected the option that the brand would now be risky to buy. Question 17, directly asks the participants who they believe is responsible. Perhaps unsurprisingly, most people ticked the option that places the blame on the channel owners, which is what most conventional brands and professional bodies do. However; 46% believe that it was also the

brand's responsibility. This result matches those of question 16, in that approximately 50% of our sample would negatively change their opinion towards a brand due to counterfeits.

It is important to remember that **the participants of this survey were all regular outdoor apparel customers**. We know from the list of brands at the beginning of this document, which brands our sample had in mind while answering these questions. The results are from real customers and about real brands. Clearly, the performance and durability of a product are paramount for our respondents; however, given the high prices and increasing style factor of these items, they are still extremely vulnerable to counterfeits. They will undoubtedly become more pro-risk given a financial incentive but lack the evaluation tools to do so safely.



Red Points

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marketing@redpoints.com*