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## The Consumption of Counterfeit Goods: 'Here Be Pirates?'

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### **ABSTRACT**

Social science, policy and popular discourse around counterfeiting regularly position consumers of counterfeit goods as part of a technological elite or as motivated by anti-capitalist or anti-corporate positions. In order to explore this construction and highlight its associated limitations, this article presents quantitative data collected through postal and web-based questionnaires looking at the frequency, location and motivations for the purchase of counterfeit leisure items for consumers in the United Kingdom. The article suggests that the purchase and consumption of counterfeit goods is commonplace across a broader variety of age, gender and socio-economic status categories than often assumed. The study also highlights the value of viewing the consumption of counterfeit goods as social and situated, occurring within existing social networks and familiar locations, and as closely related to other consumption practices.

### **KEY WORDS**

consumers / counterfeit goods / intellectual property / leisure goods / software piracy

### **Introduction**

**C**ounterfeit goods are those which illegally imitate, copy or duplicate a good or use a registered trademark without authorization and, therefore, infringe upon the legal right to copy of the right's owner. In many working definitions of a counterfeit – especially in relation to currency or pharmaceuticals – the issue of intent to defraud is added but for most cases this

is not a defining factor (as in the copying of CDs onto writable media). Although counterfeit goods can infringe on patents, they are most strongly linked to infringement of copyright,<sup>1</sup> which, in the UK at least, is an automatic (although transferable) right given to the creator of an artistic, literary or typographical work (such as a manuscript, computer program, photograph, song, sound recording or magazine) or to the author's employer.

Counterfeiting is not a new phenomenon. Phillips (2005) describes French stoppers for amphorae of wine dating back to 27 BC that bore a counterfeit seal intended to pass off local wine as a more expensive Roman import. The Roman philosopher and military commander Pliny the Elder (AD 23–79) records how counterfeit coins were desirable items amongst contemporary collectors, with good examples being purchased for several times their face value (Barry, n.d.; Chen et al., 2005). Counterfeiting of goods and currency, therefore, appears to have been used to generate profit and avoid taxation for almost as long as market and currency systems have existed to manage economic transactions.

Counterfeiting also has a history of being employed as a political tool, particularly during times of war when it has been used to devalue an enemy's currency by flooding a country with fake coinage or notes. For example, the British government sought to undermine the Continental Congress during the War of American Independence by counterfeiting the dollar during 1777 and 1778. This resulted in inflation, the withdrawal of that year's issue of the currency, the passing of laws forbidding counterfeiting of money, and the complete withdrawal of the Continental Dollar in 1779 (Baack, 2001). A similar scheme was formulated during the Second World War when 'Operation Bernhard' involved the use of prisoners in Sachsenhausen concentration camp to produce English notes of 5, 10, 20 and 50 pound values, with the plan to drop the currency from aeroplanes. Although the currency was never delivered in this way, some of it was laundered through an Italian bank and used to fund German purchase of munitions and covert operations (Robertson, 2005).

Today, the production and sale of counterfeit goods is a significant international industry and there are few types of manufactured goods that have not been the object of counterfeiters' attention. While the counterfeiting of currency still occurs,<sup>2</sup> growth in consumerism, technology and globalized markets (including that for labour) have contributed to the diversification of counterfeits produced. Counterfeit consumer goods from sports shirts to popular music and watches to sunglasses, as well as pharmaceuticals, car and aeroplane parts, children's toys, software and alcohol, have been used to satisfy lucrative illegal markets.

The illicit and covert nature of counterfeiting makes evaluating the exact value of these markets problematic and to be regarded with some caution (Dixon and Greenhalgh, 2002; OECD, 1998). However, estimates of the economic cost of counterfeiting to industry and government offer some indication of the size of the markets. Quoting European Commission figures, the OECD estimated in 1998 that counterfeit goods were worth between 5 and 7 per cent of world trade, and had demonstrated 150 per cent growth in value between 1990 and 1995 (OECD, 1998: 23). The share of counterfeit products in total sales has been

estimated to be as high as 50 per cent for video sales, 43 per cent for software and 33 per cent for music (OECD, 1998: 8). Recent estimates from the OECD suggest that, with a value of \$200 billion, the international market for counterfeit goods<sup>3</sup> was larger than the GDP of 150 economies in 2005 (OECD, 2008).

Developments in, and availability of, new production technologies which have reduced the cost and time necessary to make illegal copies of goods have played a part in this growth. This has contributed to growth in markets for counterfeit goods as the amount and range of products create increased profits for those involved in this activity (Savona and Mignone, 2004). In addition, increasing consumer access to the internet – especially through midband and broadband services – has enabled new methods of distribution for counterfeit goods through online auction sites and via peer-to-peer systems.<sup>4</sup> These digital copies are commonly referred to as ‘pirated’ goods whether in physical form (CD, DVD) or electronic in the case of ‘file sharing’ or direct downloads. Recent estimates have suggested that the impact of illegal file exchange on peer-to-peer systems is such that for every 100 legal computer games sold, 43 sales are lost because of piracy (Loudhouse and Macrovision, 2005).

Results from the International Intellectual Property Association’s survey of 68 countries with particularly high piracy rates<sup>5</sup> suggest that counterfeiting and software piracy doubled between 2000 and 2005, accounting for losses of more than \$15.8 billion in the countries surveyed (IIPA, 2006). Figures from the Business Software Alliance’s analysis of 102 countries estimate a global loss to the industry in 2006 of approximately \$39.6 billion in sales (Business Software Alliance, 2007). The value for software losses due to counterfeiting in the European Union was estimated to be approximately \$11 billion in 2006 compared with losses of \$7.2 billion in the US (Business Software Alliance, 2007). A similar story is apparent for the film industry with the Motion Picture Association of America reporting, through a survey of 22 countries, losses to its member studios of \$6.1 billion in 2005, with \$2.3 billion of that being made up of internet piracy. In the UK it has been estimated that the government lost approximately \$176 million worth in tax revenue during 2005 because of this illegal market (MPAA, 2006).

Such figures also suggest that international markets for counterfeit goods have an effect more locally. This is supported by claims made by Trading Standards that in the north-west of England counterfeit goods cost legitimate businesses around £750 million and resulted in approximately 1000 job losses in 2003 (NCIS, 2005). The Police Service of Northern Ireland reported seizing counterfeit goods with a street value of £9.9 million in the year 2005–6 (OCTF, 2006) and have previously estimated that the market for counterfeit goods in Northern Ireland is worth approximately £135 million per year (OCTF, 2003).

This growing industry also has impacts beyond revenue losses to industry and national governments. For example, the links between intellectual property theft, organized crime (NCIS, 2005; OCTF, 2006; Union des Fabricants, 2004) and terrorism (Noble, 2003; Ranger and Wienczek, 2002) are increasingly well-established. Counterfeiting offers criminals a lucrative market with a relatively low risk of detection and minimal penalties for those convicted. This has ensured

that the activity has been associated with a range of other crimes including the trafficking of drugs, arms and people. Internationally, counterfeiting has become established as a successful method for laundering money and, in some cases, the financial gain from counterfeiting is more lucrative than that of selling illegal drugs. It has been suggested that, 'one kilo of pirate CDs is worth more in the EU than a kilo of pot', and a truck of counterfeit cigarettes has been estimated to generate approximately €475,000 in profits (Union des Fabricants, 2004: 9).

The unregulated nature of counterfeit goods also presents challenges to consumer protection as there is no way to monitor poor manufacturing or toxic ingredients,<sup>6</sup> which may pose a threat to consumers. Unregulated distribution also means that what may be regarded as potentially harmful media content (e.g. films, computer games and so forth) are available to children in ways that bypass systems of certification and content regulation (O'Connell and Bryce, 2006).

These issues suggest that regardless of one's position on the ethics of copyright, patent or brand legislation, regulation and attempts to control counterfeiting, this activity has significant social as well as economic importance. However, the majority of research on counterfeiting has focused primarily on its economic, legal and technological aspects. As such, while the above contextualizes the international markets and economic consequences of counterfeit goods, it is important to recognize that this, and research on counterfeiting in general, is primarily production and market orientated (Penz, 2006).

There remains a need to develop an understanding of the associated consumption/demand side issues related to counterfeiting which focus on sociological and psychological dynamics (Bryce and Rutter, 2005). This includes addressing 'questions like "Who buys?", "How do they buy?", "When do they buy?", "Where do they buy?", and "Why do they buy?"' (Wee et al., 1995: 20). Whilst recent authors (including Carruthers and Ariovich, 2004; Cooper, 2001; Goldman, 2005; Marshall, 2004; Yah, 2005) have begun to engage with the possible and varied implications of the growth of counterfeiting, there is still a need to address the manner in which the consumption of counterfeit goods sits within a range of legal and illegal consumption practices and choices. This article seeks to address this issue in greater detail. Rather than exploring counterfeiting as a branch of criminology, subcultural theory or economic modelling, the focus of this article is on the consumption of counterfeit goods as a widespread, situated and everyday practice. In an attempt to develop such a perspective, the article draws upon empirical data examining the frequency, purchase locations and motivations for the purchase and consumption of counterfeit goods.<sup>7</sup>

## The Consumer of Counterfeit Goods

In popular discourse, academic research and trade association awareness campaigns, the consumer of counterfeit goods is frequently constructed as 'other'.<sup>8</sup> In industry and policy they are represented as outside accepted everyday experience – as part of a criminal or technological underworld or a terrorist

organization, as socially isolated, morally corrupt or part of a subversive subculture. For trade associations, there is a political rationale for such representations as they campaign for the enforcement (or extension) of legislation and judicial actions against counterfeiters and consumers of counterfeit goods. To symbolically link counterfeiting and deviance has value in raising the political profile of the area.

This emphasis on the spectacular and exotic, consistent with an oppositional or marginal view of the consumer, is often also emphasized in academic writing on counterfeiting. Consumers of counterfeits are often represented through anecdotal narratives which serve as a proxy for deeper understanding of consumer motivations. For example, Lasica (2005) illustrates his work with case studies which potentially confuse everyday users with vanguard consumers. This encourages the consumption of counterfeits to be symbolically overwritten with various meanings; for example, as associated with the hacker ethic. This again reinforces the separateness of the individual from others: they are characterized as 'the Different', 'the retiring, little kid at school, sitting at the last desk', 'strange people' (Electronic Minds, n.d.) and united by a political opposition to the 'profiteering gluttons' (Blankenship, 1986) who manage the mechanisms of capitalism. This is what Kwong et al. have generically referred to as an 'anti-big business attitude' (Kwong et al., 2003).

With an emphasis on the potential for disruption and change, there is in such writing a characterization of the consumer of counterfeits that employs a binary opposition between the 'normal' or legitimate world and the 'abnormal' or oppositional practices. For example, sociological research on file sharing through peer-to-peer (P2P) networks and on internet exchange of pirated music, films and software along with digital rights management (DRM) hacks represents users as part of a distinctive subculture (e.g. Condry, 2004; Giesler and Pohlmann, 2003). To assume that such groups represent the majority of consumers of counterfeits may present a seductive notion for the industry as well as consumers themselves who may adopt such attitudes in justifying their own behaviour. However, its value for developing a broader understanding of the consumption of counterfeit and pirated goods is limited.

The research detailed in this article is used to question the utility of investigating the consumption of counterfeiting not through the lens of subcultures, ethics or legality, but as a more routine and situated practice. As such it draws on broad survey data of consumers and non-consumers of counterfeit and pirated goods. It also details a range of consumer and leisure items to address the limitations of previous empirical research based on smaller or more homogeneous consumer samples (e.g. Albers-Miller, 1999) or products (e.g. Ang et al., 2001). The use of a broader sample exploring the frequency, distribution and motivations surrounding the consumption of counterfeit goods, as well as consumer attitudes toward these goods, aims to question whether a priori assumptions about the subcultural status of counterfeiting are representative of consumer practice. It also explores the validity of the construction of consumers of counterfeits as anti-capitalist or part of a technological elite.

## Data Collection

This article draws upon data from a research project undertaken in Great Britain and Northern Ireland.<sup>9</sup> The focus on consumers/end users to develop a broad and situated view of the consumption of counterfeit goods led the data collection to focus primarily on counterfeit versions of leisure goods (e.g. fashion clothes, music, film, games, and other software). The distinction between leisure goods and other types of counterfeit items is not merely one of convenience. Leisure items, we believe, are a productive focus for understanding the purchase and consumption of counterfeit or pirated goods for several key reasons.

At a basic quantitative level, leisure goods form the majority of counterfeit goods seized by police and customs in Europe. In France, the most common counterfeit products confiscated are shoes, representing 21 per cent of items, followed by clothes and watches. In Germany, clothes account for 90 per cent of impounded fakes (Wischemann, 1999). However, these goods also provide a choice to purchase and consume between counterfeit and legitimate items. While we recognize that few, if any, choices to consume are entirely free, we believe there is utility in pragmatically distinguishing between the choice to purchase a music CD and the choice to purchase pharmaceuticals prescribed to treat life-threatening conditions. Further, leisure goods include many items (e.g. fashion items, DVDs, music CDs, perfume) that are not, *per se*, prohibitively expensive for many consumers, and this allows the exploration of consumer motivations to purchase beyond those which are simply economic. Partially because of these factors, this is an area where a large amount of goods (e.g. films, music or fashion items) are consumed with the knowledge that they are counterfeit, as price, location of purchase and the form of the good itself all act as indicators of the item's illegal status. Finally, leisure goods are distinctive in that although there is a growing counterfeit trade in 'disassembled' counterfeit goods (e.g. components of a product such as labels, packaging or insignia), consumer goods themselves tend not to be components for other items in the way that laser cartridges are for office printers. That is, their purchase is not essential to other activities.

This article focuses primarily on analysis of the quantitative aspects of the research, although this form of data collection was complemented by a series of consumer focus groups.<sup>10</sup> The data were gathered using postal and web-based questionnaires that contained identical items. Although each sample was analysed individually, in this article these datasets have been combined and any notable differences highlighted where appropriate. The questionnaires collected information on awareness of purchase of counterfeit goods, and frequency and location of the purchase, as well as a number of demographic variables (e.g. age, gender, income) which were subsequently used to examine variations in measured attitudes, behaviour and the perceived effectiveness of messages in public awareness campaigns. They also collected data on frequency, location and motivations across a variety of different product categories, as well as distinguishing between the purchase of counterfeit goods and the illegal downloading of files from the internet.

The postal, paper-based questionnaire was distributed to a sample derived from direct marketing lists purchased in both Northern Ireland (NI) and Great Britain (GB). Two separate lists were purchased for the GB sample: male magazine subscribers ( $N = 5000$ ) and female catalogue customers ( $N = 5000$ ). As lists organized by gender were not available for NI, a general list was purchased ( $N = 5000$ ). All lists purchased were constructed using a sampling frame of 1 in  $N$  names in the database and reflected the general age, gender and income distribution of list membership. Separate lists were purchased for males and females in order to obtain generally equal sample size by gender. The overall response rate was approximately 11 per cent ( $N = 1689$ ).

The web-based questionnaire was hosted on commercial web space leased specifically for the project and participants were recruited through a variety of websites.<sup>11</sup> This mechanism of data collection allowed a specific focus on (predominantly male) technology users such as computer gamers and music enthusiasts – two populations in which the consumption of counterfeit goods is believed to be frequent (ACG, 2003). The number of responses to the web-based questionnaire was 681. The overall sample size was 2370.

In the total sample, 20.9 per cent of participants were aged between 16 and 30 years of age, with 48.8 per cent of the sample being aged 31–50. Of the sample, 45.9 per cent earned £25,000 or less per year. As was to be expected, although the web-based sample did have respondents in all the age categories, it was skewed towards younger users with approximately 64 per cent being aged 30 or below. This compares with an age distribution of 20.9 per cent of participants in the paper-based sample being aged 30 or younger, and 48.8 per cent of the sample being aged 31–50.

The gender split in the combined sample was 60.2 per cent male and 39.8 per cent female. Amongst respondents to the paper-based questionnaire, where sampling was more possible to control, there was almost parity between the number of male and female respondents (51.5% male, 48.5% female), whereas for the self-selecting web sample the division was 82 per cent male and 18 per cent female.

## Frequency and Locations for Purchase of Counterfeit Goods

One of the central objectives of the research was to gain a picture of how common or widespread the knowing purchase of counterfeit goods was in the sample. Of the sample, 33.3 per cent<sup>12</sup> indicated that they had knowingly purchased counterfeit goods at some time in the past. Though 63.1 per cent of respondents reported never having knowingly purchased counterfeit goods, 7.3 per cent indicated that although they had never purchased counterfeit goods, they would consider doing so in the future. With one in three respondents purchasing counterfeits, it is clear that this form of consumption cannot be regarded as rare or restricted. Indeed, considering the market valuations offered earlier in this

**Table 1** Purchase of counterfeit goods during the previous 12 months

<i>Product category</i>	<i>Purchased once or more in the last 12 months</i>	
	<i>% of total sample</i>	<i>% of those who had purchased counterfeits</i>
Music	16.2	56.8
DVDs	16.0	55.0
Fashion items	15.6	53.4
Computer games	7.1	27.5
Business software	5.1	19.9
Toys	2.3	8.5

article, it would be remarkable if this level of spending was restricted to a small section of the population.

The most commonly purchased counterfeit goods over the last 12 months were music (16.2% of the entire sample), films (16.0% of the entire sample) and fashion items (15.6% of the entire sample). This is consistent with the products identified as providing the most lucrative markets for counterfeiters as outlined in the introduction. For the entire sample, downloading of pirated files was less common with 14 per cent having downloaded illegal music tracks, 6 per cent whole albums and 5 per cent films or TV programmes.

Analysing the relationship between demographic variables and general purchasing behaviour<sup>13</sup> suggested that the proportion of respondents who had knowingly purchased counterfeit goods varied according to age and gender. A higher percentage of respondents in the 21–30 (34.6%) and 31–40 (25.4%) age ranges had purchased counterfeit goods and would do so again compared with participants in other age categories (e.g. 2.7% in the 60+ age range). A higher proportion of male respondents (24.1%) had purchased counterfeit goods and indicated that they would do so again compared with females (20.7%). However, subsequent analysis did not demonstrate that the distribution of purchasers across most of the product categories by demographic categories was significantly different to that of the whole sample. The exception was computer games,<sup>14</sup> showing a variation in the frequency of purchasing computer games according to gender, with males ( $M=1.71$ ) purchasing computer games significantly more frequently than females ( $M=1.28$ ). However, while the purchase of counterfeit computer games varied according to gender, so too does the playing of computer games as a leisure practice (Bryce and Rutter, 2003). Similarly, the consumption of counterfeit music was, not surprisingly, at its highest level in the 21–30 age range given that this group is a core market for the music industry. This suggests that there are consistencies between patterns of consumption of leisure goods and their counterfeit equivalents in the wider context of gender, consumption practices and habitus.

### Purchase Locations

If the consumption of counterfeit goods is consistent with other forms of routine consumption practices, it is likely that they are purchased in everyday environments and situated within routine social contexts. Such a view is supported by the questionnaire data. Rather than being integrated into a subcultural technical elite, the most regular sites of purchase of counterfeit products were more mundane. The most common site for purchasing games was local pubs or social clubs (40% of the total sample), and for purchasing business software school, college or university (28%).

The use of the internet as a method of purchasing counterfeit goods was most common for films, with 12 per cent of purchasers using this electronic shop front. However, respondents were more than twice as likely to purchase films from social environments (26%) or on holiday (29%). We do not wish to underestimate the importance of the internet for the sale and distribution of counterfeit products, as this distribution channel is likely to show greatest growth in the future. However, it is notable that fewer than a third as many people reported acquiring business software in the relatively anonymous online environment (9%) when compared with school, college or university (28%). For computer games, consumers were almost six times as likely to obtain these goods from already existing social networks such as local pubs and social clubs (40%) when compared with online opportunities (7%) and a similar pattern was evident for music.

While the figures above look specifically at purchase, the figures for the downloading of illegal content remain notably lower within the total sample. From an economic perspective, this finding may seem somewhat incongruous. Peer-to-peer file sharing services (e.g. BitTorrent, Azureus and Soulseek), along with websites listing pirated files available from web hosting services (e.g. Rapidshare and Filefactory), offer an almost endless range of music, films and software to download. Not only do they offer commercially available content but often films (such as screeners – an advance copy of a film distributed within the industry) which are not yet available to purchase legally on DVD, along with pre-release versions of music albums. In 2002, *Star Wars Episode II: The Attack of the Clones* was available on P2P networks a week before its premiere. Despite the banning of all electronic devices during preview screenings, *The Matrix Reloaded* was being distributed via P2P within 24 hours of its 2003 cinema release and was downloaded approximately 200,000 times within the week (UK Film Council, 2004).

Given the range of content available to internet users at effectively zero cost compared with those available to purchase through established social networks, a rational, economic decision would be primarily to use the internet to obtain counterfeit digital goods. However, our data show that this is not the case, suggesting that purely economic approaches to the purchase of counterfeit goods have limited value in explaining consumption patterns. Further, accessing illegal content via the internet offers an element of

**Table 2** Location of purchase for counterfeit goods (nearest %)

	DVDs	Music	Computer games	Business software	Fashion items	Toys
Holiday abroad	29	21	12	14	54	16
Car boot sale	9	11	10	5	3	53
Local market	12	14	17	9	11	9
Street vendor	7	6	5	9	14	4
School, college, university, etc.	4	6	7	28	1	2
Local pub, social club, etc.	26	26	40	21	8	4
Shops	1	11	2	5	4	7
Internet	12	5	7	9	5	5

anonymity to users. While users can be contacted using the social networking features built in to some P2P software<sup>15</sup> and identified through their IP address, the systems do not incorporate the usual indicators and embodiments of identity present in face-to-face or other forms of technology-mediated interaction. If users are concerned about being discovered accessing copyrighted material, then to do so in online systems provides safety in numbers. However, the public nature of the places where counterfeits were purchased suggests that, rather than being part of a covert process, this engagement with this activity is seen as acceptable. The visibility of the locations where most purchases were made suggests that the purchase of counterfeit goods is normalized and generally acceptable. Indeed, the disparity between downloads and purchases within established social contexts suggests that there is a value associated with the goods purchased beyond that of the content itself or merely an economic rationale. Although individual motivation may vary, at an aggregate level the decision to purchase counterfeit goods in familiar social environments rather than access them for free online suggests a strong social context and motivation to the consumption of counterfeit goods beyond that gained merely from having ownership or access to the product.

### Motivations for the Purchase of Counterfeit Goods

Given the positioning of the purchase of counterfeit goods within everyday leisure and consumption routines and the emerging recognition that consumption is part of other social practices (e.g. Gronow and Warde, 2001; Miller, 1998), the purchase of counterfeits seems to share more with an established consumption practice than a subcultural one or a phenomenon explained by criminological perspectives.

To assume that the consumption of counterfeits is countercultural entails the assumption (so far not established) that this form of consumption has, for those engaged in it, a different cultural or political orientation recognizably different from other forms of legitimate consumption. In order to explore this, it is important to examine the reasons given by respondents for their choice to favour counterfeit goods over purchasing their legal equivalents.

Not surprisingly, cost was the most frequently given motivation for the purchase of counterfeit goods across all product categories. In addition, approximately 70 per cent of respondents, including both purchasers and non-purchasers of counterfeit goods, believed that legitimate goods were overpriced. However, as explored above, the link between economic factors and the purchase of counterfeit goods is far from straightforward. When compared with other income categories, respondents in the lowest household income category (<£15,000 per annum) had the highest proportion of people who had purchased counterfeit goods and indicated that they would do so again (38.7%). However, this income category also had the highest proportion of people who had never purchased counterfeit goods (35.3%). In practice, the purchase of counterfeit goods appears not to be as much about economic choice or price sensitivity as might intuitively be expected or as consumers suggest.

If consumption was primarily economic or motivated by an anti-big-business attitude we could expect to see the operation of a strong substitution model of consumption. Consumers would choose to purchase counterfeit goods rather than their more expensive legal equivalents, and there would be a low incidence of dual purchases of items. However, previous research has suggested a strong correlation between frequent purchasers of counterfeit products such as music or film and frequent purchasers of legitimate versions. TNS (2004) estimated that, in 2003–4, downloaders of music spent £95 each compared to an average of £80 for all music buyers. Similarly, results of a two-stage survey of European users showed that there was a positive correlation between ‘free music (MP3) downloads and music online purchases with no substitution effect’ (Marletta et al., 2004: 21) for most demographic groups.<sup>16</sup> This suggests that, for music at least, rather than being anti-commercial or opposed to the type of product developed by the creative industries, consumers of counterfeit goods are amongst some of their biggest supporters – at least when measured by spending and number of items owned. This suggests an important overlap between the industry’s key customers and serial downloaders of illegal content.

The idea that consumers of counterfeit goods are also consumers of legitimate goods is paralleled in the empirical findings of our research. Of those respondents who had purchased counterfeit DVDs once or more during the previous 12 months, 30.2 per cent claimed to have purchased a legitimate copy of a DVD having already owned a counterfeit version. The proportion of respondents who claimed that after purchasing a copied DVD they went on to purchase the legal version further demonstrates that in practice an inability to afford legitimate DVDs was not a primary motivation for purchasing copies for many respondents. For these consumers at least, while having multiple copies of the same digital good may be seen as economically inefficient, it does highlight the manner in which the consumption of counterfeit goods is linked to legal consumption in a way not fully recognized or explored previously. Rather than using counterfeits as a way of refusing to engage with large cultural industries or merely gaining access to content without paying the legitimate market rate, it would appear that these respondents were using counterfeit goods as a way of exploring the market before making purchasing decisions.

If the motivations for purchasing pirated films are not simply economic, what other motivational factors influence consumer purchase decisions? Value rather than cost of goods was highlighted when examining the DVD-specific questions included in the questionnaire. For films, the success of creating demand for continually renewing products was a major motivation. The desire to see a film as soon as possible was cited as a motivation for purchasing counterfeit DVDs by a significant proportion of participants (56.3%). This frequency was higher in the paper-based sample where 62.7 per cent of participants indicated this was an important motivation for the purchase of copied DVDs.

Indeed, timeliness of release seemed more important to many respondents than the quality of the copied film itself. Poor quality of the counterfeit DVD was the reason given for purchasing a second (legitimate) copy for about 40 per cent of respondents, and 31 per cent purchased legitimate versions of DVDs after using counterfeit versions to preview the films. This suggests the role of marketing and advertising used to generate consumer demand for cultural products also drives demand for counterfeit and pirated products. This creation of consumer demand is not sensitive to intellectual property legislation. Data on the music files most frequently swapped on file-sharing networks, such as those compiled by Big Champagne,<sup>17</sup> show enough regular overlap with those listed in the US's Billboard single charts to suggest that downloaders are part of mainstream cultural consumption rather than rejecting it. Similarly, the weekly chart at [www.torrentfreak.com](http://www.torrentfreak.com) of most downloaded DVDs (based on data from the torrent portal Mininova) features almost exclusively Hollywood output.

Thus attempts to separate the consumption of counterfeit goods from that of legal items is problematic. For many users, the use of counterfeit goods was part of a strategy through which to manage their whole range of consumption. For goods such as music, business software, fashion items and so forth, more than a third of respondents said that they purchased counterfeits as a means of allowing them to increase the number of items they could afford. Purchase of counterfeits is here being used as a way in which to increase consumption of leisure goods rather than to undermine their market.

## Conclusions

Drawing on empirical data, this article has presented an argument for positioning an understanding of the consumption of counterfeit and pirated goods within the broader framework of routine consumption practices. It has demonstrated that engagement with counterfeit goods is broadly distributed across UK consumers and has argued that, as a practice, the purchase of counterfeit goods is more strongly associated with everyday routines, people and places than with criminal acts associated with subcultures and stigma. For the social science researcher, this has importance in that it frames the purchase of counterfeit goods in a more mundane manner than a primarily criminological or economic analysis.

Analysis of our data has suggested that the purchase and consumption of counterfeit goods extends beyond the stereotypical consumer outlined in the introduction and is instead commonplace across the entire range of age, gender and socio-economic status categories. Our analysis does not support a view of the consumers of counterfeit goods as necessarily subcultural, nor do we believe that adopting such an *a priori* position is analytically useful if counterfeiting is to be addressed as a set of consumption practices. We believe that analysis of our questionnaire responses indicates that the consumption of counterfeit goods is sufficiently widespread to demonstrate the limitations of the view that countercultural, vanguard or lead users can synecdochically represent this type of consumption.

It is our belief that while there may indeed be politically motivated consumers of counterfeit and pirated products, there is little to suggest that they are representative or, in practice, that the consumption of counterfeit goods does anything to challenge capitalist notions of consumption. Indeed, patterns of consumption appear to echo that of consumption of legal goods. If the majority of the consumption of counterfeit goods is claimed or assumed to be politically motivated, there is evidently a disparity between discourse (or rationale) and practice.

The issue in the article has not been to deal directly with the definitions of 'subculture', but to explore whether the application of this notion is appropriate and analytically useful when applied to developing an understanding of the consumption of counterfeits. To assume that consuming counterfeits constitutes membership or orientation towards a subculture appears to be drawing an overly simplistic elision between action and culture. Although the consumers of counterfeit goods within this study can be quantitatively identified as a subgroup through their consumption practices, this is not commensurate with definitions of subcultures. Explorations of subculture have often emphasized the role of consumption of goods such as music, fashion, or leisure practices in the development of identity but, as argued in the introduction, the consumption of counterfeit goods is, effectively, as broad ranging as modern consumption itself.

The pattern of consumption of counterfeit goods observed through our surveys fits more closely within an established framework of modern leisure consumption than as one outside or challenging to it. Indeed, it was apparent that for the majority of users the accumulation of products and their routine renewal and replacement is seen as a valid system. This suggests that the consumption of illegal goods is profoundly linked to behaviours in legitimate markets. The consumption of counterfeits reproduces and reflects demands within legal markets for leisure goods, and is used to strategically manage spending across the range of purchase options open to consumers.

While it is our contention that, for the majority of users, the advocacy of counterfeiting is not anti-capitalist but instead a variation of pro-capitalist consumption, it is not our intention to argue that such consumption does not exist – either in the discourse consumers use to rationalize their activities or in the practices themselves. If, as we argue, the consumption of counterfeit goods is profoundly linked to other consumption practices, then we would expect to see

similar types of variation, grouping and motivations that more ethnologically orientated methodologies would identify. While we can correlate purchase of counterfeit goods with locations such as the workplace, pubs or markets, other forms of data need to be called upon to develop a granular understanding of the social processes surrounding these activities.

We recognize that a survey of the type presented here offers little potential to determine whether the purchasers of counterfeit goods shared values, experience, language or lifestyles associated with this type of consumption. A simple quantitative observation cannot establish whether these people meaningfully interact with each other around the consumption of counterfeiting, or whether these respondents define themselves as part of a group or separate from any broader social groupings. However, we believe for further research that examining consumer motivations and their role in purchasing decisions is important for developing a deeper understanding of consumer behaviour and demand for counterfeit goods. These results therefore highlight the need to analyse further the complex links between cost, quality, value and other social motivations for consumption of these goods in the context of general patterns of leisure consumption, social networks and everyday life.

## Notes

- 1 Copyright also encompasses other, 'moral', rights including Paternity/ Attribution Rights which give the right to be identified as the author of a work and Integrity Rights which give the author the right to object to derogatory treatment of the work.
- 2 The jailing in England of Anatasios Arnaouti in June 2005 was the end of a police investigation into a currency counterfeiting operation which took place in Ashton-under-Lyne, near Manchester. After his arrest police seized £2.5m worth of counterfeit £10 notes and \$3.5m in fake US \$100 bills but as the counterfeiting had been going on for several years the total amount produced (or in circulation) is unknown.
- 3 See <http://www.oecd.org/sti/counterfeiting> for most recent developments.
- 4 Here peer-to-peer (P2P) refers to online distributed services that use a variety of software clients and network technologies (including BitTorrent, eDonkey2K, FastTrack and Gnutella) to facilitate exchange of digital files with or without the copyright owner's permission.
- 5 By focusing on countries with high piracy rates, the IIPA figures exclude countries – such as the US and UK – which have comparatively low piracy rates but high market value for counterfeit sales. This suggests a global figure would be notably higher.
- 6 Or in the example of pharmaceuticals, inactive ingredients, as in the case of seizures of counterfeit packets of the cholesterol inhibitor, Lipitor.
- 7 The research on which this article is based draws upon the purchase of goods where the consumer was aware that they were buying counterfeit goods – often signified by differences in design, packaging, cost or outlet. It is, however, recognized that counterfeit goods do find their way into legitimate supply chains and are sold as genuine branded products and are bought and sold in good faith.

- 8 While it may appear straightforward to assume an economic model for the consumption of counterfeit goods where consumers are merely being tactical in that they are getting goods at reduced or no cost, our data do not support a simple correlation between income and purchase of counterfeit goods. This issue is explored in more detail in the section 'Motivations for the Purchase of Counterfeit Goods'.
- 9 The Intellectual Property Theft and Organised Crime (IPTOC) project was conducted by the authors. Fieldwork for the project was conducted between May and September 2004. The project funding consortium consisted of the 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 and Alliance Against Counterfeiting and Piracy (AACP).
- 10 See Bryce and Rutter (2005) for an indicative overview of the complete project.
- 11 These included university web pages, gaming, music and P2P websites and the Entertainment and Leisure Software Publisher's Association (ELSPA) web site.
- 12 The proportion of respondents who had knowingly purchased counterfeit goods was higher in the web-based sample (41.9% compared with 24.0% in the paper-based sample).
- 13 The following demographic variables were examined in the analyses; age, gender, income, location and sample. Only results significant at the  $p < 0.05$  level are reported.
- 14 A parametric analysis (Univariate ANOVA) was undertaken based on the mean frequency of purchase by product category in the total sample. Demographic variables included in the analyses were age, gender, income.
- 15 During 2004 the BPI (British Phonographic Industry) used the messaging function built into Grokster and Kazaa to send the following messages to users they had identified as illegally making available the largest number of music files: 'WARNING. The file-sharing network you are connected to indicates that you are offering music to others from your computer. Doing this without permission from the copyright owner is illegal. Such actions damage everyone involved in creating and investing in music. Copyright law exists to protect those creators and investors. When you break the law, you risk legal penalties. Avoid that risk. Do not offer, download or distribute music to others without permission on a file-sharing service like this. Disable the "share" feature, or uninstall the file sharing software. This message has been sent to you by British Phonographic Industry Ltd on behalf of its members and those of Phonographic Performance Ltd – more than 95% of UK record companies.'
- 16 Respondents who were married being the exception to the trend.
- 17 <http://www.bigchampagne.com/radio.html>

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