

Gen Z Insights: *Brands and Counterfeit Products*

Indonesia Country Report



Photo credit: Fahri Ramdani "The nightlife" January 24, 2018 and "Expression" August 17, 2018

Table of Contents

03	Research objectives
04	Executive summary
05	Methodology details in Indonesia
06-07	Key findings in Indonesia
08	Country Comparisons
09	Knowledge of intellectual property rights
10	Purchased counterfeit products in the past year
11	Awareness with counterfeit industries
12	Functional benefits of counterfeits
13	Functional expectation of purchasing counterfeits
14	Indonesia Deep Dive
15-18	A snapshot of Gen Zers in our sample
19	Gen Z's beliefs about intellectual property rights
20	Gen Z's attitudes towards brands
21-23	Gen Z's counterfeit influences and attitudes
24	Gen Z's beliefs about buying counterfeit products
25	Gen Z's beliefs about selling counterfeit products
26-27	Counterfeit market context
28-32	Gen Z's engagement with counterfeit products
33	Gen Z's reasons for purchasing counterfeit products
34	Gen Z's reasons against purchasing counterfeit products

Research objectives

#1

Explore the relationship between Gen Z and brands

#2

Understand Gen Z's attitudes and perceptions of counterfeit products

#3

Unpack the importance of different considerations influencing their purchase of counterfeit products

Executive summary

- Gen Z is a cohort of individuals born from 1995 to 2010. The members of this generation are digital natives. Reports have shown that by 2020, Gen Z will comprise the most significant number of consumers globally making it critical for brand professionals to understand the relationship between Gen Z and brands, Gen Z's attitudes towards counterfeit products, and the importance of different considerations in influencing their purchase behavior of counterfeit products.
- The study focuses on Gen Zers between 18 and 23 years of age in 10 countries: Argentina, China, India, Indonesia, Italy, Japan, Mexico, Nigeria, Russia, and the United States. Multiple factors went into selecting these countries including the population size of Gen Z in specific countries, the prevalence of counterfeit goods in those countries, and the level of economic development in the country.
- The study was conducted in two phases. Between August and September 2018, thirty respondents from Argentina, India, Russia, and the United States participated in the Virtual Qualitative Phase. Respondents were asked to complete three days' worth of activities online. The findings of this initial phase helped shape the second Quantitative Phase which comprised of a 25-minute online survey. This second phase was conducted in all 10 countries during November 2018 and have more than 4500 respondents in total. The survey was open to respondents for approximately two weeks in each country. In both the Virtual Qualitative and Quantitative Phases, research instruments were always translated into the local languages when necessary.

Methodology details in Indonesia

Quantitative: Global Gen Z Authority Online Survey

After the Virtual Qualitative phase, a 25-minute international online survey was conducted with over 4,500 Gen Z respondents across ten countries in November 2018. All 4500+ respondents had all responded that they had come across fake products when thinking about the variety of goods sold out there*. The survey was completed in each country within approximately two weeks. Survey questions and responses were in Bahasa Indonesia. The purpose of this survey was to robustly understand Gen Z's relationship with brands and counterfeits and the importance of different considerations influencing their purchase of counterfeit products.

Sample and analysis call outs:

Sample	 Indonesia
Females 18-23	N=200
Males 18-23	N=200
Country Totals	N=400

Analysis Details

- Rounding errors may occur that cause $\pm 1\%$ discrepancy.
- The margin of error for the data in this report is 4.9%.
- We asked respondents a maximum of 47 distinct questions in the quantitative survey
- In our quantitative explorations, we defined “fake products” as “an exact imitation of a brand’s product and its packaging”
- *Respondents who qualified to the study selected “Fake products” in response to the following question:
When thinking about the variety of goods being sold out there, which of the following have you come across?

Key findings in Indonesia

- Gen Z's generational identity is defined by three characteristics: individuality, morality, and flexibility.

In Indonesia...

- 93% of say it is important to always be true to who they are.
- 88% say they determine their own moral code.
- 95% are open to changing their views based on new things they learn.
- 73% feel that the brand name is not as important as how the product fits their needs.
- 90% believe that brands should aim to do good in the world.
- 78% have at least heard of intellectual property (IP) rights.
- 90% of those who have at least heard of IP rights believe IP rights are equally important or more important than physical property rights.
- 96% have a lot of respect for people's ideas and creations.
- 85% believe that fake products are sold everywhere.

Key findings in Indonesia

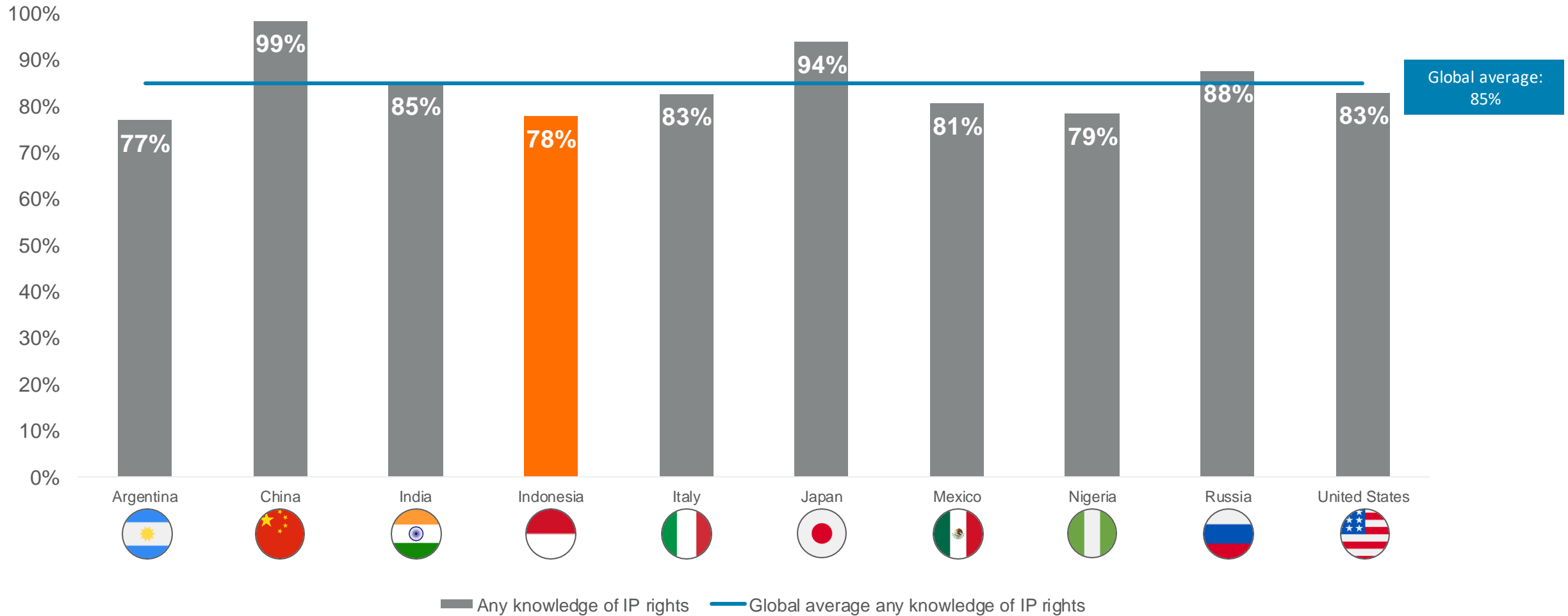
In Indonesia...

- Gen Z's top influence when it comes to forming opinions about fakes is their income, which beats their morals by 14%.
- 53% feel they cannot afford the lifestyle they want.
- 87% purchased counterfeit products in the past year.
- The two most commonly purchased counterfeit products are apparel and shoes and accessories.
- When asked about benefits of purchasing counterfeit products, 73% say fake products are easier/more convenient to find than genuine products.
- When asked about barriers to purchasing counterfeit products, 90% say that fake products are unsafe.
- 72% expect to purchase fewer counterfeit products in the future.
- The top drivers which would change Gen Zers' attitudes about counterfeit products are: if the product is dangerous or bad for their health, if money spent on fake products goes towards organized crime, and if purchasing fake products means they have to pay a fine.
- Gen Z's top three credible sources for learning about counterfeit products are: brands' creators or employees, media personalities, and social media influencers.

Country Comparisons

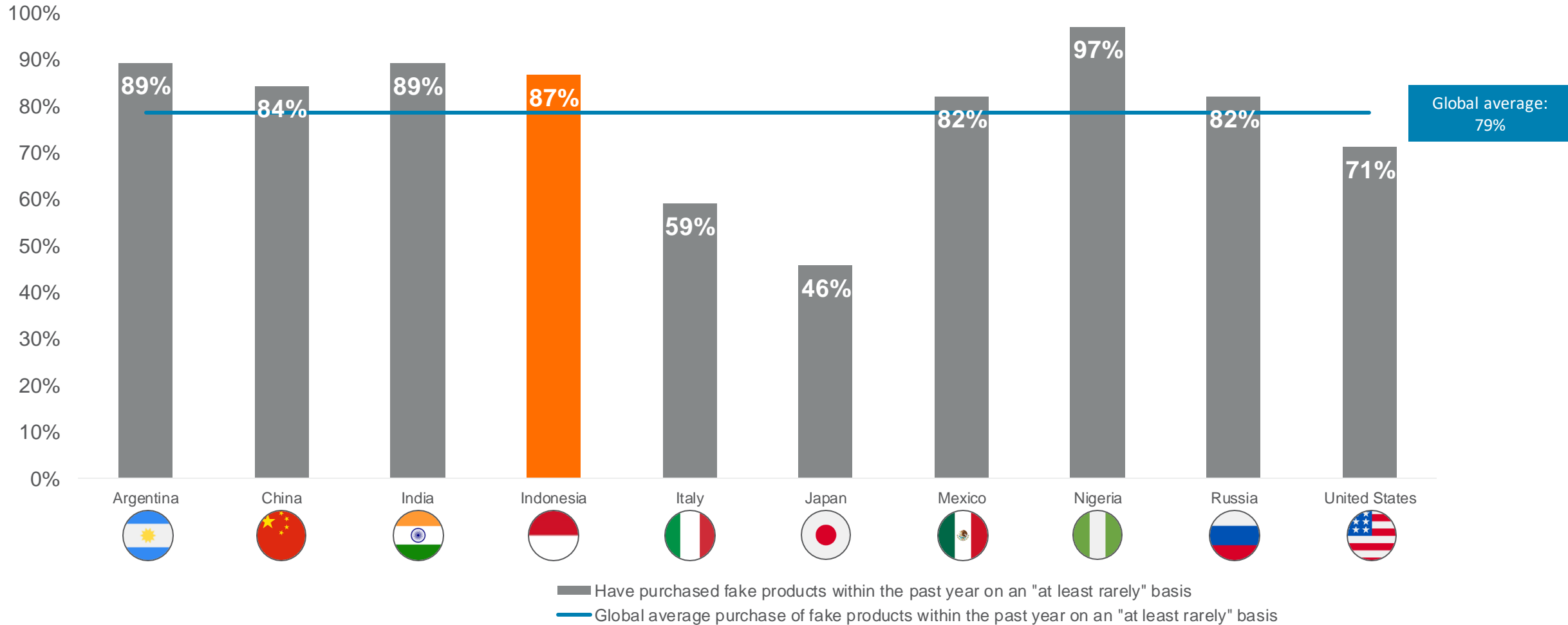
The background is a solid orange color with a large, abstract graphic composed of thick orange lines. It features a large circle on the left, a smaller circle on the right, and several intersecting lines that create a sense of depth and movement.

Knowledge of intellectual property rights













Knowledge. How much do you feel you know about the topic of intellectual property rights, such as trademarks and copy rights?

Purchased counterfeits in the past year













FrequencyQ. Within the past year, how often did you purchase fake products within each of the following categories? [Note: FrequencyQ was only asked for categories respondents at least "rarely see"]

Awareness with counterfeit industries

Aware of...	Apparel	Shoes & accessories	Sporting goods (apparel and merchandise)	Beauty & cosmetics	Consumer electronics	Food and beverages	Toys	Personal care
Global Average	97%	98%	96%	90%	94%	78%	89%	74%
 Argentina	99%	98%	98%	89%	97%	70%	95%	70%
 China	97%	98%	97%	97%	93%	90%	92%	88%
 India	97%	98%	97%	93%	95%	88%	88%	84%
 Indonesia	98%	98%	97%	94%	96%	79%	90%	73%
 Italy	98%	99%	97%	85%	93%	72%	89%	65%
 Japan	94%	98%	88%	79%	85%	68%	83%	52%
 Mexico	99%	99%	99%	93%	96%	75%	95%	80%
 Nigeria	98%	99%	98%	95%	99%	89%	84%	88%
 Russia	99%	98%	96%	89%	95%	72%	87%	64%
 United States	96%	97%	92%	89%	95%	74%	89%	72%

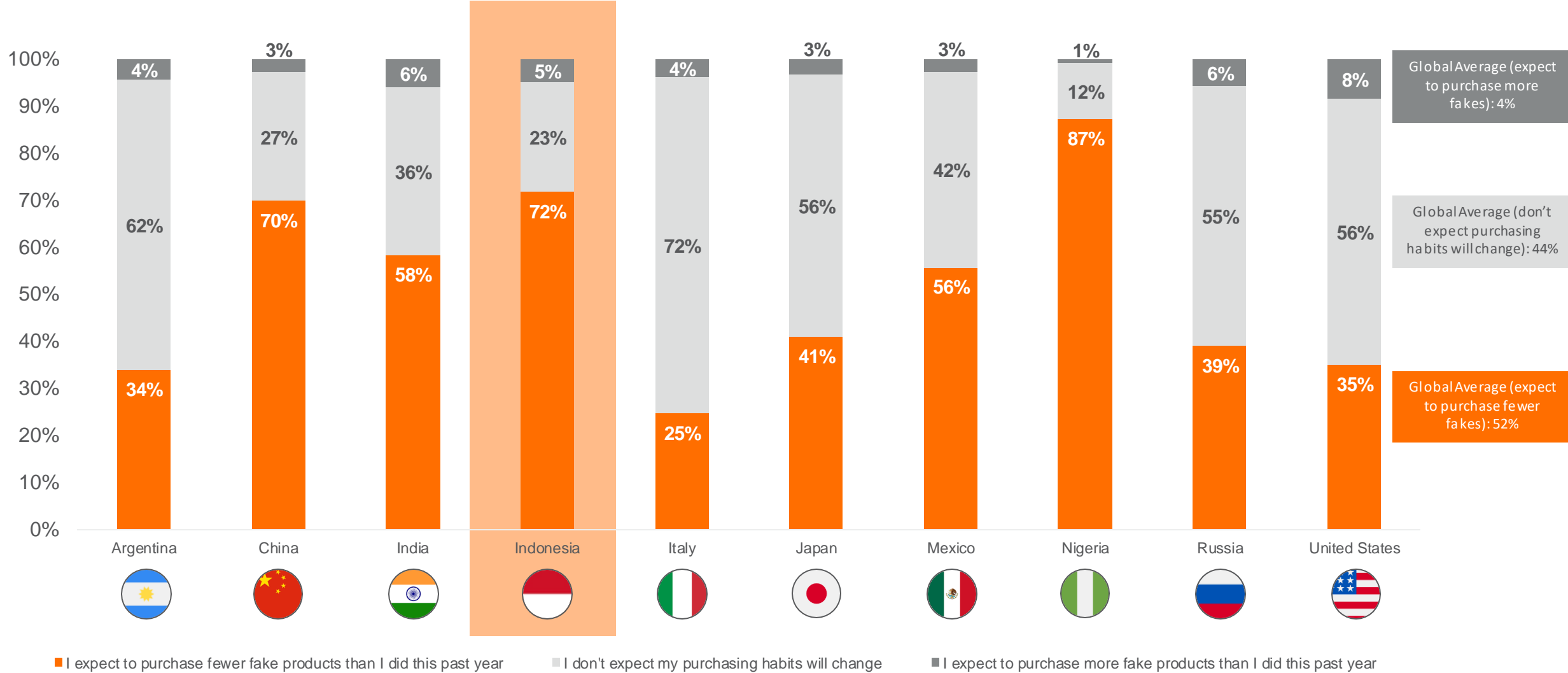
Exposure. How often do you usually see the following categories of fake products being sold? [Note: **Exposure** was only asked for categories respondents have at least "heard of"]

Functional benefits of counterfeits

Gen Zers' global top 3 benefits overall (averaged across categories)	Top ranked benefit		Second top ranked benefit		Third top ranked benefit	
Global Average	Fake products are easier/more convenient to find than genuine products	58%	I can only afford the fake version of some brands	57%	My money benefits the seller who's making a living for him/herself	57%
 Argentina	I can only afford the fake version of some brands	66%	My money benefits the seller who's making a living for him/herself	64%	Fake products are easier/more convenient to find than genuine products	63%
 China	Fake products are easier/more convenient to find than genuine products	61%	I've had a positive experience with a past purchase of a fake product	60%	I can only afford the fake version of some brands	54%
 India	The quality of a fake product is good enough for the price	60%	My money benefits the seller who's making a living for him/herself	59%	No one is able to tell if I use fake products	58%
 Indonesia	Fake products are easier/more convenient to find than genuine products	73%	My money benefits the seller who's making a living for him/herself	66%	No one is able to tell if I use fake products	53%
 Italy	The quality of a fake product is good enough for the price	56%	I can only afford the fake version of some brands	55%	I've had a positive experience with a past purchase of a fake product	55%
 Japan	I can only afford the fake version of some brands	65%	Fake products are easier/more convenient to find than genuine products	40%	No one is able to tell if I use fake products	40%
 Mexico	My money benefits the seller who's making a living for him/herself	60%	Fake products are easier/more convenient to find than genuine products	54%	I've had a positive experience with a past purchase of a fake product	54%
 Nigeria	I can only afford the fake version of some brands	59%	Fake products are easier/more convenient to find than genuine products	59%	My money benefits the seller who's making a living for him/herself	56%
 Russia	Fake products are easier/more convenient to find than genuine products	69%	I've had a positive experience with a past purchase of a fake product	61%	The quality of a fake product is good enough for the price	59%
 United States	I've had a positive experience with a past purchase of a fake product	64%	My money benefits the seller who's making a living for him/herself	64%	I can only afford the fake version of some brands	63%

Benefits. How much do you agree with the following statements regarding why you might want to purchase fake products in the [hCatAssign] category?

Future expectation of purchasing counterfeits



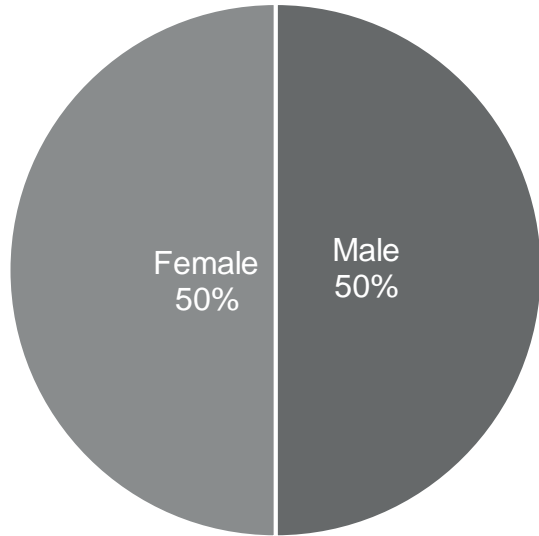
FuturePurchase. How do you expect your purchasing habits will change in the future?

Indonesia Deep Dive

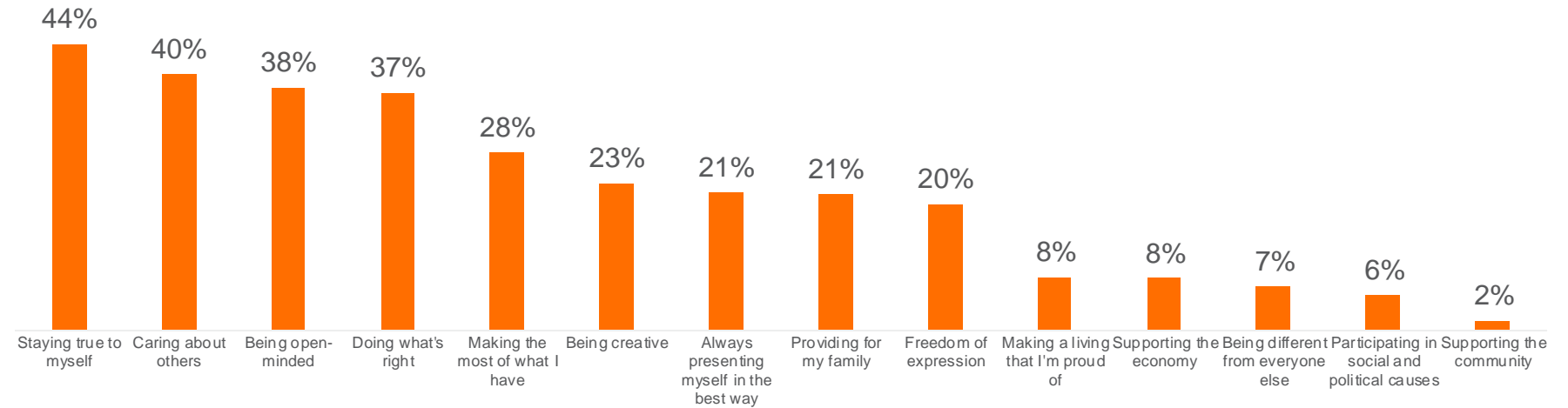
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A snapshot of Gen Z in our sample

Gender

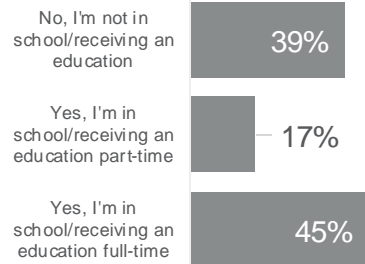


Values

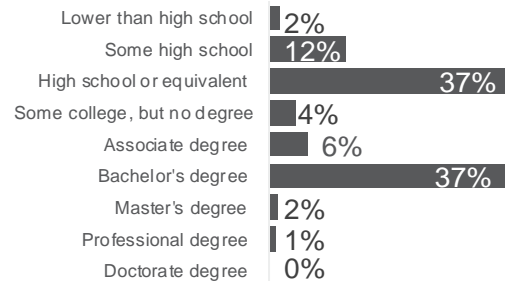


Education

Currently attending?



Highest education level they have achieved...



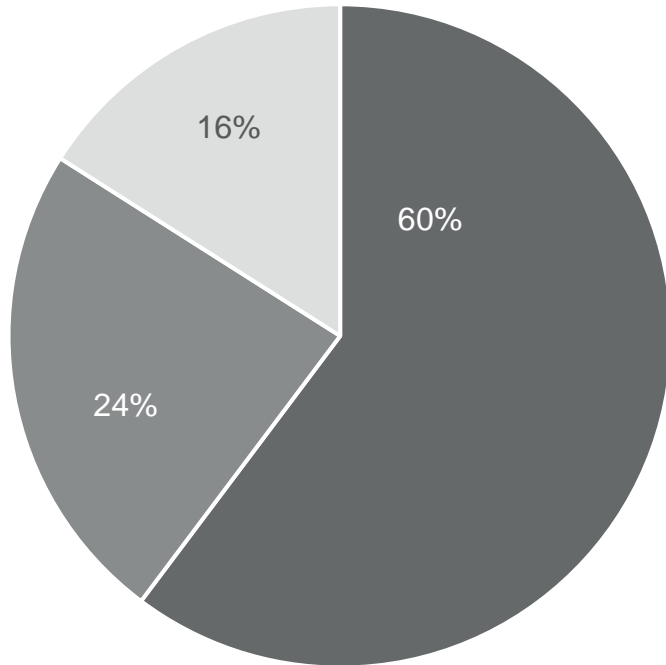
Media awareness and usage

	Facebook	Instagram	Twitter	Netflix	Spotify	Snapchat	YouTube	iflix	HOOOQ
Awareness	92%	92%	80%	66%	73%	66%	94%	61%	57%
Usage	72%	81%	43%	17%	36%	13%	90%	17%	13%

Gender. Are you...? **IntlEd.** Are you currently attending school or receiving an education? **IndonesiaEdu.** What is the highest level of education you have completed? **SocialMediaA.** Which of the following have you heard of? Please select all that apply. **SocialMediaB.** Which of the following websites, apps, or subscriptions services do you use or visit? Please select all that apply. **Values.** Which of the following values are most important to you? Please select your top 3.

A snapshot of Gen Z in our sample

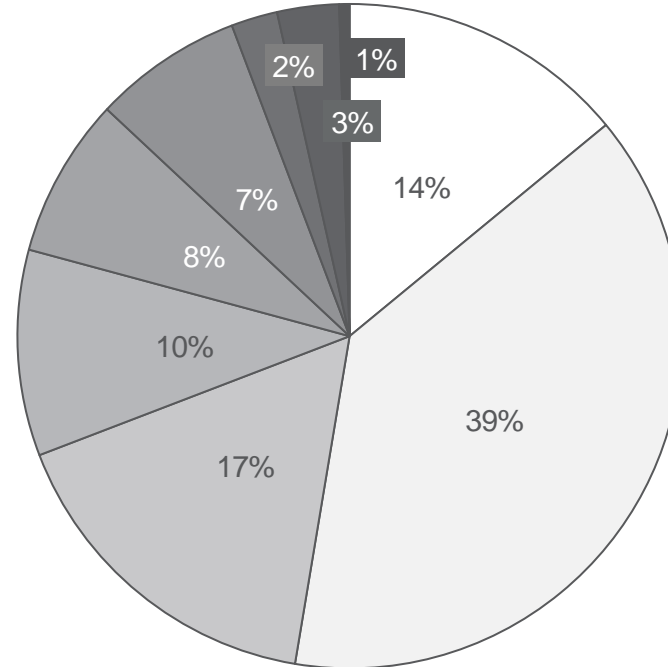
Area



- Urban
- Suburban/just outside the city
- Rural/countryside

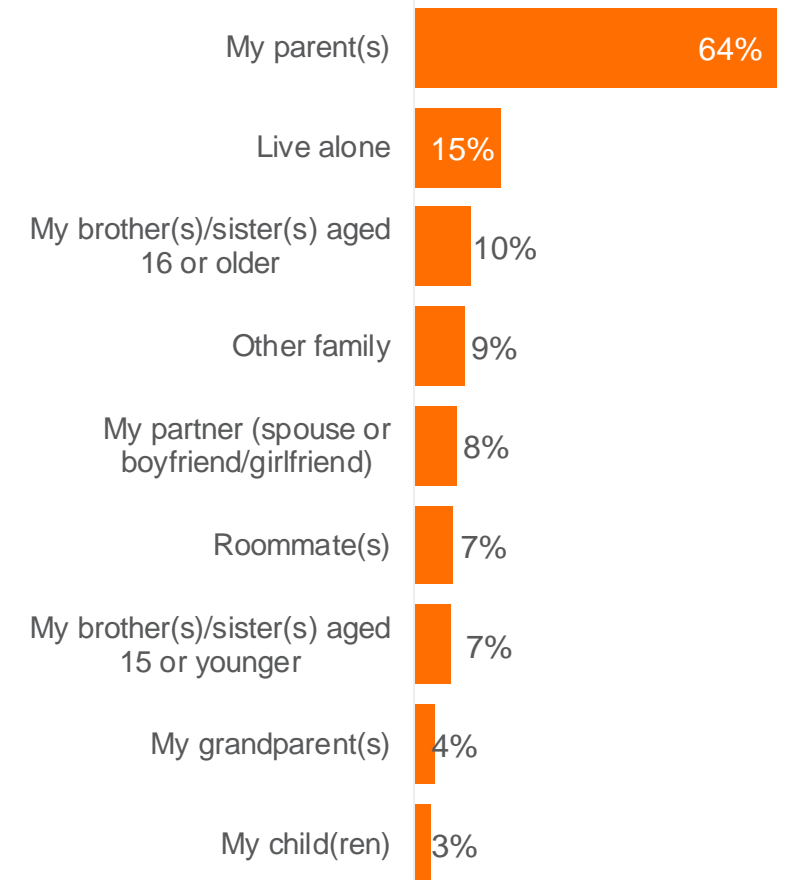
Area. You would describe where you live as being...
Indonesialnc. What is your annual personal income before taxes?
HHMakeup. Who do you live with? *Please select all that apply.*

Personal income



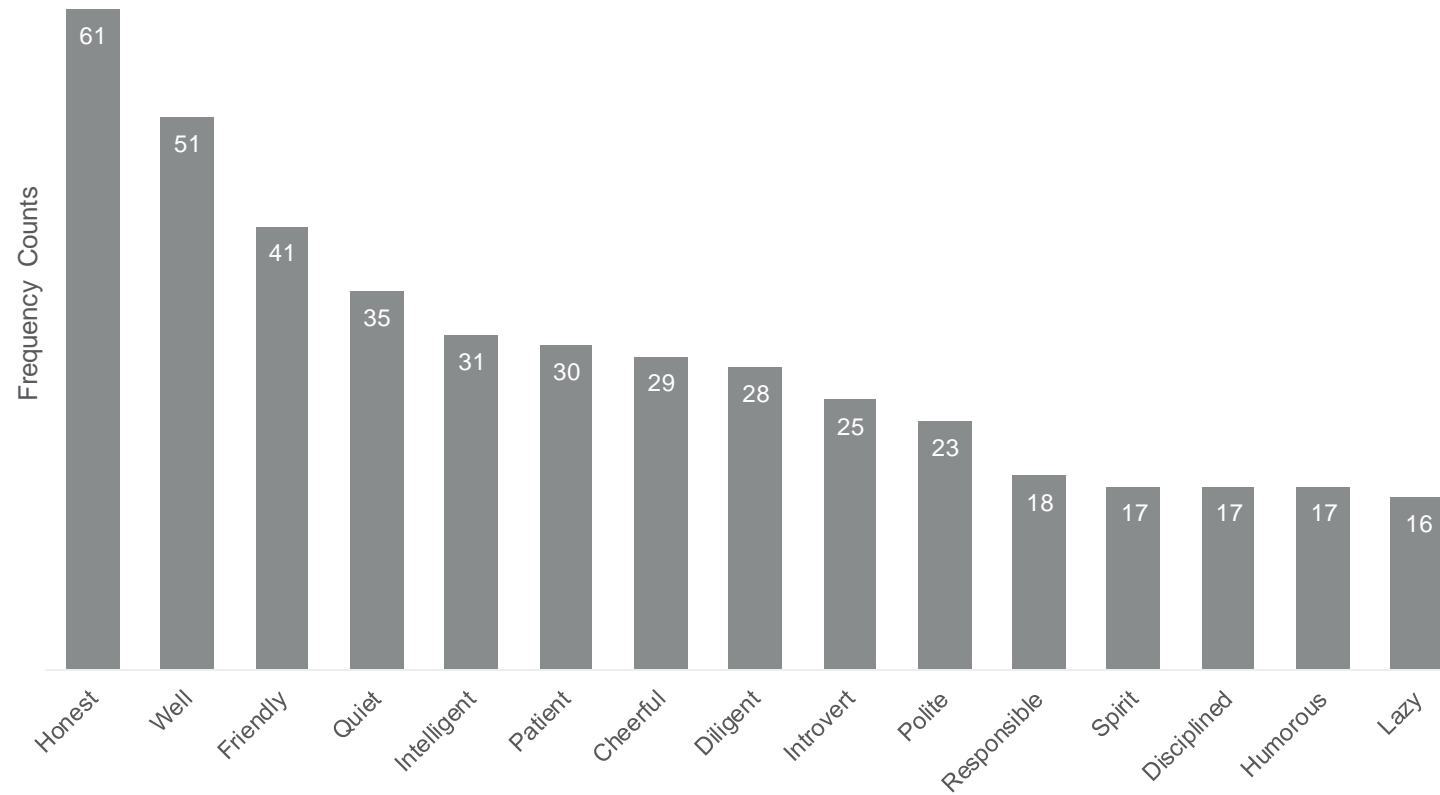
- I don't know/prefer not to answer
- Less than 18,000,000 IDR
- 18,000,000-29,999,999 IDR
- 30,000,000-41,999,999 IDR
- 42,000,000-53,999,999 IDR
- 54,000,000-77,999,999 IDR
- 78,000,000-101,999,999 IDR
- 102,000,000-131,999,999 IDR
- 132,000,000-239,999,999 IDR

Household makeup



A snapshot of Gen Z in our sample

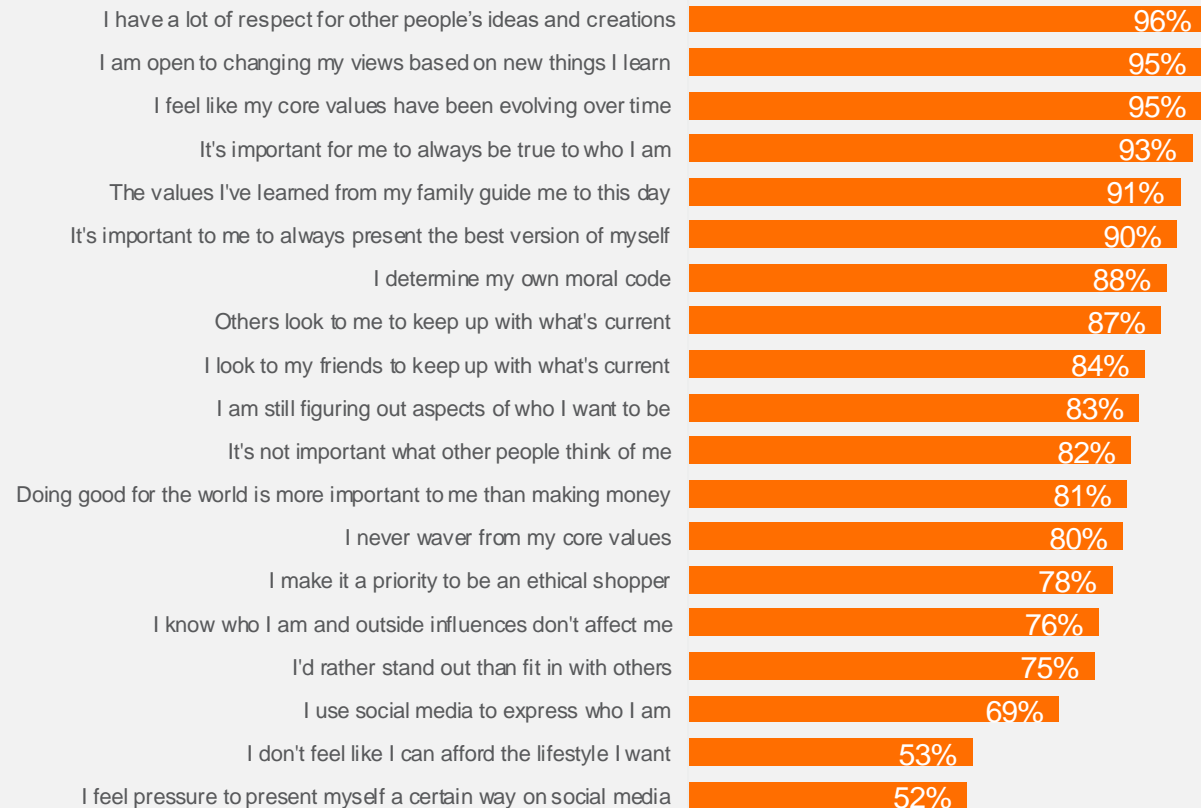
Personality: Gen Z's open-ended descriptions of their personality



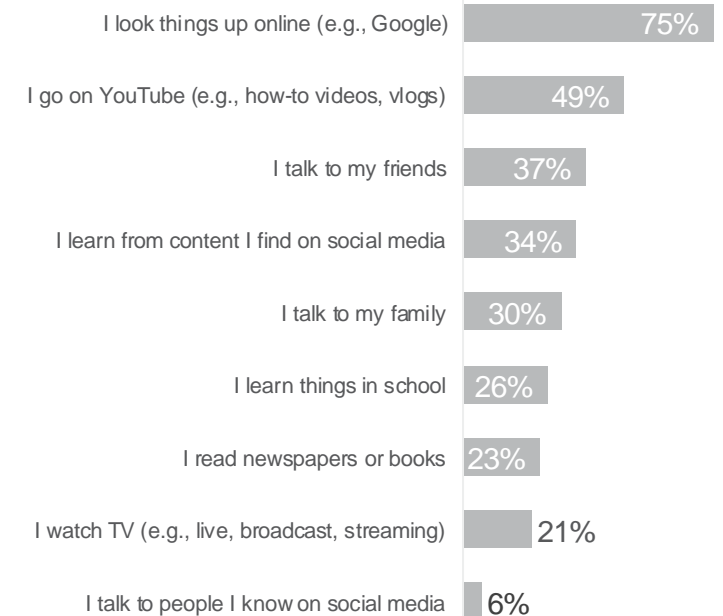
OEPersonality. What are 3 words you would use to describe your personality?

A snapshot of Gen Z in our sample

Gen Z's agreement on psychographics statements



We asked Gen Zers about where they learn about things and they said...

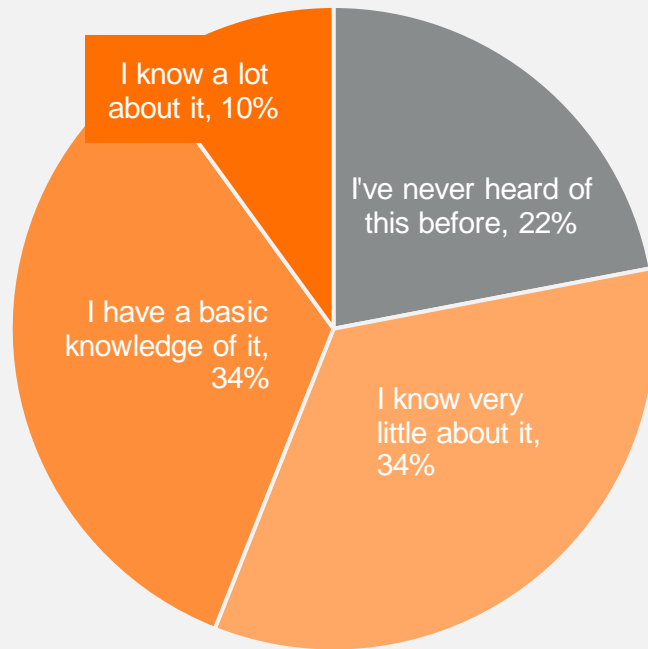


Psychographics. Please indicate how much you agree or disagree with each of the following. [% Strongly Agree + % Somewhat Agree]

Learning. What are your top sources of information to learn about things? Please select your top 3.

Gen Z's beliefs about intellectual property rights

Gen Z's knowledge of and beliefs about intellectual property rights



For those who have at least some knowledge of intellectual property rights, they believe...

10% *Physical property rights are more important than intellectual property rights*

24% *Intellectual property rights are more important than physical property rights*

67% *Intellectual property rights are equally as important as physical property rights*

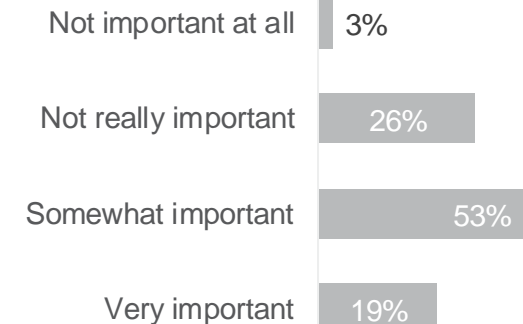
Knowledge. How much do you feel you know about the topic of intellectual property rights, such as trademarks and copyrights?
IPRights. Which of the following do you agree with most? [Note: **IPRights** was asked among those who know at least "very little about it"]

Gen Z's attitudes towards brands

Gen Z's agreement on brand attitude statements



We asked Gen Zers about the importance of a brand name and they said it's...



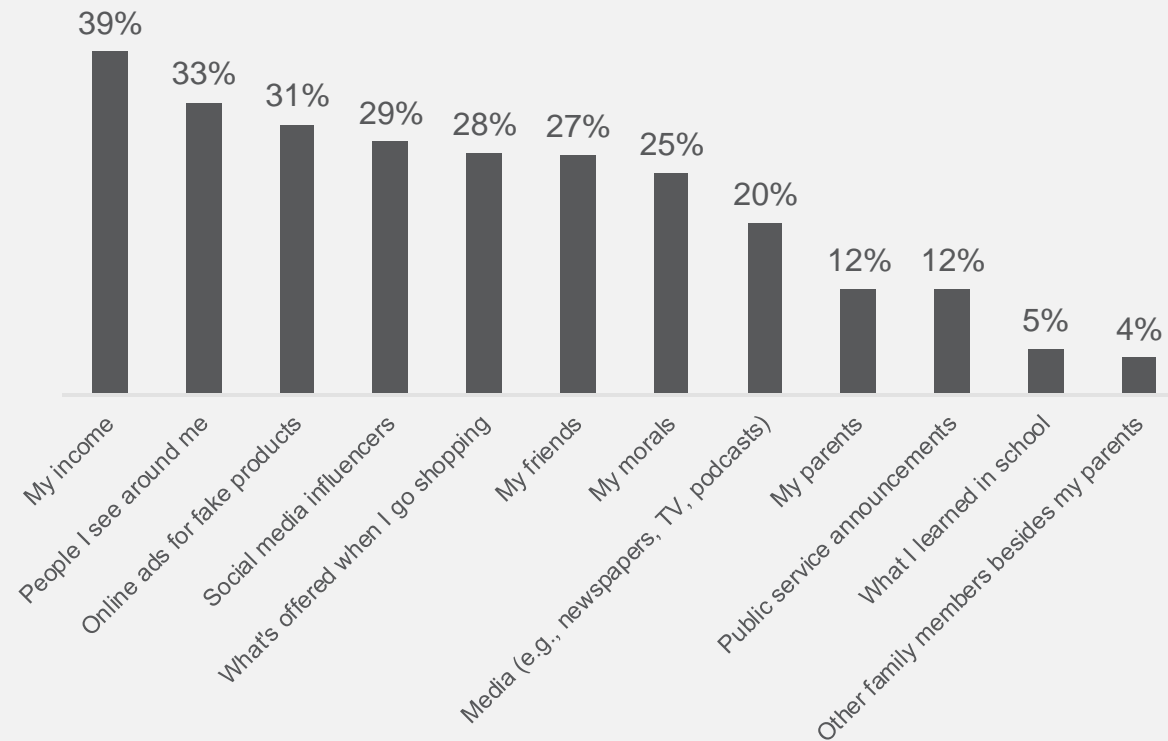
BrandAttitudes. Please indicate how much you agree or disagree with each of the following. [% Strongly Agree + % Somewhat Agree]

BrandImportance. When you decide what to purchase, how important is the brand name?

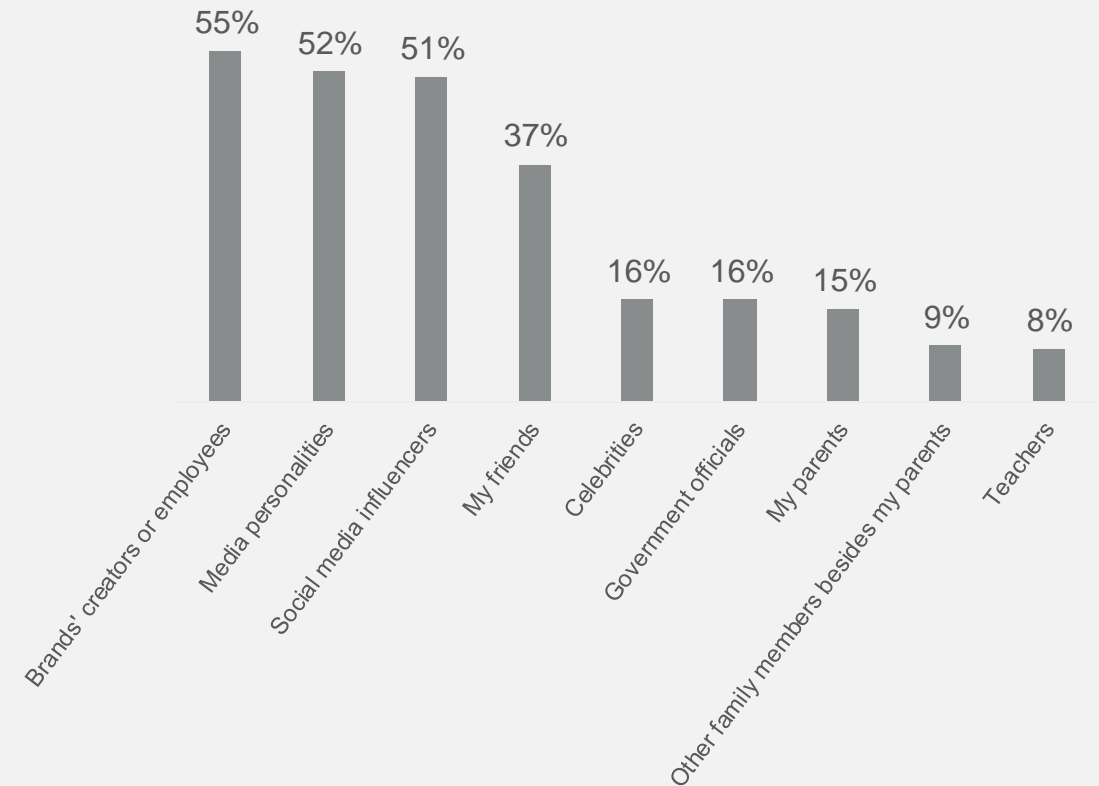
Gen Z's counterfeit influences and attitudes

Influences

What currently influences Gen Z's opinions on counterfeits



Sources Gen Z thinks are credible for learning more about counterfeits

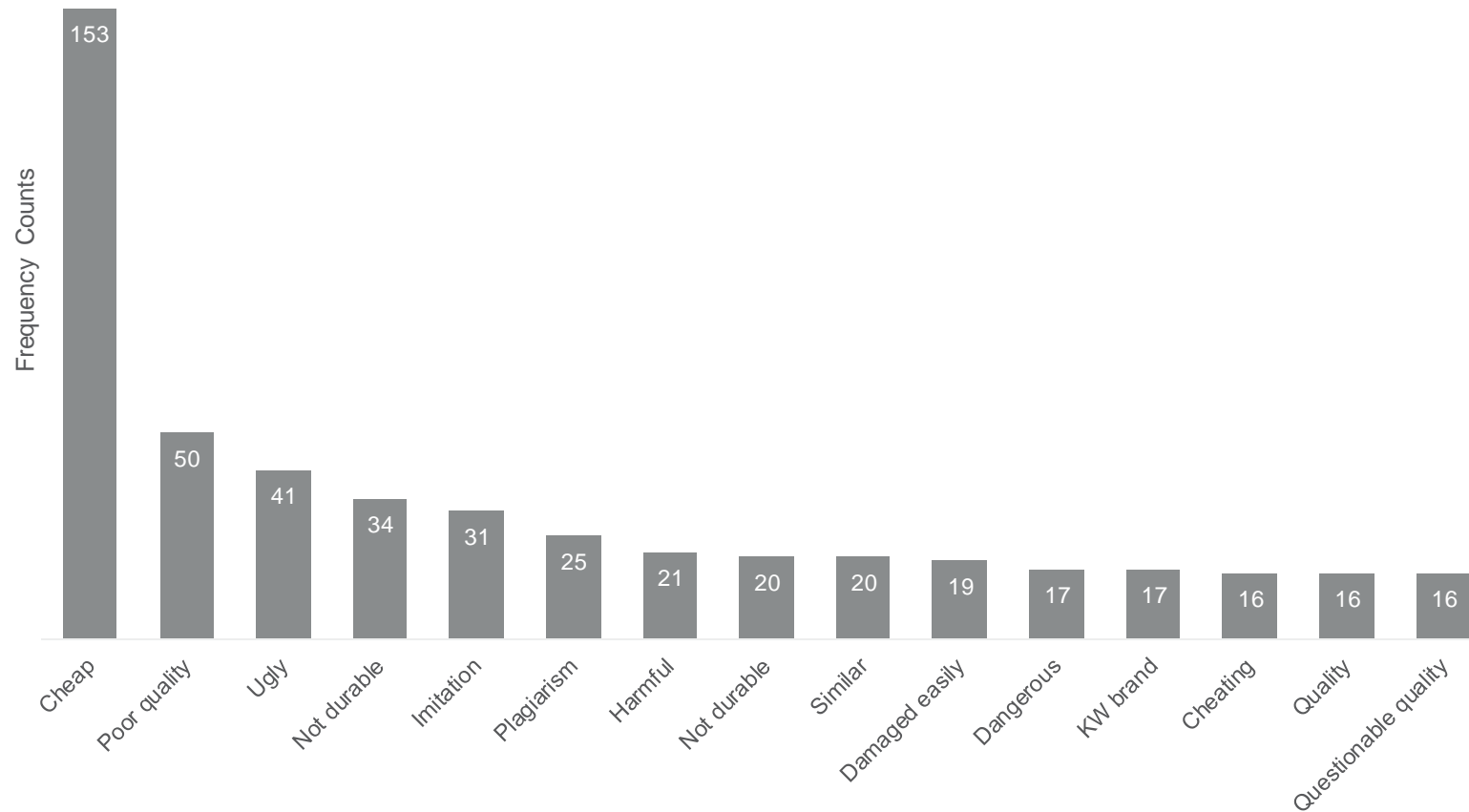


InfluencesCounterfeit. Which of the following would you consider to be the biggest influences when it comes to forming your opinions about fake products? Please select up to 3.

SourcesofLearning. Who would be the most credible sources for learning more about the topic of counterfeiting? Please select up to 3.

Gen Z's counterfeit influences and attitudes

Counterfeit attitudes: Gen Z's open-ended associations with counterfeit products



OEPerceptions. What are the first 3 descriptors that come to your mind when you are thinking about fake products?

Gen Z's counterfeit influences and attitudes

Gen Z's agreement on counterfeit attitude statements

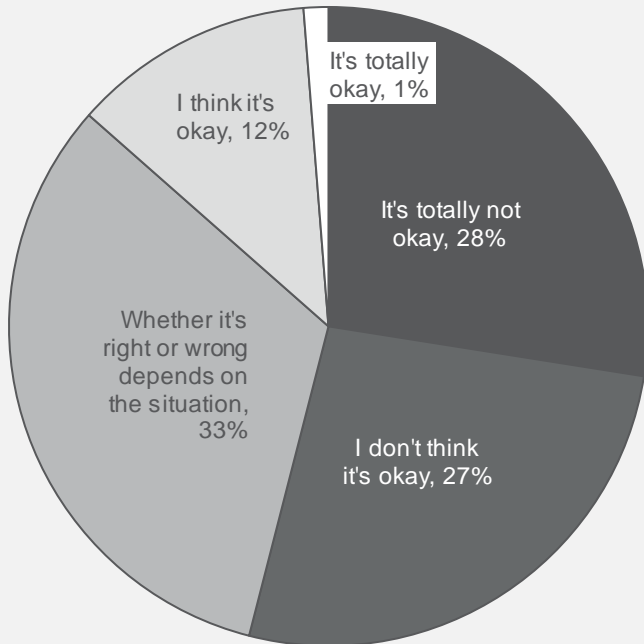


Counterfeit Attitudes. Please indicate how much you agree or disagree with each of the following as it relates to fake products and their purchase/sale. [% Strongly Agree + % Somewhat Agree]

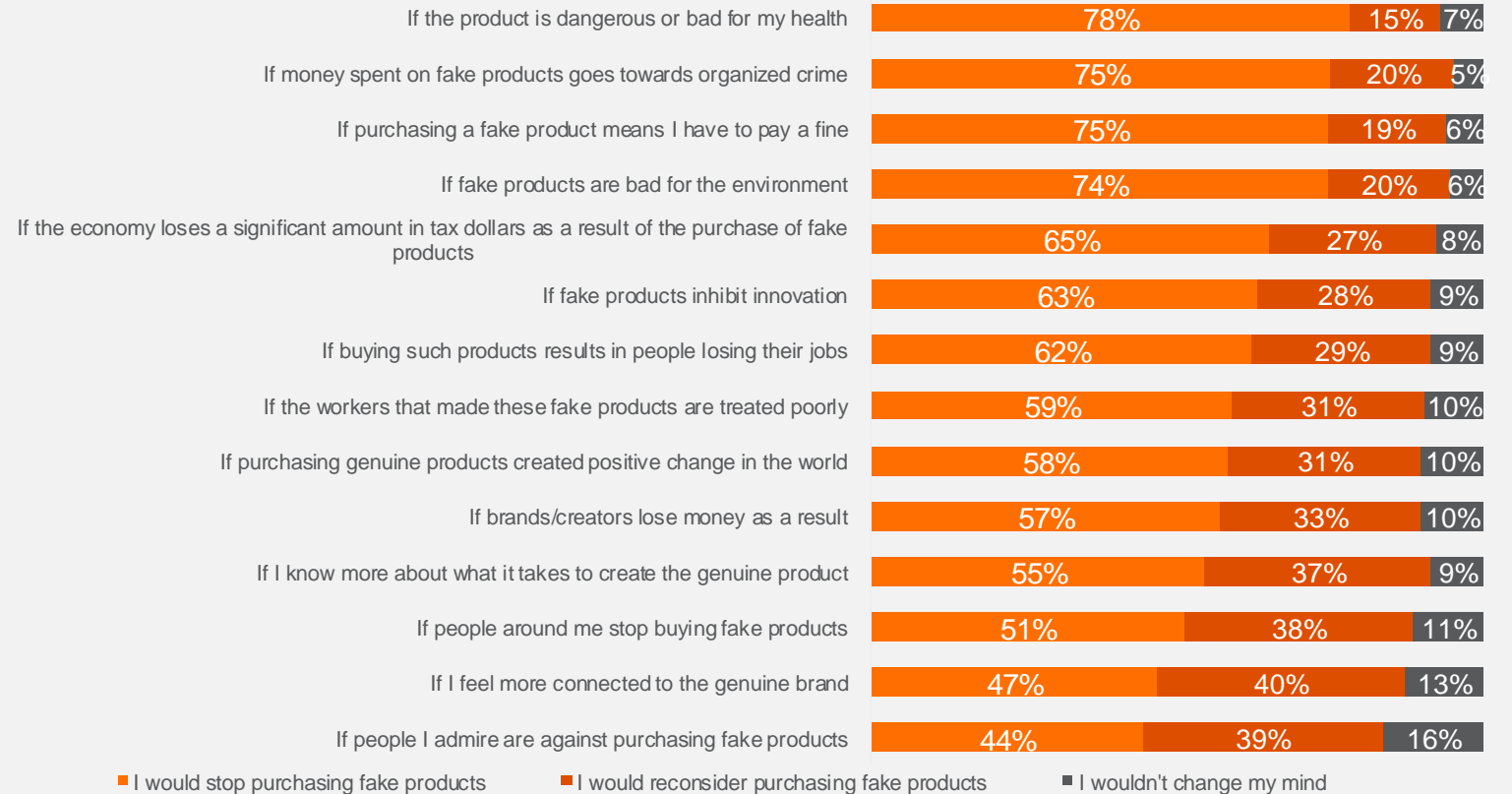
Gen Z's beliefs about buying counterfeit products

Buying

Ethical views on purchasing counterfeit products



What it would take to change their behavior:



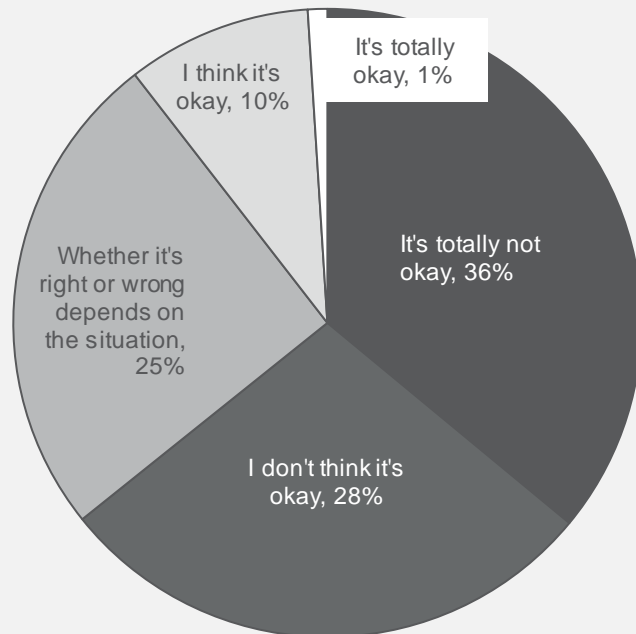
EthicsA. Which of the following best describes how you feel about buying fake products in general?

Change. How would the following change your mind about purchasing fake products, if at all? [Note: **Change** was asked among those who at least "rarely" purchase counterfeit products]

Gen Z's beliefs about selling counterfeit products

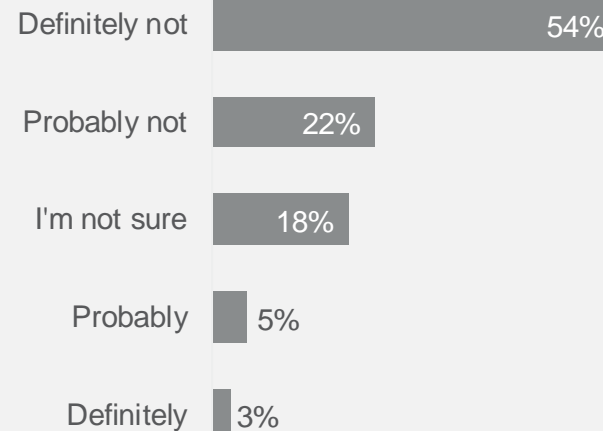
Selling

Ethical views on selling counterfeit products

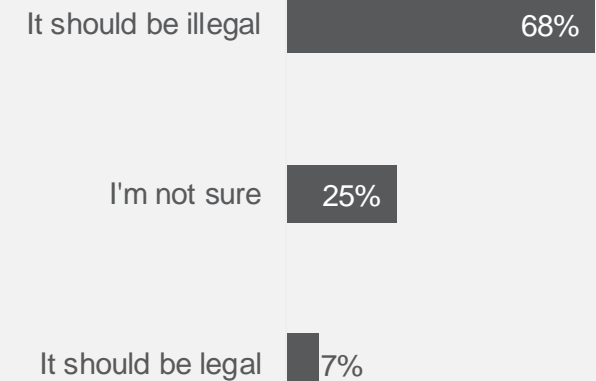


Gen Z's beliefs about the legality of selling counterfeit products

Is selling counterfeit products legal? Gen Zers say...



Should selling counterfeit products be legal? Gen Zers say...



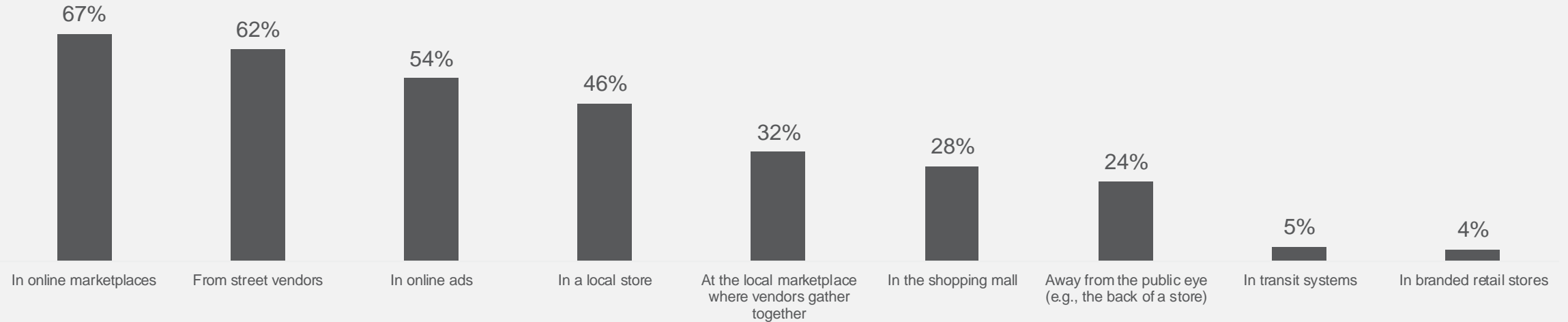
EthicsB. Which of the following best describes how you feel about selling fake products in general?

LegalityA. Is selling fake products legal?

LegalityB. Which of the following describes how you feel about the sale of fake products?

Counterfeit market context

Places seen



The experience of shopping for counterfeit products in Argentina

48%

I don't hear sellers or shopkeepers talk about counterfeit products

16%

Sellers discreetly talk about the counterfeit products being sold

34%

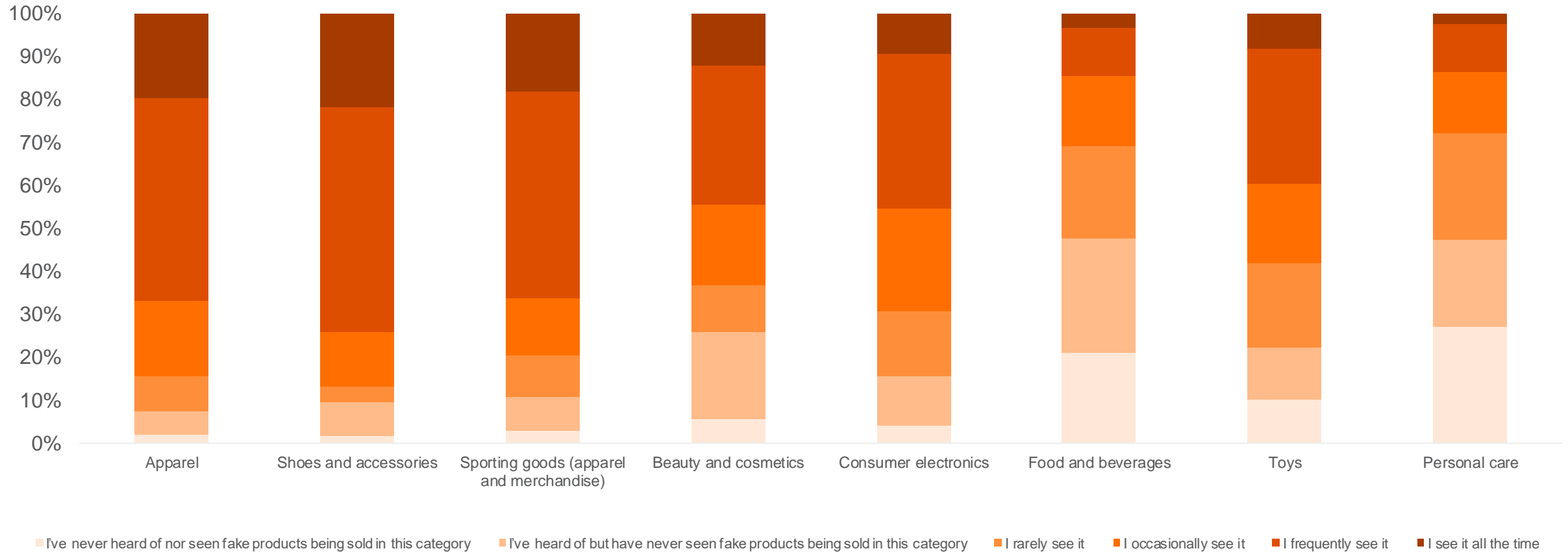
Sellers are pretty open and honest about the counterfeit products being sold

PlaceSeen. Thinking about fake products, where do you usually see them offered or sold? Please select all that apply.

Experience. When you are shopping for or encounter fake products being sold, how do you hear sellers or shopkeepers talk about them?

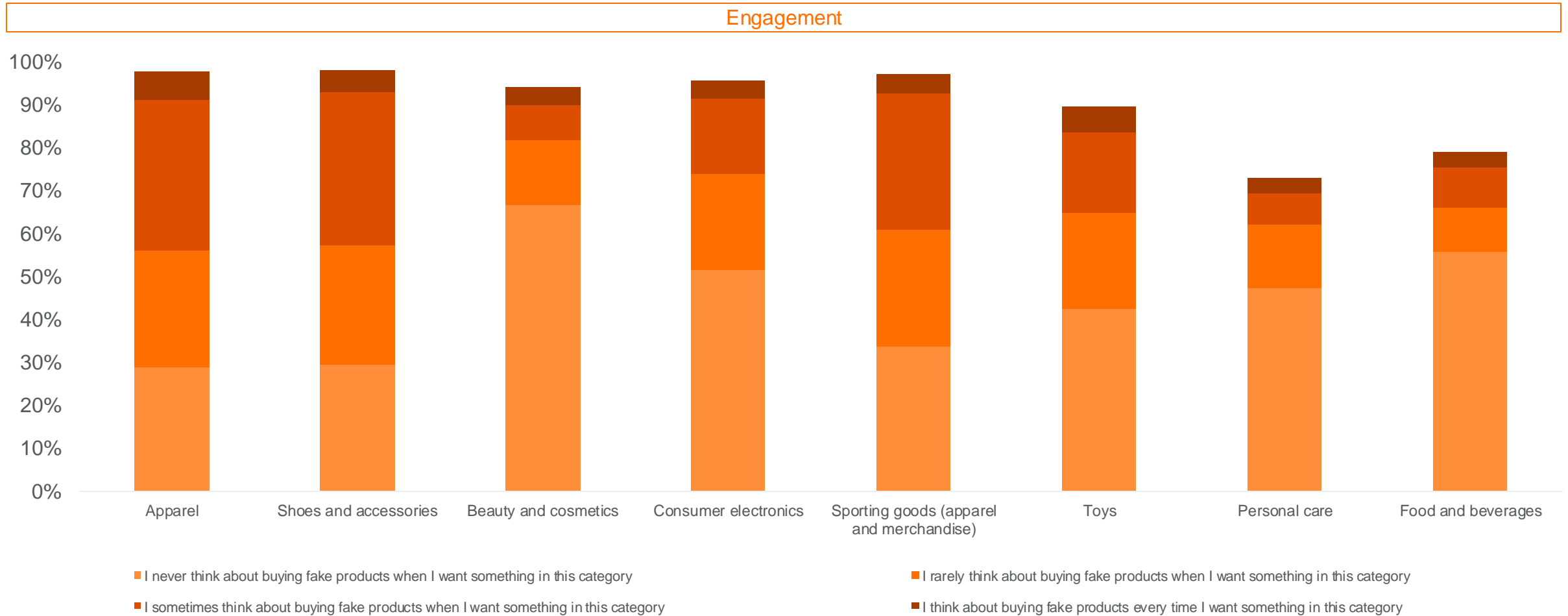
Counterfeit market context

Exposure



Exposure. How often do you usually see the following categories of fake products being sold? [Note: **Exposure** was only asked for categories respondents have at least "heard of"]

Gen Z's engagement with counterfeit products



Consideration. When you intend to buy something in each of the following categories, how often do you think about buying fake products? [Note: **Consideration** was only asked for categories respondents have at least "heard of" from Exposure[x] How often do you usually see the following categories of fake products being sold? [Note: **Exposure** was only asked for categories respondents have at least "heard of"]
 Consideration data is based on all Gen Zers' responses in our sample, not only those who saw the question. These figures do not necessarily add up to 100%.

Gen Z's engagement with counterfeit products



Qualitative purchase frequency

Purchase frequency in the last year	Apparel	Shoes and accessories	Sporting goods (apparel and merchandise)	Consumer electronics	Toys	Beauty and cosmetics	Food and beverages	Personal care
Never	23%	23%	29%	37%	36%	43%	27%	26%
Rarely	23%	24%	21%	23%	17%	11%	9%	11%
Occasionally	26%	25%	22%	13%	15%	9%	8%	8%
Frequently	17%	15%	14%	10%	8%	9%	7%	7%
All the time	4%	5%	4%	3%	2%	3%	2%	1%

Quantitative purchase frequency

Purchase frequency in the last year	Apparel	Shoes and accessories	Sporting goods (apparel and merchandise)	Food and beverages	Consumer electronics	Beauty and cosmetics	Personal care	Toys
Once	23%	28%	28%	10%	26%	14%	12%	21%
2—3 times	23%	24%	16%	6%	12%	7%	8%	11%
4—5 times	14%	9%	9%	4%	4%	5%	3%	4%
6—10 times	4%	4%	3%	3%	4%	3%	2%	3%
11—15 times	3%	2%	3%	2%	1%	1%	1%	1%
More than 15 times	3%	3%	2%	2%	2%	2%	2%	1%

FrequencyQ. Within the past year, how often did you purchase fake products within each of the following categories? [Note: **FrequencyQ** was only asked for categories respondents at least “rarely see”]

FrequencyN. Now, approximately how many times did you purchase fake products in the following categories within the past year? [Note: **FrequencyN** was only asked for categories respondents purchase at least “rarely”]

Frequency data is based on all Gen Zers' responses in our sample, not only those who saw the question. These figures do not necessarily add up to 100%.

Gen Z's engagement with counterfeit products

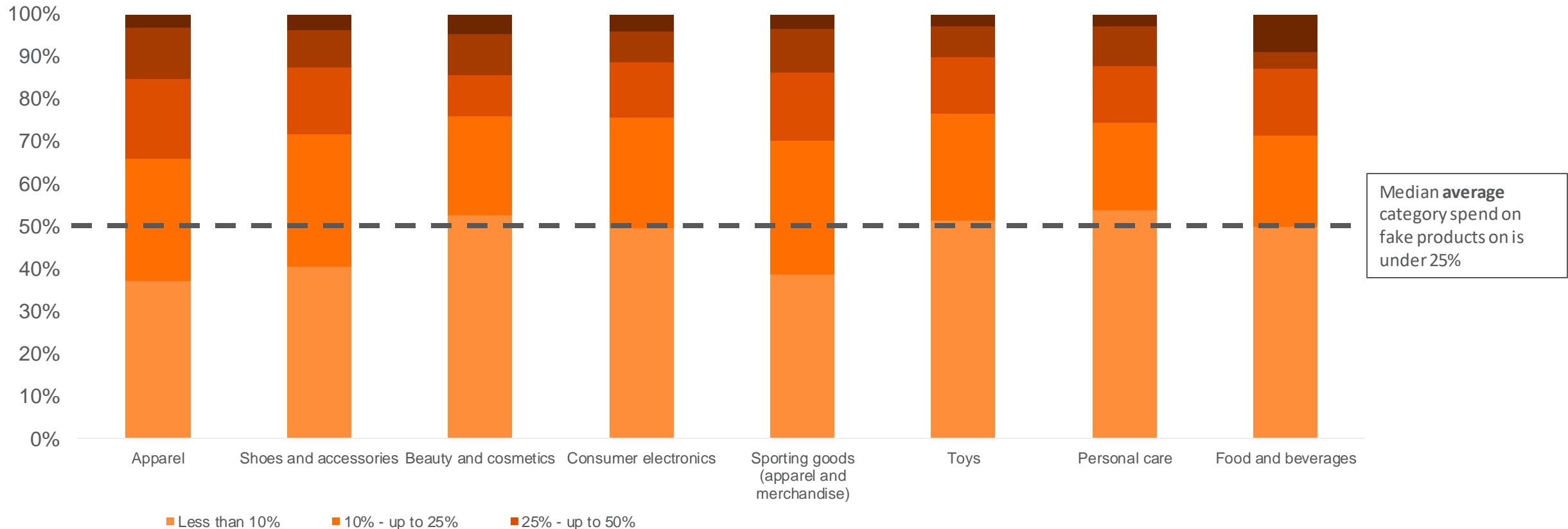
Place they buy counterfeit products

Top 3 Places Bought	Apparel	Shoes and accessories	Beauty and cosmetics	Consumer electronics	Sporting goods (apparel and merchandise)	Toys	Personal care	Food and beverages
1	In online marketplaces	In online marketplaces	In online marketplaces	In online marketplaces	From street vendors	From street vendors	In a local store	From street vendors
2	From street vendors	From street vendors	From street vendors	In a local store	In a local store	In online marketplaces	In online marketplaces	In online marketplaces
3	In a local store	In a local store	In a local store	In the shopping mall	In online marketplaces	In the shopping mall	From street vendors	From online ads

PlaceBought. Where have you purchased fake products in the [hCatAssign] category? Please select all that apply. [Note: hCatAssign refers to the category which respondents were asked to answer for]

Gen Z's engagement with counterfeit products

Amount spent by purchasers on counterfeit products



Spend. Of all the money you've spent on products in each category within the past year, what percentage would you say you've spent on fake products? Your best guess is totally fine! [Note: **Spend** was only asked for categories respondents purchase at least "rarely"]

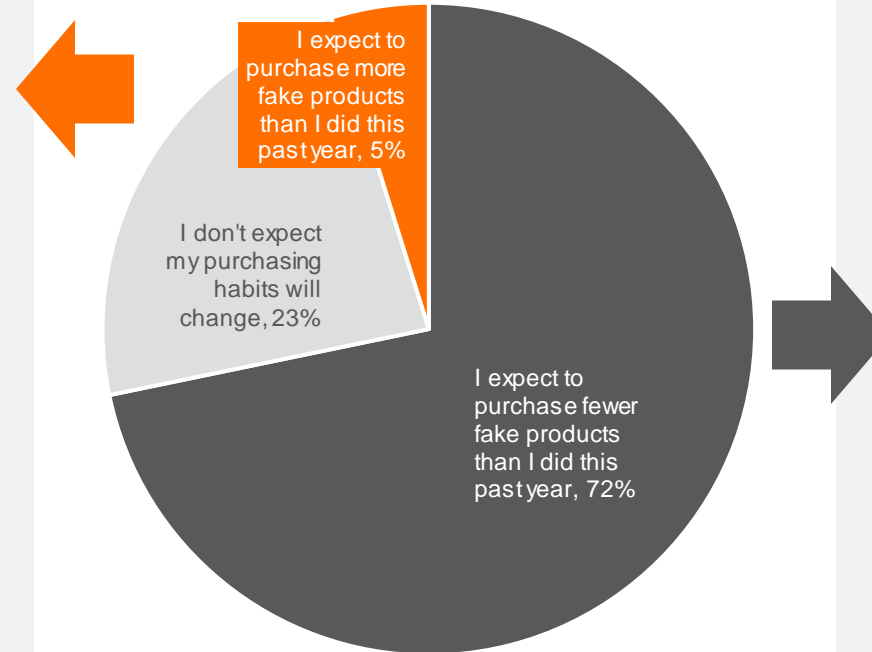
Gen Z's engagement with counterfeit products

Future purchase behavior

Reasons why Gen Zers expect to purchase **more** counterfeit products in the future



Expected change in future purchasing behaviors



Reasons why Gen Zers expect to purchase **fewer** counterfeit products in the future

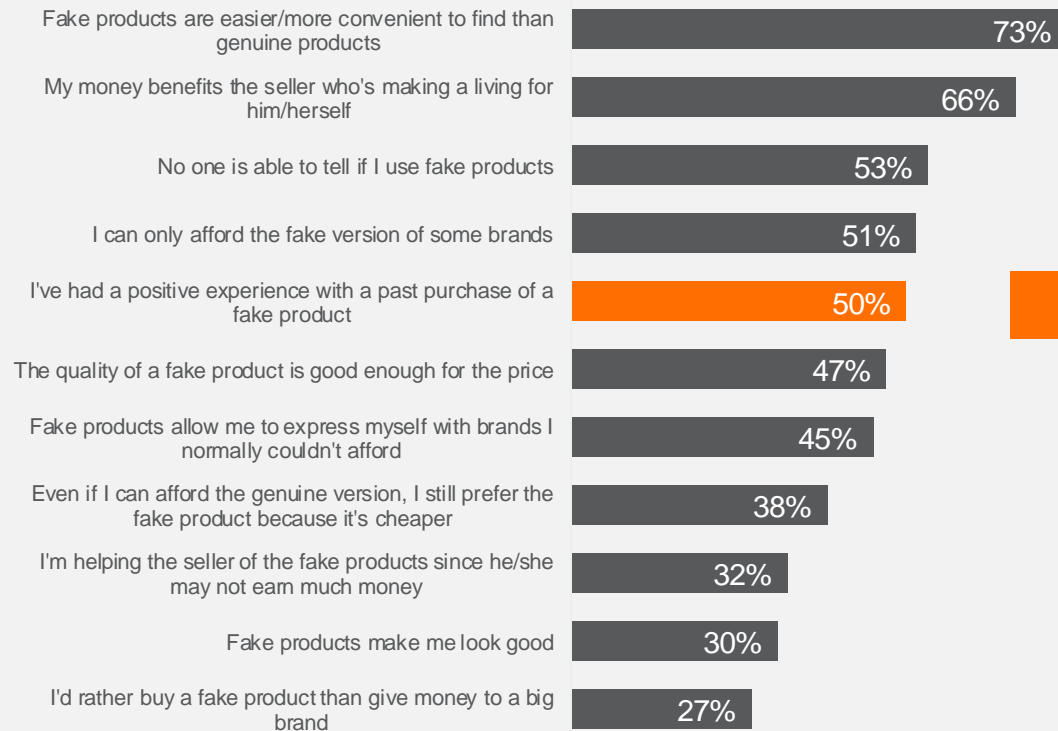


FuturePurchase. How do you expect your purchasing habits will change in the future? **FuturePurchaseA.** You mentioned you expect to purchase fake products more in the next few years. Which of the following best represents why? Please select up to 2. [Note: **FuturePurchaseA** was only asked for respondents who said they expect to purchase more counterfeit products in the future] **FuturePurchaseB.** You mentioned you expect to purchase fewer fake products in the next few years. Which of the following best represents why? Please select up to 2. [Note: **FuturePurchaseB** was only asked for respondents who said they expect to purchase less counterfeit products in the future]

Gen Z's reasons for purchasing counterfeit products

Reasons for purchase

Reasons why Gen Zers buy counterfeit products



Of those who said they had a positive experience...



Occasions for which Gen Zers buy counterfeit products

For private use at home	59%
To use when I'm travelling	30%
To use when I'm at work or in school	23%
To use when I exercise	22%
To use in social situations or out with friends	19%
When I'm travelling in a place where it's accepted	17%
For when I'm running errands	17%
To give as a gift/to another person	12%
For special occasions like a party or a wedding	7%

Benefits. How much do you agree with the following statements regarding why you might want to purchase fake products in the [hCatAssign] category? **BenefitsPosExp.** You mentioned you had a positive experience with a past purchase of a fake product in the [hCatAssign] category. Did this experience make you more or less likely to buy fake products in general? [Note: **BenefitsPosExp** was only asked of respondents who indicated they had a positive experience with a past purchase of a counterfeit product]. **Occasions.** Which of the following best reflects the occasions for which you purchased fake products in the last year? Please select all that apply. [Note: **Occasions** was only asked for categories respondents purchase at least "rarely"] [Note: hCatAssign refers to the category which respondents were asked to answer for]

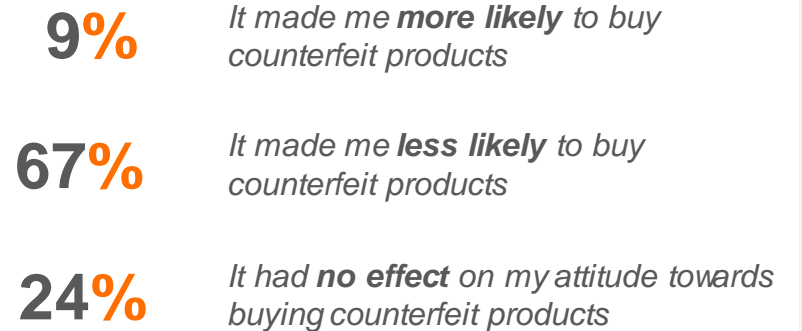
Gen Z's reasons against purchasing counterfeit products

Reasons against purchase

Reasons why Gen Zers don't buy counterfeit products



Of those who said they had a negative experience...



Barriers. How much do you agree with the following statements regarding why you might not want to purchase fake products in the [hCatAssign] category? **BarriersNegExp.** You mentioned you had a negative experience with a past purchase of a fake product in the [hCatAssign] category. Did this experience make you more or less likely to buy fake products in general? [Note: **BarriersNegExp** was only asked of respondents who indicated they had a negative experience with a past purchase of a counterfeit product]. [Note: hCatAssign refers to the category which respondents were asked to answer for]

Thank you!

A comprehensive, global report and country-specific reports are available upon request for the following countries:



Argentina



China



India



Indonesia



Italy



Japan



Mexico



Nigeria



Russia



United States

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