

# Research on the Causes and Countermeasures of the Problem of Counterfeit Sneakers

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## Abstract:

With the acceleration of the modernization process of society, people are increasingly pursuing brand trademark, the demand for sneakers is gradually increasing, and the fake sneaker phenomenon is becoming increasingly serious, resulting in a chaotic shoe market. This study analyzes the reasons for counterfeit sneakers from the aspects of brand publicity, consumer demand and sales profit by describing the current situation of the sneaker market scale, production technology and distribution channel. This paper puts forward three suggestions for the causes of the problems. Firstly, improve legal supervision; secondly, establish a mechanism to combat counterfeiting; thirdly, strengthen consumer education. It aims at improving the chaotic state of the sneaker market, maintaining the reputation of the genuine brand, and promoting the orderly development of the sneaker market.

## Keywords:

Sneaker Market, Fake Sneakers, Consumer Demand, Brand Reputation

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## 1. Introduction

### 1.1. Research background

With the continuous progress and development of the era and technology, demands of people for sneakers has long been not limited to the quality and comfort of sneakers, more and more people pay attention to the brand, appearance and price of sneakers. Market trends indicate that consumers prefer more expensive sneakers. For example, a pair of sneakers with a sale price of about 1,000 yuan can even be sold for thousands to tens of thousands of yuan. In this case it is still sought after by people, and the number of buyers continues to increase. Shoes consumer groups are mainly young people, they are usually easily affected by fashion trends, keep up with the development trend of The Times, and pursue fashion elements [1]. In the case of fashion shoes in short supply, fake shoes flooded the sneaker market. Consumers are attracted by a large number of counterfeit shoes in the sneaker market, accompanied by dazzling publicity. The appearance of fake shoes brings benefits to many people,

because consumers can buy shoes similar to the genuine ones with a fraction or even a tenth of the price, so it attracts a large number of buyers. However, it has caused chaos in the sneaker market and damaged the reputation of the genuine brand.

### ***1.2. Research significance***

With the rapid development of the global sports industry and the rise of many sneaker brands, sneakers consumption culture is popular around the world, and people begin to pursue the brand culture and fashion trend of sports shoes. In this case, genuine sneakers are in short supply, and there is even a phenomenon of sneaker speculation in the market [2]. Relevant research shows that most people buy expensive sneakers just to obtain identity and emotional satisfaction, and the sneaker market just provides them with a platform to establish group identity and satisfy their vanity [3]. Due to the use of this emotion by businesses and the lack of effective intervention and governance, the problem of sneaker counterfeiting has become more and more serious and has not been effectively stopped in time. At present, the problem of counterfeit sneakers has not been fully paid attention to, and the relevant research is still insufficient. This article will introduce the current situation of sneaker counterfeiting, analyze the reasons behind its counterfeiting, and put forward suggestions and countermeasures to help the healthy development of the sneaker market. This research aims to enrich the theoretical research on the problem of sneaker counterfeiting, maintain the brand reputation, promote the healthy development of the sneaker industry, promote the sneaker market to return to the right track, and provide consumers with a good consumption environment.

## **2. Sneaker Counterfeiting Status**

### ***2.1. Counterfeiting sneaker market size***

The fake sneaker industry has gradually become a huge industry, and its profit is as high as 650% while the price and style of shoes are growing wildly, which has affected the sneaker market at home and abroad [4]. Since the 1980s, Putian, Fujian Province, has had a large number of cheap counterfeit sneakers based on big brands. So far, the fake sneaker industry is getting bigger and bigger, due to the improvement and development of the technology, many fake sneakers have been comparable to the genuine sneakers, even more perfect than the real ones. Putian is known as the world's fake shoes trading center. Taking Putian counterfeit shoes as an example, there are as many as 4,000 shoe companies with a value of more than 100 billion yuan, and their annual production is as high as 1.26 billion pairs [5]. According to statistics, of all the NIKE shoes in the world, 30% of the shoes are produced by Putian, which can be imagined that its industry and scale are large. The expansion of the size of the fake shoe market has brought economic losses to consumers, and has greatly affected the market and genuine brands, which not only destroying the image of the genuine brands, but also disrupting the order of the consumer market.

### ***2.2. Sneaker counterfeiting technology***

At the same time as the expansion of the fake shoe industry, it also stimulated the fake shoe manufacturers to further improve their own technology. At the beginning, the counterfeit sneakers are very different from genuine sneakers, can be recognized at a glance, and now its workmanship has been as difficult to distinguish the true and false, and even the quality of some counterfeit sneakers has exceeded the genuine.

With the progress of technology, the rise of the sneaker industry, the technology of fake sneakers is also improving, the gap between imitation sneakers and genuine sneakers is gradually narrowing, and the similarity is extremely high. Genuine products are constantly improving and developing new ideas, fake sneaker companies and factories are also improving their own technology, and now fake sneakers are different from ordinary imitation sneakers, many of which the workmanship and technology of fake sneakers are the same as genuine products. The fake sneakers industry chain is only composed of small factories and a few employees, which is different from the cognition for ordinary consumers. Now there is a strict process behind the fake sneakers industry, each part is responsible for professionals, and now the fake sneakers industry chain and sneakers counterfeiting technology has been extremely mature, and is still developing at a rapid speed.

### ***2.3. Counterfeit sneakers sale channels***

There are two main channels through which fake sneakers are sold. One is the network channel which is the most purchasing power, through WeChat, small programs or a variety of software to sell, the other one is to set up physical stores offline for sale, but due to the particularity of the identity of fake sneakers, there are fewer physical stores, mostly in some third - and fourth-tier cities. Most of the fake sneakers are sold through WeChat, and the factories that make fake shoes will recruit some agents, who will send all kinds of fake sneakers made by the factories in the circle of friends and sell them by relying on the recommendation of friends. These agents will explain the quality, price and consumer feedback of the shoes to create an atmosphere of excellent quality and reasonable price, leading consumers to order more quickly. Because the agent does not need to invest any principal, and the time is more flexible, each sale has a percentage or commission, these fake sneakers manufacturers do not need to worry about product sales, which further causes the fake sneakers can circulate in the market. In contrast, offline physical stores that require more investment have lower profits, and the quality of shoes can be intuitively felt by consumers, so its offline sales are far less than online sales.

## **3. Reasons for Counterfeit Sneakers**

### ***3.1. Demand of consumer***

Consumer demand refers to consumers' demand or purchase intention for products or services, which is a key factor affecting commodity sales and is based on consumer psychology and daily life [7]. Consumer demand for fake sneakers is multifaceted. The first is psychological needs, the main reason for consumers to buy fake shoes is to satisfy their vanity, in order to find a sense of identity or superiority in the environment, so as to meet their emotions. The second is economic demand, compared with the high price of genuine shoes, the price of fake shoes is relatively low, the same price of genuine shoes are too ordinary and mediocre for many consumers. At a low price to buy products that are nearly similar in appearance to the genuine sneakers and meet the economic conditions of consumers, which also speeds up the market circulation of fake sneakers. The third is fashion demand, The third is the fashion demand, the main buyers of fake sneakers are young people, most of the people they contact want to show personality and follow the trend, these fake sneaker consumers in order to integrate into the social circle, also need to keep up with the

fashion trend. Therefore, consumer demand is one of the reasons why the fake sneaker market is chaotic and there are many counterfeit sneakers manufacturers.

### ***3.2. The lure of huge profit***

Extremely high profits are one of the reasons why fake shoes are rampant in the market and hard to stop. First of all, in the sneaker design process, imitation sneakers usually copy the design of other brands in order to save design costs. The design of fake sneakers does not require professional designers and teams, just imitate the design and appearance of the genuine sneakers on the production and sale. Secondly, in the production of sneakers, the manufacturing materials of fake sneakers save a lot of costs. Imitation shoes for the quality and material investment is lower than the genuine, usually only imitate the genuine style, reduce its fabric cost expenditure, and thus maximize profits. Finally, in the sneaker sales process, fake sneakers save a lot of costs in publicity and marketing. Genuine sneaker brands have always invested heavily in advertising and marketing. According to the data, the domestic brand Anta spent 6.1 billion yuan on advertising [8]. However, fake sneakers do not need to consider marketing and publicity investment, obtain the benefits of genuine advertising, and get higher profits in the sale. In conclusion, the profits of fake sneakers are extremely high, leading to the proliferation of sneakers in the market.

### ***3.3. The marketing of brand***

The marketing strategy of genuine brands is also one of the factors that lead to the proliferation of fake sneakers in the market. On the one hand, the marketing of a brand affects the price of its products. In order to sell their own products, genuine brands usually create a background story for its performance, characteristics and materials in detail, so that their prices are much higher than the manufacturing price of the products themselves, attracting a large number of consumers to buy. For example, under Nike's marketing and brand influence, its sneakers Dior x Air Jordan 1 released in 2020 are even priced at 18,000 yuan, but they are still snapped up once listed [9]. Consumers cannot buy inexpensive sneakers subject to the sale price and sales volume of genuine shoes, which provides market space for fake shoes. On the other hand, due to the marketing and publicity of genuine shoes, its market share has increased and brand awareness has been greatly improved. In such scenario, the success of brand marketing will also attract the attention of the fake sneaker industry, produce similar products at a lower cost, share the reputation of the genuine brand and market share, and then obtain high profits. All in all, due to the marketing and publicity of genuine brands, the problem of counterfeit sneakers has become more and more serious.

## **4. The Strategy of Sneaker Market Healthy Development**

### ***4.1. Improve legal supervision***

Improving legal supervision is an important guarantee for the sound and healthy development of the sneaker market. Firstly, establish a regulatory mechanism for the sneaker market. Formulate and revise clear laws and regulations to adapt to the trend of development and change of the sneaker market. Formulate a reasonable system of rewards and punishments, and give corresponding honors and rewards to those who report counterfeit sneakers, while imposing severe penalties on businesses involved in counterfeiting and selling counterfeit sneakers. Secondly, innovate the methods of the

sneaker market supervision. As the sale of counterfeit sneakers mainly relies on online platforms, grasp the main ways of selling counterfeit sneakers, and strictly grasp the main channels of sales, such as stopping their business, banning their sales accounts, and imposing reasonable fines on them. Lastly, strengthen supervision over the sneaker market. Increase investment in regulatory enforcement resources and improve efficiency in law enforcement, enhance professional ethics training for law enforcement personnel, and allocate more manpower for daily supervision inspections in the sneaker market. Establish a mobile monitoring procedure to facilitate public reporting of counterfeit sneaker activities so that relevant departments can promptly deal with such behavior. To sum up, it is extremely necessary to improve and strengthen legal supervision of the sneaker market.

#### ***4.2. Establish an anti-counterfeiting mechanism***

The imperfect anti-counterfeiting mechanism of sneakers will inevitably lead to the flooding of fake sneakers in the market, causing significant losses to consumers and genuine brands. The establishment and consolidation of an anti-counterfeiting mechanism are essential for the healthy development of the sneaker market [10]. The first, enhance technological means and guide consumers to purchase authentic products. Taking Nike as an example, in recent years, it has continuously improved its anti-counterfeiting technology, from using theft-proof buckles with RFID chips to QR codes that can identify sales channels exclusive to sneakers. If the brands itself attach importance to resisting fake sneakers, then the sneaker market will develop better. The second, strengthen punishment measures and establish a credit evaluation system. For example, the trading and penalty system of sneaker marketplace GOAT serves as a model in combating the spread of counterfeit shoes. It sets up a seller credit rating system, where sellers with higher credit ratings are charged lower transaction fees ranging from 9.5% to 25%. The third, establish a joint enforcement mechanism and strengthen the fight against counterfeiting. The state should modify the existing system to a certain extent according to the current situation of the sneaker market, so as to align it more closely with the demands of the real situation [11]. In a word, improving an anti-counterfeiting mechanism promotes stability and orderly development of the sneaker market and ensure fair market competition.

#### ***4.3. Strengthen consumer education***

In order to promote the sound development of the sneaker market, it is essential to strengthen consumer education. Initially, enhancing consumer rights awareness is crucial. Popularize laws and regulations to consumers, educate consumers to effectively protect their rights, help consumers better safeguard their own rights and interests, and improve their ability to resist counterfeit merchants. In the second place, strengthening consumer education on the internet is necessary. The network is the main sales channel of fake shoes, it is necessary to strengthen the education of consumers on the network in order to reduce the purchase of fake sneakers. This can be achieved by publishing articles and videos highlighting the dangers of fake sneakers, promoting brand awareness among consumers regarding genuine products, raising awareness about online security risks, guiding consumers on precautions when shopping online, and preventing them from falling into traps while making online purchases – ultimately reducing purchases of fake sneakers [12]. At last, advocating for rational consumption among consumers is vital. The main reasons for consumers to buy fake sneakers are high prices of genuine sneakers and following tendencies

blindly. Therefore, it is important to educate and cultivate a sense of rational consumption among consumers at its root so that they are not influenced solely by tendencies but rather purchase sneakers within their purchasing power to avoid blindly following the tendencies to buy counterfeit sneakers. Through the above ways to strengthen consumer education, enhance the overall consumption environment in the sneaker market and promote stable development of sneaker economic.

## 5. Conclusions

With the changes of the Times, the problem of counterfeit sneakers has gradually intensified in the sneaker market, disrupting the order of the sneaker market and affecting the reputation of genuine brands and consumer rights. Currently, there is a need for effective governance to address issues such as large-scale presence of fake sneakers, advanced counterfeiting techniques, and widespread sales channels in the sneaker market. The prevalence of high-quality imitation sneakers in the sneaker market can be attributed to three factors. First, consumers have a large demand for them to meet vanity so that fake sneakers can be sold; second, manufacturers and sellers profit greatly from producing and selling fake sneakers; third, extensive marketing by genuine brands leads to significantly inflated prices that exceed consumers' purchasing power. To rectify these problems in the sneaker market, this paper proposes the following suggestions: first of all, improve legal supervision of the sneaker market, innovate supervision methods, strengthened enforcement efforts, and ensure the healthy development of the sneaker market; in addition, establish and improve anti-counterfeiting mechanisms to maintain a stable and orderly sneaker market; finally, enhance publicity on consumer rights so that consumers can make rational purchases and improve consumption environment within the sneaker market. Therefore, through joint efforts from various parties to effectively intervene in production and manufacturing of counterfeit sneakers while safeguarding consumer rights and maintaining brand reputation for genuine products will ensure a healthy and positive development of the sneaker market.

## Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

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