



Results: ESFI Counterfeit Baseline Survey – 2014

May 14, 2014

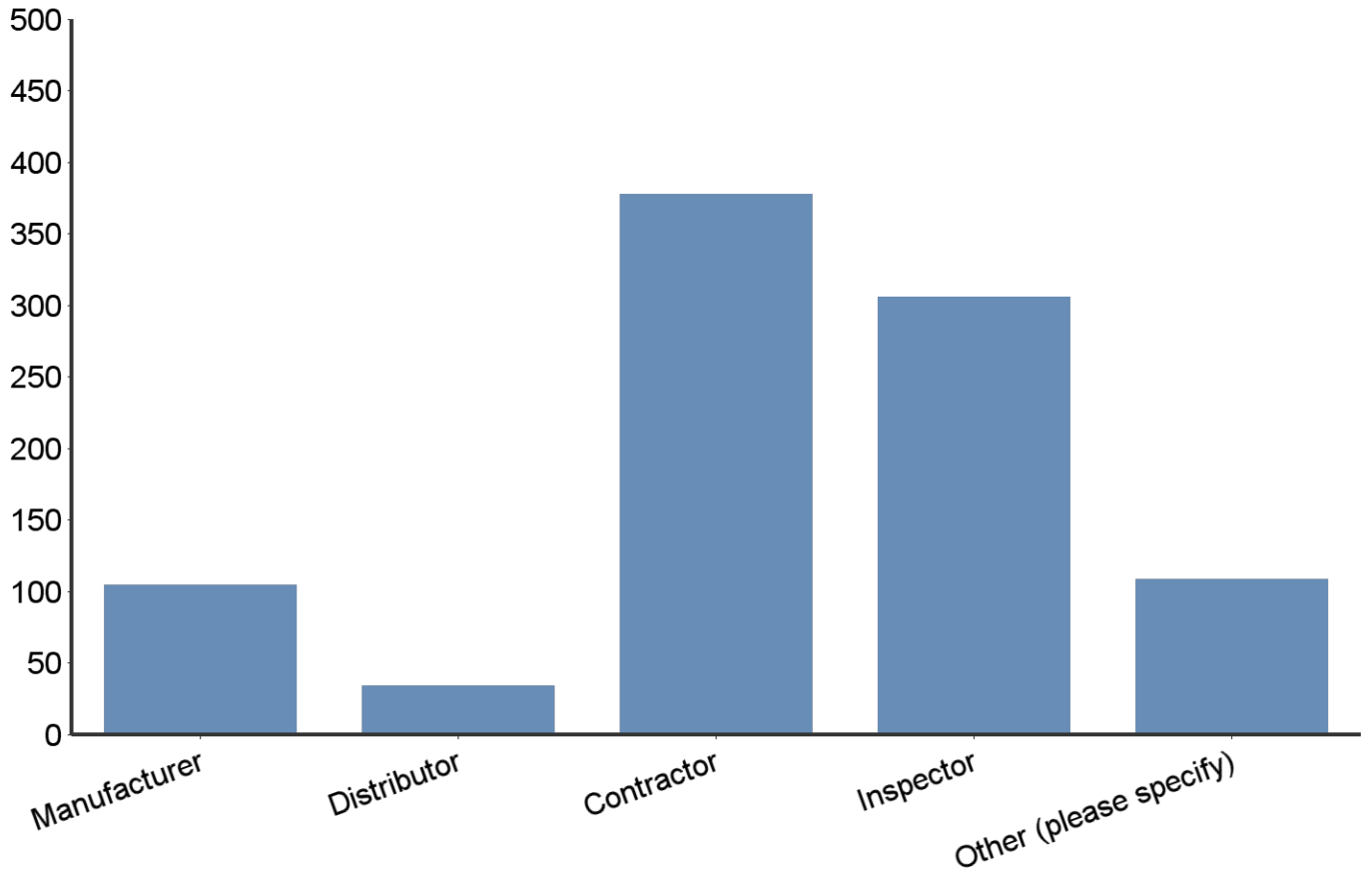
To develop a baseline understanding of the observations, attitudes, and perceptions of those who manufacture, distribute, install, and inspect electrical products, ESFI recently surveyed members of several organizations that are active in the electrical industry about counterfeit electrical products. The survey was conducted using an online questionnaire, and each organization distributed the invitations and subsequent follow-ups to its own members. We finished with a sample size of 932 completions. The following organizations were partners in this effort, and their members collectively comprised the sample: IAEI, IEC, NAED, NECA, and NEMA.

Key Findings

- ❖ A solid majority (54.0%) of those surveyed are “extremely concerned” about counterfeit electrical products. On the flip-side, only 1.5% were “not at all concerned.”
 - Inspectors (66.7%) and those who described their sector as “other” (67.0%) were more likely to be extremely concerned about counterfeits than Manufacturers, Distributors, or Contractors.
- ❖ Most respondents (75.9%) believe counterfeit electrical products present a “substantial” or “moderate” threat to public health and safety, while the share of those seeing “no threat at all” was 0.1%.
 - Inspectors (24.6%) and “other” (25.7%) were more likely to view counterfeits as an “urgent” threat than those in other industry sectors, and contractors were more likely to see the threat level as “moderate” (25.0%) or “minor” (7.0%).
- ❖ Almost 55% of respondents believe their company does not provide adequate training about the issues related to counterfeit electrical products, and there is no discernable difference between industry sectors on this point.
- ❖ Among all respondents, contractors (26.0%), distributors (24.0%), and members of the general public (20.4%) were most often identified as having the greatest need for anti-counterfeiting education.
- ❖ Most respondents (71.4%) were only “moderately familiar” at best about the liability issues associated with counterfeit electrical products. A substantial share of contractors (35.6%) responded that they were “not at all familiar” with these liability concerns.
- ❖ Counterfeit electrical products are not seen as an “urgent” threat to their businesses by most respondents. Only 10.3% of our panel indicated such a threat level. However, a substantial majority (61.0%) believe counterfeits are a “moderate” or “substantial” threat to their businesses.
 - Inspectors consider counterfeits to be a “substantial” (43.8%) or “urgent” (14.1%) threat to their businesses by a considerably greater degree than respondents from other sectors.

- By contrast, a majority of manufacturers (62.0%), distributors (70.6%), and contractors (61.0%) consider counterfeit electrical products to constitute only a “minor” or “moderate” threat to their businesses.
- ❖ A strong majority of respondents replied that they do not (61.5%) have a process in place through which to report a counterfeit product.
 - With 75.0% reporting in the negative, contractors were significantly less likely than those in other sectors to have such a process in place.
- ❖ Most of those surveyed (62.6%) noted that they follow defined best practices in order to avoid counterfeit electrical products in their work.
 - Although a majority (52.2%) of inspectors reported following best practices in order to avoid counterfeits, that figure is significantly lower than for other segments.
- ❖ A plurality of respondents believes that distributors (31.4%) are best equipped to reduce the prevalence of counterfeits. Inspectors (11.1%) came in a distant second.
 - On the other hand, distributors thought manufacturers (21.9%) and contractors (18.8%) were better equipped than distributors themselves (15.6%) to reduce counterfeit electrical products.
- ❖ Relatively few (31.8%) survey respondents reported discovering counterfeit electrical products while on the job, so the remaining 68.2% had not done so.
 - Distributors (81.2%) were much more likely than other segments **not** to have encountered counterfeits.
 - Conversely, those identified as inspectors discovered counterfeits with the greatest frequency (46.4%) of all groups surveyed.
- ❖ Each respondent who reported having discovered counterfeit electrical products in the last 12 months reported finding 5 during that time period, on average. The number of items reported ranged from 0 to 200.
- ❖ Lighting (37.4%), Breakers (37.4%) and “Other” items such as appliances, signs, and ground rods were the most frequently mentioned type of counterfeits discovered.
- ❖ More than 53% of those surveyed indicated that they have reported a counterfeit product.

In what sector of the electrical industry do you work?

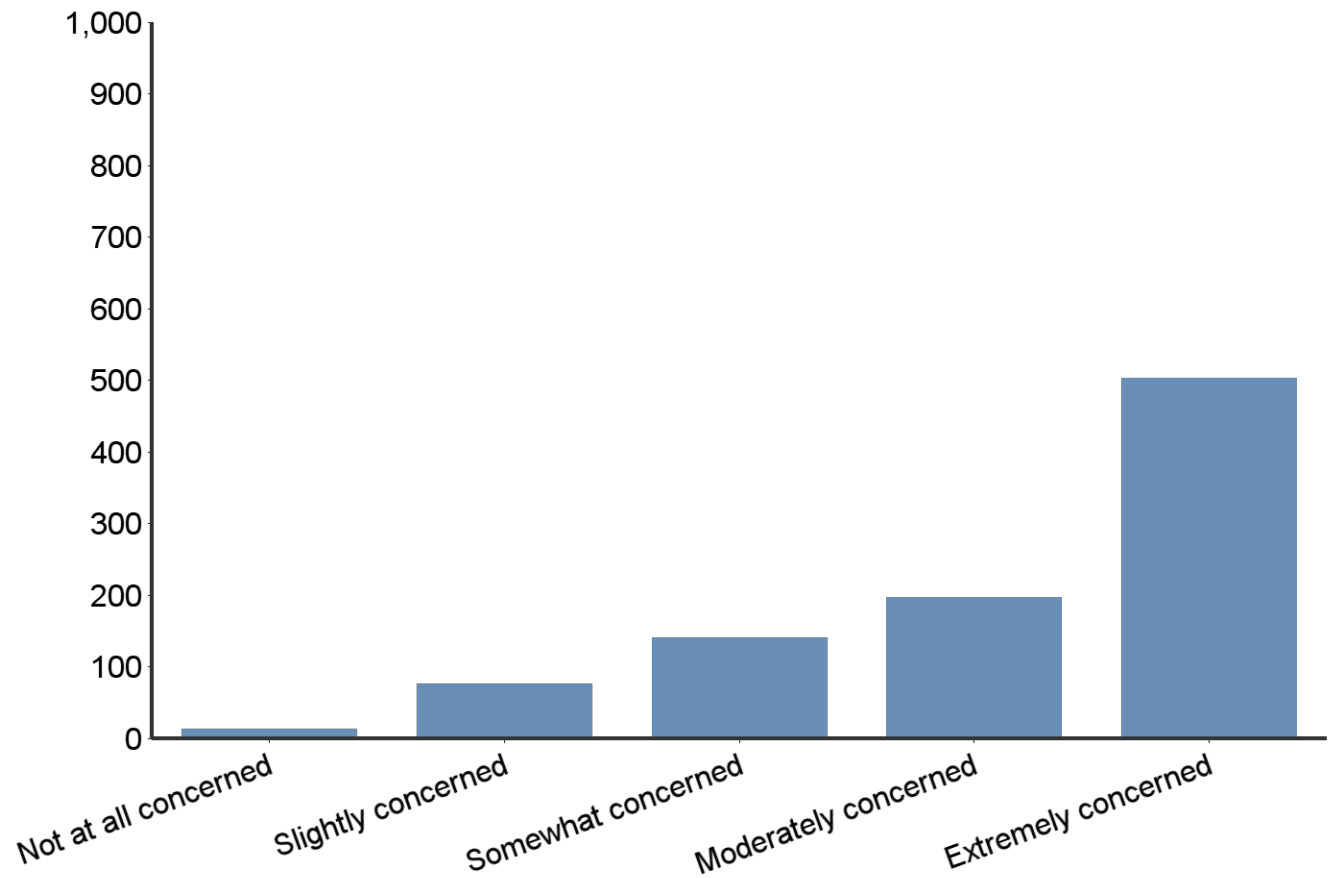







Answer	Bar	Response	%
Contractor		378	40.6%
Inspector		306	32.8%
Other (please specify)		109	11.7%
Manufacturer		105	11.3%
Distributor		34	3.6%
Total		932	100.0%

In what sector of the electrical industry do you work? ("Other" responses)

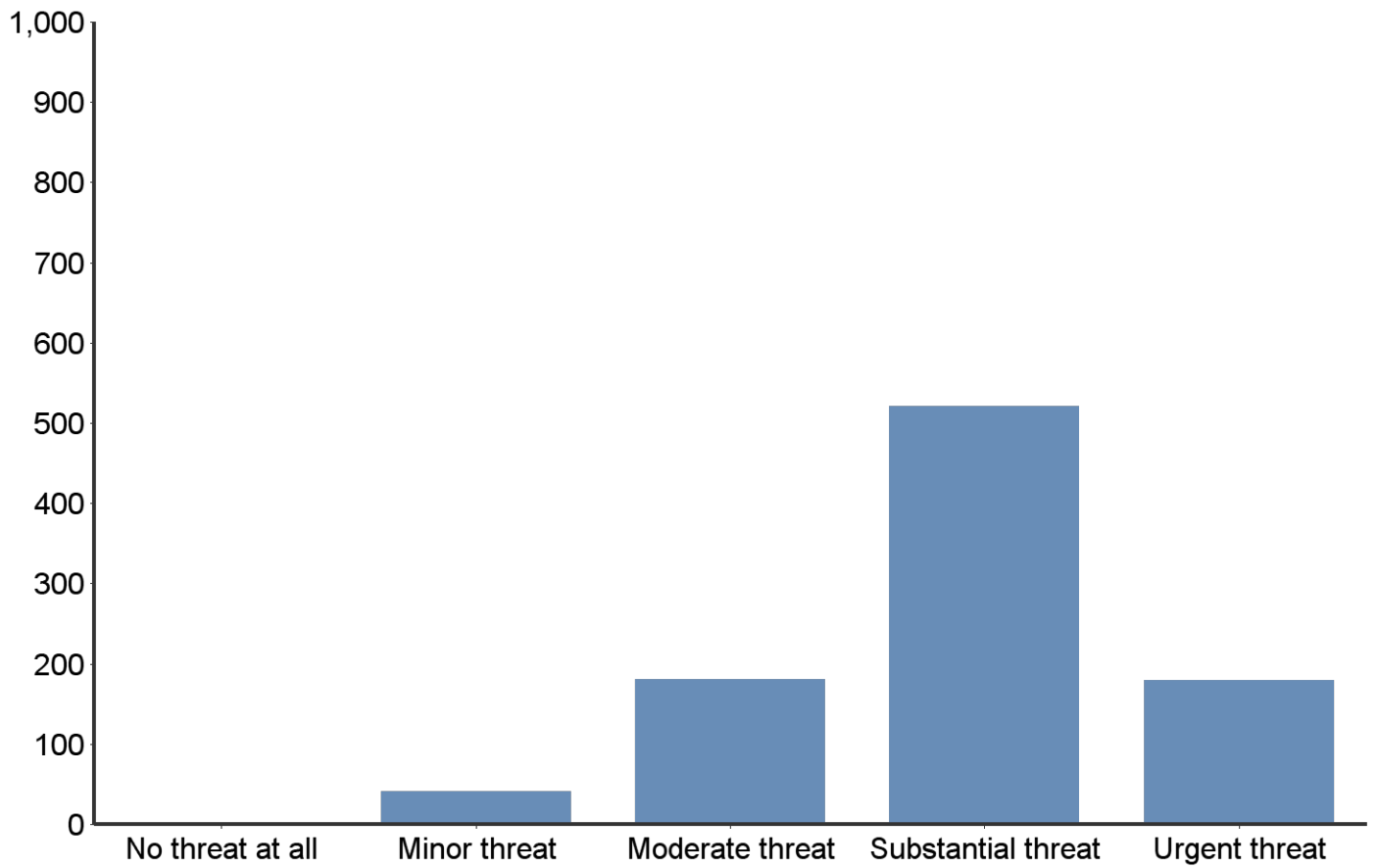
Sector	Count
Construction/Maintenance/Repair	31
Engineering	19
Education/Training	15
Testing/Certification/Compliance	10
Inspector	7
Consultant	6
Utility	5
Rep	3
Misc.	13





How concerned are you about counterfeit electrical products?



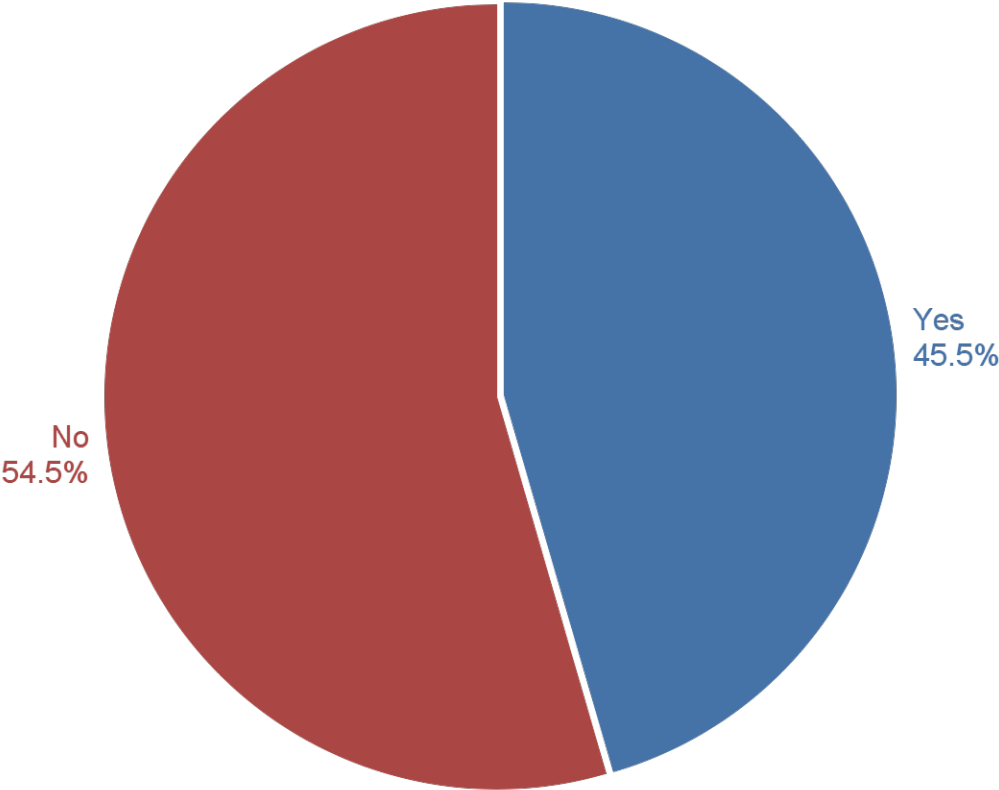
Answer	Bar	Response	%
Extremely concerned		503	54.0%
Moderately concerned		197	21.1%
Somewhat concerned		141	15.1%
Slightly concerned		77	8.3%
Not at all concerned		14	1.5%
Total		932	100.0%

How much of a threat do you believe counterfeit electrical products present to public health and safety?



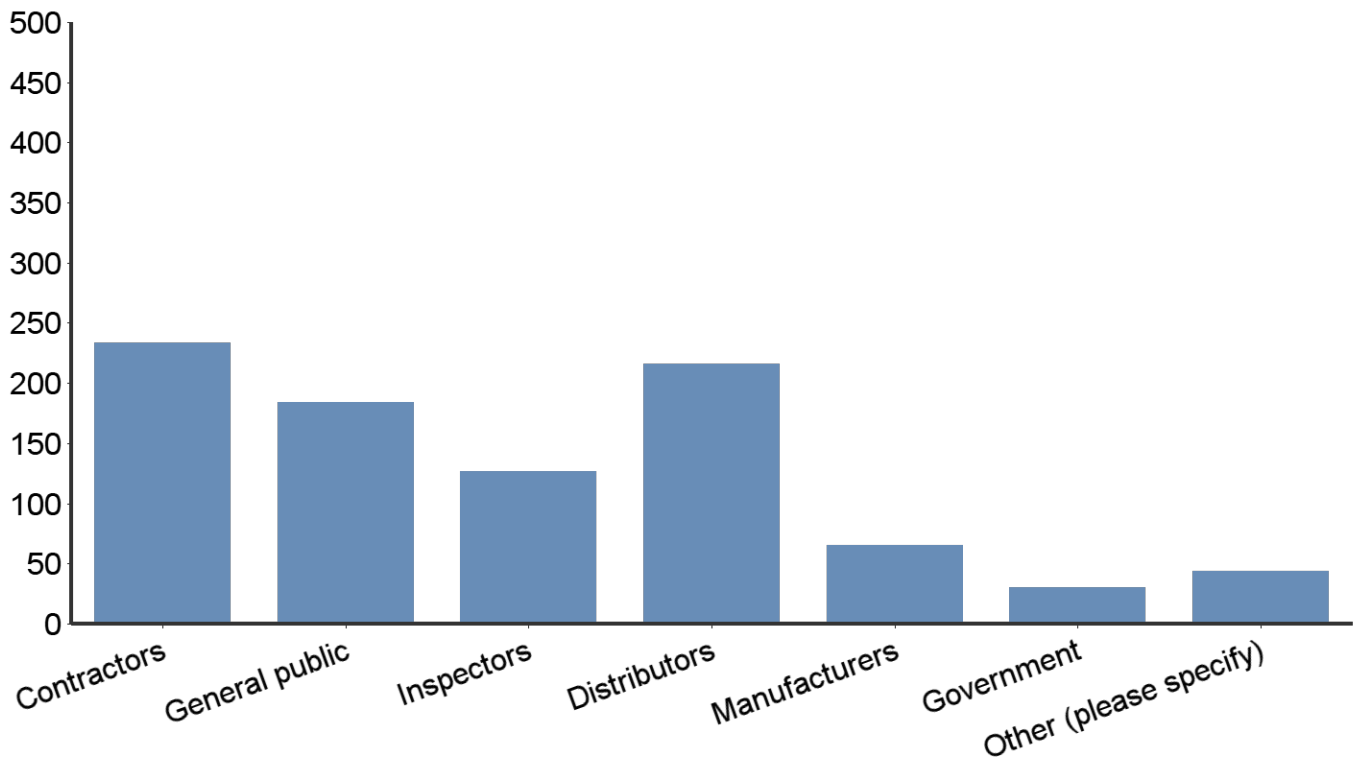
Answer	Bar	Response	%
Substantial threat		521	56.4%
Moderate threat		181	19.6%
Urgent threat		180	19.5%
Minor threat		41	4.4%
No threat at all		1	0.1%
Total		924	100.0%

Do you think your company provides adequate training about the issues related to counterfeit electrical products?



Answer	Bar	Response	%
No		497	54.5%
Yes		415	45.5%
Total		912	100.0%

What group do you think has the greatest need for anti-counterfeiting education? (select one)

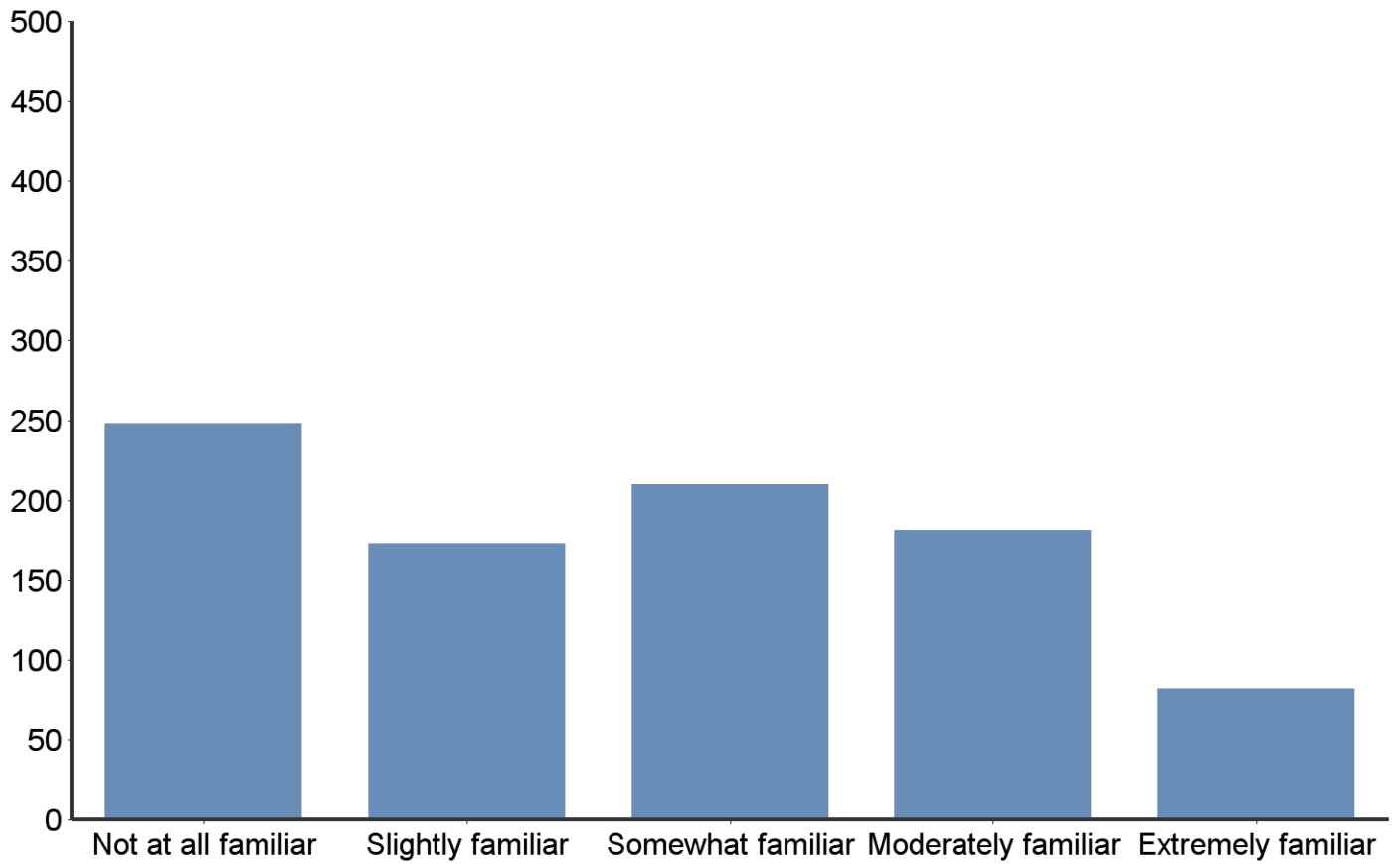







Answer	Bar	Response	%
Contractors		234	26.0%
Distributors		216	24.0%
General public		184	20.4%
Inspectors		127	14.1%
Manufacturers		65	7.2%
Other (please specify)		44	4.9%
Government		30	3.3%
Total		900	100.0%

What group do you think has the greatest need for anti-counterfeiting education? ("Other" responses)

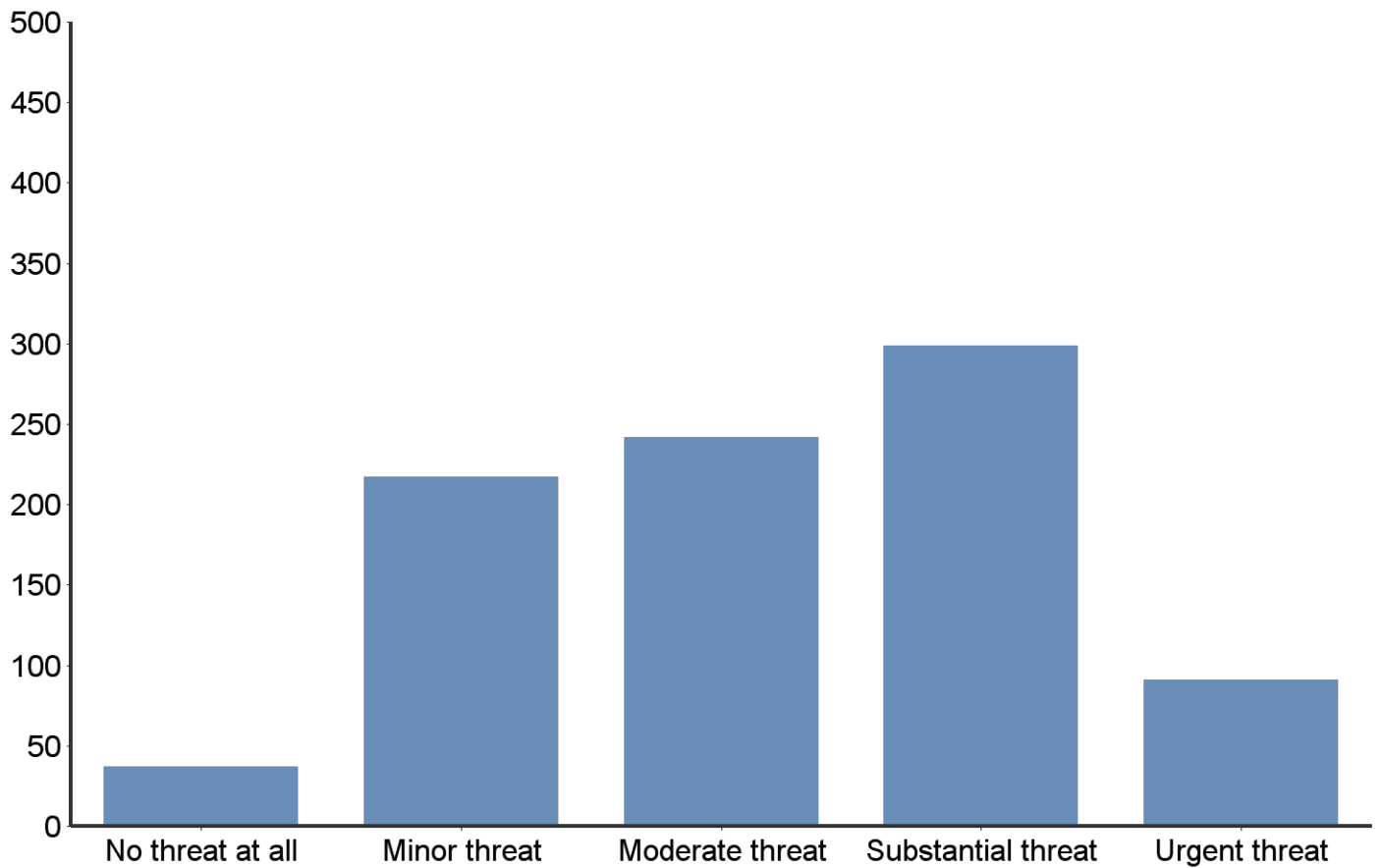
- All of the above (26)
- General Public and Retailers
- Facility Owners
- Customs inspectors
- Distributors and dealers
- Contractors and inspectors (2)
- Government & Inspector General Publics
- Retail Stores with Electrical parts
- Electrical Education
- Purchasing people
- NEMA
- End Users (2)
- Inspectors for products installed & general public for products purchased for the home
- Installer (2)
- Canadian Customs Authorities






How familiar are you with the liability issues associated with counterfeit electrical products?



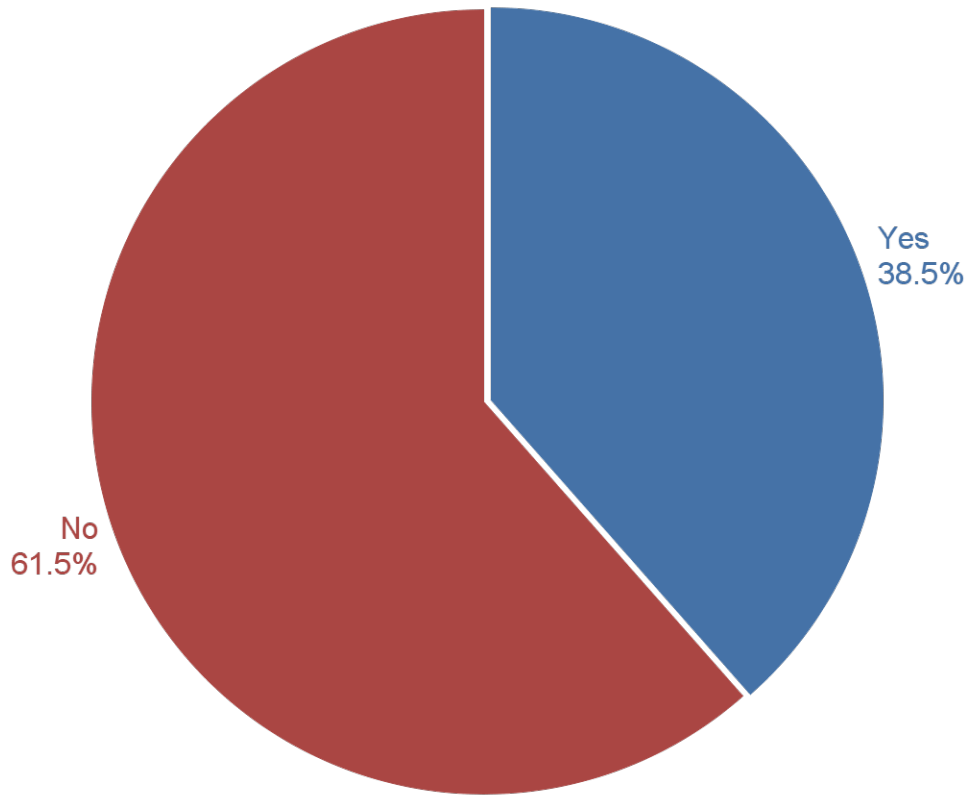
Answer	Bar	Response	%
Not at all familiar		248	27.7%
Somewhat familiar		210	23.5%
Moderately familiar		181	20.2%
Slightly familiar		173	19.4%
Extremely familiar		82	9.2%
Total		894	100.0%



How great of a threat do you believe counterfeit electrical products are to your business?



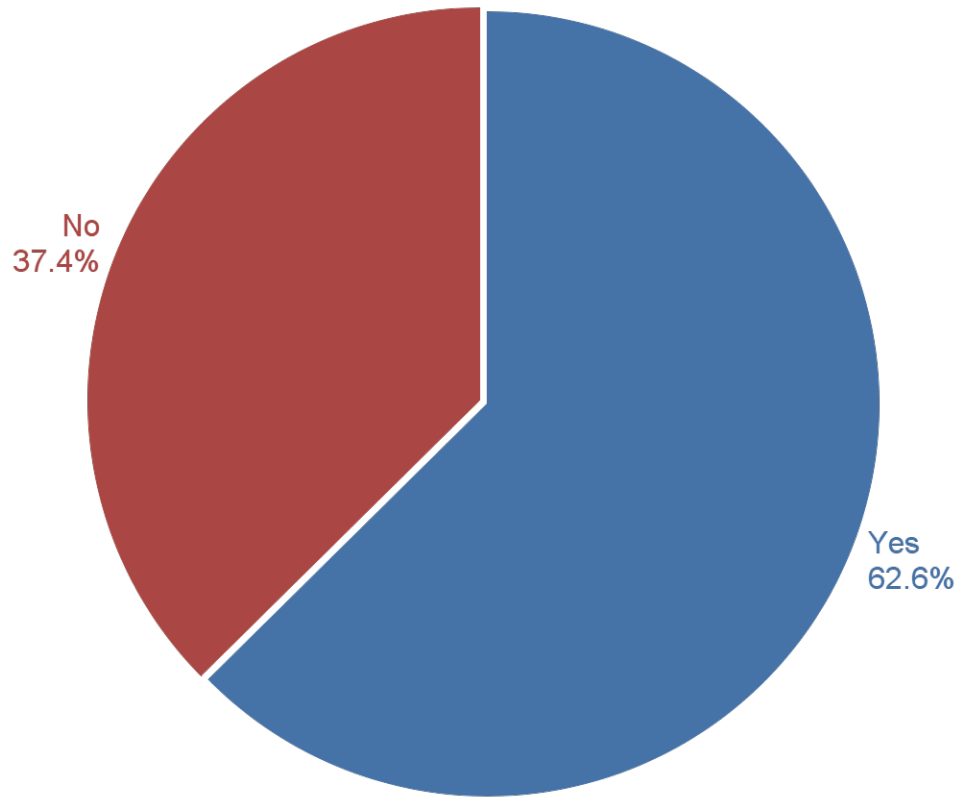
Answer	Bar	Response	%
Substantial threat		299	33.7%
Moderate threat		242	27.3%
Minor threat		217	24.5%
Urgent threat		91	10.3%
No threat at all		37	4.2%
Total		886	100.0%



Do you or your organization have a process in place through which to report a counterfeit product in the event they are discovered?



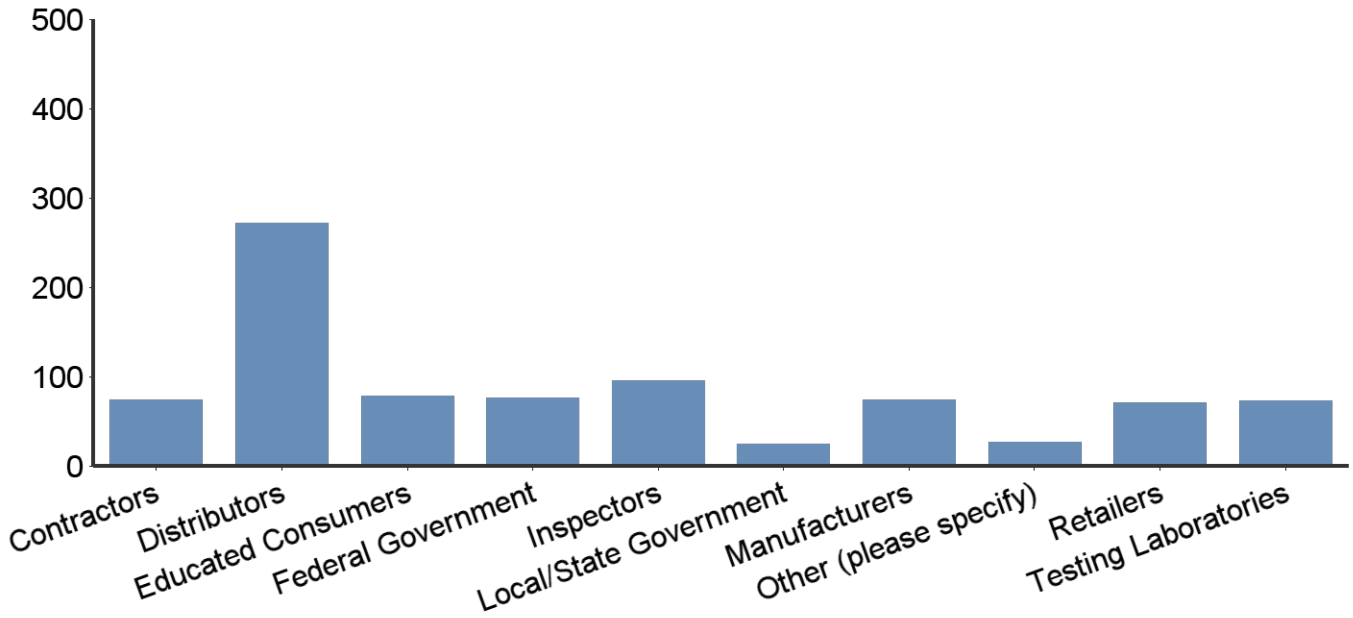
Answer	Bar	Response	%
No		542	61.5%
Yes		340	38.5%
Total		882	100.0%

Do you or your company follow defined best practices in order to avoid counterfeit electrical products in your work?



Answer	Bar	Response	%
Yes		548	62.6%
No		328	37.4%
Total		876	100.0%

Of the following, which group do you believe is best equipped to reduce the prevalence of counterfeit products? (select one)

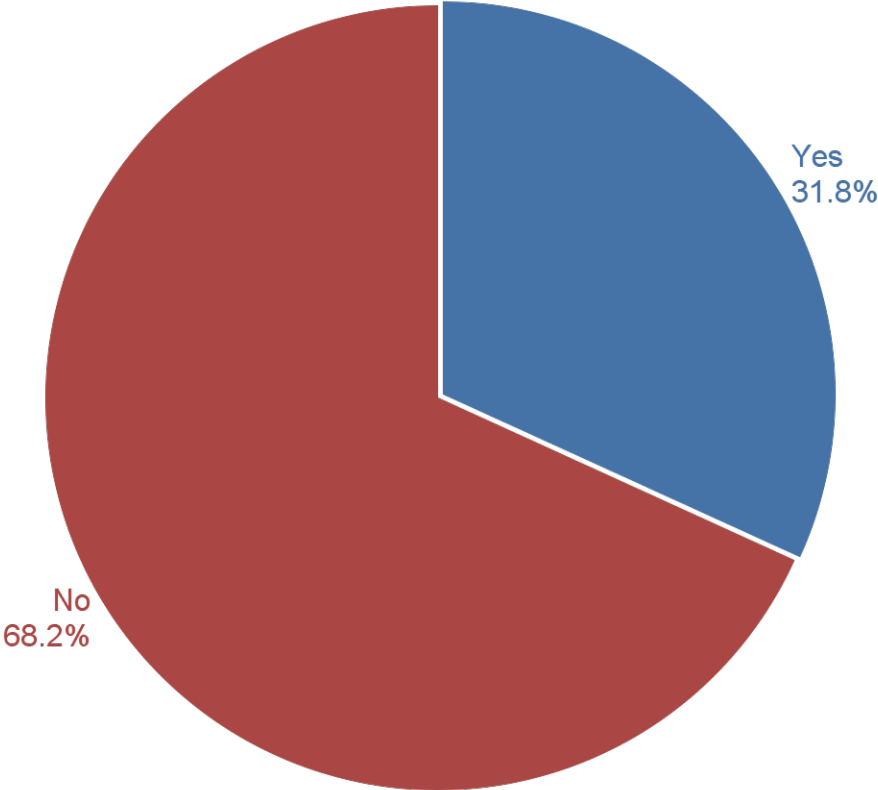


Answer	Bar	Response	%
Distributors		272	31.4%
Inspectors		96	11.1%
Educated Consumers		78	9.0%
Federal Government		76	8.8%
Contractors		74	8.5%
Manufacturers		74	8.5%
Testing Laboratories		73	8.4%
Retailers		71	8.2%
Other (please specify)		27	3.1%
Local/State Government		25	2.9%
Total		866	100.0%

Of the following, which group do you believe is best equipped to reduce the prevalence of counterfeit products? ("Other" responses)

- All of the above (15)
- Installer
- I.B.E.W.
- Retailers and distributors
- Don't know
- Everyone has a role
- Customs
- Engineers / Architects who provide job oversight
- Distributors for the products installed in buildings, retailers for finished products purchased for building
- Local/State Government/Inspectors
- Depends on the product
- I would say the Federal gov, except they are as much a part of the problem with their support of foreign made products
- Internet resellers of used breakers
- Breaker Brokers

Have you ever discovered a counterfeit electrical product while on the job?

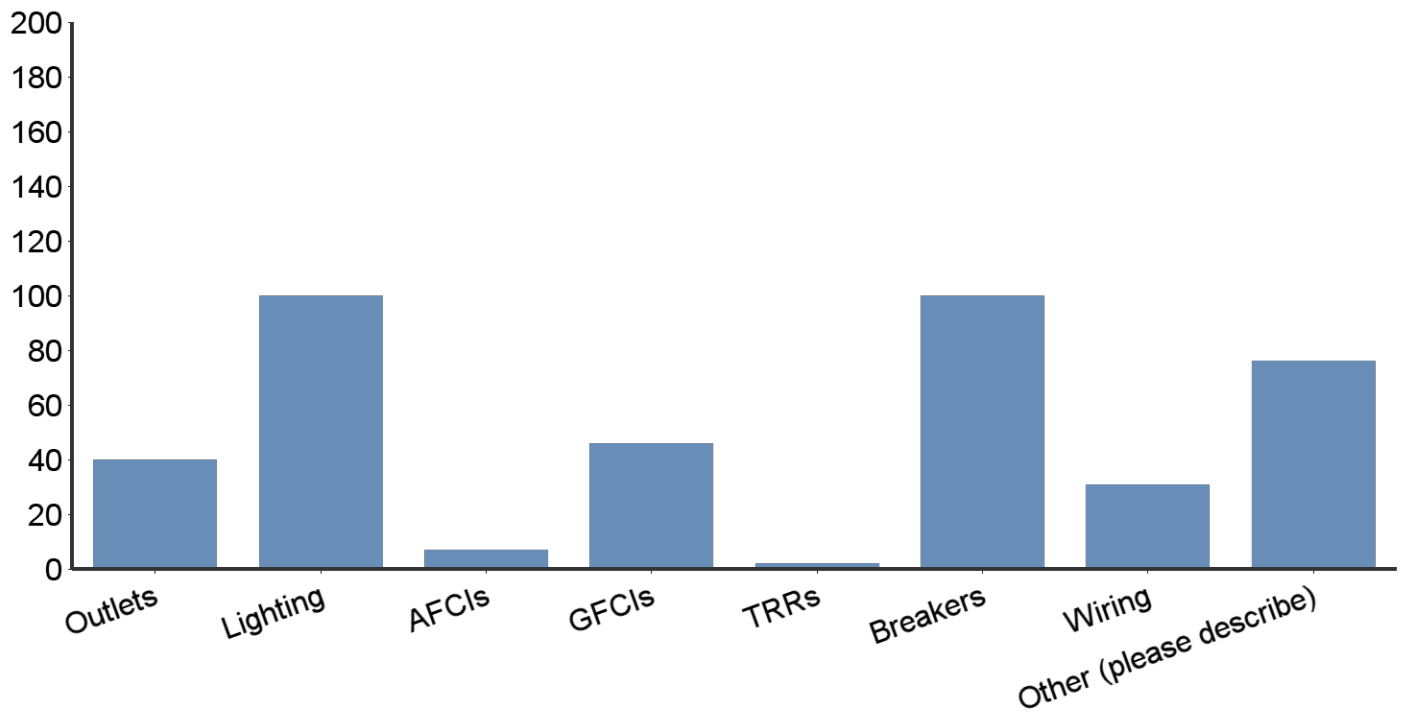


Answer	Bar	Response	%
No	<div style="width: 68.2%;"></div>	589	68.2%
Yes	<div style="width: 31.8%;"></div>	275	31.8%
Total		864	100.0%

Approximately how many times have you discovered a counterfeit product in the last 12 months? (Please give your best estimate if you do not specifically track such incidences)

Min Value	Max Value	Average Value	StdDev	Total Responses
0	200	4.9	18.0	269

Select the type of product(s) you discovered to be counterfeit. (select all that apply)

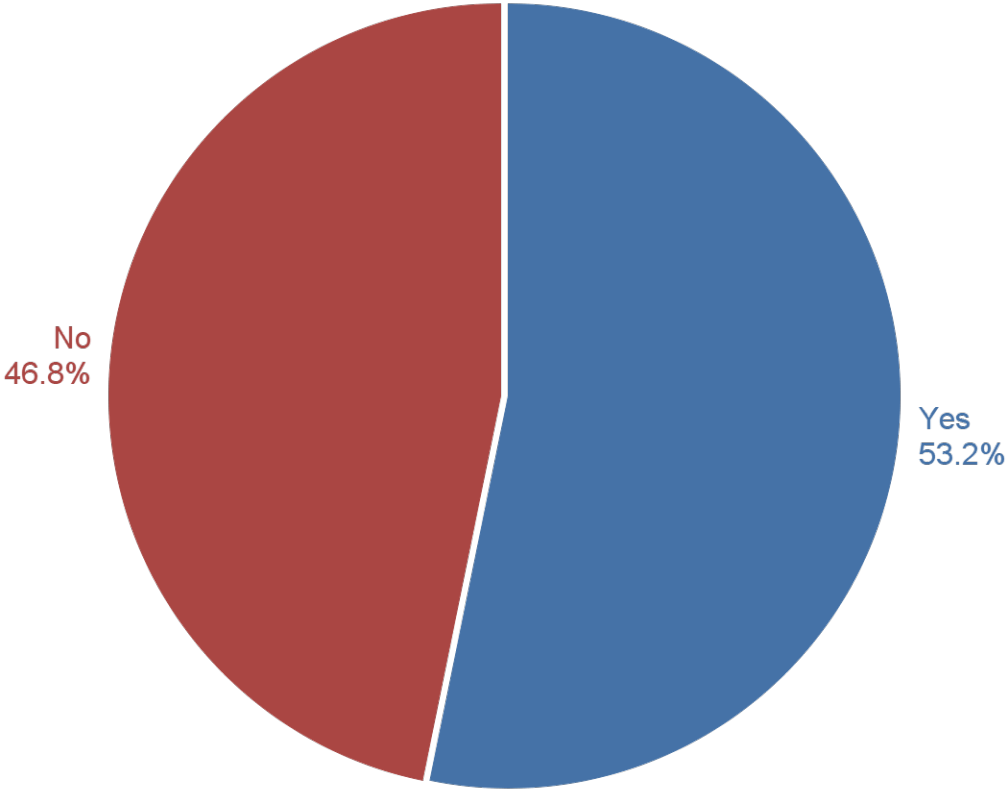




Answer	Bar	Response	%
Breakers		100	37.5%
Lighting		100	37.5%
Other (please describe)		76	28.5%
GFCIs		46	17.2%
Outlets		40	15.0%
Wiring		31	11.6%
AFCIs		7	2.6%
TRRs		2	0.7%
Total		402	100.0%

Select the type of product(s) you discovered to be counterfeit. ("Other" responses)

- Outdoor ceiling fans
- Electrical boxes
- Sign (5)
- Lighting transformer
- Panel boxes
- Power bar
- Surge protective device
- Battery
- AC adapter
- Electronic component
- Photo eye
- Metal outlet boxes
- Control panels
- Wire connectors
- Motors
- UPS
- Plug strips (2)
- Items purchased by customers and asked to install
- Small tools
- Integrated circuits
- Transformer (2)
- Cord adapters, non-metallic boxes
- Testing Laboratory Certification Mark
- Multi outlet strips
- Equipment cords
- Appliance (6)
- Ground rods (6)
- Computer power strips
- Heating system
- Consumer products
- Smoke detectors
- Electrical wiring components
- Vehicle inlet
- LED/LED drivers
- Shrink tubing (fake UL)
- Contactors (2)
- Starters
- After market add on item
- CAT-6 cable
- Components
- Boxes
- DC outlet on a portable generator
- Power supply (3)
- Contractors/vendors/manufacturers making incorrect statements.
- Electrical connectors
- Fittings (3)
- Insulation (2)
- Switches
- PV Systems
- Grounding electrodes
- Cords
- Extension cords (3)

Have you ever reported a counterfeit product (i.e. to the manufacturer, a testing laboratory, or the government)?



Answer	Bar	Response	%
Yes		125	53.2%
No		110	46.8%
Total		235	100.0%