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Materialism and Happiness as Predictors of Willingness to Buy Counterfeit Luxury Brands

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Statement of Original Authorship

Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

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ABSTRACT

The study examines the effect of material values – namely material success, material happiness, material essentiality and material distinctiveness – and life satisfaction and lawfulness with regards to consumers' attitude toward counterfeit luxury brands and their effect on consumers' willingness to buy counterfeit luxury brands. To test the research model, a new scale to measure and conceptualize materialism was developed and two new constructs: "material essentiality" and "material distinctiveness" were created. The scale development process consisting of scale generation, purification, validation and confirmation were achieved through four studies. The main study entailed a survey designed to examine the effects of all components for counterfeit designer apparel and knock off luxury hand phones. The sample for the main study contained 400 responses, equally divided in terms of genders and able to reflect the population of Hanoi and Ho Chi Minh, 2 biggest cities in Vietnam, demographically. Correlation and multiple regression analysis supports the model and shows that material values have an impact on consumers' attitudes toward counterfeit luxury brands and ultimately, their willingness to buy counterfeit luxury brands.

Key words: Materialism, Counterfeit, Luxury Brands, Life Satisfaction, Scale Development, Attitudes, Willingness to buy.

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CHAPTER 1: INTRODUCTION

1.1 OVERVIEW

This chapter will outline the world of counterfeit luxury brands and its recent developments. After a general introduction, the research problem is identified and research questions, hypotheses and justification for the study and the key literature and gaps are presented. The problem defined will be clearly supported with information needed to elucidate the problem. To conclude a summary of the key concepts will be provided, an overview of the research design will be presented and the organization of the report itself will be put forward.

1.2 BACKGROUND OF STUDY

Despite recent economic downturn, the luxury industry is a multi-billion dollars business and its demand is still growing rapidly. For example, Hermes - a leading luxury brand based in France - reported the company has constantly outperformed its sales target for the fourth year since the global crisis (Masidlover 2012). According to McKinsey & Co, the global luxury industry has seen a constant growth in recent years (McDonald 2011) and its value is predicted to increase to US$135 billion in 2015 (Yousuf 2012). And as any other market, the success and demand of luxury brands has also created a market for imitations aka the counterfeit luxury brands.

The practice of luxury brand counterfeiting can be traced back to Roman times, when a wine merchant in Gaul put trademarks imitation on wine amphorae in order to pass cheap local wines as Roman wine for a higher margin (Phillips 2005). Over the past few decades, counterfeit luxury brands have developed rapidly. The global market for counterfeit was estimated to exceed $600 billion and its contribution to the global trade was around 7% in 2005 (International Anticountereiting Coalition 2005). And therefore, it has become a growing problem aggravating luxury brands and policy makers (Eisend and Schuchert-Guler 2006).

A significant number of studies conducted on counterfeit luxury brands has indicated that consumers are attracted not only to the resembling appearance, ease to access and low price but also to quality of craftsmanship, and in some cases - creativeness. There are successful stories of brands started out as imitations but gradually earn their places in the market such as Crocodile or Bossini (Ang and Wirtz 2000; Brown 2003). Nevertheless, the growing counterfeit luxury brands

market and the success of brands like Crocodile raise a question: Why do people buy counterfeit luxury brands? Do people buy counterfeit luxury brands because of the product itself (design, quality, and price) or is it because of more individual reasons such as conspicuousness, happiness or impulsiveness? Answering these questions will help brands sketch a target group for new ventures, and ultimately help to reduce the demand of counterfeit luxury brands.

1.3 RESEARCH OBJECTIVES

Based on the above, the following research objectives are proposed:

1. To develop and validate a new scale to measure material values. This will enable the reactions to be explored independently from Richins and Dawson's (1992) materialism scale.

2. To develop and validate the research model in studying the materialism and life satisfaction effects on consumer attitude toward counterfeit luxury brands and their influence to the willingness to buy.

3. To introduce the construct of ethical disposition and life satisfaction on the relationships between consumer attitudes toward counterfeit luxury brands and material values on consumer's willingness to buy counterfeit luxury brands.

1.4 DELIMITATIONS AND SCOPE

This study investigates consumers in Vietnam and why they are willing to buy counterfeit luxury brands. The brands used in this research are among the top counterfeited brands in Vietnam – according to prior research by research agencies such as Nielsen Vietnam (2009) Bizconsult (2010) and TNS Vietnam (2011), ranging from mobile phones to designer apparels to ensure generalizability. Sample respondents are limited to being Vietnamese or residents in 2 biggest cities (Hanoi and Ho Chi Minh City) in Vietnam. Respondents were screened to make sure they had purchased one of the 10 brands. Genders, ethnics, educational level and income data were also collected.

1.5   KEY CONSTRUCTS AND DEFINTIONS

Definitions used in research are often not uniform (Perry 1998; 2002). Presented below are the key constructs and definitions used throughout the study.

Materialism – Many economists see materialism as a value usually refer to "the pursuit of one's own material well-being" (Easterlin and Crimmins 1991) while sociologists describe materialism as a personal value that encompasses concern with material things, competitiveness, and emphasis on making profit as opposed to human well-being (Beutel and Marini 1995). In marketing literature, the two most accepted materialism measurements are from Belk (1985) and Richins and Dawson (1990; 1992). Belk (1985) assumes that materialism consists of three traits: possessiveness, nongenerousity, and envy. On the other hand, Richins and Dawson (1992) define materialism as acquisition centrality, acquisition as the pursuit of happiness and possession-defined success.

Material Values – Richins (e.g. Richins and Dawson 1990, 1992; Richins 1987; 1994, Fournier and Richins 1991) sees materialism as a value rather than a behavior or personality variable. This value includes beliefs about acquisition centrality and the role of acquisition in happiness and success. Acquisition centrality refers to the importance materials attach to acquiring more possessions which allows materialism to function as a life goal for them. Materials also hold strongly to the belief that owning or acquiring the right possessions is a key to happiness. Finally, Richins also defines materials as people who believe success can be judged by the things people own. According to Richins (1994), there are 3 material values: material success, material centrality and material happiness.

Ethical Disposition – Ethical disposition contains two factors: lawfulness and morality. Lawfulness is the degree by which individuals respect and act accordingly to the law (Phau *et al.*, 2009). Morality is a social factor influencing individual behavior intention, driving it toward ethical behavior (Kohlberg 1976). Previous studies suggest that consumer behavioral choices are generally influenced by behaviors considered appropriate and therefore normatively approved whilst others are seen as inappropriate and hence restricted (Gupta *et al.*, 2004). Attitude towards counterfeit luxury brands can be distinguished by consumer's lawfulness and morality (Cordell

et al. 1996). Kohlberg (1976)'s theory of moral reasoning indicates that a consumer's behavior is based on a subjective sense of justice. The higher an individual's level of moral judgment, the less likely the individual is to approve of buying or usage of counterfeit luxury brands.

Counterfeit luxury brands – Counterfeit is a term used to describe any product carries names, signs, content or trademarks that indistinguishable from those registered to another party and therefore breaching the rights of the holder of the trademark (Grossman and Shapiro 1988; Chaudhry and Walsh 1996; Bian and Veloutsou 2007). These items are also known under several names such as replicas, imitation, bogus, fakes, copy, and knock-off, and often thought to be lower-quality. From the perspective of consumers, counterfeit brands are divided into two categories: deceptive counterfeiting, occurs when consumers assume that she/he is purchasing a genuine branded product, which then turns out to be a fake The other category is non-deceptive counterfeiting, occurs when consumers recognize that the branded product is not authentic. Consumers can recognize counterfeited goods by many clues including quality, vendor location, price or materials used to make the products (Grossman and Shapiro 1988; Nia and Zaichkowsky 2000). Furthermore, because the nature of counterfeiting is that it must copy a trademarked brand in order to sell itself (Cordell *et al.*, 1996), counterfeiting often target luxury products, which have high brand value. This research will only study non-deceptive counterfeit luxury brands.

1.6 KEY THEORIES

To formulate the hypotheses of the current research study with sound theoretical and conceptual underpinnings, several key and relevant theories have been introduced to the study. Among the marketing and social science literature, these theories are the most important as they are the backbone of this study:

The theory of planned behavior – The theory of reasoned action (Ajzen and Fishbein 1975) suggests that a person's behavior is determined by his/her intentions to perform a behavior, and that this intention is, in turn, a function of his/her attitude toward the behavior and his/her subjective norm. Results from recent studies have confirmed that attitudes were found to be more useful or have a stronger effect on predicting behavioral intentions than subjective norms (Ajzen 1991). This has led to the birth of theory of planned behavior, developed by Ajzen (1991), with

the addition of the "perceived behavioral control" as a predictor for intentions and behavior to Purchasing Counterfeits (Celuch *et al.* 2004). The theory of planned behavior can be largely used in this context to explain the decision to purchase counterfeited luxury brands.

Theory of Conspicuous Consumption – The theory of conspicuous consumption suggests that lavish spending on goods and services mainly for the purpose of display income or wealth serving as a means of attaining or maintaining social status. However, conspicuous consumption behavior today has become more sophisticated and subtle (Trigg 2001). The meaning of conspicuous consumption has changed with the evolution of societies and consumption value. Thus, the main components of conspicuous consumption vary today. As consumers employ product symbolism for their social interaction (Solomon 1983; Belk 1985; Holbrook and Grayson 1986; Kleine *et al.* 1993; Richins 1994; Laverie *et al.* 2002), conspicuous consumption does not only mean the ostentation of wealth, but also the ostentation of something symbolic to specific reference groups in order to gain their recognition or prestige. Previous studies on conspicuous consumption and luxury brands have confirmed the positive relationship between materialism and luxury brands consumption. Counterfeit luxury brands are replicated version of authentic luxury brands with the only difference, nowadays, lies in price. Materials, who cannot afford authentic luxury brands, would find counterfeit luxury brands very attractive. Hence the attitude toward counterfeit luxury brands would be affected positively by material values.

Theory of Social Representation – This theory attempts to understand the manner in which scientific thought becomes "common sense" within the mass, through its diffusion and representation to and through a public. Counterfeit consumption has gradually become more and more socially accepted (Davenport Lyons 2007). Buyers and users of counterfeit luxury brands are no longer limited to those who cannot afford the authentic brands anymore. Materials who can afford authentic brands would not only buy counterfeit luxury brands to conform their material values but also because as they see counterfeit consumption as socially acceptable.

Theory of Moral Reasoning – Attitude towards counterfeit luxury brands can be distinguished by consumer's lawfulness and morality (Cordell *et al.* 1996). Kohlberg (1976)'s theory of moral reasoning indicates that a consumer's behavior is based on a subjective sense of justice. The

higher an individual's level of moral judgment, the less likely the individual is to approve of buying or usage of counterfeit luxury brands. According to this theory, justice is the goal of moral reasoning and since counterfeit luxury brands consumption is illegal, consumer's morality and lawfulness should have a negative effect on attitudes towards counterfeit luxury brands.

Cognitive Theories of Happiness – Cognitive theories suggest that happiness is a product of human thinking and reflects the difference between perceptions of the current state of life-as-it is and ideas of how-life-should-be. Ideas of how-life-should-be are assumed to root in collective beliefs and should be different across cultures. The theory suggests that people have standards of a good life and that they constantly compare the reality of their life against these standards. These standards are presumed to be variable rather than fixed and to follow perceptions of possibilities. The social comparison variant of this theory focuses on how well individuals are doing relative to other people, and in particular people from a same social group as them (Diener and Sandwick 1991; Veenhoven and Ehrhardt 1995).

Multiple Discrepancies Theory – According to this theory, people do not only compare with what they want and with what others have, but also with what they need, and with what they deem fair. And when they cannot afford authentic luxury brands that they think they deserve, buying counterfeit luxury brands would make them happier (Michalos 1985).

1.7 METHODOLOGY

The research will be undertaken in two phases. Phase one develops and validates a new scale to measure material values. Online survey platform was used to aid data collection from the 3 student samples. English version of the questionnaire was used to collect data from student samples.

Aiming for a well presented sample, data is captured with the help of Taylor Nelson Sofres (TNS), a world leading market research agency, in phase two of the study. The questionnaire was first prepared in English and translated to Vietnamese, and then checked by two academics in back translation. Data collection method was through door-to-door interviews. Household were chosen randomly from a data pool across the city. Respondents were also selected randomly

within the household. If the chosen respondent was not at home, interviewers would come back later. Twenty percent of the completed questionnaire were subjected for quality controlled (QC). Respondents were revisited by the QC team to go through a shorter survey consisting key questions to make sure the reliability of the whole study using online and self-administered surveys consisting of established scales, a manipulation check and simple demographic questions.

In addition, respondents will perform the manipulation check (developed in Phase One) and provide demographic information. With the exception of the scales developed in phase one of this research, survey items will be derived from past studies (e.g., Sykes and Matza 1957; Diener *et al.* 1985; Richins and Dawson 1992; Cordell *et al.* 1996; Tom *et al.* 1998; Gump *et al.* 2000; de Matos *et al.* 2007; Swami *et al.* 2009; Phau and Teah 2009; Chaudhry and Stumpf 2011; Lee and Workman 2011). Multiple regression analysis will be used for model analysis and exploratory and confirmatory factor analysis being the key statistical techniques utilized in the study. The method and support for the chosen instruments is discussed at length in Chapter 4.

1.8   SIGNIFICANCE OF STUDY

The consumption of counterfeit luxury brands attracted much research attention since it emerged in the 70s. In the beginning, most studies were conducted from the supply perspective. As people started to pay attention to the demand side, the body of counterfeit luxury brands literature has been growing steadily. Given the current business trend of globalization that has led to the strong emergence of hybrid products, the literature presents a gap, enabling this study to investigate the implications of materialism and its values in the counterfeit luxury bands demand context. Particularly, as previous researchers have largely overlooked on the effects of materialism on impacting the attitudes toward counterfeit luxury brands and the willingness to buy, although minimum research in this area do exists (Wee *et al.* 1995; Furnham and Valgeirsson 2007; Swami *et al.* 2009; Wan *et al.* 2009; Lu and Lu 2010). Therefore, little is known about the evaluation and acceptance of bi-national products in a globalized environment (Greider, 1997).

1.8.1 Conceptual significance

This study contributes to the body of literature by enhancing theoretical understanding of counterfeiting by exploring materialism and its influence on consumer willingness to buy. It clearly shows empirical evidence that consumer attitudes and behavior responses toward willingness to buy are significantly varied by material values (material success, material happiness, material essentiality and material distinctiveness). In addition, the study contributes substantially by exploring the concept of life satisfaction and its role in counterfeit luxury brand study.

1.8.2 Methodological significance

The research methodology is sound and may assist greatly in the future studies that are required to better understand consumer economic nationalistic tendencies. The most significant methodological contribution is the development and validation of the new materialism scale. The new materialism scale fulfils an important gap in the current literature and in previous scales, in measuring levels of conspicuous and status consumption as well as the distinctiveness tendencies distinguishing from Richins and Dawson's (1992) materialism scale.

1.8.3 Managerial significance

The study also provides several implications for marketers, managers and retailers of luxury brands. Brand managers and policy makers will have a better understanding of the psychological processes that guide the formation and modification of attitude towards the genuine luxury brands from the study. And "counter luxury counterfeiting" social and policy initiatives can be derived from that better understanding. Furthermore, the extended version of materialism scales could be improvised or integrated with market research survey to provide more insightful results in different market.

1.9 CONCLUSION

The dissertation is structured as follows; Chapter 2 contains the literature review exploring materialism and its use in marketing. Next, the theoretical framework and development of the hypotheses for this study is explained in Chapter 3. Chapter 4 deals with methodology of the main study. The scale development process undertaken (Phase One of the research) follows in Chapter 5. Chapter 6 contains phase two's in-depth results of the data analysis and discussion. Finally, Chapter 7 concludes the study with implications, discussion on the findings, limitation and suggestions for future research.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter fundamentally reviews the research areas that are of relevance to this study. The chapter opens with an overview discussion of the research on this area. Furthermore, it reviews previous studies related to the variables that will be tested later in the study.

In brief, the literature reviewed how various components have substantial impact on the consumers' attitude toward counterfeit luxury brands and their willingness to buy. Besides the key theories mentioned earlier, there are other literature that help shaping the research problem of this study.

Consumer Behavior Theories are examined as the foundation that leads to the concept of luxury and luxury brands. It is important to review the concept of luxury and luxury brands as it shows the unique characteristics of the luxury concept and how counterfeit is hurting the luxury industry by taking away these characteristics. This creates a structure and understanding for the study. The chapter continues to explore the consumers' willingness to buy counterfeit luxury brands and its related issues, namely attitude toward counterfeit luxury brands, ethical deposition, and perceived values. Previous literature on Materialism and Life Satisfaction are reviewed extensively to establish possible links to the consumption of counterfeit luxury brands .Gaps in the literature will be identified throughout the review process.

2.1.1 Consumer Behavior Theories

Before defining the theories associated with luxury consumption, it is important to understand the fundamental of consumer behavior theories. From the literature there are several theories explaining processes of consumer choice. Lavoie (2004) writes on post-Keynesian Consumer Theory, stating how it can have possible synergies with economic psychology and consumer research. Consumers appear to employ principles that take place in a priority order, on which they construct proceduralized decisions corresponding to their needs. Procedural rationality emphasizes that consumers have rules that permit them to make choices. These rules are built on non-compensatory procedure, which does not consider all elements, but instead concentrates on those important to the individual. The rationale behind the consumption choice, Behavioral

Economic Theory (BET) (DiClemente and Hantula 2003) states that main causes as to why goods are purchased by an individual are for:

1. For maintenance (core goods include basic needs).
2. To accumulate (standard goods of better quality).
3. For pleasure (luxury goods).
4. For accomplishment (innovative goods that position the consumer as a leader).

This classification of motivations relates with the concept of needs versus wants. Individual needs will vary among needing core goods, essential for daily living, and peripheral goods, which are luxury goods focused on want, which is similar to the Hierarchy of Needs (Brugha 1998). According to post-Keynesian Theory (Lavoie 2004), consumers' needs are satiable, separable, sub-ordinate to one another, and can expand. For example, once a height of consumption has been achieved, the consumer is no longer fulfilled and moves onto a new need.

2.1.2 The concept of Luxury

The concept of luxury is an obsession in today's consumer society. Flexible payment methods such as credit cards have played a significant part in the diffusion of luxury products and have led consumers to become fascinated by luxury brands (Sonimers 1991; Kardon 1992). As a result, luxury brands management has become a critical topic for marketing researchers and practitioners. Because of the rising in product competition and the globalization of markets, companies are constantly looking for ways to distinguish their product offerings. Many companies, such as Guess or Coach, have tried to increase their value by re-branding them as luxury brands, or have purposely elected to place their products in the luxury goods niche (Vickers and Renand 2003).

Given the extent of the number of consumers that purchase luxury goods, the definition of luxury brands is relatively vague as they are perceived differently from market to market. Most of the growing body of research concentrates on the concept of luxury and prestige brands, although this is still lacking in breadth. Terms such as, prestige, status, (Grossman and Shapiro 1988; Mason 2001), signature (Jolson *et al.* 1981), top of the range (Dubois and Laurent 1993), or hedonic (Dhar and Wertenbroch 2000) have occasionally been used when referring to brands that

are priced highly and are of high status and recognition. The terms prestige and luxury are the most commonly used synonyms (Bagwell and Bernheim 1996). In 1994, a conceptual analysis of luxury and a historical survey of attitudes towards it were carried out (Berry 1994). Berry (1994) claims that luxury products are linked to basic human needs such as those for food, shelter and health care. For example, delicacies such as caviar, Kobe beef or shark fin are classified as luxury foods. In general, by consuming these foods a person does not satisfy the basic human needs of hunger but also meets the desire for luxury, and therefore highlighting the relationship between human needs and wants. In a similar way, a Rolls Royce car can be seen as an instrumental necessity. It is a means of demonstrating municipal dignity or company prosperity or personal status (Berry 1994).

2.2 LUXURY BRANDS

The academic literature related to luxury is divided into economic, psychological and marketing. Economic theories have generally concentrated on the differences between luxury and necessity. Veblen was one of the first researchers who investigated luxury products in the social economic framework in his works (Vigneron and Johnson 1999). Veblen states that the wealthy classes in a society convey their economic authority over the less affluent by their purchases which are fervently exhibited via luxury items functioning as status symbols. Economic consumer theory indicates that these conspicuous consumption patterns can be recognized at the individual consumer level in terms of conformism and snobbism (Liebenstein 1950; Corneo and Oliver 1997). Conformist, also labeled as bandwagon, behavior arises when consumer demand for a product intensifies for the reason that other individuals are also purchasing it. Snobbish behavior is the opposite: such individuals are inclined to purchase less of a product, especially if others are purchasing the same. These two categories of conspicuous consumer behavior relate to the wish not to be identified with the less affluent, and the desire to be identified with the rich (Corneo and Oliver 1997). Both conformist and snobbish consumption motivations can lead to the professed Veblen effect at the total market demand level, where an increase in demand is the result of a price increase (Bagwell and Bernheim 1996). Therefore, luxury brands have a moderately upward-sloping demand curve and may possess no real intrinsic utility (Coelho *et al.* 1993). Economic theories have concentrated on the modeling of demand-level effects of luxury brands. Numerous definitions surrounding the term luxury have presented a variety of

perspectives. These perspectives have resulted in various classification schemes, and general frameworks. Alleres (1990) constructed dimensions relating to socio-economic class in the context of luxury products, and developed a hierarchy of three levels focusing on the extent of accessibility which is demonstrated in Figure 1.1.

Level 1 — Social Class Elite — Inaccessible Luxury

Level 2 — Social Class Professional — Intermediate Luxury

Level 3 — Middle Class — Accessible Luxury
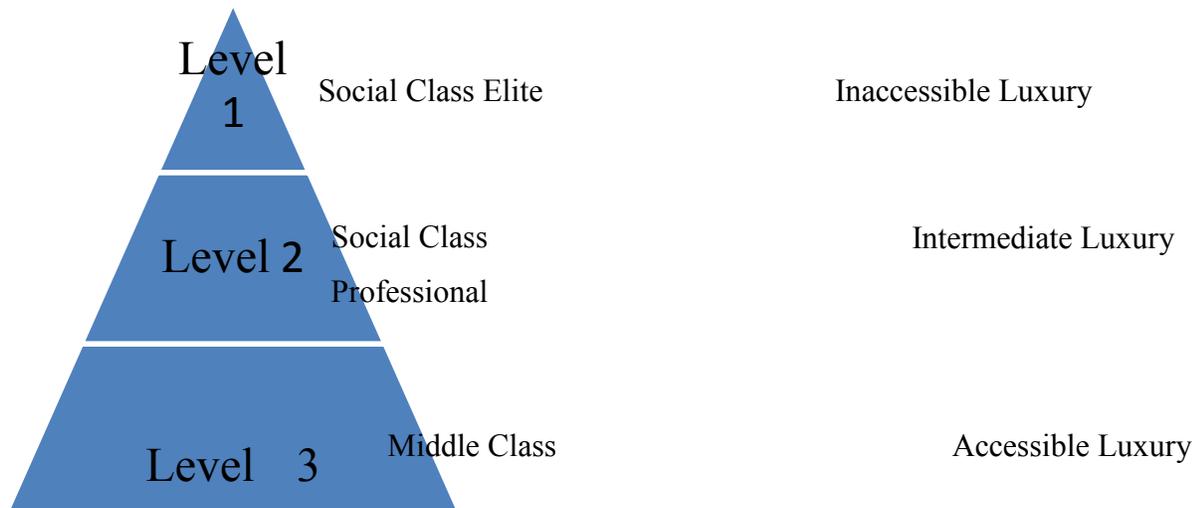
Figure 1.1: A Hierarchy of Luxury Products (Alleres 1990)

The inaccessible luxury level relates to an elite socio-economic class, and is acknowledged with product uniqueness. It is connected with products that are not only particularly expensive but also extremely rare and thus it presents the user with exceptional social prestige. The intermediate luxury level represents a group of luxury products that is attainable by the professional socio-economic class. The accessible luxury level represents luxury products that are attainable by the middle socioeconomic class who are perceived as attempting to attain a higher social status by their purchases. The amount of accessibility also suggests the social class level. Therefore, the degree or level of luxury that a product conveys can be exemplified in whether the product is seemingly accessible or inaccessible by the consumer. The distinction between the intermediate level of luxury products and the accessible level of luxury products was not defined clearly, especially as there is a change of socio-economic classification within Western industrial nations towards a professional middle class position (Renand 1993).

Renand (1993) claims that the grouping of inaccessible luxury products can be viewed as personalized luxury products that are characterized by particularly high prices. The high prices for these luxury products makes this degree of luxury exclusive, as it is beyond the average

generic product type. The degree, to which these products can be placed, as inaccessible or accessible, relies on the level of exclusivity they exhibit in the marketplace in contrast to consumer perception.

Recently economic theories are focusing on the effect of pricing strategies of luxury brands, which underlines the relationship of luxury and exclusive pricing. Focusing on the link between price and exclusivity, Groth and McDaniel (1993) constructed the Exclusive Value Principle as a framework which helps in developing marketing strategies that construct brand exclusivity. Groth and McDaniel (1993) claim that the Market Price for a product is a sum of the Pure Utilitarian Value of the product and the Exclusive Value Premium. For luxury brands, the basis of utility consists of excellence of service, product quality, and aesthetic design. Exclusive Value Premium encompasses external factors that encourage luxury brands consumption behavior, like advertising and promotion campaigns.

Social and behavioral psychology define luxury and the motivation behind luxury brands consumption as being based on interpersonal or external factors, such as attitude, influences, esteem, reference group interaction (Groth and McDaniel 1993) and personal or internal factors, such as feelings and emotions that motivate the consumption of luxury brands (Vigneron and Johnson 2004). Luxury brands are purchased either for status, social recognition, or constructive impression management reasons (Brinberg and Plimpton 1986; Novak and MacEvoy 1990; Mason 1998; Vigneron and Johnson 1999; Vickers and Renand 2003) or for hedonic and pleasure-seeking ones (Fenigshtein *et al.*1975; Vickers and Renand 2003). Lunt and Livingstone (1992) and Matsuyama (2002) investigated mass consumption and personal identity, and the connection between necessity and luxury. And thus luxury is perceived differently from person to person and society to society. For example, Calvin Klein is a high street fashion brand in America but it is seen as a luxury brand in developing countries such as Cambodia, in where the GDP per capita is less than $1000 which means most people will not be able to afford buying garments from this brand.

Marketing research has mainly concentrated on the characteristics of luxury in terms of culture and socio-demographics (Dubois and Laurent 1993; Dubois and Duquesne 1993), purchase

motives (Kapferer 1998) and life values (Sukhdial *et al.* 1995). Other researchers have presented frameworks for the brand management and wealthy consumers of luxury brands (Stanley 1989; Dubois 1992; Kapferer 1996), focusing largely on the distinctions between luxury brands and non-luxury ones, as well as the definition of salient product characteristics that may possibly be constituted as luxury. Marketing studies have also provided additional frameworks associated with the definition of luxury, for example, Kapferer (1998) distinguishes four categories of luxury brands. Each category focuses explicit sets of characteristics perceived by consumer segments:

1. The first segment places beauty of the object, excellence of the product, magic, and uniqueness, as being the most significant components. Brands that fall into this category are Rolls-Royce, Cartier and Hermes.

2. The second segment ranks creativity and product sensuality as the most central components, placing less importance on uniqueness and product excellence. This includes brands like Mugler, Gucci and Boss.

3. The third group focuses on the beauty and magic of the product, emphasizing the classic appeal and the idea that this type of brand will never go out of fashion, for i.e. Louis Vuitton and Dunhill.

4. The fourth category deems exclusivity as one of the most imperative components. The main appeal of this category is the narrow number of consumers who possess or who are able to own the brand's brands, as well as projecting an exclusive image attainable only by a few privileged people. Examples of this include Chivas.

Vickers and Renand (2003) developed a three-dimensional model highlighting the differences between luxury and non-luxury products which were based on symbolic meanings of luxury brands in terms of functionalism, experientialism and symbolic interaction. Functionalism is defined as product features that solve a current problem or prevent a potential one, such as superior quality and strength, durability, confidence of items replacement. Experientialism encompasses features that stimulate sensory pleasure and hedonic consumption, such as traditional and exclusive designs, special richness and tone of decoration, elegance of days gone by. Symbolic interaction involves product components connected to status, self enhancement, and group membership, such as prestigious name or identifiable luxury style. The most up-to-

date investigations look at luxury perceptions on a cross-cultural stage, for example, Dubois *et al.* (2001) conducted qualitative and quantitative cross-cultural, consumer-based studies in Western Europe, the US and Asia Pacific regions and provided a broad definition of luxury, stating that it is an amalgamation of six dimensions as highlighted in Figure 1.2.

Excellent Quality	Exceptional ingredients, components, delicacy and expertise, craftsmanship
Very High Prices	Expensive, elite and premium pricing
Scarcity and Uniqueness	Restricted distribution, limited number, tailor made
Aesthetics	Price or art, beauty, dream
Ancestral Heritage and Personal History	Long history, tradition, heirloom
Superfluousness	Uselessness, non-functional

Figure 1.2: Six Facets of Luxury (Dubois et al. 2001)

Dubois *et al.*, (2001) provides a relatively accurate definition of luxury and provides a useful basis for the term luxury designer which is the adopted terminology for this study, although there are two central disadvantages relating to the research on luxury consumption. In spite of the emergent body of research within this area, a standardized examination of the concept of luxury as seen by consumers is nevertheless absent. A majority of the studies are dedicated to the designers of luxury brands, strategies, or the function of tradition, in summary to the supply side. Not many studies examine the demand side. Researchers frequently highlight a few attributes relating to luxury brands, such as quality and price, as these attributes are usually associated with luxury (Kapferer 1998). The symbolic meaning of luxury continues to be indefinable as authors tend to rely on rather abstract characteristics such as dream value (Dubois and Paternault 1995). No systematic reviews have been carried out that offer a comprehensive, consumer-based, empirical explanation surrounding this complex concept. In terms of defining the concept of luxury, the literature on luxury sometimes overlaps and does not operate in isolation. In essence, it can be presumed that the various definitions of luxury offer different dimensions of a single process. Every definition combines various aspects of luxury. A majority of the available

theoretical and empirical research findings concentrate on the attitudes of the more affluent consumers of luxury brands.

Each of the three main theories of luxury offers a different perspective but none of the theories can fully represent the complex nature of luxury. However they can identify the process of and influences upon the development of the term luxury brands and its counterfeited version which will be used for this research.

2.2.1 Counterfeit Luxury Brands

Counterfeit is a term used to describe any product carries names, signs, content or trademarks that indistinguishable from those registered to another party and therefore breaching the rights of the holder of the trademark (Grossman and Shapiro 1988; Chaudhry and Walsh 1996; Gentry *et al.* 2006; Bian and Veloutsou 2007). These items are also known under several names such as replicas, imitation, bogus, fakes, copy, and knock-off, and often thought to be lower-quality. From the perspective of consumers, counterfeit brands are divided into two categories: deceptive counterfeiting, occurs when consumers assume that he is purchasing a genuine branded product, which then turns out to be a fake The other category is non-deceptive counterfeiting, occurs when consumers recognize that the branded product is not authentic. Consumers can recognize counterfeited goods by many clues including quality, vendor location, price or materials used to make the products (Grossman and Shapiro 1988; Nia and Zaichkowsky 2000; Gentry *et al.* 2006). Furthermore, because the nature of counterfeiting is that it must copy a trademarked brand in order to sell itself (Cordell *et al.* 1996), counterfeiting often target luxury products, which have high brand value. This research will only study non-deceptive counterfeit luxury brands.

The marketing practice of branding luxury products can be dated back to the Roman period when Roman winemakers put unique marks on their wine amphorae. Likewise, the first practice of counterfeiting can also be dated back to the same period when wine merchants from Gaul copied and put those unique marks on cheap local wines and sold them as expensive Roman wine (Phillips 2005).

Counterfeiting of luxury brands has grown steadily in the past few years, regardless of the combined efforts of individual organizations and law enforcement agencies. Anti-counterfeiting

forces have relentlessly pursued legal battles in many countries in their fight against counterfeiting. Despite their efforts, the consumption of counterfeit luxury brands continues to soar, worldwide. For example, in 2007, U.S. Customs seized over $200 million worth of counterfeit luxury brands; this was only the tip of the iceberg (BASCAP Report 2009). In recent years, the consumption of counterfeit luxury brands continues to expand, worldwide, and is now regarded as a common act of consumption. Without reservation, counterfeiting luxury brands is one of, if not, the most critical issues for the luxury industry because it unlawfully takes advantage of the prestige of luxury brands and harms their tradition, identity, and image.

Counterfeiters are driven by huge profits and mark-ups that are seemingly better than drug trafficking (Gentry *et al.* 2006; Blakeney 2009). The counterfeiting industry has grown significantly as a result of globalization and the demand of consumers and therefore counterfeited goods are available virtually everywhere. Most general information about the consumption of counterfeit luxury brands can be found in trade magazines (Business Week 2005; The Guardian 2009; The Economist 2011) and reports published by industry organizations (BASCAP Report 2009). Further, articles from magazines generally outline examples of spectacular cases or seizures in selected markets and discuss the magnitude of luxury brand counterfeiting, while reports from industry organizations illustrate the existence of counterfeits and market research data in different regions of the world.

In academic journals, from the first publication in the 1970s until recently, luxury brand counterfeiting had been described as cheaper and lower quality copies of authentic brands. The quality of counterfeit luxury brands has improved dramatically compared to 10 years ago and this activity has also affected the demographic of potential consumers. With improvements in manufacturing processes and greater attention to detail, counterfeit luxury brands are no longer the cheaper and lower quality copies of genuine ones (Albers-Millers 1999; Penz and Stottinger 2005). In fact, some counterfeit goods are easily mistaken for the genuine product, even to the trained eye. Furthermore, the trade of counterfeit goods has also increased exponentially with extensive distribution and logistics networks (Gentry *et al.* 2006; Wilcox *et al.* 2009), especially on the Internet. Because of the excellent quality, cheaper price, and relative ease of access,

people who actively seek and purchase counterfeit luxury brands are no longer limited to those who cannot afford the genuine ones (BASCAP Report 2009).

2.2.2 Consumer willingness to buy counterfeit luxury brands

Research studied different groups of counterfeit buyer have shown that there is a different in what male and female consumers would more likely to purchase (Ang *et al.* 2001; Hoe *et al.* 2003; Kwong *et al.* 2003; Cheung and Prendergast 2006), and young buyers would more likely to buy counterfeit brands than older buyers (Wee *et al.* 1995; Phau and Prendergast 1998; Tom *et al.* 1998; Phau *et al.* 2001; Kwong *et al.* 2003; Cheung and Prendergast 2006). But there are other studies reported that demographic variables did not distinguish between buyers and non-buyers of counterfeit brands (Bloch *et al.* 1993; Bian and Veloutsou 2007; Swami *et al.* 2009). Furthermore, the quality of counterfeit luxury goods has changed dramatically compares to years ago and it has also affected the demography of potential consumers. With the improvements in manufacturing process and greater attention to details, counterfeited luxury goods are no longer the cheaper and lower-quality copies of genuine ones (Gentry *et al.* 2001; Pang 2008). In fact, some of the counterfeited goods could be easily mistaken for the genuine ones. And their trade has also tremendously increased with extensive distribution and logistics networks (Wee *et al.* 1995; Wilcox *et al.* 2009), not to mention the Internet. With excellent copies of the genuine brands, cheaper price and relative easier access to them, buyers and users of counterfeited luxury goods are no longer those who cannot afford the genuine ones.

Previous literature has identified various determinants associated with counterfeit purchasing: such as product attributes or value of counterfeit brands, namely price, quality, availability, hedonic and brand values (Albers-Millers 1999; Furnham and Valgeirsson 2007), past experience (Furnham and Valgeirsson 2007; Swami *et al.* 2009), attitude towards counterfeiting (Furnham and Valgeirsson 2007; Swami *et al.* 2009) and lawfulness (Cordell *et al.* 1996; Tan 2002; Harvey and Walls 2003). The results of these studies showed significant association between attitude towards counterfeit brands and willingness to buy, for example there is an established negative association between lawfulness and willingness to buy counterfeited brands (Cordell *et al.* 1996; Tan 2002; Harvey and Walls 2003), consumer's willingness to buy counterfeit luxury brands is increased when their attitude toward luxury brands served a social adjustment function (DeBono 1987; Wilcox *et al.* 2009). There is a smaller number of research

examine the association between willingness to buy and other variables such as adventure-seeking (Albers-Millers 1999; Perez *et al.* 2010), value consciousness (Albers-Millers 1999; Ang *et al.* 2001), material values (Furnham and Valgeirsson 2007; Chuchinprakarn 2003), and moral intention (Tan 2002); however these works remain extremely fragmented.

2.2.3 Attitude towards counterfeit luxury brands

The attitude towards counterfeit luxury brands plays a major role in defining the willingness to buy counterfeit luxury brands. As theory of planned behavior predicts, attitude towards an act positively affect behavioral intentions, including consumer choice (Aijzen and Fishbein 1980; Ajzen 1985; Ajzen 1991; Kim and Hunter 1993; Albers-Millers 1999). Favorable attitude towards buying counterfeited luxury goods are expected to increase consumers' willingness to buy. Research into consumers' attitude towards counterfeiting show that consumers are more inclined to purchase products with a fashion component attached (Tom *et al.* 1998). They are willing to pay for the visual attributes and functions without paying for the associate quality (Grossman and Shapiro 1988; Cordell *et al.* 1996). And they also prefer counterfeit brands with a famous brand's name that would stand for symbolic value (Cordell *et al.* 1996; Leisen and Nill 2001). This reinforces the concept that only authentic luxury brands are targeted for illegal production (Eisend and Schuchert-Guler 2006). It has also been found that if the perceived product attributes between the genuine products and the counterfeit brands are similar in terms of quality and physical appearance, consumers' purchase intention will be increased (Cordell *et al.* 1996; Prendergast *et al.* 2002; Perez *et al.* 2007).

Research also pointed out that symbolic and social functions served by brands are likely to be varied across cultures (Aaker *et al.* 2001; Wilcox *et al.* 2009). In collectivist cultures where people value keeping face therefore the demands and preferences for counterfeit luxury brands can be much different than people from other cultures (Wilcox *et al.* 2009). Previous studies also indicate that a consumer's consumption pattern is influenced by his or her social class position. If brand status is important to consumers, but they cannot afford the originals, counterfeit brands are more likely to become alternative solutions. Depending on their social group norm, the pressure from a reference group can induce the consumer's decision to use original or counterfeits of luxury brands (Bearden *et al.* 1989).

The Attitude towards counterfeiting scale, used in Furnham and Valgeirsson' research (2007), consists of three factors: lawfulness toward counterfeiting, the value of counterfeited products, and past experience of buying counterfeits. Recent research replicated the Attitude towards counterfeiting scale and recommended it as a base model for future research in the same direction because of its performance in the replicated studies (Swami *et al.* 2009). In order to measure the Attitude toward Counterfeit Luxury Brands later in the research, it is suggested to use the work published by Tom *et al.* (1998). It is a 12 item-scale that measures four components of attitudes toward counterfeit:

1. Effect of counterfeiting on economy and economic health of legitimate goods manufacturers,
2. Negativity toward big business
3. Quality of counterfeits.
4. Legality of manufacturing, selling, and buying counterfeits

Lee and Workman (2011) use Tom *et al.* in their research and find out that the first two components can be combine into a new one, called Refuting the harm caused by purchasing counterfeits.

Table 1.1   *Source: Lee and Workman (2011); Tom et al. (1998)*

1.	Counterfeits of luxury brands do not hurt our country's economy
2.	Counterfeits of luxury brands do not hurt the companies that manufacture the legitimate product
3.	I like buying counterfeits of luxury brands because it is like playing a practical joke on the manufacturer of luxury brands
4.	I buy counterfeits of luxury brands because counterfeiters are "little guys" who fight big business
5.	I would buy counterfeits of luxury brands even if I could easily afford to buy the real luxury brands
6.	Buying counterfeits of luxury brands demonstrates that I am a wise shopper
7.	I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters
8.	I buy counterfeits of luxury brands because the prices of designer products are unfair and overpriced
9.	Counterfeits of luxury brands are just as good as designer products
10.	People who sell counterfeits of luxury brands are committing a crime
11.	People who buy counterfeits of luxury brands are committing a crime
12.	People who manufacture counterfeits of luxury brands are committing a crime

2.2.4 Ethical Disposition

Chakraborty *et al.* (1997) suggested that brands can use message aimed at consumers' moral values to reduce demand for counterfeited products. Ethical disposition contains two factors:

lawfulness and morality. Lawfulness is the degree by which individuals respect and act accordingly to the law (Phau *et al.* 2009). Morality is a social factor influencing individual behavior intention, driving it toward ethical behavior (Kohlberg 1976). Previous studies suggest that consumer behavioral choices are generally influenced by behaviors considered appropriate and therefore normatively approved whilst others are seen as inappropriate and hence restricted (Gupta *et al.* 2004). Attitude towards counterfeit luxury brands can be distinguished by consumer's lawfulness and morality (Cordell *et al.* 1996). Kohlberg (1976)'s theory of moral reasoning indicates that a consumer's behavior is based on a subjective sense of justice. The higher an individual's level of moral judgment, the less likely the individual is to approve of buying or usage of counterfeit luxury brands.

To entirely measure the Ethical Disposition, the Ethical Disposition Survey is made of 2 different scales. Overall, the survey measures the ethical nature of consumers in terms of morality and legality. Respect for law (Cordell *et al.* 1996) measures the respectfulness a person is having regarding the law. The scale is measured through a set of 6 items as followed:

Table 1.2   *Source: Cordell et al. (1996)*

1. A person should obey only those laws that seems reasonable
2. It is all right for a person to break the law if he or she doesn't get caught
3. A person should obey the laws no matter how much they interfere with personal ambitions
4. A person should tell the truth in court, regardless of consequences
5. A person is justified in giving false testimony to protect a friend on trial
6. Laws are often made for the benefit of small selfish groups that a person cannot respect the law

Absence of Law Scale is based on the results from Chaudhry and Stumpf (2011), Lee and Workman (2011), Phau and Teah (2009), the absence of law has become a rising issue. Mir (2012) adapts the works from others into a 5 item-scale measuring the lack of policy or law enforcement related to the trade of counterfeits.

Table 1.3   *Source: Mir (2012)*

1. Even in large shopping malls, counterfeits of luxury brands are available
2. Counterfeits of luxury brands are available in my local area
3. There is no legal problem in purchasing counterfeits of luxury brands
4. Legal enforcement agencies do not bother the selling and buying of counterfeits of luxury brands
5. Law enforcement agencies should do everything they can to discourage the trade of counterfeits in general

2.2.5 Perceived values of counterfeit luxury brands

Perceived values of counterfeit luxury brands are perceived benefits that consumers see in counterfeit luxury brands. These benefits can be tangible (such as similarity in physical appearances between counterfeit and authentic luxury brands, prices, etc.) or intangible (such as symbolic or social status by which possessing the luxury brands would bring). Prior studies have found that the perceived values of counterfeit luxury brands can positively increase consumer's attitude toward counterfeit luxury brands (Grossman and Shapiro 1988; Cordell *et al.* 1996; Furnham and Valgeirsson 2007).

2.3 MATERIALISM

Materialism is the oldest philosophical tradition in Western civilization (Lange 1925). In philosophy, the theory of materialism suggests that all things are composed of material, and all emergent phenomena, including human thought feeling and action, are the result of material possessions and our interactions with them (Lange 1925; Belk 1985; Richins 1987; Richins 1994; Priest 2005). This philosophy has laid foundation for many studies from economic to other social studies. Many economists see materialism as a value usually refer to "the pursuit of one's own material well-being" (Easterlin and Crimmins 1991) while sociologists describe materialism as a personal value that encompasses concern with material goods, competitiveness, and emphasis on making profit as opposed to human well-being (Beutel and Marini 1995). But they all have one thing in common, materialism is the driving force of the excessive desire to acquire and consume material goods. And it is often bound up with a value system regards social status as being determined by affluence as well as the perception that happiness can be enhanced through buying, spending and accumulating material wealth (van Boven 2005).

2.3.1 Conspicuous consumption

In consumer research, the theory of conspicuous consumption (Veblen, 1899) is said to be the oldest and most often used to explain the demand for luxury brands. According to this theory the demand of consumer for luxury brands is motivated by their desire for social status or esteem, which can only achieve through acquiring and displaying luxury goods and wealth. And so the social esteem of consumers, rather than economic value or physiological utility of goods, has driven conspicuous consumption (Veblen, 1899; Mason 1981; Mason 2001). As counterfeit

luxury brands are replicate versions of genuine luxury brands, the demand for them should also be driven by the same values consumers expected in a genuine luxury product.

Richins (e.g. Richins 1987; Richins and Dawson 1990; Richins and Dawson 1992; Richins 1994) sees materialism as a value rather than a behavior or personality variable. This value includes beliefs about acquisition centrality and the role of acquisition in happiness and success. Acquisition centrality refers to the importance materials attach to acquiring more possessions which allows materialism to function as a life goal for them. Materials also hold strongly to the belief that owning or acquiring the right possessions is a key to happiness. Finally, Richins also defines materials as people who believe success can be judged by the things people own.

Previous studies on luxury brands have also indicated that consumers' attitude towards genuine luxury brands may serve a social adjustment function (DeBono 1987), a value-expressive function (Shavitt 1989; Chaudhuri *et al.*2006), or both (Wilcox *et al.* 2009). For example, a person might purchase a Louis Vuitton bag because the brand reflects his/her personality (value-expressive function) or because it stands for a status symbol that help him/her fit in a specific social group (social adjustment function), or because of both reasons. In anyway, these functions of attitude are definitely connected to materialism.

2.3.2 Status Consumption

Brands construct value for the purchasers by offering benefits of identification from onlookers, establishing positive emotions, supporting self-expression, together with an inclusive feeling of having personal good taste in brand choice (Langer 1997). Status brands are deemed to have superior quality, luxury or status credited to them and their consumption. Status increasing brands may possibly be employed to make a positive impression on others by using the brands attached symbolism. Value-expressive brands also aid consumers to express their values to others (Munson and Spivey 1981); luxury brands are positioned to preserve the imagery of exclusiveness by conveying status and prestige to the brand-user (Zinkhan and Prenshaw 1994). Byrne (1998) claims that the possession of goods is one of the best indicators of social success and status, and demonstrates that individuals are more prone to purchasing and displaying goods rather than services in an attempt to prove their status and success. Status is the concept of goods denoting success, and the belief that an individual has made it in society (Langer 1997).

Alternatively, from the marketers' point of view: the established status of a brand defines the basic stability of the brand and equity in it (Motameni and Shahrokhi 1998, p. 284).

Hirsch (1976) and Frank (1985) employed the terms nonpositional and positional goods to distinguish goods that express status from those that do not. Nonpositional is related to products whose value is not extensively influenced by interpersonal associations. Positional is related to products whose value to any one person is calculated in connection with what products are owned by others. Mason (1998) emphasized that, in a modern society, status cannot be achieved via the consumption of generic commodities alone. Twitchell's (1998, p.175), perception of product branding claimed that consumers are in a ―golden age of brands.

In an exploration into status consumption of cosmetics, Chao and Schor (1998) found that women were more prone to paying high prices for branded lipsticks even though all lipsticks are fundamentally the same. The same women were less prone to pay high prices for branded facial cleansers, which are less evident to others in social situations. Chao and Schor (1998) concluded that the visibility of a product shapes the status of a product and consumers' motivation to pay for it. Schor (1998), in the chapter The visible lifestyle: American symbols of status, stated that lipsticks, clothing, cars, watches, and living room furniture are signifiers of one's social position. Schor (1998) refers to articles from fashion and marketing magazines and quotes from company executives to sustain her statement. Another concept that has been related to status consumption is vanity. In a study carried out by Durvasula *et al.* (2001) on cross-cultural differences in vanity, the researchers defined vanity as a psychological concept that illustrates a person's extreme interest in physical appearance or achievement. They established a vanity measure comprising four dimensions: physical-concern, physical-view, achievement-concern, and achievement-view, which were comparable dimensions in Eastern and Western cultures. In addition, they also found the achievement-vanity dimension to be present in American culture where consumers exercise consumption as a way of exhibiting conspicuous consumption, success or status.

Brands are progressively being viewed as significant trappings when establishing one's identity, as well as offering a sense of accomplishment and distinctiveness to purchasers. Successful luxury designer brands have marketplace acknowledgment and economic achievement which is

supported by the value consumers place on them. The economic advantage of a company is demonstrated by the strength of its brand name, which permits differentiation and competitiveness (Nykiel 1997). This highlights the importance of brands and the value of comprehending how brands achieve status and success. Academics have turned their attention to consumers and their consumption of status brands (Eastman *et al.* 1999; Ram 1994; Underwood 1994; Bell *et al.* 1991; Miller 1991). Researchers have encouraged a better understanding of the relationship between status brands and consumers, how consumers utilize status brands in their lives and the status that derives from exhibiting the self though brands, (see Eastman *et al.* 1999; Motameni and Shahrokhi1998; Mason 1992; O'Shaughnessy 1992).

Some of the meaning of products can be found in the status value they have as a result of other people's estimation of the extent to which they express the status of their owners (Eastman *et al.* 1999). Eastman *et al.* (1999) provides reasoning as to why consumers attach importance to particular brands through the perceived status value regarding these brands as status symbols. The more a society focuses on economic status differences, the more emphasis it will place on symbolic goods that mark those differences (Wong and Ahuvia 1998, p. 431).

Another explanation of how consumers employ products for social status is discussed by Scitovsky (1992) who states that belonging to a group of people is an essential part of psychologically satisfying humans. People emulate group members in an attempt to be accepted as a group member themselves. Scitovsky (1992) goes further by claiming that the desire for status includes more than a guarantee of group membership. People also look for distinction and identification within their groups and endeavor to achieve this (Scitovsky1992). In relation to differentiation many brands have specific images and associations which surround the symbol or brand name. These may vary among diverse social classes and subcultures (Grans 1974). Status commodities offer rewards to both consumer (e.g. hedonistic benefit, strengthened perceived status ranking by others) and producer (e.g. growth in market share and profits). The significance of status cannot be overlooked given the noteworthy price premiums and economic value of status products, thus it is vital for marketers to appreciate and comprehend how consumers construct brand symbols and brand images that are status focused. Such knowledge will permit

luxury designer brand producers to boost market share, enhance income generation, recover returns on brand investment and achieve sky high profits.

2.3.3 Materialism in Existing Counterfeit Luxury Brand Literature

Given the widespread of counterfeits, it comes as a surprise that there is a relative dearth of literature in this area (Trinh and Phau 2012). It is an even bigger surprise to see that only a few studies have used materialism as a key component. Further, previous studies on consumption of luxury brands have indicated that materialism plays an important role in influencing the buying intentions of consumers. Because the nature of counterfeiting must copy a trademarked brand in order to sell itself, counterfeiting often targets luxury products that have a high brand value. Therefore, materialism should also play a significant role in influencing buying intention of counterfeit luxury brands.

Moreover, previous studies that used or adapted Richin's materialism scale have found inconclusive results (Wilcox *et al.* 2009; Swami *et al.* 2009; Wan *et al.* 2009; Lu and Lu 2010). Reasons such as cultural background and income level may explain this occurrence; however, it could also be because Richin's scales were originally developed to measure the materialism level of consumer consumption of authentic brands, not counterfeits. While consumption of authentic luxury brands is driven by conspicuousness and the urge to be distinguished (Csikzentimihalyi and Rochberg-Halton 1981; Kaikati and LaGarce 1980), materialism consumers, who buy counterfeits of luxury brand, seek social recognition, status (Wilcox *et al.* 2009; Swami *et al.* 2009), and, in a way, become more similar to authentic brand users. Thus, to measure the materialism level of consumers in the counterfeit of luxury brand context, the materialism scale must be able to measure, not only material conspicuousness, but also status and material distinctiveness (Atay and Sirgy 2008).

In the beginning, most studies on counterfeiting focused on the supply side, while there was a lack of research that examined the consumer perspective (See Table 1.4). As such, it was not until must later in the counterfeit literature that materialism was even mentioned. For example, in 1995, Wee *et al.* (1995) published an article in the International Marketing Review that examined materialism as a key component. However, the study found that, whether a person was materialism, risk taking, novelty seeking, or not, had no effect on buying intention. Later, in an

extensive review of the counterfeit trade, published in 2009, Staake *et al.* (2009) presented an exclusive list of literature that was related to the subject dated from 1978 to 2008. Among these studies, there was only one paper that had investigated the consumption of counterfeits using materialism as a key component (Furnham and Valgeirsson 2007). Nevertheless, the findings of this study confirmed only one in three material values – material centrality – as a predictor of buying intention.

Table 1.4 Background of Consumption of Counterfeit Luxury Brands (Trinh and Phau, 2012)

Authors	Year	Short description
Hansen	1978	Evidence of the global consumption of counterfeits.
Kaikati can LaGrace	1980	Discussion of different forms of brand piracy.
Grossmann and Shapiro	1988	Non-deceptive counterfeiting was described as a disaggregation of brand and product.
Wee *et al.*	1995	The study identified that various non-price determinants have significant impact on consumers' purchase intention toward counterfeit goods and include psychographic (attitudes toward counterfeiting, brand status, and novelty seeking), demographic (age, educational attainment, and household income), and product-attributes (appearance, durability, image, perceived fashion content, purpose, and quality) variables. The study indicated that whether a person was materialism, risk taking, novelty seeking or not had no effect on his or her intention to purchase counterfeit products.
Chaudhry and Walsh	1996	A paper on research trends in counterfeits that provided an overview of the legal framework, a review of different anti-counterfeiting strategies, and a summary of techniques used to distinguish between real and fake goods.
Nia and Zaichkowsky	2000	Viewpoints of luxury brand owners toward counterfeit luxury goods.
Green and Smith	2002	Summary of the counterfeit trade.
Chuchinprakarn	2003	A study on counterfeiting in Thailand from a consumer perspective.
Hilton *et al.*	2004	Descriptions of various types of counterfeiting that take place in the luxury clothing industry.
Penz and Stottinger	2005	Survey among 1,040 respondents via the Theory of Planned Behavior to systematize past findings in the field and determine key drivers for the demand of counterfeits
Cheung and Prendergast	2006	Survey among 1,152 buyers in two categories

		counterfeit products. Heavy and light buyers of pirated clothing and accessories have similar demographic and attitudinal profiles and were mainly attracted by the appearance of the product. Both product categories were rated less positively on their ethical and legal dimensions and on after-sales service.
Bian and Moutinho	2009	The study anticipated and explored the effects of consumer-perceived brand image, perceived risk, product knowledge, product involvement, and consumer demographic variables. The results showed that, among the tested variables, brand personality performed the best in determining consideration of the counterfeit brands. In general, demographic variables and product involvement do not appear to be significantly influential.
Swami *et al.*	2009	Survey among 237 adults in the UK. Results indicated that attitudes toward counterfeiting were the strongest predictors of purchase intention. Material values predicted purchase intention directly and indirectly via attitudes toward counterfeiting
Staake *et al.*	2009	A detailed review of literature that studies counterfeiting from 1978 to 2008.
Wilcox *et al.*	2009	This research demonstrated that consumer' desire counterfeit luxury brands because of the social motivations underlying their luxury brand preferences.
Wan *et al.*	2009	Survey among 300 respondents in Hong Kong. The study found that face consciousness increased materialism and risk aversion and thereby produced a favorable deontological judgment of pirated CDs.
Lu and Lu	2010	Survey among 230 Indonesian respondents. Analytical results indicated that Indonesians with high materialism and relativism were more likely to engage in actions that were questionable but legal.

Further exploration into this subject using electronic databases only resulted in a few more published papers, dated from 2008 to 2010 (show in Table 1.5), that have employed materialism scales and models in their research (Phau *et al.* 2009; Swami *et al.* 2009). These include Furnham and Valgeirsson paper (Furnham and Valgeirsson 2007) and three papers that employed either materialism scale designed by Richins and Dawson or Belk's materialism traits in their study of counterfeit of luxury brands. Although both models are highly regarded by researchers, neither has proven that materialism is a solid force in predicting the consumption of counterfeit luxury brands (Furnham and Valgeirsson 2007; Phau *et al.* 2009; Swami *et al.* 2009).

Table 1.5 Materialism in Counterfeit Literature (Trinh and Phau, 2012)

Authors	Year	Short description
Wee *et al.*	1995	The study found that various non-price determinants had a significant impact on consumers' purchase intentions toward counterfeit goods, that included psychographic (attitude toward counterfeiting, brand status, and novelty seeking), demographic (age, educational attainment, and household income), and product-attribute (appearance, durability, image, perceived fashion content, purpose, and quality) variables. The study indicated that whether a person was materialism, risk taking, novelty seeking or not had no effect on his or her intention to purchase counterfeit products.
Furnham and Valgeirsson	2007	Survey among 102 adults, based on Richins' materialism scales, Schwartz value inventory, and questions about belief of counterfeit. Belief of counterfeit was found to be a strong influence, while materialism only contributed to some variance and Schwartz value inventory did not have any influence.
Swami *et al.*	2009	Survey among 237 adults in the UK. Results indicated attitudes toward counterfeiting were the strongest predictors of purchase intention. Material values predicted purchase intention directly and indirectly via attitudes toward counterfeiting.
Wan *et al.*	2009	Survey among 300 respondents in Hong Kong. The study found that face consciousness increased materialism and risk aversion, thereby producing a favorable deontological judgment of pirated CDs.
Phau *et al.*	2009	Survey among 202 students in Australia. The study found that attitudes did not influence consumers' intentions to purchase counterfeit luxury brands. Integrity was noted to be a strong influence on both attitudes and consumer willingness to purchase consistently. Both buyers and non-buyers were tested for their attitudinal differences. Status consumption and materialism did not play a role in influencing attitudes or willingness to purchase.
Lu and Lu	2010	Survey among 230 respondents in Indonesia. Analytical results indicated that Indonesians with high materialism and relativism were more likely to engage in actions that were questionable but legal.

On the other hand, Wan *et al.* (2009) employed an adapted version of Richins' materialism scale in their CD piracy study and found significant results. Furthermore, a recent study in Indonesia (Lu and Lu 2010), also using Richins' scales, found that materialism is positively correlated with consumers' ethical judgments. This suggests that an individual with high level of materialism is more likely to be involved in questionable consumer practices.

2.4 LIFE SATISFACTION

According to Michalos (1985) people do not only compare with what they want and with what others have, but also with what they need, and with what they deem fair. And when they cannot afford authentic luxury brands that they think they deserve, buying counterfeit luxury brands would make them happier.

Cognitive theories suggest that happiness is a product of human thinking and reflects the difference between perceptions of the current state of life-as-it is and ideas of how-life-should-be. Ideas of how-life-should-be are assumed to root in collective beliefs and should be different across cultures. The theory suggests that people have standards of a good life and that they constantly compare the reality of their life against these standards. These standards are presumed to be variable rather than fixed and to follow perceptions of possibilities. The social comparison variant of this theory focuses on how well individuals are doing relative to other people, and in particular people from a same social group as them (Diener and Sandwick 1991; Veenhoven and Ehrhardt 1995).

The best tool to measure Life Satisfaction later in this thesis is the Satisfaction With Life Scale (SWLS). It is the most popular and trustworthy scale to measure life satisfaction. The short 5-item instrument designed to measure global cognitive judgments of satisfaction with one's life. SWLS was developed by Diener *et al.* (1985). Life satisfaction is one factor in the more general construct of subjective well-being. Theory and research from fields outside of rehabilitation have suggested that subjective well-being has at least three components, positive affective appraisal, negative affective appraisal, and life satisfaction. Life satisfaction is distinguished from affective appraisal in that it is more cognitively than emotionally driven. Life satisfaction can be assessed

specific to a particular domain of life (e.g., work, family) or globally. The SWLS is a global measure of life satisfaction.

The SWLS consists of 5-items that are completed by the individual whose life satisfaction is being measured. Administration is brief--rarely more than a few minutes--and can be completed by interview or paper and pencil response.

Table 1.6   *Source: Diener et al. (1985).*

1.	In most ways my life is close to my ideal.
2.	The conditions of my life are excellent.
3.	I am satisfied with my life.
4.	So far I have gotten the important things I want in life.
5.	If I could live my life over, I would change almost nothing.

2.5 MATERIALISM AND LIFE SATISFACTION

Theologians and philosophers have long complained that materialism is incompatible with a virtuous life. Pursuing material wealth is often seen as empty or shallow and precludes one's investment in family, friends, self-actualization and participation in social community (Csikszentmihalyi and Rochberg-Halton 1981; Belk 1985; Richins 1987; Kasser and Ryan 1993). It has been said that the primary consequence of the pursuit of a materialism lifestyle is its failure to yield the promised states of happiness and satisfaction with one's life in general. Empirical evidence on the connection between materialism and happiness comes from three studies (Belk 1985; Richins and Dawson 1992; Kasser and Ryan 1993) which all finds a negative correlation between materialism and happiness or well-being. It is unclear, however, which way the causation runs. Are unhappy people drawn toward material possessions for fulfillment? Or perhaps, does poverty or some other third factor cause both materialism and unhappiness?

On the other hand, most materialistic people expect their possessions to make them happy (Richins 1987; Kasser and Ryan 1993). Research on consumer materialism is often based on the idea of goods are a means to happiness, and life satisfaction is not achieved any other means but through possessing and interacting with goods (Csikzentimihalyi and Rochberg-Halton 1981; Belk 1985; Richins 1987). Other research and empirical data from the three studies can only prove that material were less happy and less satisfied with their lives as a whole, without any indication of how materialistic people can be happier and more satisfy with their lives. Kasser

and Ryan (1993) proved that materialistic people in America put financial success as a central life aspiration but chasing that goal is very much like an endless race. Could it be that materials are people that cannot feel happy with life as a whole at all, therefore they could not satisfy with life domains such as standard of living, family life; and conspicuous consumption is their only resort to find happiness (Kasser and Ryan 1993; Sirgy *et al.* 1997; Sirgy 1998)?

2.6 RESEARCH GAPS

From on the discussion of the relevant literature above, several research gaps have been identified. They create an opportunity for this study to re-examine the existing theories and lay the foundation for future development.

Firstly, the current materialism scale developed by Richins in the 90s is outdated. The idea of materialism as a way of life remains valid however the world has changed dramatically since then. A new kind of consumers from emerging markets such as China and Russia have made us rethink the idea of conspicuous consumption and materialism as they are very different from consumers in the US, where Richins and Dawson collected data in the 90s. For example, the consumers in China would usually look for conspicuousness in luxury brands (i.e. big visible logo) and they may refer having such items as a symbol of success while in North America, consumers are after a more discreet type of luxury items (i.e. limited editions). Other studies also suggested distinctiveness should also be considered as a formative component of materialism (Mason 2001). Furthermore, there has been little success in using the current materialism scale to study the counterfeit luxury brand consumption while it shares the same characteristics with luxury brand consumption – from the demand side. A new materialism scale – one that can capture all dimensions of materialism from the demand side – may be the answer we are looking for. And it would contribute vastly not only to the counterfeit luxury brand study but for all marketing related research.

Secondly, previous social studies have indicated that there is a relationship between materialism, ethical disposition and life satisfaction. A handful studies in marketing related topics also indicate that ethical disposition and materialism can affect attitude toward counterfeit luxury brands. However, there has never been a study that examines the relationship between all of

these variables. It would be a grand contribution to the literature body of marketing and social science to validate the relationship between these variables in this study.

And finally, material values, ethical disposition and life satisfaction are not currently referred as the must-have in counterfeit luxury brands study. Establishing the cause and effect relationship between these three variables and consumer's willingness to buy counterfeit luxury brands would lay a foundation for further research into the subject.

And thus, the following discusses the research gaps that have been established:

1. The need for new materialism scale and the need to expand the conceptual and theoretical boundaries of counterfeit luxury brands demand through the examination of material values.

2. The need to validate the relationships between material values, life satisfaction, ethical disposition, and attitude toward counterfeit luxury brands.

3. The need to introduce the construct of ethical disposition and life satisfaction on the relationships between consumer attitudes toward counterfeit luxury brands and material values on consumer's willingness to buy counterfeit luxury brands.

2.7 CONCLUSION

Relevant literature, findings and trends have been discussed in the current chapter, and the place of the current study within this existing literature has been established. By providing the established literature behind the current study, its aims and research propositions are further understood. From the gaps identified in the literature, the conceptual framework and hypotheses formulated to address these gaps are further discussed in the following chapter.

CHAPTER 3: THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

3.1 INTRODUCTION

This chapter will examine the hypotheses for the study and their underpinning theories. As discussed in the previous chapter, there has been very little theoretical support in research to date in supporting materialism and life satisfaction in related to counterfeit luxury brands. The purpose of this research is to develop knowledge and findings in relation to these gaps.

3.2 OVERVIEW

3.2.1 Conceptual Framework
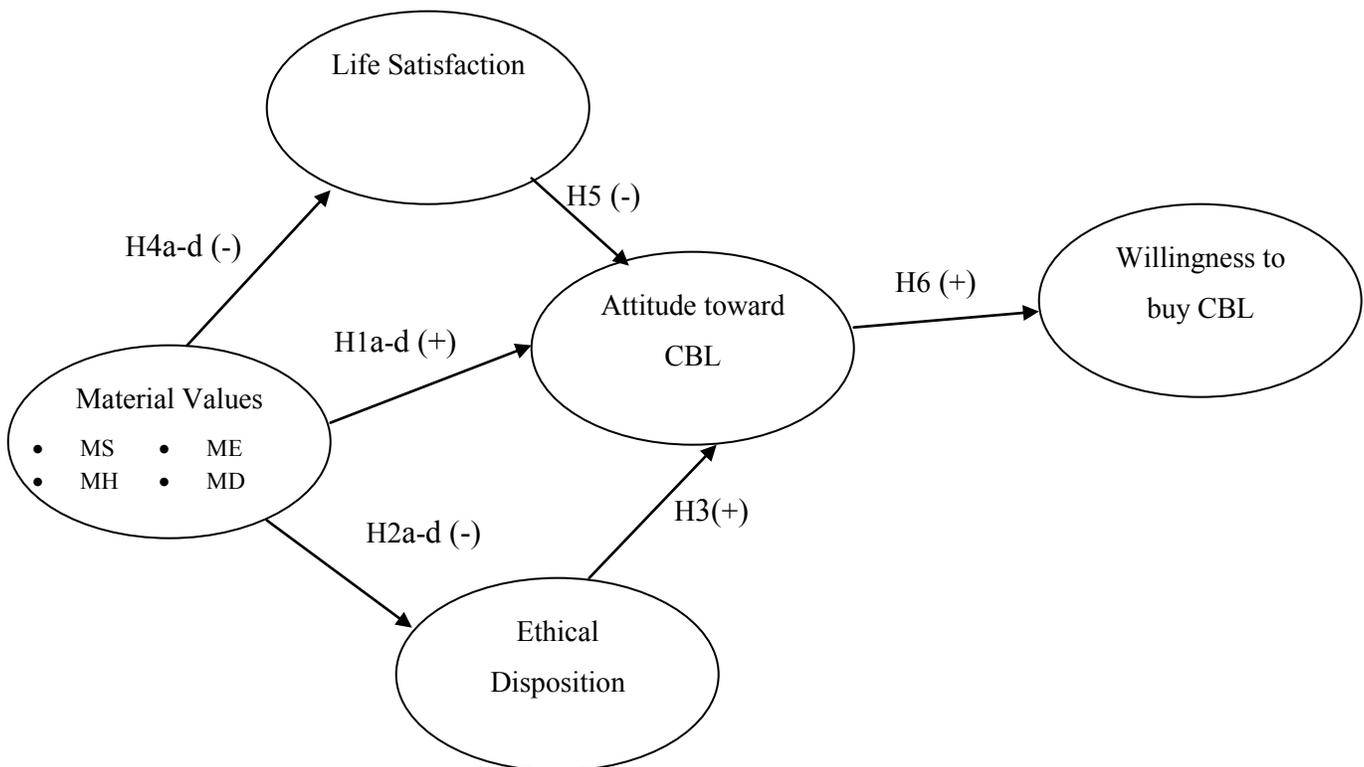
Figure 2.1: Conceptual Framework

3.2.2 Hypotheses Development and Supporting Theories

3.2.2.1 *Hypothesis One*

The theory of conspicuous consumption (Veblen 1889) suggests that lavish spending on goods and services mainly for the purpose of display income or wealth serving as a means of attaining or maintaining social status. However, conspicuous consumption behavior today has become more sophisticated and subtle (Trigg 2001). The meaning of conspicuous consumption has changed with the evolution of societies and consumption value. Thus, the main components of conspicuous consumption vary today. As consumers employ product symbolism for their social interaction (Solomon 1983; Belk 1985; Holbrook and Grayson 1986; Richins and Dawson 1992; Kleine *et al.* 1993;; Richins 1994; Laverie *et al.* 2002), conspicuous consumption does not only mean the ostentation of wealth, but also the ostentation of something symbolic to specific reference groups in order to gain their recognition or prestige. Previous studies on conspicuous consumption and luxury brands have confirmed the positive relationship between materialism and luxury brands consumption. Counterfeit luxury brands are replicated version of authentic luxury brands with the only difference, nowadays, lies in price. Materials, who cannot afford authentic luxury brands, would find counterfeit luxury brands very attractive. Hence the attitude toward counterfeit luxury brands would be affected positively by material values.

Moscovici (1961) explained the manner that has become common sense within the mass, through its diffusion and representation to and through a public. Counterfeit consumption has gradually become more and more socially accepted (Davenport Lyons 2007). Buyers and users of counterfeit luxury brands are no longer limited to those who cannot afford the authentic brands anymore. Materials who can afford authentic brands would not only buy counterfeit luxury brands to conform their material values but also because as they see counterfeit consumption as socially acceptable.

Richins and Dawson (1992) developed a materialism scale, adopting the value conceptualization of materialism, which measures beliefs relevant to the materialism value. Their scale measures materialism along three dimensions:

- Material Success: the extent to which people judge themselves and others by the number and quality of possessions accumulated.

- Material Centrality: describes the extent to which possessions are placed in the center of one's life.
- Material Happiness: the idea that possessions are essential for life satisfaction and well-being

The new materialism scales, developed in Chapter 5, measure materialism along four dimensions:

- Material Success measures the extent to which one uses possessions as indicators of success and achievement in life, both in judging oneself and others.
- Material Essentiality is the belief that possessions are essential and responsible for everything in one's life.
- Material Happiness measures the extent to which one believes that possessions are critical to satisfaction and well-being in life." (Richins and Dawson, 1992)
- Material Distinctiveness measures the extent to which one uses possessions as a device to stand out of the crowd.

These values are said to be manifestations of the underlying materialism construct for the purposes of analysis (Dittmar and Pepper 1994; Richins 1994; Rindfleisch *et al.* 1997). And together with the theory of conspicuous consumption and theory of social representation, the following hypotheses are presented:

H1a: Material Success (MS) has a positive relationship with attitude toward counterfeit luxury brands

H1b: Material Happiness (MH) has a positive relationship with attitude toward counterfeit luxury brands

H1c: Material Essentiality (ME) has a positive relationship with attitude toward counterfeit luxury brands

H1d: Material Distinctiveness (MD) has a positive relationship with attitude toward counterfeit luxury brands

3.2.2.2 *Hypothesis Two*

For many years, social and business studies have implied that materialistic people tend to have low moral values (Belk 1985; Richins and Dawson 1992; Muncy and Eastman 1998; Martin and

Prince 2009) and they also have a tendency to commits unethical consumption acts (Ang *et al.* 2001; Martin and Prince 2009; Lu and Lu 2010; Lee and Workman 2011). Martin and Prince (2009) even concluded that materialistic people would trade ethics for possessions.

Materialism research is marked throughout marketing literature and has given rise to ethical and social implications from both buyer and seller perspectives. Richins and Dawson (1992) suggest that materialists are self-centered and are more apt to spend money on themselves versus family, friends, or civic organizations. They also suggest that materialists place less emphasis on interpersonal relationships than do those low in materialism. They further elaborate that materialists place possessions and the acquisition of possessions at the center of their lives; they value possessions as a means of achieving happiness, and that they use possessions as a means of indicating their success.

Ethics is determined by what is considered the normative ethical standard that is derived from moral philosophy Consumer ethics is defined as "The rightness and wrongness of certain actions on the part of the buyer or would-be buyer in consumer situations" (Fullerton 1993; Fullerton *et al.*1996). The degree of materialism an individual possesses can affect the level of ethics shown in decision making and behaviors. For example, Richins and Dawson (1992) point out several cases where erratic moral judgments were made or crimes were committed in order to maintain or gain material possessions. As such, these following hypotheses are presented:

H2a: Material Success (MS) has a negative relationship with Ethical Disposition
H2b: Material Happiness (MH) has a negative relationship with Ethical Disposition
H2c: Material Essentiality (ME) has a negative relationship with Ethical Disposition
H2d: Material Distinctiveness (MD) has a negative relationship with Ethical Disposition

Hypothesis Three
Attitude towards counterfeit luxury brands can be distinguished by consumer's lawfulness and morality (Cordell *et al.* 1996; Kohlberg (1976)'s theory of moral reasoning indicates that a consumer's behavior is based on a subjective sense of justice. The higher an individual's level of moral judgment, the less likely the individual is to approve of buying or usage of counterfeit

luxury brands. According to Kohlberg (1976), justice is the goal of moral reasoning and since counterfeit luxury brands consumption is illegal, consumer's morality and lawfulness should have a negative effect on attitudes towards counterfeit luxury brands.

The relationship between perceived values of counterfeit luxury brands and attitude towards counterfeit luxury brands can be explained by functional attitudes theory. Given that the quality and distribution network of counterfeit luxury brands has dramatically enhanced in the past decade, the perceived values of counterfeit luxury brands should favorably increase consumer's attitude towards counterfeit luxury brands.

Conceptualized by Smith *et al.* (1956) and Katz (1960), the functional attitudes theory explains why people think the way they do and how they change their minds. The functional approach to attitudes speculates that attitudes fulfill psychological needs for the individual (Olson and Zanna 1993). This theory provides an important understanding to what motivate consumer to buy counterfeit luxury brands.

Smith *et al.*'s (1956) taxonomy included three attitude functions:
- Object appraisal function: Evaluating objects and events in terms of person's major interest and concerns
- Externalization function: Using defense mechanism to protect oneself against external and internal environment
- Social adjustment function: Facilitating self-presentation

Katz's (1960) asserts that at the psychological level, the reasons for holding onto or for changing attitudes are found in the functions they perform for the individual. The functions Katz mentioned are:
- Utilitarian function: Attitudes are maintained to help an individual attain reward and avoid punishment.
- Knowledge function: Attitudes serve the function of helping people organize and structure their environment.

- Ego-defensive function: Attitudes are maintained to help an individual cope with anxieties generated by internal conflicts.

- Value-expressive function: Attitudes have the function of giving positive expression to central values and to the type of person an individual conceives himself to be.

Taken all the theories into account, hypothesis three is presented as:

H3:   Ethical Disposition has a positive relationship with attitude towards counterfeited luxury brands

3.2.2.3 *Hypothesis Four*

Cognitive theories (Veenhoven and Ehrhardt 1995; Diener and Sandwick 1991) suggest that happiness is a product of human thinking and reflects the difference between perceptions of the current state of life-as-it is and ideas of how-life-should-be. Ideas of how-life-should-be are assumed to root in collective beliefs and should be different across cultures. The theory suggests that people have standards of a good life and that they constantly compare the reality of their life against these standards. These standards are presumed to be variable rather than fixed and to follow perceptions of possibilities. The social comparison variant of this theory focuses on how well individuals are doing relative to other people, and in particular people from a same social group as them (Diener and Sandwick 1991; Veenhoven and Ehrhardt 1995). Meanwhile, materialistic people are said to be constantly seeking to acquire material possessions in their pursuit for happiness (Richins and Dawson 1992). As such, the following hypotheses are presented:

H4a: Material Success (MS) has a negative relationship with Life Satisfaction

H4b: Material Happiness (MH) has a negative relationship with Life Satisfaction

H4c: Material Essentiality (ME) has a negative relationship with Life Satisfaction

H4d: Material Distinctiveness (MD) has a negative relationship with Life Satisfaction

3.2.2.4 *Hypothesis Five*

According to Michalos (1985), people do not only compare with what they want and with what others have, but also with what they need, and with what they deem fair. And when they cannot afford authentic luxury brands that they think they deserve, buying counterfeit luxury brands would make them happier. Mick and Demoss (1990) also shared this thought via their article on self-gifting. And thus, the following hypotheses are presented:

H5:   Life Satisfaction has a negative relationship with attitude toward counterfeit luxury brands

3.2.2.5 *Hypothesis Six*

The theory of reasoned action (Ajzen and Fishbein 1980) suggests that a person's behavior is determined by his/her intentions to perform a behavior, and that this intention is, in turn, a function of his/her attitude toward the behavior and his/her subjective norm. Results from recent studies have confirmed that attitudes were found to be more useful or have a stronger effect on predicting behavioral intentions than subjective norms (Ajzen 1991). This has led to the birth of theory of planned behavior, developed by Ajzen (1991), with the addition of the perceived behavioral control as a predictor for intentions and behavior to Purchasing Counterfeits (Celuch *et al.* 2004). The theory of planned behavior can be largely used in this context to explain the decision to purchase counterfeited luxury brands. And therefore, the following hypothesis is suggested:

H6:   Attitude toward counterfeit luxury brands has a positive relationship with Willingness to buy counterfeit luxury brands

3.3   CONCLUSION

The conceptual framework and relevant hypotheses have been addressed in the current chapter. Furthermore, relevant theories have been discussed in the current chapter, and the place of these theories within the existing literature has been established. By providing the theoretical reasoning behind the current study, its aims and research propositions are better understood. In addition, by listing the individual hypotheses and specific research objectives a sound understanding of the research purpose has been attained. The theoretical basis is further built upon in the following chapter, which discusses the methodological design of the current study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

The previous chapters have specified the research objectives and hypotheses to be investigated in this thesis. A conceptual framework illustrating the hypothesized relationships between the construct of interest was presented. This chapter puts forward the research approach and methodology to be used in the empirical research. It proposes an explanation of the research methodology, a detailed account of the research methods used to develop and validate the new materialism scale and to test the theoretical model discussed in previous chapter. The procedures used to conduct data collection are explained and the statistical methods which will be used in next chapter to analyze the data are reviewed.

4.2 PURPOSE OF THE RESEARCH AND OBJECTIVES

Marketing research is essentially concerned with exploring and understanding behavior of consumers, mainly pertaining to regularly and/or spontaneously occurring social, cultural, psychological processes. Since theoretical questions in marketing research usually merge from difference conceptions and interpretations of social reality, different paradigms have been evolved to determine the criteria. Paradigm has been defined as an interpretative framework, which is guided by a set of beliefs and feelings about the world and how it should be understood and studied (Guba 1990). During the last few decades, different paradigms have taken birth due to the remarkable growth in social sciences research. However, numerous academics have claimed that the two most prevalent research philosophies are positivism and interpretivism (Hughes and Sharrock 1997; Hussey and Hussey 1997; Gill and Johnson 2002; Easterby-Smith *et al.* 2004; Weber 2004).

Positivism is very popular in management and marketing research (Alvesson and Deetz 2000; Gill and Johnson 2002; Collis and Hussey 2003), especially with principles that focus on individual consumer behavior (Collis and Hussey 2003). The positivist paradigm of exploring social reality is based on the philosophical ideas of the French philosopher August Comte, who emphasized observation and reason as means of understanding human behavior. The key idea of positivism is that the social world exists externally, and that its properties should be measured

through objective measures, rather than being inferred subjectively through sensation, reflection or intuition (Easterby-Smith *et al.* 2004). Positivistic thinkers adopt this idea as a way to acquire knowledge. Therefore, it has to be understood within the framework of the principles and assumptions of science, such as determinism, empiricism, parsimony, and generality (Cohen *et al.* 2000). Determinism means that events are caused by other circumstances; and hence, understanding such casual links is necessary for prediction and control. Empiricism means collection of verifiable empirical evidences in support of theories or hypotheses. Parsimony refers to the explanation of the phenomena in the most economical way possible. Generality is the process of generalizing the observation of the particular phenomenon to the world at large. (Cohen *et al.* 2000).

With these assumptions of science, the main idea is to integrate and systematize findings into a meaningful pattern or theory. Theory is subject to continuous revision or modification as new evidence emerged. Positivistic paradigm use quantitative methods to systematize the knowledge generation process. Knowledge is broadened through objective observation, logical deduction, and measurement (Wass and Wells 1994). The examples of positivist paradigm and quantitative approach are provided in Table 2.1.

Table 3.1   Source: Cohen et al. (2000); Easterby-Smith et al. (2004)

Research Paradigms	Positivism	Interpretivism
Basic Beliefs	The world is external and objective. The observer is independent. Science is value free	The world is socially constructed and subjective. The observer is part of what is observed. Science is driven by human interests.
Research Approach	**Quantitative**	**Qualitative**
	Concentrate on facts Look for causality and fundamental laws Reduce phenomena to simplest elements Formulate hypothesis and test them	Focus on meanings Try to comprehend what is happening Look at the totality of every situation Develop ideas through induction from data

Research Methods	Surveys: longitudinal, cross-selectional, correlational, experimental and quasi-experimental and ex-post facto research Large samples	Phenomenological; Biographical; Case study; Ethnographical Small samples investigated in depth over time.

Although positivistic paradigm still remains popular in marketing research, it was criticized due to its lack of regard for the subjective states of individuals. It regards human behavior as passive, controlled and determined by external environment. Consequently, positivists state that people and their behaviors are factors which can be substantiated and explored in isolation. Therefore, the only justifiable systems of knowledge are either logical or empirical; overlooking feelings and value judgments, this perspective accepts knowledge only if it can be empirically tested and validated, thereby acknowledging only facts. According to the critics of this paradigm, objectivity needs to be replaced by subjectivity in the process of scientific inquiry. This gave rise to interpretivism.

Interpretivists do not view reality and the world as being objective, instead it is socially structured, and the researcher is included in what is being observed, given that the social world is observed by considering what meanings individuals give to it, and by interpreting and deciphering such meaning from their own perspective which leads to investigations into a social phenomenon which can only be understood by considering it in its entirety (Hughes and Sharrock 1997; Easterby-Smith *et al.* 2004; Blumberg *et al.* 2005). The interpretivists believe that reality is multi-layered and complex and a single phenomenon are having multiple interpretations (Cohen *et al.* 2000). They emphasize that the verification of a phenomenon is adopted when the level of understanding of a phenomenon is such that the concern is to probe into the various unexplored dimensions of a phenomenon rather than establishing specific relationship among the components, as it happens in the case of positivism.

The two paradigms described above are concerned with two concepts of social reality. While positivism stands for objectivity, measurability, predictability, controllability, constructs laws and rules of human behavior, interpretivism essentially emphasizes understanding and interpretation of phenomena and making meaning out of this process. The objective of this

research is to identify the antecedents and analyze their impacts on consumers in Vietnam in light of the willingness to buy counterfeit luxury brands. The study draws on an extensive pool of knowledge including materialism, life satisfaction, and counterfeit luxury brands together with additional concepts relating to the development of the study. This study aims to shed new light on materialism along with life satisfaction in order to empirically prove that these factors consumers. Given the research objective, it is pertained that this study should embrace the positivism paradigm as its guideline.

4.3 RESEARCH DESIGN

This empirical study involved two separate stages: (1) a pilot study for testing the developed instruments, and (2) administration of the final survey to consumers in Vietnam.

The first stage of the research commenced with an extensive literature review which resulted in the identification of appropriate components relative to the study. Among these components, materialism was the only item without a rigid set measurement and hence, a new set of measurement is needed. All other components, namely Life Satisfaction, Ethical Disposition, Attitudes toward Counterfeit Luxury Brands and Willingness to buy Counterfeit Luxury Brands, have a valid measurement with recent empirical tests.

In order to develop a new materialism scale, a pilot questionnaire in an attempt to: (1) expand the understanding of the subject matter, (2) improve and adjust the developed materialism scale, and (3) develop the measures for the questionnaire. The rationale for the first stage was to explore the wider matters identified within current materialism literature, counterfeit literature and life satisfaction literature specific to the context of this research. The development of the initial pilot survey provided insights into the first part of the quantitative stage. The main aim of the first stage of research can be summarized as providing an accurate and valid tool to measure materialism. By incorporating the results of the initial questionnaire, this preliminary stage of research endeavors to contribute to the marketing literature, especially to the knowledge of materialism and counterfeit luxury brands consumption from a collective perspective, an area which has been overlooked within literature.

The second stage of the study sees the development of a final questionnaire derived from the reviewed literature and quantitative pilot survey study. Due to the regulations in Vietnam, a market research agency was contracted to carry out the data collection.

4.4 SCALE DEVELOPMENT

Measurement is a fundamental activity of science (DeVellis 1991). Previous literature points out that research in social science is different from physical science as social science research is based on fairly new theories that were recently formulated in an attempt to measure intangible phenomena. On the other hand, research in physical science relies on only a few but sounded and more mature theories (DeVellis 1991). And therefore it is not recommended to use measurements developed in the field of physical science for research in psychology and other social sciences (DeVellis 1991).

In marketing research, Churchill (1979; 1999) and DeVellis (1991; 2003) are among the most popular names for psychometric scaling procedures. Many marketing scales, such as Ulaga and Eggert (2006), have been developed following procedures suggested by Churchill (1979) and DeVellis (1991; 2003) eight-step process: (1) Specifications of the construct domain; (2) Generation of scale items; (3) Collection of first round data; (4) Purification of the measures; (5) Collection of second round data; (6) Assessment of reliability; (7) Assessment of validity; and (8) Development norms. This thesis follows these procedures in developing the materialism scale, and descriptions of eight steps taken are provided in the following sections.

4.4.1 The construct of materialism scale

Chapter 2 reviewed the literature on materialism and found a gap within the current measurements of materialism. Among the studies of materialism presented in the literature, Richins and Dawson' materialism scale (1992) provides a good framework for a new scale because it was built based on the idea that materialism is a value that guides the conduct of one's life. In a certain way, it has already included Belk's materialism traits in its three themes: material success, material centrality and material happiness. Though it provided a good foundation to materialism, the 18-item scale of Richins and Dawson has concentrated on the relationship between one and his possession; and thus lacked the ability to measure status latent for each dimension. Among the 18 items, there are only 2 items dedicated to study the status

latent– Q3 I don't place much emphasis on the amount of material objects people own as a sign of success, and Q4 The things I own say a lot about how well I'm doing in life. Furthermore, materialistic people are said to pursue social recognition and status and using their possessions to distinguish themselves from others (Mason 2001). Materialism is also often associated with conspicuous consumption, in which consumer satisfaction is derived from audience reaction rather than functionality of the item. In other words, materialistic people are seen to focus on the consumption of status goods and unique consumer products to distinguish themselves (Lynn and Harris 1997), hence the introduction of distinctiveness into the scale.

4.4.2 Generation of scale items

The development of the materialism scale closely followed recommended psychometric scaling procedures (DeVellis 2003). Churchill (1979) noted that all items should convey somewhat different tones of meaning and should also be sufficiently comprehensive to cover all aspects of the construct domain. Furthermore, all items should reflect the latent variable underlying them, given that each item falls into the construct of interest and therefore, unidimensionality is expected at a later stage - meaning each item falling into a single factor (DeVellis 1991). It is also suggested that the item pool have some redundancy because this helps in validating the final selection of items. It is generally accepted that the sample item pool can be three to four times as large as the final scale (DeVellis 1991). Both Churchill (1979) and DeVellis (1991) have warned scale developers to stay away from common mistakes such as including very lengthy items because they would make respondents confused. DeVellis (1991) also reminds that even when redundant items convey similar ideas they should be grammatically different in structure. And more importantly, it is not recommended to have too many sample items in the final scale as it may dilute the intended meaning due to vagueness (Churchill 1979).

The first sample of items for this study was generated using a deductive approach after an extensive literature review. In addition, a convenience sample of 20 consumers –age between 25 and 50 with higher educational background in business related studies– was asked to describe the characteristics of materialistic people related to luxury brands usage behavior. Items were then generated from these responses were included with the initial sample to create a pool of 70 items. In summary, a total of 70 items were administered in the pilot study (15 from Material Success, 22 from Material Happiness, 18 from Material Essentiality and 15 from Material

Distinctiveness). These items were then screened for ambiguity and reviewed by a panel of experts – luxury brands marketing professionals and academia. This pool was later trimmed to 47 items, including 18 items from Richins and Dawson (1992), via exploratory factor analysis and reliability analysis. Through a number of other scaling procedures (factor analysis, reliability analysis and validity check) across three students samples in a pilot study, 16 final items were retained – with none from the original scale.

Table 3.2 Final 16 items for the new materialism scale

1. I like to own things that make people think highly of me
2. I like to own expensive things than most people because this is a sign of success
3. The only way to let everyone know about my high status is to show it
4. I feel good when I buy expensive things as people think of me as a success
5. Material possessions are important because they contribute a lot to my happiness
6. When friends have things I cannot afford, it bothers me
7. Acquiring valuable things is important for my happiness
8. To me, it is important to have expensive items as it makes me happy
9. Material growth has an irresistible attraction for me
10. Material accumulation helps raise the level of civilization
11. Growth in material consumption helps raise the level of civilization
12. To buy and possess expensive things is very important to me
13. I usually buy things that make me look distinctive
14. I like to own things that make people think of me as unique and different
15. I feel uncomfortable when seeing a random person wearing the same clothes that I am wearing
16. I would rather pay more to get a more distinctive item

4.4.3 The New Materialism Scale

The new materialism scale shares the same idea of Richins and Dawson (1992). It measures materialism as a value that guides the conduct of one's life – hence its name remains the same. After the pilot study, the new materialism scale was developed and consisted of four components instead of the original three. Four components are namely Material Success, Material Happiness, Material Essentiality and Material Distinctiveness.

The following definitions have been adopted for this study from Richins and Dawson (1992).

- *Material Success* measures the extent to which one uses possessions as indicators of success and achievement in life, both in judging oneself and others.
- *Material Happiness* measures the extent to which one believes that possessions are critical to satisfaction and well-being in life

The following definitions have been developed during this study:

- *Material Essentiality* is the belief that possessions are essential and responsible for everything in one's life.
- *Material Distinctiveness* measures the extent to which one uses possessions as a device to stand out of the crowd.

Each of these components is measure through a set of 4 questions. An important change is the replacement of Materialism Essentiality for the original Material Centrality. Through three different occasions of the study, the original set of questions for Material Centrality was found to measure various factors and cross-loading. As a result, it is replaced by Material Essentiality, which provides a more concrete appraisal of the belief that possessions are essential and responsible for everything in one's life. This belief is also found to be more in line with the whole idea of materialism and much clearer than the vague the extent to which possessions are placed in the center of one's life of the Material Centrality. Another change is the introducing of Material Distinctiveness. The new component provides measurement for the extent to which one uses possessions as a device to stand out of the crowd - an important perspective of materialism that has been long overlooked.

4.4.4 Measures of Life Satisfaction

As debated in the Literature Review, this thesis is going to study the impact of life satisfaction on the consumption behavior of counterfeit luxury brands. And the Satisfaction with Life Scale (SWLS) is the most popular and trustworthy scale to measure life satisfaction. The short 5-item instrument designed to measure global cognitive judgments of satisfaction with one's life. SWLS was developed by Diener *et al.* (1985). Life satisfaction is one factor in the more general construct of subjective well-being. Theory and research from fields outside of rehabilitation have suggested that subjective well-being has at least three components, positive affective appraisal,

negative affective appraisal, and life satisfaction. Life satisfaction is distinguished from affective appraisal in that it is more cognitively than emotionally driven. Life satisfaction can be assessed specific to a particular domain of life (e.g., work, family) or globally. The SWLS is a global measure of life satisfaction.

The SWLS consists of 5-items that are completed by the individual whose life satisfaction is being measured. Administration is brief--rarely more than a few minutes--and can be completed by interview or paper and pencil response.

Table 3.3   *Source: Diener et al. (1985).*

1.	In most ways my life is close to my ideal.
2.	The conditions of my life are excellent.
3.	I am satisfied with my life.
4.	So far I have gotten the important things I want in life.
5.	If I could live my life over, I would change almost nothing.

4.4.5 Adapted Scale to measure Attitudes toward Counterfeit Luxury Brands

Tom *et al.* (1998) publish a 12 item-scale that measures four components of attitudes toward counterfeit:

- Effect of counterfeiting on economy and economic health of legitimate goods manufacturers,

- Negativity toward big business

- Quality of counterfeits.

- Legality of manufacturing, selling, and buying counterfeits

Lee and Workman (2011) use Tom *et al.* in their research and find out that the first two components can be combine into a new one, called Refuting the harm caused by purchasing counterfeits

1. Counterfeits of luxury brands do not hurt our country's economy

2. Counterfeits of luxury brands do not hurt the companies that manufacture the legitimate product

3. I like buying counterfeits of luxury brands because it is like playing a practical joke on the manufacturer of luxury brands

4. I buy counterfeits of luxury brands because counterfeiters are little guys who fight big business

5. I would buy counterfeits of luxury brands even if I could easily afford to buy the real luxury brands

6. Buying counterfeits of luxury brands demonstrates that I am a wise shopper

7. I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters

8. I buy counterfeits of luxury brands because the prices of designer products are unfair and overpriced

9. Counterfeits of luxury brands are just as good as designer products

10. People who sell counterfeits of luxury brands are committing a crime

11. People who buy counterfeits of luxury brands are committing a crime

12. People who manufacture counterfeits of luxury brands are committing a crime

4.4.6 Ethical Disposition Measurement

Ethical Disposition Survey consists of 2 different scales. Overall, the survey measures the ethical nature of consumers in terms of morality and legality.

Respect for law (Cordell *et al.* 1996) measures the respectfulness a person is having regarding the law. The scale is measured through a set of 6 items as followed:

Table 3.5   *Source: Cordell et al. (1996)*

1. A person should obey only those laws that seems reasonable

2. It is all right for a person to break the law if he or she doesn't get caught

3. A person should obey the laws no matter how much they interfere with personal ambitions

4. A person should tell the truth in court, regardless of consequences

5. A person is justified in giving false testimony to protect a friend on trial

6. Laws are often made for the benefit of small selfish groups that a person cannot respect the law

Absence of Law Scale is based on the results from Chaudhry and Stumpf (2011), Lee and Workman (2011), Phau and Teah (2009), the absence of law has become a rising issue. Mir (2012) adapts the works from others into a 5 item-scale measuring the lack of policy or law enforcement related to the trade of counterfeits.

Table 3.6   *Source: Mir (2012)*

1. Even in large shopping malls, counterfeits of luxury brands are available

2. Counterfeits of luxury brands are available in my local area

3. There is no legal problem in purchasing counterfeits of luxury brands

4. Legal enforcement agencies do not bother the selling and buying of counterfeits of luxury brands

5. Law enforcement agencies should do everything they can to discourage the trade of counterfeits in general

4.4.7 Measurement of willingness to buy

In order to measure the willingness of a consumer to buy a counterfeit product, this study employs the set of questions used by de Matos *et al.* (2007)

Table 3.7   *Source: de Matos et al. (2007)*

1. I will consider counterfeits of luxury brands when buying for myself

2. I will consider buying counterfeits of luxury brands as gifts for others

3. I will buy a counterfeit item of luxury brands in the next 6 months

All of the items used in this research are assessed using seven-point Likert scales ranging from (1) Strongly Disagree to (7) Strongly Agree. Although both five-point Likert scales would also provide accurate and reliable responses, the seven-point scale is argued to be slightly more reliable over the years. More importantly, it is said that five-point Likert scale works best with unipolar scale while seven-point scale is are better for bipolar. And therefore, it is in the best interest of this research to employ the seven-point Likert scale.

4.5 DATA COLLECTION

Online survey platform was used to aid data collection in the pilot study. To access the online survey, participants were required to click on the web-based link that was embedded within the e-mail or to copy the web address into their Internet browser. This web address took participants to a web-based survey form on our Internet website. The web-based survey form allowed the advantage of a point-and-click format, where participants could click on their responses. As a primary feature, the web-based programming permits skip patterns or branching in the questionnaire, which allowed for a more sophisticated survey instrument with a number of benefits.

First, at the end of the fielding phase, the data is immediately available as the responses are automatically tabulated by a Microsoft Access database which minimizes cost and maximizes the speed and accuracy of data entry. Second, in minimizing the risk of multiple entries via a single participant as well as possible participants not part of the intended sample frame, each website link was embedded with a unique identification number (UIN) as part of a preventive measure. This UIN operates as a security function which automatically restricts the access of respondents whom have already filled out the survey. In addition, keeping track of the unique identifier also allowed the sending of follow-up emails in caution only to participants who have not yet completed a survey. Follow ups have been reported to increase the overall response rate (Heberlein and Baumgartner 1978; Dillman, 2000; Illieva et al. 2002), however, sending follow ups should be done with great care in order to limit any perception of "spam" and subsequent discomfort for respondents (Solomon, 2001). Lastly, added security features online allow for greater control over the intended survey procedures, that were made suitable for facilitating the advert stimuli and overall experimental research design.

Reminder emails was sent to respondents one week before the survey was closed. After a week, more than half of the final responses were received (51.6%). On average, it took respondents approximately 6.5 days to complete and return the questionnaire, which is slightly higher than the norm of 5.59 days reported by Illieva et al. (2002).

The questionnaire was first prepared in English and translated to Vietnamese, and then checked by two academics in back translation. During the pilot stage of this research, English version of the questionnaire was used to collect data from student samples.

Due to regulations regarding conducting research activity in consumers market, Taylor Nelson Sofres (TNS) -a world leader in market research- was contracted to conduct field work in Vietnam. To comply with the regulations regarding the PhD program, TNS was only contracted to collect the data. All related activities including research design, translation, interviewer training and data analysis were conducted by the researcher. The questionnaire was prepared in Vietnamese with clear instructions in each section for interviewers. Data collection method was door-to-door interview. Households were chosen randomly from TNS data pool across the city. Respondents were also pre-selected randomly within the household using a computer program. If the chosen respondent was not at home, interviewers would come back later. Twenty percent of the completed questionnaire were subjected for quality controlled (QC). Respondents were revisited by the QC team to go through a shorter survey consisting key questions to make sure the reliability of the whole study.

4.5.1 Sample Size

In the pilot study, a convenience sample of 20 consumers –age between 25 and 50 with higher educational background in business related studies– was used for item generation. Three samples of students (n=89, 184 and 419) were used to examine the reliability and validity of the scales. All participants are undergraduate business students from a large university in Australia and they participated in the study as part of a course requirement. Of this group, 60 percent of the respondents were female and almost 90 percent were under 25 years old.

The final stage was conducted with a consumer sample of n=400, from two biggest cities of Vietnam (Hanoi and Ho Chi Minh City). The gender ratio was 50-50, 34 percent of the respondent were under 25; the largest group (53 percent) was from 26 to 45 years old.

4.5.2 Screening question

As this research is investigating the consuming behavior related to counterfeit luxury brands, it is crucial that the sample must represent the targeting population. In the pilot study, students are introduced to the concept of materialism and its connection with luxury brands as well as counterfeit luxury brands before conducting the questionnaire. In the final study, a screening question together with visual aids of ten luxury brands were used to select the respondent. The brands on this list ranged from apparels, accessories, watches to mobile phone, and they are among the top counterfeited brands in Vietnam according to recent research (Nielsen 2009; Bizconsult 2010; TNS 2011). To ensure the generalizability of the scale, only respondents have 2 or more groups (apparel, accessories, watches, phones) are interviewed.

1. Do you have any personal belonging bearing a similar mark to one of these?

Louis Vuitton	Nike
Burberry	Gucci
Chanel	Versace
Mobiado	Ray Ban
Rolex	Dolce & Gabbana

4.6   STATISTICAL ANALYSIS METHODS

Data were subjected to exploratory factor analysis (EFA) using SPSS version 19. Prior to performing the EFA, the suitability of data for factor analysis was assessed. In all samples, inspection of the correlation matrix revealed the presence of many coefficients of .3 and above. The Kaiser Meyer-Olkin values for all samples were checked to comply with the recommended value of .6 (Kaiser 1970; 1974). Bartlett's Test of Sphericity (Bartlett 1954) was also employed to look for statistical significance supporting the factorability of the correlation matrix. Exploratory factor analysis allows the observed variables to inter-correlate freely (Gerbing and Anderson 1988). Varimax, an orthogonal rotation method, is the most commonly used method for factor rotation which maximizes the sum of variances of required loadings of the factor matrix (Hair *et al.* 2010, p. 115). Loadings closer to positive or negative one indicate high

association between the variable and the factor, whereas loadings closer to zero indicate a lack of association (Hair *et al.* 2010). Once EFA is completed, a reliability test is conducted to assess the measures are consistent (Peter 1981). This thesis employed a widely used measure of reliability, the coefficient alpha (Cronbach's alpha), in assessing the internal consistency of the scale. An alpha score of .7 or above is generally considered acceptable (Hair *et al.* 2010).

After EFA, data were analyzed using confirmatory factor analysis (CFA). While EFA allows observed variables to freely correlate into different factors, in CFA the researcher specifies the factor structure (Gerbing and Anderson 1988). The primary purpose of CFA is testing for unidimensionality where the observed variance may be explained by only a single underlying factor (Gerbing and Anderson 1988). Until unidimensionality is established, model testing should not be conducted (Gerbing and Anderson 1988). Convergent validity is assessed by determining whether each indicator's estimated pattern coefficient on its posited underlying construct factor is significant (greater than twice its standard error) (Gerbing and Anderson 1988). Once all the above analyses were completed, correlation and multiple regression model analysis were conducted in order to simultaneously examine all hypotheses. All tests were conducted using IBM SPSS Statistics 19 and AMOS 18 software.

4.7   CONCLUSION

This chapter has presented and justified a methodological approach essential to accomplishing the objectives of this research. To begin with, the chapter debated the context of this research in a wider philosophical paradigm, and explained the decision to use positivism as a research framework with the use of a quantitative approach as an exploratory prerequisite to inform, guide and direct the final stage of data collection. The scale development procedure was also described in details. This chapter went on to describe the other measures for related variables in the research model. This chapter also considered key methodology in data collection, sample selection, and screening method. Finally, the techniques chosen for purposes of statistical analysis were outlined and justified. The next chapter will present the results of the quantitative research.

CHAPTER 5: SCALE DEVELOPMENT

5.1 INTRODUCTION

This chapter outlines the process undertaken to develop a new scale to measure material values, which are used as a manipulation check in future parts of the research. This was undertaken in a total of four studies. This chapter is divided into four stages, with a number of studies occurring under each phase. A more comprehensive summary of the studies, their purpose and results is available at the end of this chapter.

5.2 DEFINITIONS OF TERMS

The following definitions have been adopted for this study from Richins and Dawson (1992).

- *Material Success* measures the extent to which one uses possessions as indicators of success and achievement in life, both in judging oneself and others.
- *Material Happiness* measures the extent to which one believes that possessions are critical to satisfaction and well-being in life

The following definitions have been developed during this study:

- *Material Essentiality* is the belief that possessions are essential and responsible for everything in one's life.
- *Material Distinctiveness* measures the extent to which one uses possessions as a device to stand out of the crowd.

The following 8 steps scale development process encompasses a number of studies, books and articles, however, in regards to the process undertaken, those of particular importance are Churchill (1979), DeVellis (1991, 2003), Li, Edwards and Lee (2002), Nunnally (1978), Oh (2005), Spector (1992), and, Wells, Leavitt and McConville (1971). The suggested procedure for 'developing better measures', as set out by Churchill (1979) is included at Figure 5-1 to assist in clarifying the procedures and techniques undertaken.

	Recommended Coefficients or Techniques
1. Specify domain of construct	
2. Generate sample of items	Literature search
3. Collect data	
4. Purify measures	Literature search Experience survey Insight stimulating examples Critical incidents Focus groups
5. Collect data	
6. Assess reliability	
7. Assess validity	
8. Develop norms	Coefficient Alpha Factor Analysis
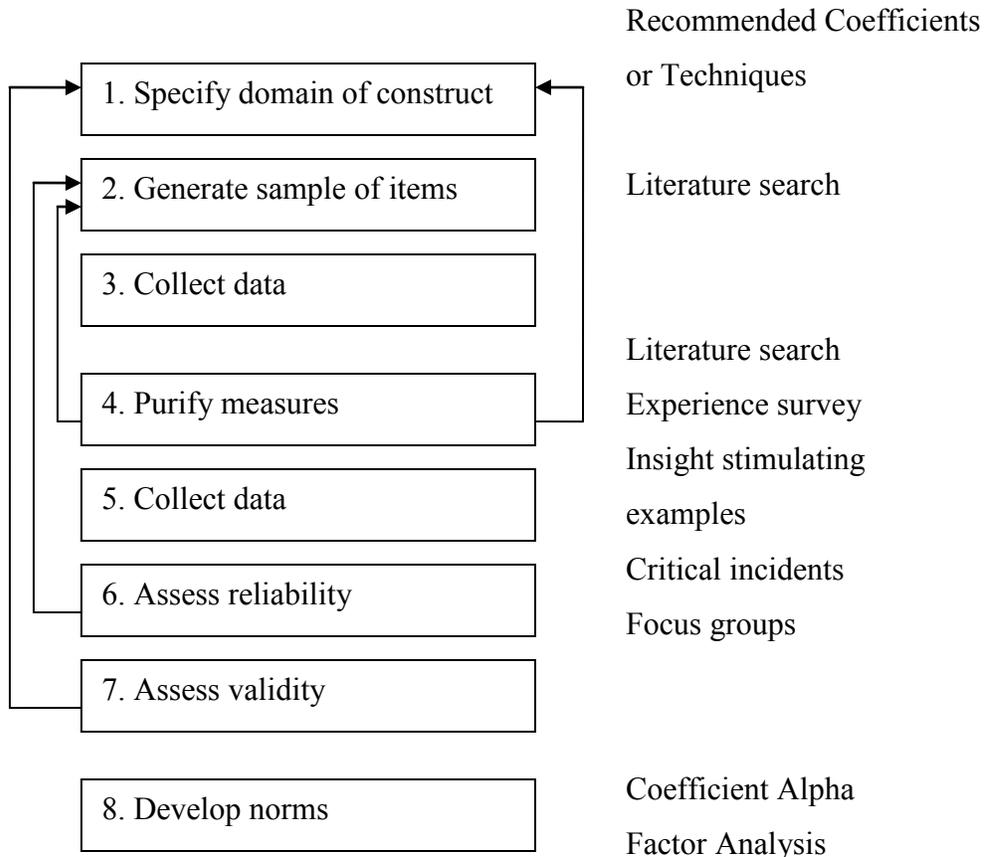
Figure 4.1: Suggested procedure for developing better measures

5.3   DEVELOPING SCALE ITEMS AND PILOT TESTING

5.3.1 Generate sample of items

A large set of over 70 pool items was developed using the preceding explanations of materialism, the study replicates Richins and Dawson (1992) using three methods to generate a set of potential scale items: literature reviews (Churchill 1979), thesaurus searches (Wells *et al.* 1971), and experience surveys (Chen and Wells 1999; Churchill 1979). And it also follows the steps for scale development set out by DeVellis (2003). DeVellis (2003) suggested that theories surrounding the exploring concept should first be consulted to aid clarity. Much of the required theory for this part of the process appears in the literature review chapter on materialism, conspicuous consumption and status consumption, specific attention was given to the literature of Belk (1985), Richins (1990), Fournier and Richins (1991), Richins and Dawson (1992), Richins (1994) and Veblen, (1899), Mason (1981; 1998). DeVellis (2003) states that scale

developers need to ask themselves if the construct they are measuring is distinctly different from others. In regards to this case, current measurements of materialism (i.e. envy, non-generosity, possessive, material success, material centrality and material happiness, etc.) however correlated, each has different characteristics measuring a particular materialistic tendency (Yavas, Yaprak and Ricken, 1980). Thus, at this stage it was made clear that the scale needed to include items that were distinctly related to one form of materialistic tendency or the other.

5.3.2 Literature review

In economics terms, materialism is a value usually refers to "the pursuit of one's own material well-being" (Easterlin and Crimmins, 1991). Materialism is also described in social studies as "a personal value that encompasses concern with material things, competitiveness, and emphasis on making profit as opposed to human well-being" (Beutel and Marini, 1995). In marketing literature, the two most accepted materialism measurements are from Belk (1985) and Richins and Dawson (1992). The materialism traits measure materialism through three personal traits: possessiveness, nongenerousity, and envy (Belk, 1985). On the other hand, Richins and Dawson (1992) determine materialism by the importance a person place in acquisition centrality, acquisition as the pursuit of happiness and possession-defined success. In the last three decades, these two measurements have been employed in so many research for finding indication of materialism in consumer behavior from luxury brands (Belk 1985; Easterlin and Crimmins 1991; Richins and Dawson 1992; Corneo and Oliver 1997; Belk and Zhou 2001; Zhao and Belk 2002) to counterfeit luxury brands (Wee *et al.* 1995; Furnham and Valgeirsson 2007; Wan *et al.* 2009; Swami *et al.* 2009; Lu and Lu, 2010). But the two scales have not always been successful in explaining consumer behavior, especially in recent years (Furnham and Valgeirsson 2007; Swami *et al.* 2009). In a research investigating the non-price determinants of intention to purchase counterfeit goods in Singapore, Belk's scale to measure materialism traits was adapted but failed the reliability test (Wee *et al.*, 1995). The results from recent attempts using Richin's materialism scale to study materialism in the consumption of counterfeit luxury brands have also showed the inconsistency (Swami *et al.* 2009; Wan *et al.* 2009; Lu and Lu 2010) and divergence between the 3 components of the scale (Furnham and Valgeirsson 2007; Wan *et al.* 2009).

Belk introduced the materialism traits in the '80s while Richins and Dawson 18 item-scale was formed in early '90s. Since then, the world has changed significantly. Emerging markets such as

China and those from old Soviet blocs have risen to power. China for example, is now one the largest market for luxury goods (The Economist 2011). But what Chinese consumers are demanding is very different with consumers from the West because of various reasons, such as cultural factors and/or new wealth (KPMG 2008). Therefore, a new materialism scale is required to deliver better measurement of materialism of consumers.

5.3.3 Theoretical underpinnings

Chapter 2 reviewed the literature on materialism and found a gap within the current measurements of materialism. Among the studies of materialism presented in the literature, the materialism scale (Richins and Dawson 1992) provides a good framework for a new scale because it was built based on the idea that materialism is a value that guides the conduct of one's life. In a certain way, it has already included Belk's materialism traits in its three themes: *material success*, *material centrality* and *material happiness*.

- *Material Success* measures the extent to which one uses possessions as indicators of success and achievement in life, both in judging oneself and others.
- *Material Centrality* measures the extent to which possessions are placed in the center of one's life.
- *Material Happiness* measures the extent to which one believes that possessions are critical to satisfaction and well-being in life." (Richins and Dawson 1992)

Though it provided a good foundation to materialism, the 19-item scale of Richins and Dawson has concentrated on the relationship between one and his possession; and thus lacked the ability to measure status latent for each dimension. Among the 19 items, there are only 2 items dedicated to study the status latent– *Q3 I don't place much emphasis on the amount of material objects people own as a sign of success, and Q4 The things I own say a lot about how well I'm doing in life.*

Furthermore, materialistic people are said to pursue social recognition and status and using their possessions to distinguish themselves from others (Mason 2001). Materialism is also often associated with conspicuous consumption, in which consumer satisfaction is derived from audience reaction rather than functionality of the item. In other words, materialistic people are

seen to focus on the consumption of "status goods" and unique consumer products to distinguish themselves (Lynn and Harris, 1997), hence the introduction of distinctiveness into the scale.

5.3.4 Thesaurus searches

The oldest theory that attempted to explain consumers' demand for luxury brands was the theory of conspicuous consumption (Veblen 1899). According to the Merriam Webster Dictionary, conspicuous consumption is the act or practice of spending money on expensive things that are not necessary in order to impress other people. Conspicuous consumption is meant not to satisfy any physical need, but rather to gratify the psychological craving for status or the esteem of others. However, conspicuous is synonyms with "eye-catching, striking, obvious, flamboyant, showy" and thus it does not have much to do with status – which is similar to "rank, class, position, important".

The items of the new scales are expected to reflect not only the *conspicuous* aspect but also *status* aspect of materialism, and thus they must be constructed with thesaurus terms such as 'luxury, status, and flamboyant, important'. A broader search using these terms revealed items such as 'lavish, expensive, comfort, distinction, success, level, wellness, essential, impressed, unique, and different". The thesaurus searches and the literature review provide a solid starting point for the scale.

5.3.5 Experience surveys

The first sample of items for this study was generated using a deductive approach after an extensive literature review. In addition, a convenience sample of 20 consumers –age between 25 and 50 with higher educational background in business related studies– was asked to describe the characteristics of materialistic people related to luxury brands usage behavior as an experience survey. Items were then generated from these responses were included with the initial sample to create a pool of 70 items. Relevance of items, clarity and conciseness, and ways of tapping into the phenomenon that were not yet included were discussed. Furthermore, this process was used to provide insights into item wording and response formats. This practice has been used to develop several scales in the marketing literature, both to help define the construct and to generate items (Bearden *et al.* 1982; Lastovicka *et al.* 1999).

5.3.6 Determine format of measurement

Previous studies on scales have concluded that 7-point Likert style scales are more efficient in measuring bi-polar responses by preventing them to be too neutral (Nunnally 1978; Colman *et al.* 1997). The scale would be only anchored the extreme ends of the 1 – 7 point indicators with 'strongly disagree' and 'strongly agree' respectively.

5.3.7 Review by experts

As a result of the literature review, thesaurus searches and experience survey, 72 pool items was developed. The pool of items were then reviewed by the group of marketing professionals and academia utilized previously to help generate the most appropriate pool and to assist in maximizing the content validity of the scale. The panel was first supplied with working definitions of the constructs and asked to rate how relevant they felt each item was to what the study intended to measure. They were also asked to indicate which items correspond to each construct. They were again asked to indicate any clarity and conciseness issues, as well as to point out any other ways they felt might be useful to tap into the constructs. This process is as suggested by DeVellis (2003).

5.3.8 Consideration of inclusion of validation items

DeVellis (2003) suggests that scale developers may wish to include items in questionnaires that detect flaws or problems. This is discussed in relation to other motivations influencing responses. For example, in the case of material centrality, Richins and Dawson (1992) put questions like "I try to keep my life simple, as far as possessions are concerned" or "The things I own aren't all that important to me" among others to make sure that highly materialistic people would answer negative to those questions. To ensure the validation of the scales and also to test the original scales of Richins and Dawson, all questions from the original scales was included in the first test.

5.3.9 First Test – Student Sample

In order to begin to conceptualize materialism and develop the scale, the pool of items needed to be clarified. That meant the working definitions of the constructs had to be explained before commencement. The scale was next administered to a sample size of 89 respondents. All participants are undergraduate business students from a large university in Australia during summer course. 60 percent of the respondents were female and almost 90 percent were under 25 years old.

5.3.10 Evaluate the items

Previous research suggested that four factors would derive from the pool of items. The scale purification started by using Exploratory Factor Analysis (EFA) (DeVellis 1991; Spector 1992; Sweeney *et al.* 2000) to examine dimensionality of the items and to allow a reduction of the items. Although the coefficient alpha is often calculated first, it is conceded that performing exploratory factor analysis initially is satisfactory during the early stages of research on a construct (Churchill 1979). However, the EFA (Principle Component Analysis, Varimax with Kaiser Normalization) actually showed five factors emerging. The first 4 factor was related to materialism in general upon examining the items. The last emerged was related to a negative factor. The items in this unexpected factor were observed to be related to all validation items. After subsequent factor analysis, including removing those items that loaded on different factors or cross loaded, and those in the third factor, the pool was trimmed to 47 items including 19 from the original scales. From this factor analysis the co-efficient alpha's (Nunnally 1978; Peterson 1994; Coakes and Steed 2003) were calculated so that inconsistent items could be removed. The initial Cronbach's alpha for both factors were considerably high (>.70), suggesting that the initial scales could be unnecessarily long. With this initial analysis completed the next stage of optimizing the scale length and purifying the data could begin.

5.3.11 Optimize scale length

The first step to optimize scale length is to examine the coefficient alphas (Nunnally 1978; Peterson 1994; Coakes and Steed 2003). In this case the alpha scores were all considerably high (>.70). All items that overlapped in their aim were removed (e.g. the items The only way to let everyone know about my high status is to show it' and 'I like to own expensive things more than most people because this is a sign of success' were determined much too similar). Removal of selected redundant items did not lower the alpha to any great extent (alpha was lowered by just .003). This brought the factor items to 7. After removing all items with squared multiple correlations of less than 0.30 and corrected item-to-total correlations of less than 0.50, as this would indicate that they shared little common variance with the other items (DeVellis 1991), the scale is consisted of 47 items, including 19 of original, and it is ready of the second test.

5.3.12 Second Test – Student sample

In order to begin to conceptualize materialism and develop the scale, the pool of items needed to be clarified. That meant the working definitions of the constructs had to be explained before commencement. The scale was next administered to a sample size of 184 respondents. 60 percent of the respondents were female and almost 90 percent were under 25 years old.

All participants are undergraduate business students from a large university in Australia and they participated in the study as part of a course requirement.

5.3.13 Reevaluate the items

Again five factors derived from the pool of items, including one negative factor. Upon separating the original scales and all validation items, there were only four factors. The 19 items original scales did not do well in EFA. The alphas for 3 factors (Success, Centrality and Happiness) were: 0.647, 0.328 and 0.476. The Inter-Item Correlation Matrix showed many cross loading and negative indicate weak factor correlation. The validation items consisted of reversed scoring questions such as: "I do not pay much attention to the material objects other people own" or "I would not be any happier if I owned more expensive things". These questions are intended to detect flaws or problems but they have somehow misled respondents instead. All questions in this category regardless to which factors they were put in (Success, Happiness, Centrality, Distinctiveness) has correlated and formed a factor interfering with the results analysis, and thus they would be removed from the next test.

The rest of the remaining items formed 4 factors, clearly related to the Success, Happiness, Centrality, and Distinctiveness of materialism. The Cronbach's alphas and Inter-Item Correlation Matrix showed a strong and reliable support for the four factors. And the scale items were trimmed again to 16 items.

	Component			
	1	2	3	4
I like to own things that make people think highly of me		.799		
I like to own expensive things than most people because this is a sign of success		.809		
The only way to let everyone know about my high status is to show it		.756		
I feel good when I buy expensive things as people think of me as a success		.795		
Material possessions are important because they contribute a lot to my happiness				.758
When friends have things I cannot afford, it bothers me				.720
Acquiring valuable things is important for my happiness				.865
To me, it is important to have expensive items as it makes me happy				.748
Material growth has an irresistible attraction for me			.761	
Material accumulation helps raise the level of civilization			.872	
Growth in material consumption helps raise the level of civilization			.754	
To buy and possess expensive things is very important to me			.777	
I usually buy things that make me look distinctive	.913			
I like to own things that make people think of me as unique and different	.864			
I feel uncomfortable when seeing a random person wearing the same clothes that I am wearing	.913			
I would rather pay more to get a more distinctive item	.679	.310		
Cronbach's α	.876	.813	.824	.900
Eigenvalues (% of Variance)	36.19	13.39	13.06	8.26

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

 a Rotation converged in 5 iterations.

5.3.14 Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) was used to test for unidimensionality (Pedhazur and Schmelkin 1991) which is considered by some as a superior technique over EFA for this task (O'Leary-Kelly and Vokurka 1998). Additionally, CFA has been shown as a means of scale reduction by showing what items may be trimmed from the scale, in addition to confirming the scale's final form (Netemeyer *et al.* 2003; Floyd and Widaman 1995). Confirmatory Factor Analysis (CFA) would be undertaken using the AMOS 18 program. The content validity of the scale could also be examined by comparing the remaining items with the working definition of the materialism scale (Richins and Dawson 1991). From this point the scale is separated into 4 smaller scales related to its factor.

5.3.15 Analysis and Results for Material Success

CFA further refined the scales resulting in four items for Material Success with acceptable measures (Hu and Bentler 1999) (Chi-square = 1.2, df. = 2, Probability level = .549, GFI = .990, AGFI = .971, RMSEA = .052, α = .780). The CFA is presented in the following Figure which also reveals the four items that emerged through the procedure.
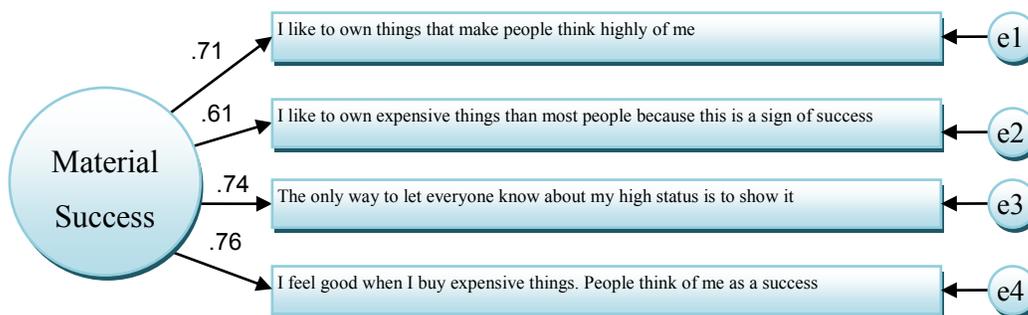
Analysis and Results for Material Happiness

CFA further refined the scales resulting in four items for Material Happiness with acceptable measures (Hu and Bentler 1999) (Chi-square = 4.10, df. = 2, Probability level = .129, GFI = .992, AGFI = .976, RMSEA = .048, α = .70). The CFA is presented in the following Figure which also reveals the four items that emerged through the procedure.

Material Happiness:
- .53 — Material possessions are important because they contribute a lot to my happiness (e1)
- .60 — When friends have things I cannot afford, it bothers me (e2)
- .56 — Acquiring valuable things is important for my happiness (e3)
- .59 — To me, it is important to have expensive homes, cars, clothes, and other things. Having these expensive items make me happy (e4)
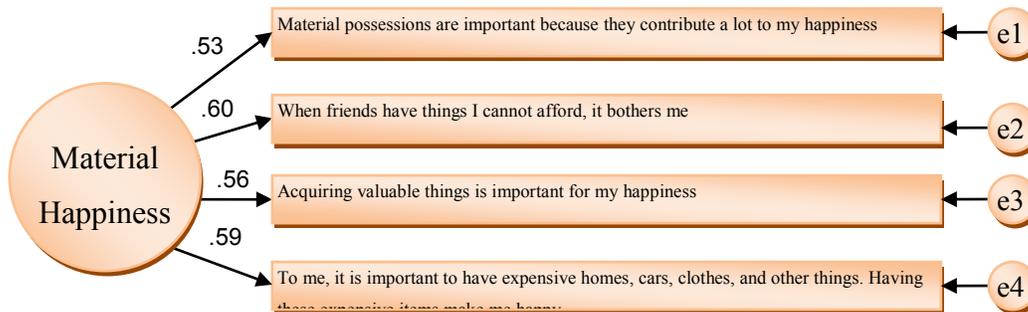
Analysis and Results for Material Essentiality

CFA further refined the scales resulting in four items for Material Centrality with acceptable measures (Hu and Bentler 1999) (Chi-square = 2.24, df. = 2, Probability level =.326, GFI = .995, AGFI = .986, RMSEA = .059, α = .690). However, the items were found to be more related to essentiality than centrality. According to Richins and Dawson (1992), material centrality measures the extent to which possessions are placed in the center of one's life. The original set of questions for Material Centrality was found to measure various factors and therefore none of it was included in the final 4 items. The new items is called Material Essentiality, provides a more concrete appraisal of the belief that possessions are essential and responsible for everything in one's life.

Material Essentiality:
- .53 — Material growth has an irresistible attraction for me (e1)
- .51 — Material accumulation helps raise the level of civilization (e2)
- .57 — Growth in material consumption helps raise the level of civilization (e3)
- .56 — To buy and possess expensive things is very important to me (e4)
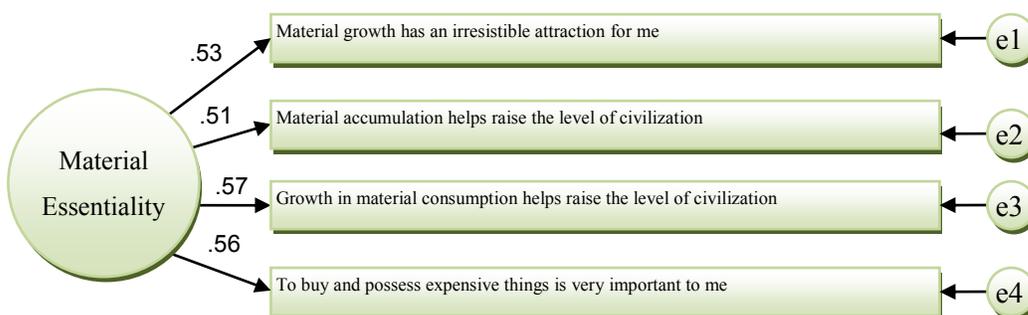
Analysis and Results for Material Distinctiveness

CFA further refined the scales resulting in four items for Material Success with acceptable measures (Hu and Bentler 1999) (Chi-square = 4.7, df. = 2, Probability level = .095, GFI = .967, AGFI = .917, RMSEA = .055, α = .70). The CFA is presented in the following Figure which also reveals the four items that emerged through the procedure.
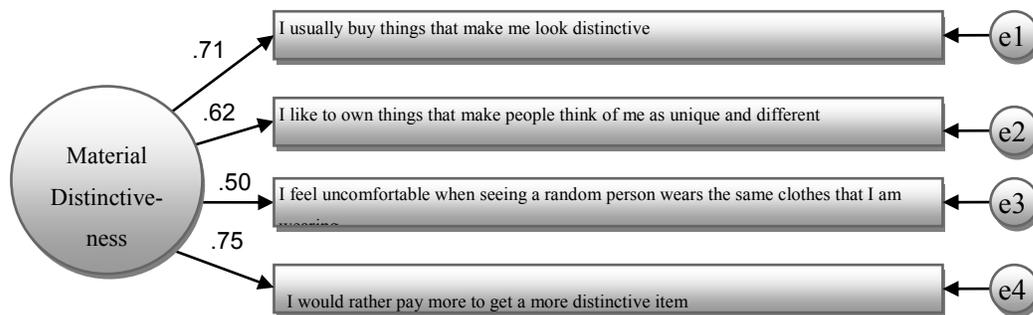
5.3.16 Third Test – Student sample and Generalizability

For the third test, the scale was administered to a sample size of 419 respondents. All participants are undergraduate business students from a large university in Australia and overseas campus in Hong Kong, Malaysia, Singapore and Mauritius, and they participated in the study as part of a course requirement. About 55 percent of the respondents were female and 70 percent were under 25 years old, more than 15 percent were between 25 and 35 years old. Countries of which the respondents are from as followed: Australia (5%), China (20%), Indonesia (12%), Malaysia (30%), Mauritius (6%), Singapore (18%), and the rest are from India, Finland, Myanmar, Pakistan, Saudi Arabia, South Korea, Thailand and Vietnam.

Although the proposed scale has a good fit with previous data, the results may still be specific to particular collected sample, and thus the generalizability of the new materialism scale to other sample respondents is still in question. In order to provide evidence on scale generalizability, another study on a wider scale with an alternate sample must be conducted. The purpose of this study was to increase the generalizability of the scales by performing a CFA on the previously validated items in each of the scales using a variation in sample respondents from different countries/cultural background.

5.3.17 Analysis and Results

The 16 items formed 4 factors, clearly related to the Success, Happiness, Centrality, Distinctiveness of materialism. The Cronbach's alphas and Inter-Item Correlation Matrix showed a strong and reliable support for the four factors.

	Component			
	1	2	3	4
I like to own things that make people think highly of me		.788		
I like to own expensive things than most people because this is a sign of success		.840		
The only way to let everyone know about my high status is to show it		.800		
I feel good when I buy expensive things as people think of me as a success		.816		
Material possessions are important because they contribute a lot to my happiness				.705
When friends have things I cannot afford, it bothers me				.740
Acquiring valuable things is important for my happiness				.830
To me, it is important to have expensive items as it makes me happy				.779
Material growth has an irresistible attraction for me	.855			
Material accumulation helps raise the level of civilization	.898			
Growth in material consumption helps raise the level of civilization	.878			
To buy and possess expensive things is very important to me	.856			
I usually buy things that make me look distinctive			.847	
I like to own things that make people think of me as unique and different			.854	
I feel uncomfortable when seeing a random person wearing the same clothes that I am wearing			.706	
I would rather pay more to get a more distinctive item			.720	
Cronbach's α	.992	.881	.821	.830
Eigenvalues (% of Variance)	37.95	14.77	10.53	8.72
KMO	.860			
Approx. Chi-Square	3909.27			
df	120			
Sig.	.000			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

AMOS 18 was used again to complete CFA. The CFA for this test are as followed:

Analysis and Results for Material Success

4 items for Material Success (α = .780). Chi-square = 4.1, df = 2, Probability level = .128, GFI = .915, AGFI = .896, RMSEA = .052
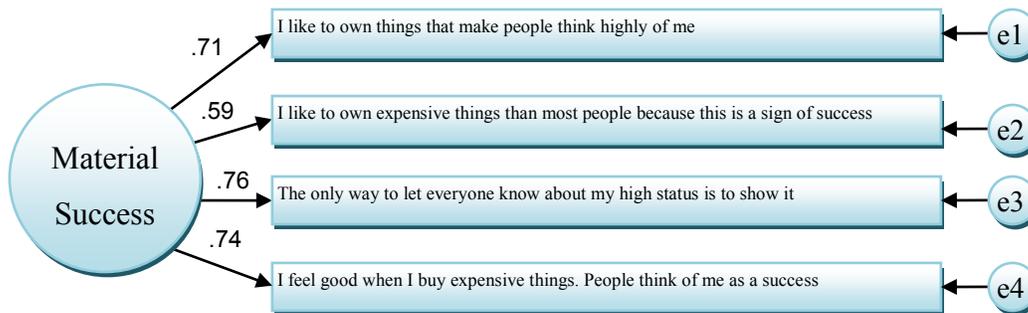
Analysis and Results for Material Happiness

4 items for Material Happiness (α = .685). Chi-square = 3.9, df = 2, Probability level = .142, GFI = .995, AGFI = .986, RMSEA = .048

.
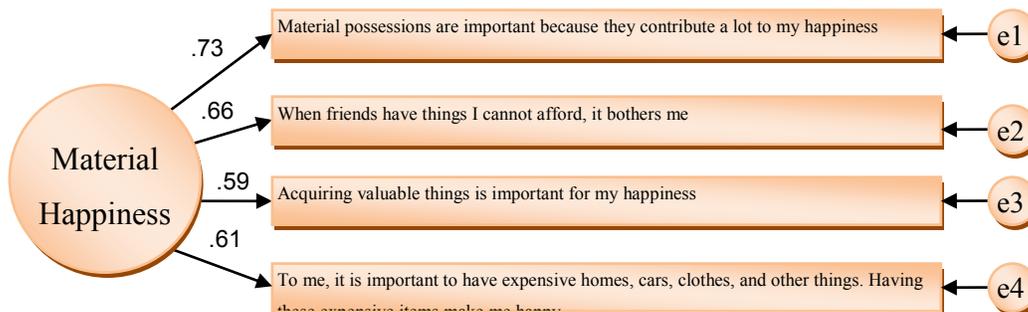
Analysis and Results for Material Essentiality

4 items for Material Essentiality (α = .790). Chi-square = 3.2, df = 2, Probability level = .202, GFI = .976, AGFI = .929, RMSEA = .060
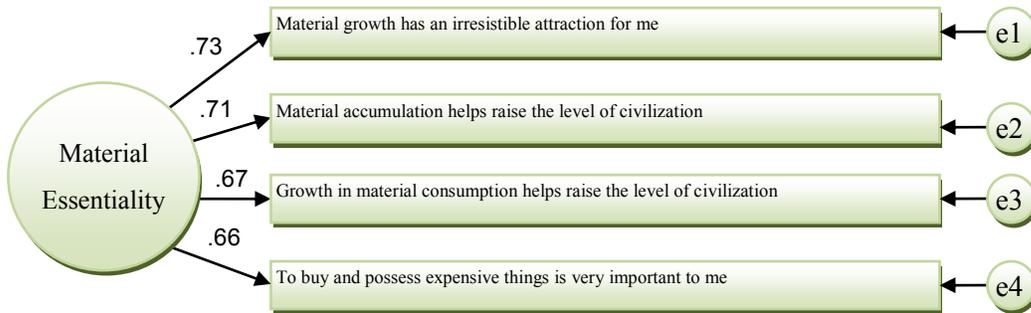
Analysis and Results for Material Distinctiveness

4 items for Material Distinctiveness (α = .75). Chi-square = 3.8, df = 2, Probability level = .150, GFI = .943, AGFI = .876, RMSEA = .055
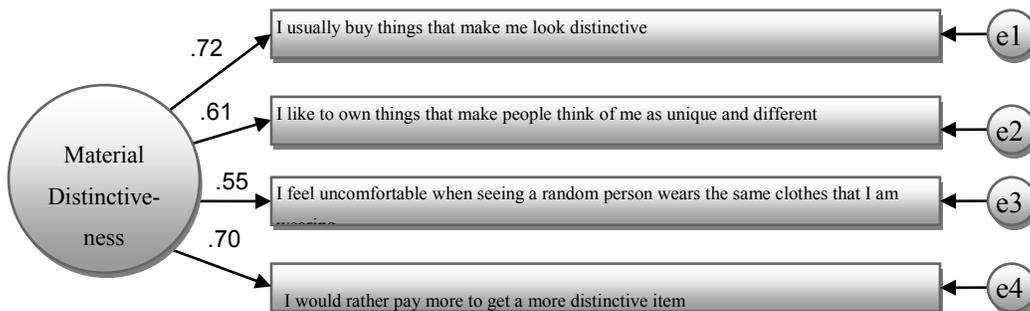
The CFA showed the suitability of the new materialism scale in different conditions and still provide acceptable results (Hu and Bentler 1999). This assists in indicated generalizability of the scale.

5.4 CONCLUSION

This chapter has explained the process undertaken in developing a single scale, that is designed to measure materialistic and its various forms in respondents. As discussed in the body of the chapter, the research has followed the previously laid steps of academics and though the seven studies (indicated in parenthesis) the study has generated and purified the items through EFA and CFA, shown content validity and unidimensionality using CFA, confirmed the scale's convergent, discriminate, and predictive validity, and also ensured the generalizability of the scale. A summary of the steps undertaken for each scale developed is shown in the following table.

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Study 1	Purpose	Generate items that relate to materialism
	Items	72 items
	Respondents	129 (combined)
	Stimuli	Explained working definitions of concepts
	Methods	Exploratory Factor Analysis (EFA), reliability analysis (Cronbach's)
	Results	EFA revealed 5 factors. An unexpected factor related to negativeness raised beside the other 4 factors clearly related to materialism.
Study 2	Purpose	Test the unidimensionality of the items developed in study 1
	Items	47 items
	Other scales utilized	Original Materialism Scale
	Respondents	184
	Stimuli	Explained working definitions of concepts
	Methods	Exploratory Factor Analysis (EFA), reliability analysis (Cronbach's), Confirmatory Factor Analysis (CFA) with AMOS 18
	Results	Further EFA confirmed the invalidity of 19 original items and all reversed scoring validation items was also removed due to misleading. CFA further refined the scale resulting in: 4 items for Material Success (α = .780). Chi-square = 1.2, df. = 2, Probability level = .549, GFI = .990, AGFI = .971, RMSEA = .052 4 items for Material Happiness (α = .70). Chi-square = 4.10, df. = 2, Probability level = .129, GFI = .992, AGFI = .976, RMSEA = .048 4 items for Material Essentiality (α = .690). Chi-square = 2.24, df. = 2,

		Probability level =.326, GFI = .995, AGFI = .986, RMSEA = .059
		4 items for Material Distinctiveness (α = .70). Chi-square = 4.7, df. = 2, Probability level = .095, GFI = .967, AGFI = .917, RMSEA = .055
Study 3	Purpose	Perform validity tests and increase generalizability of the scales by using a variation in sample respondents.
	Items	16 items
	Respondents	419
	Stimuli	Explained working definitions of concepts
	Methods	Exploratory Factor Analysis (EFA), reliability analysis (Cronbach's), Confirmatory Factor Analysis (CFA) with AMOS 18
	Results	4 items for Material Success (α = .780). Chi-square = 4.1, df = 2, Probability level = .128, GFI = .915, AGFI = .896, RMSEA = .052 4 items for Material Happiness (α = .685). Chi-square = 3.9, df = 2, Probability level = .142, GFI = .995, AGFI = .986, RMSEA = .048 4 items for Material Essentiality (α = .790). Chi-square = 3.2, df = 2, Probability level = .202, GFI = .976, AGFI = .929, RMSEA = .060 4 items for Material Distinctiveness (α = .75). Chi-square = 3.8, df = 2, Probability level = .150, GFI = .943, AGFI = .876, RMSEA = .055

CHAPTER 6: MAIN STUDY – DATA ANALYSIS AND RESULT

6.1 INTRODUCTION

This chapter will first explore the analyses methods and statistical techniques followed the demographic profile of the sample. To test the hypotheses, the chapter will systematically discuss the results from the analyses of the new materialism scale, which is subsequently followed by the examination of other measurements and the hypothesized structural model. Finally, the chapter will conclude with discussions comparing the findings between the two study groups (designer apparels and luxury hand phones) relative to the hypotheses and objectives outlined in chapter three.

6.2 DESCRIPTIVE STATISTICS

The main study collected data from 400 people from 2 biggest cities in Vietnam (Hanoi and Ho Chi Minh City) via door-to-door interview. The following table summarizes the demographical data of respondents for each of these characteristics – age groups, gender, income, education level and occupation.

Table 5-1: Respondent profiles

| Characteristics | Categories | Sample | |
		Frequency	Valid Percentage
Age	18 – 25 years	135	33.75
	26 – 35 years	129	32.25
	36 – 45 years	83	20.75
	46 – 55 years	39	9.75
	56 – 65 years	14	3.5
Gender	Male	200	50.0
	Female	200	50.0

Monthly Income	Under $2 mil VND	25	6.25
	$2 mil – $6 mil VND	243	60.75
	$6 mil – $10 mil VND	83	20.75
	$10 mil – $14 mil VND	25	6.28
	$14 mil – $18 mil VND	9	2.25
	Over $18 mil VND	15	3.75
Highest Education Level Achieved	Primary School	11	2.75
	Junior High School	54	13.5
	High School	170	42.5
	Vocational School	24	6.0
	Undergraduate	140	35
	Postgraduate	1	.25
Occupation	Student	62	15.5
	Government Employee	32	8.0
	Employee in private sector	67	16.75
	Self employed	80	20.0
	Retired	6	1.5
	Housewife/househusband	26	6.5
	Unemployed	2	.5
	Others	125	31.25

The demographical profile of the respondents shows that there is a balance in gender, with 50% male and 50% female respondents. In terms of the demographics variables, younger segments are somewhat over-represented. For example, 66% of the sample is 35 years old and younger, but only 9.75% are in the range of 46 – 55 years, and only 3.5% of the respondents are in the range of 56-65 years. With respect to education, over 35% completed undergraduate education or higher, 48.5% got a medium level of education (finished high school or vocational education),

and 16.25% lower education. Furthermore, 67 percent have an monthly income of VND$6 million and less, which is rather low compare to Hanoi and Ho Chi Minh GDP per capita, but also a common wages given majority of the sample is mostly young people. Only 6% of the sample earns more than VND$14 million per month, the high income group in Vietnam standards at the time of data collection. This sample is the result of random sampling method and it mirrors a good representation of the urban population in Vietnam, where younger population is the majority and the gap of wealth is widening.

The questionnaire was divided into different sections where each question was connected to a variable based on the theoretical construct discussed in previous chapters. The first construct was Material Values, measured by the new materialism scale developed in chapter 5. This construct measure the materialistic values in which consumers see as important. The results indicate the majority of the respondents are highly materialistic and they are more likely to differentiate themselves from others by using material possessions (more than 66% agree and mean score of over 4.70). They also put much important into possessions as a symbol of success. The result of the Material Values construct is presented in the following table:

Table 5.2: Descriptive Statistical Results of Material Values

Indicator	Answer on statement			Central Tendencies		
	Disagree	Neutral	Agree	Mean	Median	Mode
Material Success 1	22	14	64	4.74	5.00	5.00
Material Success 2	28	13	59	4.51	5.00	5.00
Material Success 3	32.3	20	47.7	4.20	5.00	5.00
Material Success 4	25.5	17.3	57.2	4.50	5.00	5.00
Material Happiness 1	25	17.5	57.5	4.49	5.00	5.00
Material Happiness 2	39.3	24.3	36.5	3.82	4.00	4.00
Material Happiness 3	34.3	17	48.7	4.16	4.00	5.00
Material Happiness 4	35	16.5	48.5	4.27	4.00	5.00
Material Essentiality 1	24.7	25.3	50	4.35	4.50	5.00
Material Essentiality 2	23	20.5	56.5	4.50	5.00	5.00
Material Essentiality 3	23.3	21	55.7	4.49	5.00	5.00
Material Essentiality 4	30.3	24	45.7	4.22	4.00	5.00
Material Distinctiveness 1	19	13.8	67.2	4.81	5.00	5.00

Material Distinctiveness 2	17	13.8	69.2	4.86	5.00	5.00
Material Distinctiveness 3	15.5	19	65.5	4.93	5.00	5.00
Material Distinctiveness 4	22.5	14.5	63	4.72	5.00	5.00

The result from the Life Satisfaction construct suggested that Vietnamese are quite happy with their lives, subjectively. In response to statement 3 "I am satisfied with my life" 65.5 percent of the respondents agreed. Looking into further details, Vietnamese "may not have all important things they wanted in life" nor "their lives are close to ideal" but they are optimistic and generally happy with their current situation.

Table 5.3: Descriptive Statistical Results of Life Satisfaction

	Answer on statement			Central Tendencies		
Indicator	**Disagree**	**Neutral**	**Agree**	**Mean**	**Median**	**Mode**
Subjective well-being 1	15.3	33.0	51.7	4.71	5.00	4.00
Subjective well-being 2	13.8	34.5	51.7	4.69	5.00	4.00
Subjective well-being 3	13.0	21.5	65.5	5.04	5.00	5.00
Subjective well-being 4	27.8	26.0	46.2	4.41	4.00	4.00
Subjective well-being 5	35.8	25.0	39.2	4.17	4.00	4.00

The Attitudes toward Luxury Counterfeit Brands is said to be most important construct of any study investigating the drivers of willingness to buy counterfeit luxury brands. The result indicated that Vietnamese has a negative attitude toward luxury brands. They understood that counterfeit luxury brands hurt the economy and the brands. They did not buy counterfeit because it is fun to do so. The only statement that has more than half of the respondent agreed on was "I buy counterfeits of luxury brands because the prices of designer products are unfair and overpriced". And price and quality of counterfeit luxury brands may be the most vital factor in changing Vietnamese attitude toward counterfeit luxury brands as more than 42 percent of the respondents shared that they like the "imitative abilities and ingenuity" of counterfeit luxury brands.

Table 5.4: Descriptive Statistical Results of Attitude toward Counterfeit Luxury Brands

Indicator	Answer on statement			Central Tendencies		
	Disagree	Neutral	Agree	Mean	Median	Mode
Refuting 1	49.8	20.3	29.9	3.60	4.00	3..00
Refuting 2	65.8	15.5	18.7	3.05	3.6	3.00
Refuting 3	71.5	16.3	12.2	2.62	2.00	1.00
Refuting 4	73.0	14.0	13.0	2.58	2.00	1.00
Refuting 5	55.3	17.0	27.7	3.25	3.00	1.00
Price/quality 1	51.5	26.5	22.0	3.35	3.00	4.00
Price/quality 2	35.5	22.3	42.2	4.04	4.00	4.00
Price/quality 3	28.3	18.0	53.7	4.52	5.00	6.00
Price/quality 4	49.5	17.5	33	3.62	4.00	3.00
The legality of counterfeits 1	34.8	13.5	51.7	4.44	4.50	7.00
The legality of counterfeits 2	57.5	23.5	19.0	3.08	3.00	4.00
The legality of counterfeits 3	11.5	22.8	65.7	5.23	5.00	7.00

The Ethical Disposition measure three variables: Respect for Law, Moral Justification and Absence of Law. There is no previous studies into this matter has been carried out in Vietnam. The result indicated that Vietnamese has respect for law in general. However they tend to self-justify a bit, showing in Respect for Law 1 "A person should obey only those laws that seems reasonable" with almost half of the respondents agreed. And the self-justification goes on in the Moral Justification section, with most of the respondents agree with common excuses related to luxury counterfeit brands consumption such as "Without counterfeits of luxury brands many people will not be able to buy certain products" or "Low priced counterfeits of luxury brands generally benefit the lower income consumers". In terms of Absence of Law, the results also reflect the situation in Vietnam. In general, it is pretty easy to buy counterfeit luxury brands in big cities such as Hanoi and Ho Chi Minh. The law enforcement agencies are lenient but they do conduct raid from time to time. But most importantly, more than half of the respondents agree to the following statement "Law enforcement agencies should do everything they can to discourage

the trade of counterfeits in general". It indicates that Vietnamese is longing for better law enforcement regarding counterfeit luxury brands. The results of Ethical Disposition are in the following table:

Table 5.5: Descriptive Statistical Results of Ethical Disposition

Indicator	Answer on statement			Central Tendencies		
	Disagree	Neutral	Agree	Mean	Median	Mode
Respect for law 1	30	21.3	48.7	4.35	4.00	4.00
Respect for law 2	46.5	20.3	33.2	3.70	4.00	4.00
Moral Justification 1	7.8	12.5	79.7	5.28	6.00	6.00
Moral Justification 2	7	16.3	76.7	5.44	6.00	6.00
Moral Justification 3	3.5	10	86.7	5.47	6.00	6.00
Absence of law 1	11.5	20.3	68.2	5.90	6.00	7.00
Absence of law 2	7.8	12.5	79.7	5.12	5.00	6.00
Absence of law 3	34.2	22.8	43	4.19	4.00	4.00
Absence of law 4	17.8	30.5	51.7	4.81	5.00	4.00

The result from the statements about willingness to buy counterfeit luxury brands also confirms the reality of Vietnam market. 55.2 percent openly admit that they are going to consider counterfeit luxury brands for self-usage and almost 32% saying that they are going to buy counterfeit luxury brands in the next 6 months. More details are presented in the following table:

Table 5.6: Descriptive Statistical Results of Willingness to buy Counterfeit Luxury Brands

Indicator	Answer on statement			Central Tendencies		
	Disagree	Neutral	Agree	Mean	Median	Mode
Likelihood to buy 1	21.5	23.3	55.2	4.45	5.00	5.00
Likelihood to buy 2	37.5	23	39.5	4.51	4.00	4.00
Likelihood to buy 3	34.5	33.8	31.7	4.20	4.00	4.00

6.3 QUALITY CRITERIA

To ensure the quality of the main study, both validity and reliability need to be taken into account (Bryman and Bell 2007). In this study the validity was secured by calculating the correlation between variables and the reliability was secured by calculating the Cronbach's alpha values for each variable.

6.3.1 Validity

In order to ensure construct validity of a study, a correlation test can be done (Bryman and Bell 2007). The most common is to test the correlation between independent variables. The test is done in order to investigate if the variables measure the same thing or not – when they correlate too high >.90 (Bryman and Bell 2007). If two or more variables correlated too high, they can be computed into one variable. The 5 variables in this study were tested for correlation and the result does not show any sign of inter-correlated and thus the validity of the main study is ensured.

6.3.2 Reliability

The Cronbach's alpha test result was satisfying since most of the variables was >.70 except for the Ethical Disposition result was >0.6, which is an acceptable alpha as examined in the methodology chapter. The reliability of the main study is ensured. The result of reliability test is shown in the following table:

Table 5.7: Cronbach's alpha test result

Variable	Alpha	Number of items
Material Values	.930	16
Life Satisfaction	.830	5
Attitudes toward Luxury Counterfeit Brands	.746	12
Ethical Disposition	.601	9
Willingness to buy Luxury Counterfeit Brands	.814	3

6.4 MAIN STUDY - ANALYSIS

The key focus of this research is to compare the effects of material values, life satisfaction and ethical disposition on attitude toward counterfeit luxury brands and ultimately on the willingness to buy counterfeit luxury brands. Significant differences in materialistic values and life satisfaction level would have an impact on ethical disposition and/or attitude toward counterfeit luxury brands. There has never been any significant finding regarding the impact of these variables on attitude toward counterfeit luxury brands nor on willingness to buy counterfeit luxury brands.

The reliability and discriminant validity of each of the constructs have been established above. Correlation and multiple regression analysis are used to test the relationship between the variables in the following research model:
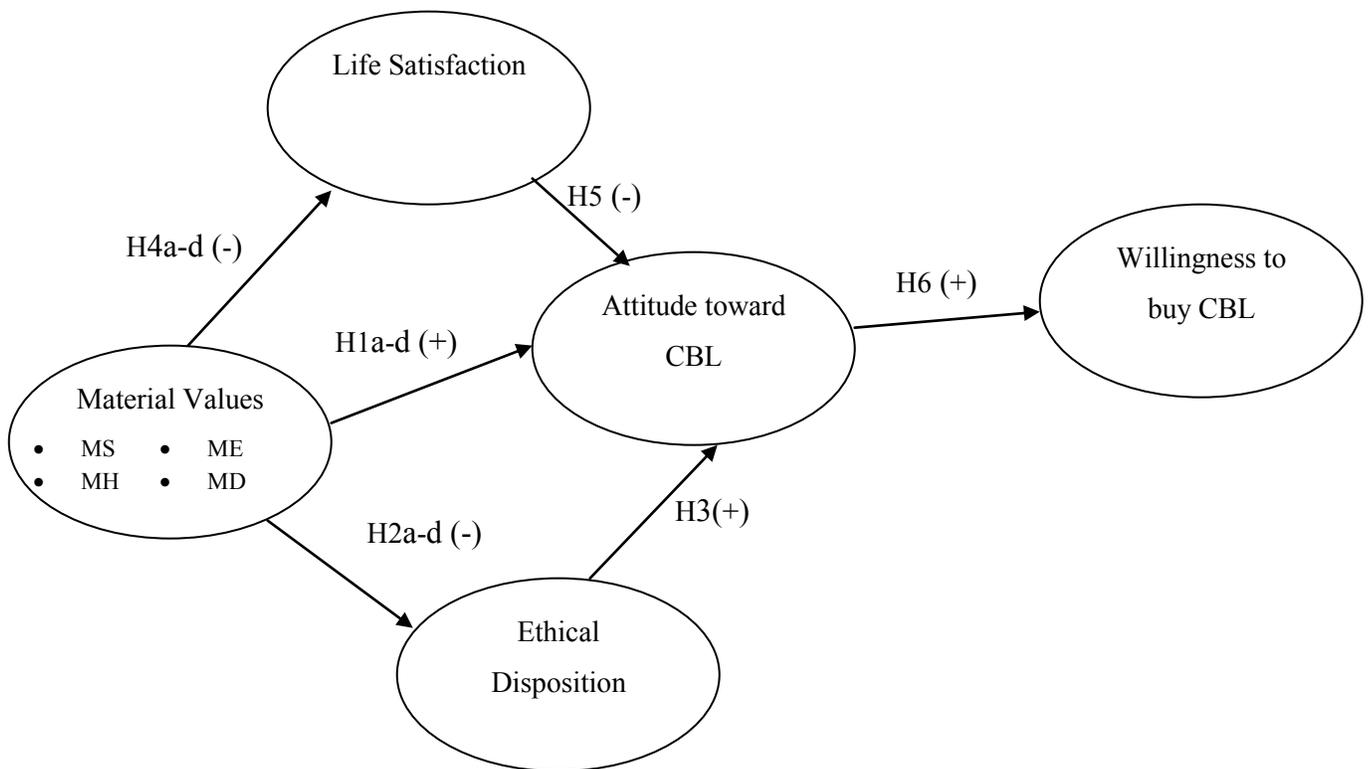
Figure 5.1: Research Model

6.4.1 Correlation Analysis

The relationship between Material Values, Life Satisfaction, Ethical Disposition, Attitude toward counterfeit luxury brands and Willingness to buy counterfeit luxury brands was investigated using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. The correlation analysis results are shown in Table 5.8:

Table 5.8: Correlation analysis results

<div align="center">Correlations</div>

		MS	MH	ME	MD	LS	ETHIC	ATT	WTB
MS	Pearson Correlation	1	.914**	.902**	.900**	-.848**	-.786**	.795**	.869**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400
MH	Pearson Correlation	.914**	1	.922**	.897**	-.858**	-.809**	.798**	.873**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400
ME	Pearson Correlation	.902**	.922**	1	.895**	-.845**	-.796**	.799**	.852**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400
MD	Pearson Correlation	.900**	.897**	.895**	1	-.848**	-.802**	.820**	.875**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000
	N	400	400	400	400	400	400	400	400
LS	Pearson Correlation	-.848**	-.858**	-.845**	-.848**	1	.902**	-.812**	-.813**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
	N	400	400	400	400	400	400	400	400
ETHIC	Pearson Correlation	-.786**	-.809**	-.796**	-.802**	.902**	1	-.780**	-.771**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000
	N	400	400	400	400	400	400	400	400
ATT	Pearson Correlation	.795**	.798**	.799**	.820**	-.812**	-.780**	1	.840**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000
	N	400	400	400	400	400	400	400	400
WTB	Pearson Correlation	.869**	.873**	.852**	.875**	-.813**	-.771**	.840**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	400	400	400	400	400	400	400	400

**. Correlation is significant at the 0.01 level (2-tailed).

6.4.2 Predicting Attitude toward Counterfeit Luxury Brands

6.4.2.1 *Standard multiple regression*

Standard multiple regression was used to evaluate the relationship between Attitude toward counterfeit luxury brands and independent variables such as: Ethical Disposition, Material Values and Life Satisfaction. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity. The model is able to explain 73.1% of the variance in attitude toward counterfeit luxury brands and also reaches statistical significance in ANOVA test (Sig=.000, p<.0005).

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855[a]	.731	.727	.84080

a. Predictors: (Constant), ETHIC, MS, MD, ME, LS, MH
b. Dependent Variable: ATT

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	756.826	6	126.138	178.426	.000[a]
	Residual	277.830	393	.707		
	Total	1034.656	399			

a. Predictors: (Constant), ETHIC, MS, MD, ME, LS, MH
b. Dependent Variable: ATT

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.446	.443		7.782	.000
	MS	.066	.069	.072	.953	.040
	MH	.030	.080	.030	.375	.018
	ME	.109	.074	.113	1.478	.004
	MD	.282	.064	.310	4.395	.000
	LS	-.210	.068	-.224	-3.072	.140
	ETHIC	-.146	.057	-.158	-2.568	.011

Dependent Variable: ATT

By comparing the beta value of Material Values (MS, MH, ME, MD), Life Satisfaction and Ethical Disposition, the variables included in the model contributed to the prediction of the dependent variable. The largest beta coefficient is .310, which is for MD – a construct of Material Values. All together Material Values contributed .525 to the prediction of attitude toward counterfeit brands. The beta for Life Satisfaction (LS) and Ethical Disposition (Ethic) were slightly lower than MD but they are much higher than the other constructs of Material Values. LS contributed -.224 while the contribution of Ethic was -.158. However further analysis of Sig. value revealed that only Ethic and the 4 constructs of Material Values have made a unique and statistically significant contribution to the prediction of attitude toward counterfeit luxury brands. Tabachnick and Fidell (2007) argue that variables are making a significant unique contribution to the prediction of the dependent variable when the Sig. value is less than .05. In this case, the Sig. value of LS was .140 and therefore it did not make a unique and statistically significant contribution to the prediction of attitude toward counterfeit luxury brands.

6.4.2.2 *Hierarchical Multiple Regression*
In a further study of the prediction of attitude toward counterfeit luxury brands, hierarchical multiple regression was used examine the relationship between Material Values and Life Satisfaction to predict the attitude toward counterfeit luxury brands, after controlling for the influence of Ethical Disposition. Ethical Disposition was entered at Step 1, explaining 60.8% of the variance in attitude toward counterfeit luxury brands. After entry of the Material Values at

Step 2, the total variance explained by the model as a whole was 72.5%, $F_{(5,394)}= 207.78$. p<.001. Material Values explained an additional 11.7% of the variance in attitude toward counterfeit luxury brands, after controlling for Ethical Disposition, R squared change =.117, F change $(4,394)= 41.80$, p<.001. At Step 3, Life Satisfaction was entered and it explained a further 0.6% of the variance in attitude toward counterfeit luxury brands. R squared change = .006, F change $(1, 393) = 9.437$, Sig. F Change = .05

The results of the analysis presented above have clearly shown which independent variables predict attitude toward counterfeit brands and also established the groundwork for hypotheses testing later in this chapter.

6.4.3 Material Values and Ethical Disposition

The relationship between the 4 variables of Material Values (MS, MH, ME, MD) and Ethical Disposition is evaluated by standard multiple regression analysis. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830[a]	.689	.686	.97664

a. Predictors: (Constant), MD, ME, MS, MH
b. Dependent Variable: ETHIC

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	835.906	4	208.976	219.094	.000[a]
	Residual	376.760	395	.954		
	Total	1212.666	399			

a. Predictors: (Constant), MD, ME, MS, MH
b. Dependent Variable: ETHIC

The total variance explained by the model as a whole was 68.9%, $F_{(4, 395)} = 208.98$, $p<.001$. As can be seen in Table, Material Happiness, Material Essentiality and Material Distinctiveness have significant regression weight, indicating they made a unique and statistically significant contribution to Ethical Disposition. Material Success did not contribute to the multiple regression models.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.804	.128		60.983	.000
	MS	-.075	.079	-.076	-.947	.344
	MH	-.331	.091	-.311	-3.646	.000
	ME	-.178	.085	-.170	-2.093	.037
	MD	-.298	.073	-.302	-4.097	.000

Dependent Variable: ETHIC

6.4.4 Material Values and Life Satisfaction

The relationship between the 4 variables of Material Values (MS, MH, ME, MD) and Life Satisfaction is assessed by standard multiple regression analysis. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882[a]	.778	.776	.81304

a. Predictors: (Constant), MD, ME, MS, MH
b. Dependent Variable: LS

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	917.150	4	229.288	346.864	.000[a]
	Residual	261.107	395	.661		
	Total	1178.258	399			

a. Predictors: (Constant), MD, ME, MS, MH

b. Dependent Variable: LS

The multiple regression model with all four Material Values produced R^2 = .778, $F(4, 395)$ = 346.87, $p < .001$. As can be seen in Table, all Material Values contributed to the prediction of Life Satisfaction. Among them, MH had the highest beta of -.286, meaning Material Happiness is the best predictor of Life Satisfaction.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	8.072	.107		75.766	.000
	MS	-.198	.066	-.202	-3.001	.003
	MH	-.300	.076	-.286	-3.969	.000
	ME	-.165	.071	-.161	-2.338	.020
	MD	-.258	.061	-.266	-4.265	.000

Dependent Variable: LS

6.4.5 Predicting Willingness to buy Counterfeit Luxury Brands

Standard multiple regressions were used to assess the ability of Attitude toward counterfeit luxury brands in predicting the Willingness to buy counterfeit luxury brands. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840[a]	.706	.705	.79165

a. Predictors: (Constant), ATT
b. Dependent Variable: WTB

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	599.330	1	599.330	956.324	.000[a]
	Residual	249.428	398	.627		
	Total	848.758	399			

a. Predictors: (Constant), ATT
b. Dependent Variable: WTB

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.079	.103		10.479	.000
	ATT3	.761	.025	.840	30.924	.000

Dependent Variable: WTB

The model is able to explain 70.6% of the variance in attitude toward counterfeit luxury brands and also reaches statistical significance in ANOVA (Sig=.000, p<.0005). The attitude toward counterfeit luxury brands contributed uniquely and statistically significant to the prediction of willingness to buy, according to the standardized coefficients beta value of .840. Further analysis of Sig. value did not revealed any setback.

6.4.6 Multicollinearity Risk

Multicollinearity is a common problem when estimating linear or generalized linear models. It occurs when there are high correlations among predictor variables, leading to unreliable and unstable estimates of regression coefficients (Malhotra et al. 2006).

The most widely-used diagnostic for multicollinearity, the variance inflation factor (VIF). The VIF may be calculated for each predictor by doing a linear regression of that predictor on all the other predictors, and then obtaining the R2 from that regression. The VIF is just 1/(1-R2). The VIF has a lower bound of 1 but no upper bound. Authorities differ on how high the VIF has to be to constitute a problem (Gujarati 1978). In this study, the high VIF is constituted as larger than 3.

6.5 DISCUSSION

In order to either reject or confirm the stated hypotheses various statistical tests were used based on how the hypothesis was constructed. Based on the results, the following sections will discuss the findings and provide conclusions relating to each of the proposed hypotheses as well as their significance in relation to the proposed research objectives and literature within the field.

6.5.1 Hypothesis One

Hypothesis one deals with the test for influence between Material Values and the Attitude toward counterfeit luxury brands construct. Hypothesis one proposes: Material Values and Ethical Disposition have a negative relationship (H_1). The Hypothesis can be broken down into four hypotheses:

H1a: Material Success (MS) has a positive relationship with attitude toward counterfeit luxury brands

H1b: Material Happiness (MH) has a positive relationship with attitude toward counterfeit luxury brands

H1c: Material Essentiality (ME) has a positive relationship with attitude toward counterfeit luxury brands

H1d: Material Distinctiveness (MD) has a positive relationship with attitude toward counterfeit luxury brands

The results from multiple regression model suggested Material Values is the best predictor of Attitude toward counterfeit luxury brands, explained 52.5% of the total variance. All four

constructs of Material Values contributed to the dependent variable of Attitude toward counterfeit luxury brands as showed in Table 5.9:

Table 5.9 Coefficients between Material Values and Attitude towards counterfeit Luxury Brands

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.446	.443		7.782	.000
	MS	.066	.069	.072	.953	.040
	MH	.030	.080	.030	.375	.018
	ME	.109	.074	.113	1.478	.004
	MD	.282	.064	.310	4.395	.000

a. Dependent Variable: ATT

The results from correlation analysis also support (H_1) by showing significant positive relationship between MS, MH, ME and MD with Attitude toward counterfeit luxury brands (see Table). Variance inflation factor (VIF) remains in permitted limit (< 3.0). From the above analyses, all hypotheses of H_1 are accepted.

6.5.2 Hypothesis Two

Hypothesis two will investigate the relationships between the Material Values and Ethical Disposition. Hypothesis two proposes: Material Values has a negative relationship with Ethical Disposition (H_2). The Hypothesis can be broken down into four hypotheses:

H2a: Material Success (MS) has a negative relationship with Ethical Disposition

H2b: Material Happiness (MH) has a negative relationship with Ethical Disposition

H2c: Material Essentiality (ME) has a negative relationship with Ethical Disposition

H2d: Material Distinctiveness (MD) has a negative relationship with Ethical Disposition

The correlation analysis showed significant negative correlations between Material Values and Ethical Disposition as showed in table 5.10:

Table5.10: Correlation between Material Values and Ethical Disposition

MS and Ethical Disposition	r = -.786, n = 400, p < .0005
MH and Ethical Disposition	r = -.809, n = 400, p < .0005
ME and Ethical Disposition	r = -.796, n = 400, p < .0005
MD and Ethical Disposition	r = -.802, n = 400, p < .0005

Even though the correlation is extremely strong but it is also important to check the results from multiple regression model analysis for assessing the relationship between Material Values and Ethical Disposition. The relationship between the 4 variables of Material Values (MS, MH, ME, MD) and Ethical Disposition is evaluated by standard multiple regression analysis. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity. The total variance explained by the model as a whole was 68.9%, $F_{(4, 395)} = 208.98$, p<.001. As can be seen in Table 5.11, Material Happiness, Material Essentiality and Material Distinctiveness have significant regression weight, indicating they made a unique and statistically significant contribution to Ethical Disposition. Material Success did not contribute to the multiple regression models. Furthermore all VIF remain in permitted limit (< 3.0) so these variables do not have a high multicollinearity risk.

Table 5.11 Coefficients between Material Values and Ethical Disposition

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.804	.128		60.983	.000
	MS	-.075	.079	-.076	-.947	.344
	MH	-.331	.091	-.311	-3.646	.000
	ME	-.178	.085	-.170	-2.093	.037
	MD	-.298	.073	-.302	-4.097	.000

Dependent Variable: ETHIC

From the results of multiple regression models conducted earlier in this chapter, three of the Material Values, namely: MH, ME and MD had a unique and statistical significant relationship with Ethical Disposition while MS did not. And thus, the verdict for hypotheses of H_2 are as followed:

- $H_{2a:}$ Material Success (MS) and Ethical Disposition have a negative relationship: Rejected
- $H_{2b:}$ Material Happiness (MH) and Ethical Disposition have a negative relationship: Accepted
- $H_{2c:}$ Material Essentiality (ME) and Ethical Disposition have a negative relationship: Accepted
- $H_{2d:}$ Material Distinctiveness (MD) and Ethical Disposition have a negative relationship: Accepted

6.5.3 Hypothesis Three

Hypothesis three proposes: Ethical Disposition has a positive relationship with Attitude toward Counterfeit Luxury Brands.

This hypothesis based on findings from several studies reveal ethical factors or morality as having direct effect on shaping the attitude toward counterfeit luxury brands (Lu and Lu 2010; Wan *et al.* 2009; Phau *et al.* 2009; Furnham and Valgeirsson 2007). This result indicates that consumers, who have high respect for the law or live in a country where law enforcement is strict, would less likely to feel positive about counterfeit luxury brands unless they choose to self-justified the consumption of counterfeit luxury brands. Speaking of which, why a person is more likely to self-justify is still a mystery that need more research to clarify.

The results gathered from the multiple regression models indicated that Ethical Disposition made a significant and unique contribution to predicting Attitude toward counterfeit luxury brands.. The correlation analysis revealed that the two variables have a strong negative relationship, r = -.780, n = 400, p < .0005, with high levels of Ethical Disposition associated with lower Attitude toward counterfeit luxury brands. VIF is 2.55, well within the tolerant range and thus it does not have a multicollinearity risk. Based on the results and discussions, H_3 is accepted.

6.5.4 Hypothesis Four

Hypothesis four will investigate the relationships between the Material Values and respondent's Life Satisfaction. Based on previous studies discussed in Chapter 3, hypothesis four proposes: Material Values has a negative relationship with Life Satisfaction (H_4). The Hypothesis can be broken down into four hypotheses:

H4a: Material Success (MS) has a negative relationship with Life Satisfaction

H4b: Material Happiness (MH) has a negative relationship with Life Satisfaction

H4c: Material Essentiality (ME) has a negative relationship with Life Satisfaction

H4d: Material Distinctiveness (MD) has a negative relationship with Life Satisfaction

The correlation analysis showed significant negative correlations between Material Values and Life Satisfaction as showed in table below:

Table 5.12: Correlation between Material Values and Life Satisfaction

MS and Life Satisfaction	r = -.848, n = 400, p < .0005
MH and Life Satisfaction	r = -.858, n = 400, p < .0005
ME and Life Satisfaction	r = -.845, n = 400, p < .0005
MD and Life Satisfaction	r = -.848, n = 400, p < .0005

The multiple regression model with all four Material Values produced r = .778, F(4, 395) = 346.87, p <.001. VIF remain in permitted limit (< 3.0) so these variables do not have a high multicollinearity risk. As can be seen in Table 5.13, all Material Values contributed to the prediction of Life Satisfaction. Among them, MH had the highest beta of -.286, meaning Material Happiness is the best predictor of Life Satisfaction. Based on the above analysis, all hypotheses of H_4 are accepted.

Table 5.13: Coefficients between Material Values and Life Satisfaction

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.072	.107		75.766	.000
	MS	-.198	.066	-.202	-3.001	.003
	MH	-.300	.076	-.286	-3.969	.000
	ME	-.165	.071	-.161	-2.338	.020
	MD	-.258	.061	-.266	-4.265	.000

Dependent Variable: LS

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6.5.5 Hypothesis Five

Hypothesis five introduces the conceptual relationships between the Life Satisfaction construct and respondent's attitude toward counterfeit luxury brands. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis five proposes: Life Satisfaction has a negative relationship with Attitude toward counterfeit luxury brands.

By introducing Life Satisfaction in the concept of counterfeit luxury brands, this study hopes to lay the foundation for new directions in studying the consumption of counterfeit luxury brands. There has never been a research into this direction before however there are a few theories support the idea that a person may behave differently when experience a mood swing (Barone *et al.* 2000).). This theory has been used to explain compulsive shopping behavior. The hypothesis was proposed in hope that it would shed some light on the consumption of counterfeit luxury brands.

The correlation analysis showed a significant negative correlation between Life Satisfaction and Attitude toward counterfeit luxury brands, r = -.812, n = 400, p < .0005. VIF =2.9, it is high but still in limit (< 3.0). However both multiple regression model and hierarchical multiple regression suggested that Life Satisfaction did not contribute uniquely nor statistical significantly to Attitude toward counterfeit luxury brands. The total variance explained by Life Satisfaction is too modest compared to other variables while its Sig. value (.140) was much higher than the recommended value (.05). From the result of this research, hypothesis five is rejected.

Even though the hypothesis is rejected, the data collected from this study still prove valuable as it was the first ever study to attach Life Satisfaction in the study of Counterfeit Luxury Brands. Because of the plausible supporting theory further research into this direction, perhaps future study may yield a different result.

6.5.6 Hypothesis Six

Hypothesis six is set to test the relationship between Attitude toward Counterfeit Luxury brands and Willingness to Buy Counterfeit Luxury Brands. Attitude toward Counterfeit Luxury Brands has been said to be a significant predictor of consumers' willingness to buy counterfeit luxury brands in many research (Lu and Lu 2010, Phau *et al.* 2009, Swami *et al.* 2009, Furnham and

Valgeirsson 2007, Tom *et al.* 1998). Hypothesis five proposes: Attitude toward counterfeit luxury brands has a positive relationship with Willingness to buy counterfeit luxury brands.

The correlation and multiple regression model analyses showed strong relationship and a significant positive correlation between Attitude toward Counterfeit Luxury brands and Willingness to Buy Counterfeit Luxury Brands, $r = .804$, $n = 400$, $p < .0005$. . VIF $=2.8$, it is high but still in limit (< 3.0). The hypothesis is accepted.

6.6 CONCLUSION

The results of the studies have shown some hypotheses being supported and, in most instances, these hypotheses had been either well-supported by the literature or were substantiated with sound arguments. The following table provides a summary of the hypotheses and results for this study. While most hypotheses were accepted, there are some that had to be rejected but it is still considered important findings as it provides new insights to the current literature. Understanding what factor influence the willingness to buy counterfeit luxury brands, what shape the attitude toward counterfeit luxury brands and its variables will unquestionably assist managers in creating and evaluating their own marketing campaign as well as developing strategies to curb counterfeit luxury brands in long term. The following concluding chapter will highlight the conceptual, methodological and managerial contributions of the study.

Hypotheses	Verdict
H1a:Material Success (MS) has a positive relationship with attitude toward counterfeit luxury brands	Accepted
H1b:Material Happiness (MH) has a positive relationship with attitude toward counterfeit luxury brands	Accepted
H1c:Material Essentiality (ME) has a positive relationship with attitude toward counterfeit luxury brands	Accepted
H1d:Material Distinctiveness (MD) has a positive relationship with attitude toward counterfeit luxury brands	Accepted
H2a:Material Success (MS) has a negative relationship with Ethical Disposition	Rejected
H2b:Material Happiness (MH) has a negative relationship with Ethical Disposition	Accepted
H2c:Material Essentiality (ME) has a negative relationship with Ethical Disposition	Accepted
H2d:Material Distinctiveness (MD) has a negative relationship with Ethical Disposition	Accepted
H3: Ethical Disposition has a positive relationship with attitude towards counterfeited luxury brands	Accepted
H4a: Material Success (MS) has a negative relationship with Life Satisfaction	Accepted
H4b: Material Happiness (MH) has a negative relationship with Life Satisfaction	Accepted
H4c: Material Essentiality (ME) has a negative relationship with Life Satisfaction	Accepted
H4d: Material Distinctiveness (MD) has a negative relationship with Life Satisfaction	Accepted
H5: Life Satisfaction has a negative relationship with attitude toward counterfeit luxury brands	Rejected
H6: Attitude toward counterfeit luxury brands has a positive relationship with Willingness to buy counterfeit luxury brands	Accepted

CHAPTER 7: CONCLUSION

7.1 INTRODUCTION

In this final chapter, the relevance of the research findings to the original research problem, propositions, and existing literature within the field is discussed, as are the implications of these findings to the body of literature to policy and practice. The limitations of the current study are presented, in addition to the justifications for the existence of these limitations within the research. This chapter provides a general discussion for the conceptual, methodological and managerial contributions. It concludes with the avenues for future research uncovered both during the commission of the current study, and as a result of its findings, has been identified.

7.2 SUMMARY OF FINDINGS

Based on the study discussions outlined in chapter 6, a number of comparisons with the findings and results were evident. While the acceptance of most of the hypotheses provided confirmation for the current research objectives, there is one hypothesis that had to be rejected; however, the overall research considers these important findings that may call for further research into the current literature. As previously discussed, a dominant research objective was to determine the extent to which Material Values and Life Satisfaction will impact on respondent's Attitude toward Counterfeit Luxury Brands and Willingness to buy Counterfeit Luxury Brands.

Most hypotheses related to Material Values were confirmed and accepted. This is very important for the new materialism scale. As discussed in the Literature Review, there were only a few researches that use materialism as an indication to investigate the consumption of counterfeit luxury brands. And most of these studies failed to establish a connection between material values and the consumption of counterfeit luxury brands (Furnham and Valgeirsson 2007; Swami *et al.* 2009). This study has established the connection between four constructs of Material Values and Attitude toward Counterfeit Luxury Brands, Ethical Disposition and Life Satisfaction through H1, H2 and H4. Even though Material Success was not confirmed to have a significant relationship with Ethical Disposition, the other three constructs were. Material Values were proven to have some impact on changing consumers' attitude and eventually their willingness to

buy counterfeit luxury brands. The hypothesis H4 was also very important as it supported a long proven relationship between Material Values and Life Satisfaction. This relationship is often studied in other social science disciplines but never before in marketing studies. By establishing Life Satisfaction as part of this research model, there would be more opportunity to utilize this factor in further research.

Despite the rejection of hypothesis H5 about the relationship between Life Satisfaction and Attitude toward Counterfeit Luxury Brands, the data collected from this study still prove valuable as it was the first ever study to attach Life Satisfaction in the study of Counterfeit Luxury Brands. Because of the plausible supporting theory further research into this direction, perhaps in a different country where Life Satisfaction Level is much higher or lower, may yield a different result. Or another study investigating the relationship between Life Satisfaction and Ethical Disposition may also yield fruitful results.

The relationships between Ethical Disposition and Attitude towards Counterfeit Luxury Brands (H3); and between Attitude towards Counterfeit Luxury Brands and Willingness to buy Counterfeit Luxury Brands (H6) were validated in this study. By providing empirical data for these two long found relationships, this research has strengthened the foundation of literature on consumer behavior regarding the consumption of counterfeit luxury brands.

Furthermore, this research also shares the latest data of Vietnamese market to the world. Prior to this research, research agencies such as TNS and Nielsen had conducted studies into Vietnamese counterfeit market as they were commissioned by Italian Chamber of Commerce. However their research leant toward the supply oriented and thus have limited data regarding the demand and consumers profile. Through the descriptive statistics provided in Chapter 6, this research has brought the latest data regarding who buy counterfeit luxury brands in Vietnam and why they buy it. It is interesting to see the Vietnamese consumers have struggled with most Ethical Disposition but still end up buying or likely going to buy counterfeit luxury brands through self-justifying. The collected data for Material Values in Vietnam indicated that Vietnamese like to use material possession to distinct themselves. It may be a good explanation for the sales of high end mobiles phone and luxury cars in Vietnam (Vietnamnet 2014) as well as the raise of

counterfeit luxury brands. Local newspapers in Vietnam reported every Vietnamese own 1.4 smart phones, a half of which is high end smart phones like Apple IPhone and Samsung Galaxy. GFK, another market research agency, also reported Vietnamese spend $1 billion to buy new mobile phone every year. And phones are not the only thing Vietnamese are spending their money for. Roll Royce's had joined the list of luxury car brands like Audi, BMW, Mercedes Lexus, and Porsche to open an official car dealership in Vietnam. Even though the domestic assembled car market in Vietnam is facing difficulties, the import luxurious cars have been increasing steadily. This information is in line with the high Material Values score recorded in Vietnam. With the collected data for Material Values in Vietnam, it is also very interesting to compare how the Vietnamese put values into material possessions compare to other countries – especially China, Malaysia and Thailand – or even compare with Vietnamese in couple years.

7.3   CONTRIBUTIONS / IMPLICATIONS

The research has successfully completed all research objectives. In particular, the research has developed and validated a new scale to measure material values. The new scale will enable the research community to have more choice for measurements apart from current scales. This research has also developed and validated the research model in studying the materialism and life satisfaction effects on consumer attitude toward counterfeit luxury brands and their influence to the willingness to buy. And finally, it has introduced the construct of ethical disposition and life satisfaction on the relationships between consumer attitudes toward counterfeit luxury brands and material values on consumer's willingness to buy counterfeit luxury brands.

As a result of the research undertaken in this study a number of conceptual, methodological and managerial contributions are made. This includes support of, and in cases contradiction to, previous works, as well as providing new information previously unknown or empirically explored. These specific contributions follow.

7.3.1 Conceptual Contributions

This study contributes to the body of literature by enhancing theoretical understanding of counterfeiting by exploring materialism and its influence on consumer willingness to buy. It clearly shows empirical evidence that consumer attitudes and behavior responses toward willingness to buy are significantly varied by material values (material success, material

happiness, material essentiality and material distinctiveness). In addition, the study contributes substantially by exploring the concept of life satisfaction and its role in counterfeit luxury brand study.

7.3.1.1 *Materialism and the consumption of counterfeit luxury brands*

Managers of luxury brands should already know that the key to luxury brands is rarity. The easily available and low price of counterfeit luxury brands has hurt the real brands. The counterfeit luxury brands are being advertised as having similar quality or appearance as the real brands, at a lower price and quickly available, and thus it attracted materialistic consumers in general. Regardless to their income, materialistic consumers want to purchase more as acquiring new possessions give them short-term happiness and joy. However, it seems that consumers who are prone to counterfeit luxury brands are buying counterfeit luxury brands that are easily recognized while people who seek status consumption are after luxury brands that are excel in quality but less conspicuous. Material Values, especially the Material Distinctiveness, can help managers in surveying market and identify potential target groups for new product launch as well as notifying areas of which are prone counterfeit luxury brands.

7.3.1.2 *Life satisfaction and counterfeit luxury brands*

Despite the hypothesis about the relationship between Life Satisfaction and Attitude Toward Counterfeit Luxury Brands was rejected, what this study learns about Life Satisfaction and Counterfeit Luxury Brands still prove valuable. Life Satisfaction may not have a role in impacting Attitude toward Counterfeit Luxury Brands directly but it may have an indirect role. Further research into this direction, perhaps in a different country or in another time may result in a different way. Studying the relationship between Life Satisfaction and Ethical Disposition or Willingness to buy Counterfeit Luxury Brands may also yield fruitful as there were similar cases such as compulsive shopping behavior caused by the spur of moment (Barone *et al.* 2000).

7.3.1.3 *Explaining Counterfeit Luxury Brand Purchases*

This study contributes to the current literature by expanding the field of counterfeit luxury brand. By investigating the variables that may have an impact on Attitude toward counterfeit luxury brands such as Material Values, Ethical Disposition and Life Satisfaction, this study has furthered the works of Eisend and Schuchert-Guler (2006) in explaining the purchase of counterfeit luxury brands.

7.3.1.4 *Empirical evidence from Vietnam*

Vietnam may not be as excited as China but it is a market of 90 million people. With the rising GPD per capita, Vietnamese are soon required more than basic brands to be satisfied. In recent year, high end and luxury brands have started to open in this South East Asian market. And with the strong presence of counterfeit luxury brands in this market, brands should gather data to learn more about consumer characteristics as well as their behavior to protect their brands.

7.3.2 Methodological Contributions

 The research methodology is sound and may assist greatly in the future studies that are required to better understand consumer economic nationalistic tendencies. The most significant methodological contribution is the development and validation of the new materialism scale. The new materialism scale fulfils an important gap in the current literature and in previous scales, in measuring levels of conspicuous and status consumption as well as the distinctiveness tendencies distinguishing from Richins and Dawson's (1992) materialism scale.

7.3.2.1 *The new materialism scales*

The new materialism scale fulfills a gap found in reviewing the recent literature. Among the studies of materialism presented in the literature, Richins and Dawson' materialism scale (1992) provides a good framework for a new scale because it was built based on the idea that materialism is a value that guides the conduct of one's life. In a certain way, it has already included Belk's materialism traits in its three themes: material success, material centrality and material happiness. Though it provided a good foundation to materialism, the 19-item scale of Richins and Dawson has concentrated on the relationship between one and his possession; and thus lacked the ability to measure status latent for each dimension. Among the 19 items, there are only 2 items dedicated to study the status latent. Furthermore, materialistic people are said to pursue social recognition and status and using their possessions to distinguish themselves from others (Mason 2001). Materialism is also often associated with conspicuous consumption, in which consumer satisfaction is derived from audience reaction rather than functionality of the item. In other words, materialistic people are seen to focus on the consumption of "status goods" and unique consumer products to distinguish themselves (Lynn and Harris 1997), hence the introduction of distinctiveness into the scale.

The new materialism can measure four constructs:

- *Material Success* measures the extent to which one uses possessions as indicators of success and achievement in life, both in judging oneself and others.
- *Material Essentiality* is the belief that possessions are essential and responsible for everything in one's life.
- *Material Happiness* measures the extent to which one believes that possessions are critical to satisfaction and well-being in life." (Richins and Dawson, 1992)
- *Material Distinctiveness* measures the extent to which one uses possessions as a device to stand out of the crowd.

The new scale has gone through reliability, validity testing as well as established its generalizability and therefore ready for further usage in not only counterfeit luxury brands study but also other business disciplines.

7.3.3 Managerial Contributions

The study also provides several implications for marketers, managers and retailers of luxury brands. Brand managers and policy makers will have a better understanding of the psychological processes that guide the formation and modification of attitude towards the genuine luxury brands from the study. And "counter luxury counterfeiting" social and policy initiatives can be derived from that better understanding. Furthermore, the extended version of materialism scales could be improvised or integrated with market research survey to provide more insightful results in different market.

7.4 LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

In light of the number of limitations that exists for this research, subsequent research opportunities for further research have also been delineated.

Firstly, both the manufacture and sales of counterfeits are crimes thus purchasing counterfeits is deemed as illegal by law. The research data collected from consumers face-to-face interviewed, which means that the respondents might attempt to produce more socially acceptable response and it could have an influence on the data collected. Consequently the data in this study might be biased to some degree.

Secondly, representative sample of the target population of counterfeit luxury brands might not be obtained. This study intends to explore only those with familiarity to the top 10 brands and therefore future research should explore fictitious or unfamiliar brands.

Thirdly, the study is based on a cross-sectional perspective, rather than on a longitudinal one thus it limits the information of the long term impact of the variables and factors reviewed. Previous studies, including this research, have established the fact that attitude toward counterfeit luxury brands is influenced by many independent variables, such as ethical disposition, material values and because these independent variables may change suddenly as a result of social trends, the introduction of new law, the hearsay of a new law targeting counterfeit for example. It would be more beneficial to conduct a longitudinal research and keep track of how the variables are impacting the attitudes toward counterfeit luxury brands.

Finally, further work must be carried out to develop and validate the construct model furthermore. Because of the risk of multicollinearity presented in this study, it is strongly recommended that future study to employ Structural Equation Modelling (SEM) to test the whole model. SEM is a good technique for testing and estimating causal relations and it would provide much needed empirical data to strengthen the findings of this study.

Recently much attention has been paid to Material Values or Materialism recently with many studies goes into this direction when studying consumer behavior in the consumption of counterfeit luxury brands. As the counterfeit market evolve in terms of quality, accessibility and price, the level of perceived status of consumers may also shift and it would change not only Material Values but also Ethical Disposition and eventually the Attitude toward Counterfeit Luxury Brands and the Willingness to buy Counterfeit Luxury Brands. Ultimately it would increase the threat to luxury brands in general. And thus it would be interesting to further examine the nature of the relationship between Material Values and the perceived benefits/status of counterfeit luxury brands over time. Recent studies such as Triandewi (2013), Teik *et al.* (2013),and Yoo (2009) have suggested that there is a significant relationship exists between materialism and the perceived benefits/status of counterfeit luxury brands. And it is also noted that the probability of difference observed between studies that were of a longitudinal nature and

those of a cross-sectional nature is significant. Therefore, by employing a much longer range of time, the findings attained should be more reliable.

7.5 CONCLUDING COMMENTS

This chapter provided a summary of the results of the current study, in the form of meaningful conclusions. Through the presentation of these conclusions, in terms of both their contributions to the current literature and their practical implications, the justification of the undertaking of this research is further established. The outlining of the limitations of the study highlights the scope of the generalizability of these results, and the presentation of avenues for future research into the area provides a sound platform upon which to develop and extend the work embarked in this research.

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APPENDIX

Appendix A: Survey Instrument: Main Study

This survey is part of a research project conducted by a Doctoral candidate at the School of Marketing, Curtin University in Australia. The purpose of this study is to gain better understanding of Vietnamese consumers and their preferences in shopping. The findings will provide helpful insights to academics and practitioners. We appreciate if you could take 15 minutes of your valuable time to answer all survey questions.

Please answer all questions in this survey form and give the response which most accurately reflects your views. There is no right or wrong answers. Please note that your answer will be treated in the strictest confidence.

Screening question:
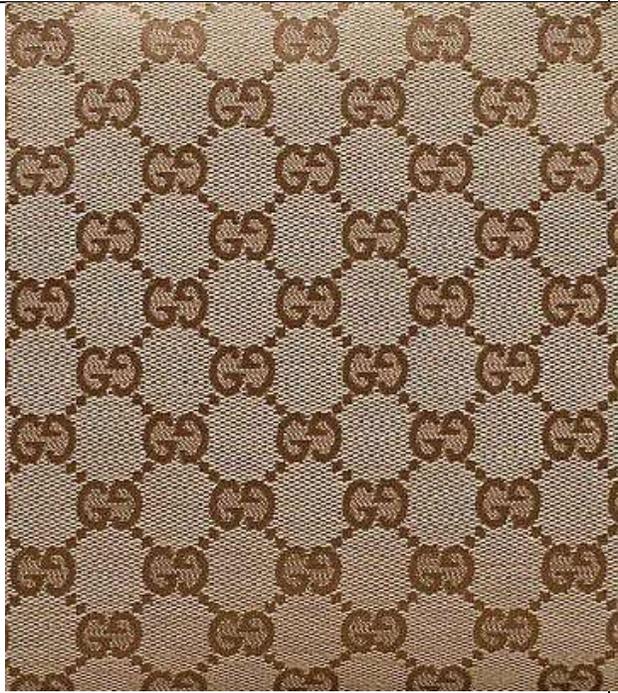
Do you have any personal belonging bearing a similar mark to one of these?

Section A

Please rate your level of agreement to the following statements

A	Questions	Strongly Disagree						Strongly Agree
1	I like to own things that make people think highly of me	1	2	3	4	5	6	7
2	I like to own expensive things than most people because this is a sign of success	1	2	3	4	5	6	7
3	The only way to let everyone know about my high status is to show it	1	2	3	4	5	6	7
4	I feel good when I buy expensive things as people think of me as a success	1	2	3	4	5	6	7
5	Material possessions are important because they contribute a lot to my happiness	1	2	3	4	5	6	7
6	When friends have things I cannot afford, it bothers me	1	2	3	4	5	6	7
7	Acquiring valuable things is important for my happiness	1	2	3	4	5	6	7
8	To me, it is important to have expensive items as it makes me happy	1	2	3	4	5	6	7
9	Material growth has an irresistible attraction for me	1	2	3	4	5	6	7
10	Material accumulation helps raise the level of civilization	1	2	3	4	5	6	7
11	Growth in material consumption helps raise the level of civilization	1	2	3	4	5	6	7
12	To buy and possess expensive things is very important to me	1	2	3	4	5	6	7
13	I usually buy things that make me look distinctive	1	2	3	4	5	6	7

14	I like to own things that make people think of me as unique and different	1	2	3	4	5	6	7
15	I feel uncomfortable when seeing a random person wearing the same clothes that I am wearing	1	2	3	4	5	6	7
16	I would rather pay more to get a more distinctive item	1	2	3	4	5	6	7

Section B

Please rate your level of agreement to the following statements

B	Questions	Strongly Disagree						Strongly Agree
1	In most ways my life is close to my ideal.	1	2	3	4	5	6	7
2	The conditions of my life are excellent.	1	2	3	4	5	6	7
3	I am satisfied with my life.	1	2	3	4	5	6	7
4	So far I have gotten the important things I want in life.	1	2	3	4	5	6	7
5	If I could live my life over, I would change almost nothing.	1	2	3	4	5	6	7

Section C

Please rate your level of agreement to the following statements:

C	Questions	Strongly Disagree						Strongly Agree
1	Counterfeits of luxury brands do not hurt our country's economy	1	2	3	4	5	6	7
2	Counterfeits of luxury brands do not hurt the companies that manufacture the legitimate product	1	2	3	4	5	6	7
3	I like buying counterfeits of luxury brands because it is like playing a practical joke on the manufacturer of luxury brands	1	2	3	4	5	6	7
4	I buy counterfeits of luxury brands because counterfeiters are "little guys" who fight big business	1	2	3	4	5	6	7
5	I would buy counterfeits of luxury brands even if I could easily afford to buy the real luxury brands	1	2	3	4	5	6	7

		Strongly Disagree						Strongly Agree
6	Buying counterfeits of luxury brands demonstrates that I am a wise shopper	1	2	3	4	5	6	7
7	I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters	1	2	3	4	5	6	7
8	I buy counterfeits of luxury brands because the prices of designer products are unfair and overpriced	1	2	3	4	5	6	7
9	Counterfeits of luxury brands are just as good as designer products	1	2	3	4	5	6	7
10	People who sell counterfeits of luxury brands are committing a crime	1	2	3	4	5	6	7
11	People who buy counterfeits of luxury brands are committing a crime	1	2	3	4	5	6	7
12	People who manufacture counterfeits of luxury brands are committing a crime	1	2	3	4	5	6	7

Section D

Please rate your level of agreement to the following statements

D	Questions	Strongly Disagree						Strongly Agree
1	A person should obey only those laws that seems reasonable	1	2	3	4	5	6	7
2	It is all right for a person to break the law if he or she doesn't get caught	1	2	3	4	5	6	7
3	Low priced counterfeits of luxury brands generally benefit the lower income consumers	1	2	3	4	5	6	7
4	Without counterfeits of luxury brands many people will not be able to buy certain products	1	2	3	4	5	6	7
5	Even in large shopping malls, counterfeits of luxury brands are available	1	2	3	4	5	6	7
6	Counterfeits of luxury brands are available in my local area	1	2	3	4	5	6	7

7	There is no legal problem in purchasing counterfeits of luxury brands	1	2	3	4	5	6	7
8	Legal enforcement agencies do not bother the selling and buying of counterfeits of luxury brands	1	2	3	4	5	6	7
9	Law enforcement agencies should do everything they can to discourage the trade of counterfeits in general	1	2	3	4	5	6	7

Section E

Please rate your level of agreement to the following statements

E	Questions	Strongly Disagree						Strongly Agree
1	I will consider counterfeits of luxury brands when buying for myself	1	2	3	4	5	6	7
2	I will consider buying counterfeits of luxury brands as gifts for others	1	2	3	4	5	6	7
3	I will buy a counterfeit item of luxury brands in the next 6 months	1	2	3	4	5	6	7

Section F

The following section contains demographic questions that are used to help classify your information. Your responses will not be linked to you in anyway and will remain confidential.

1	**What is your gender?**			
	[1]	Male	[2]	Female

2	**What is your age group?**			
	[1]	19 and below	[2]	20 – 25
	[3]	16 – 35	[4]	36 – 45
	[5]	46 – 55	[6]	56 – 65
	[7]	Over 65		

3	**What is your ethnicity?**			
	[1]	Kinh	[2]	Other _____(Please state)

4	What is your residency status?			
	[1]	Permanent	[2]	Temporary

5	What is your monthly income? (Estimated in VND)			
	[1]	2,000,000 and below	[2]	2,000,001 to 6,000,000
	[3]	6,000,001 to 10,000,000	[4]	10,000,001 – 14,000,000
	[5]	14,000,001 – 18,000,000	[6]	Over 18,000,000

6	What is your education level?			
	[1]	Primary School Education	[2]	Junior Secondary School Education
	[3]	High School Education	[4]	Vocational School Education
	[5]	College or University Education in Vietnam	[6]	Postgraduate Education in Vietnam
	[7]	College or University Education in overseas	[8]	Postgraduate Education in overseas

7	What is your occupation?

Appendix B 1: Scale Items for Material Values

Material Values: Developed for this study (Chapter 5)
Dimension 1: Material Success
MS1: I like to own things that make people think highly of me
MS2: I like to own expensive things than most people because this is a sign of success
MS3: The only way to let everyone know about my high status is to show it
MS4: I feel good when I buy expensive things as people think of me as a success
Dimension 2: Material Happiness
MH1: Material possessions are important because they contribute a lot to my happiness
MH2: When friends have things I cannot afford, it bothers me
MH3: Acquiring valuable things is important for my happiness
MH4: To me, it is important to have expensive items as it makes me happy
Dimension 3: Material Essentiality
ME1: Material growth has an irresistible attraction for me
ME2: Material accumulation helps raise the level of civilization
ME3: Growth in material consumption helps raise the level of civilization
ME4: To buy and possess expensive things is very important to me
Dimension 4: Material Distinctiveness
MD1: I usually buy things that make me look distinctive
MD2: I like to own things that make people think of me as unique and different
MD3: I feel uncomfortable when seeing a random person wearing the same clothes that I am wearing
MD4: I would rather pay more to get a more distinctive item

Appendix B 2: Scale Items for Life Satisfaction

Subjective Well-being (Diener *et al.* 1985)
SWB1: In most ways my life is close to my ideal.
SWB2: The conditions of my life are excellent.
SWB3: I am satisfied with my life.
SWB4: So far I have gotten the important things I want in life.
SWB5: If I could live my life over, I would change almost nothing.

Appendix B 3: Scale Items for Attitudes toward Luxury Counterfeit Brands

Attitudes toward Luxury Counterfeit Brands (Tom *et al.* 1998)
Dimension 1: Refuting
R1: Counterfeits of luxury brands do not hurt our country's economy
R2: Counterfeits of luxury brands do not hurt the companies that manufacture the legitimate product
R3: I like buying counterfeits of luxury brands because it is like playing a practical joke on the manufacturer of luxury brands
R4: I buy counterfeits of luxury brands because counterfeiters are "little guys" who fight big business
R5: I would buy counterfeits of luxury brands even if I could easily afford to buy the real luxury brands
Dimension 2: Price/Quality
PQ1: Buying counterfeits of luxury brands demonstrates that I am a wise shopper
PQ2: I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters
PQ3: I buy counterfeits of luxury brands because the prices of designer products are unfair and overpriced
PQ4: Counterfeits of luxury brands are just as good as designer products
Dimension 3: Legality of counterfeits
LC1: People who sell counterfeits of luxury brands are committing a crime
LC2: People who buy counterfeits of luxury brands are committing a crime
LC3: People who manufacture counterfeits of luxury brands are committing a crime

Appendix B 4: Scale Items for Ethical Disposition

Ethical Disposition
Dimension 1: Respect for Law (Cordell *et al.* 1996)
RL1: A person should obey only those laws that seems reasonable
RL2: It is all right for a person to break the law if he or she doesn't get caught
Dimension 2: Moral Justification (Gump *et al.* 2000; Sykes and Matza, 1957)
MJ1: Low priced counterfeits of luxury brands generally benefit the lower income consumers
MJ2: Without counterfeits of luxury brands many people will not be able to buy certain products
MJ3: Even in large shopping malls, counterfeits of luxury brands are available
Dimension 3: Absence of Law (Chaudhry and Stumpf, 2011, Lee and Workman, 2011; Phau and Teah, 2009)
AL1: Counterfeits of luxury brands are available in my local area
AL2: There is no legal problem in purchasing counterfeits of luxury brands
AL3: Legal enforcement agencies do not bother the selling and buying of counterfeits of luxury brands
AL4: Law enforcement agencies should do everything they can to discourage the trade of counterfeits in general

Appendix B 5: Scale Items for Willingness to buy Luxury Counterfeit Brands

Willingness to buy Luxury Counterfeit Brands (de Matos *et al.*, 2007)
WTB1: I will consider counterfeits of luxury brands when buying for myself
WTB2: I will consider buying counterfeits of luxury brands as gifts for others
WTB3: I will buy a counterfeit item of luxury brands in the next 6 months