

# **Predictors and Purchase Intentions of Counterfeits of Luxury Branded Products**

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### **ABSTRACT**

This paper extends two related studies in counterfeiting by Tom et al. (1998) on consumer attitudes toward, and purchase history of counterfeit goods and Cordell et al. (1996) on investigating the extrinsic cues brand, price and retailer influencing consumption of counterfeits. The three main research questions are (a) to determine consumer's attitudes towards purchasing counterfeit products and whether these attitudes correlate with and predict past counterfeit consumption/non-consumption (b) to determine whether brand, price and retailer are determinants for consumers purchasing counterfeit products and (c) to identify the extent to which population segments consumed counterfeit products. Data collected from a mall intercept were analysed using various multivariate statistical techniques. The analysis has produced several important implications for manufacturers and policy makers for consideration.

### **BACKGROUND**

Counterfeiting has been defined as the deliberate attempt to deceive consumers by copying and marketing goods bearing well known trademarks, generally emulating the style, packaging and designs to resemble the more expensive elite brands but are offered at a lower price and are in fact inferior copies (McCluskey, 2001; Eisend and Schuchert-Guler, 2006; Kotler and Keller, 2007; Veloutsou and Bian, 2008). Counterfeits are often sold at a portion of the price of the original brand, for example: Gucci purse \$1500 vs. counterfeit Gucci purse for \$125 (Geiger-Oneto, 2007). This big gap in price difference has been suggested to entice many consumers who are unwilling or unable to pay the high price of original brand to purchase a counterfeit (Phau et al., 2009).

The advancement of technology has allowed counterfeiters to make better copies of both the actual product and the packaging, and they are becoming increasingly proficient at doing so (Haie-Fayle and Hubner, 2007). This has made it even more difficult and harder to detect and differentiate between the counterfeit and the genuine product (Trott and Hoecht, 2007). Counterfeit products are sometimes mixed with the genuine products which made it even more difficult to detect and easier for the counterfeiter to slip the counterfeit product into the ordinary channels used by legitimate commerce. Reflecting on this current phenomenon, the

research questions in this study were derived from two previous researches by Tom et al. (1998) on consumer attitudes toward, and purchase history of counterfeit goods and a research by Cordell et al. (1996) on investigating the extrinsic cues brand, price and retailer influencing consumption of counterfeits.

1. To determine consumer's attitudes towards purchasing counterfeit products and whether these attitudes correlate with and predict past counterfeit consumption/non-consumption.
2. To determine whether brand, price and retailer are determinants for consumers purchasing counterfeit products.
3. To identify the extent to which population segments consumed counterfeit products.

## **RELEVANT LITERATURE**

### **Defining Counterfeiting**

According to Eisend and Schuchert-Guler (2006), deceptive counterfeiting is when the consumer is "conned" into believing that a genuine product from the legitimate manufacturer is purchased. On the other hand, non-deceptive counterfeiting is when the consumer is conscious that the product is not an original but a counterfeit (Staake et al., 2009).

Consumer are motivated to buy counterfeit products when performance risks are low (Bamossy and Scammon, 1985). A consumer will knowingly buy counterfeit watches but would not buy counterfeit products that pose high risks, such as auto parts or medicine. Studies have also outlined that a consumer chooses to purchase a counterfeit product because they are value conscious. Wang et al. (2005) suggested that value consciousness has a positive influence on attitude towards purchasing of counterfeit product. Value consciousness is defined as the “concern for paying lower prices, subject to some quality constraints” (Lichtenstein et al., 1990, p 56). The concept of value consciousness is related to the pleasure that the consumer obtains from acquiring a product which satisfies an inherent need of the consumer (Lichtenstein et al., 1990; Ang et al., 2001; Phau and Teah, 2009). Value conscious consumers take great pride in their purchases when they have managed to purchase a product on a bargain or at a much lower price, this makes them feel like a smart shopper. They are also motivated by the desire to maximize the ratio of quality received to price paid and possess a desire to pay low price (Albers – Miller, 1999; Wilcox et al., 2009).

Consumers who knowingly buy counterfeit products do so because they want to own certain products in which the ownership of that particular product will enhance a certain social status, but are unable or unwilling to pay the price for the genuine product (Wilke and Zaichkowsky, 1999; Phau et al., 2001; Geiger-Oneto, 2007). Consumers who purchased counterfeit of original brand believe that they could gain the prestige and status associated with the original brand.

Additionally, consumers are attracted to purchase counterfeit products because the counterfeit is perceived to perform the same function as the genuine (Phau and Teah, 2009). For example, counterfeit business software or a music CD will still perform the same functions as the original, albeit at a much lower price. Hyeon et al. (2005) further added that highly educated consumers are more willing to purchase counterfeit functional goods (e.g. pirated CD, software) but are unwilling to purchase counterfeit of fashion-related goods.

Many consumers purchase counterfeit products simply because they are unable to distinguish between the counterfeit and the genuine product. The quality of counterfeits has improved over the years (Phau and Teah, 2009), and it is becoming increasingly difficult for consumers to identify counterfeits (Prendergast et al., 2002; Gentry et al. 2006). If a consumer has been led to believe that they have purchased a genuine when it is in fact a counterfeit, has been

misled by deceptive counterfeits (Grossman and Shapiro, 1988; Eisend and Schuchert-Guler, 2006). The degree of deceptiveness is further dependent on the consumer's awareness, knowledge, and experience (Eisend and Schuchert-Guler, 2006).

## **The Influence of Extrinsic Cues**

### **Brand**

The act of branding dated back to the 1800's in the United States when cowboys would brand their cattle by permanently burning a special symbol onto the cattle. Therefore a brand can be defined as a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers which includes tangible or intrinsic qualities such as its physical appearance, performance data, package and the guarantees or warranties that are attached to it (Aaker and Biel, 1993; Pride and Ferrel, 1993 ).

A brand has to be distinct and memorable in order for the brand to attract and be retain in the consumer's mindset. Brands is a crucial part of the product's tangible features, the verbal and physical cues that help customers identify the products they want, influence their choices when they are unsure and help them to recognize the company's products and advertising. Without a brand, consumers would not be able to make and differentiate their choices because companies could not differentiate their products.

Nowadays, companies utilize brands to distinguish themselves from their competitor. When product characteristics are unable to be judged, a brand would assist the consumer in evaluating the quality of the product because brand helps to reduce the buyer's perceived risk of purchase. That is, brand would add value to the product in the consumer's mindset and would help signal a certain trait or quality level of the product to the consumer (Belk, 1988; Corneo and Jeanne, 1997). The added value in the brand can be referred to as brand equity (Commuri, 2009). A research by Margaret and Ronald (2001) suggested that when consumers perceive the risk of purchasing a new product to be high, they are more likely to choose a well-known brand rather than a new or unknown brand.

Certain companies conveniently present consumer with what is called an elite brand. Geiger-Oneto (2007) defined elite brand as a brand that possess higher quality levels, taste and aspiration than any other brand in the product category. Those elite brands command a

premium price in comparison to other brands that exist in the market to elevate the brand into a more exclusive and prestigious category (Commuri, 2009). When an elite brand becomes more widely sought after or widely known, the brand manufacturer will usually be faced with counterfeiting issues. It has been suggested that only the well-known brands are counterfeited (Eisend and Schuchert-Guler, 2006). Counterfeiters will copy certain characteristics (which include product quality, performance, reliability, and origin) and will emulate the product to look closely similar to the original elite brand (Swami et al., 2009; Commuri, 2009). As such, it makes the consumer confused and makes it hard for consumers to differentiate between the original and counterfeit, thus affecting consumer's evaluations and purchase decisions towards the original brand (Cordell et al., 1996; Bian and Moutinho, 2009).

Several research have shown that most teenagers purchase branded products because they want to make themselves look and feel good, to be seen to be glamorous, and to follow certain trend or fads, or would want to keep to keep up with current fashion and "following" friends (Aaker, 1997; Freling and Forbes, 2005; Bian and Moutinho, 2009). In addition, if the fashionableness of the branded product fades or if not in trend anymore, the allure of the counterfeit will also fade (Bian and Moutinho, 2009). The value of these elite brands is in the exclusivity and prestigious status it signals. Consumers who wish to be exclusive will adopt these branded products to further more favourable interpersonal comparisons, and followers will aspire to feel a sense of belonging to their reference groups will also purchase these elite brands (Commuri, 2009). Cordell et al. (1996) stated that branding conditions influence consumer's willingness to purchase low risk products. Therefore, it shows that brand has a significant role in consumer purchasing power.

Consumers become distrustful of a particular brand when they are confronted with widespread counterfeiting because of the fear of purchasing counterfeited products at the price of the genuine. This has more effect on psychological aspect than substantive aspect which leaves consumers with fewer choices. In the long run, business would lose their competitiveness and consumer quality of life will suffer due to negative experience in purchasing a counterfeit product (Staake et al., 2009).

## **Price**

Monroe (1990) defined price as the “amount of money we must sacrifice to acquire something we desire”. The ability to pay is a function of the particular consumer’s economic circumstances (e.g. disposable income) and can be viewed as a constraining factor on the type and amount of purchases a particular consumer can make over a particular period. Therefore, the ability to pay reflects the “budget constraint” often mentioned in conventional microeconomic theory. Cordell et al. (1996) stated that price conditions influence consumer’s willingness to purchase low investment risk product.

A potential buyer must not only be able to pay the price, but he/she must also be willing to pay for the price of the product. Willingness to pay is a complex function of a particular buyer’s perceived evaluation of the product/service involved, the actual price, competitive offerings, and his/her reference price. For example, a customer is willing to pay a higher price for a genuine product such as a branded “Louis Vuitton” handbag, when he/she perceives that the product has a good quality or performance and that good customer service would be provided.

Several studies have studied the impact that extrinsic cues have on consumers’ perceptions of quality. Extrinsic cues such as price and brand name are two most commonly studied (Dodds and Monroe, 1985; Dodds et al, 1991; Erickson and Johansson, 1985; Jacoby, Olson and Haddock, 1971; Lichtenstein, Block and Black, 1988; Ridgway and Netemeyer, 1993; Monroe and Chapman, 1987; Monroe and Krishnan, 1985; Rao and Monroe, 1989; Stokes, 1985; Teas and Agarwal, 2000). There are two different ways in which price can act on consumers. It can quality or it can signal the amount of monetary sacrifice involved in purchasing a product (Doods et al., 1991; Erickson and Johansson, 1985; Monroe and Krishnan, 1988; Kelley, 1958; Ridgway and Netemeyer, 1993; Schmidt and Spreng, 1996; Teas and Agarwal, 2000; Wood and Scheer, 1996; Zeithaml, 1988). On the other hand, low price are frequently associated with lower quality of the product (Olson, 1977).

As the price of the counterfeit products are usually cheaper in contrast with the genuine products, in this case, this study examines the extent to which a buyer will decide to incur the sacrifice implied by the price depending upon how the individual will judge what will be benefits as a result of the purchase. Furthermore, it has been found that the low price of counterfeits allows consumers to change the “branded” product more frequently, thereby relieving the consumer of physiological burden, thus enhancing the intention to purchase a

counterfeit (Bian and Moutinho, 2009). Due to the excessive price on genuine software, consumers are motivated to purchase counterfeit software because the performance between the genuine and counterfeit software is the same (Lau, 2006; Phau and Ng, 2009). As well as the cost benefit that the consumer receives in counterfeiting a DVD or CD, it increases the intention to purchase counterfeit DVD or CD (Wang et al, 2005). This is the essence of the notion of value, which can be defined as the trade-off between the bundle of benefits to be received (as reflected in the product) and what has to be given up (as reflected in the price).

Yoo and Lee (2005) explained that consumers usually prefer genuine products rather than counterfeit products regardless of their product experience, but once the price information of the product is provided after consumers experienced the counterfeit product, their motivation towards purchasing counterfeit product increases.

### **Retailer**

Retailers are directly involved with final consumers. It has been stated that the easy access and availability to counterfeits product have a positive impact on the consumer's purchase intention towards counterfeit products (Penz and Stottinger, 2005; Lau, 2006; Wilcox et al., 2009). Hyeon et al (2005) investigated the influences of personality, social and demographic variable on attitude and intention to purchase counterfeit products and they found that consumer who purchased counterfeit products do so because they trusted the stores that sell them. In almost every case, counterfeit products are inferior which frequently means that it will breakdown or malfunction in a shorter period of time. When a consumer experienced a faulty with their product and have not realized that they had purchased a counterfeit product, they will send the product back to the retailer for a replacement. In the interest of the customer service, the retailer may replace the part of the product or refund to the consumer. The retailer would not publicly state that they received a counterfeit product as they fear that this will jeopardise their reputation, because as found in Bamossy and Scammon's (1985) study that seven times as many consumers complained to the retailer than to the manufacturer when they found out that they have bought a counterfeit product.

### **HYPOTHESES**



Based on the previous research by Wee et al (1995), it is suggested that individuals buying counterfeits have the tastes of a snob with low price acceptability. Thus, price is a salient attribute for individuals choosing a counterfeit product. In this research, we are investigating the likelihood of consumers to purchase a commonly counterfeited, authentic brand “Billabong” T-shirt and a “Pentax” 35-mm autofocus camera compared to unknown counterfeit brands “Billibang” T-shirt and a “Pentack” 35-mm autofocus camera in both flea/street market and a shopping mall/prestige store comprising of different prices in both sets of questionnaires, as explored in past research by Cordell et al (1996). Therefore, of particular interest is to whether the preliminary discoveries by Cordell et al. (1996) regarding the status of brand, price and retailer as influential cues for purchasing counterfeits will also be conveyed by the data from this study or not, given the fact that a sample from a different country is being used.

Solomon and O’Brien (1991) found that the consumer’s age, educational background and family economic background are significantly correlated with their attitude towards software piracy. Furthermore, students and younger age groups are believed to be heavy buyers of counterfeit products (Kwong et al., 2003; Cheung and Prendergast, 2006; Swami et al., 2009). In this research, we are finding out whether demographic variables predict consumption of counterfeits, especially the overseas students and the people in Australia who travel overseas to purchase counterfeit products.

Due to the prevalence of counterfeit products globally, committing a crime to buy a counterfeit product might depend on the availability and price of the genuine product (Chang, 1998; Penz and Stottinger, 2005). For example, if the price of the genuine product is too high or if the genuine product is not available in the local market, then consumers may feel it is acceptable to purchase counterfeit products or vice versa. In this research, we are exploring whether consumers who purchase counterfeit product think that they are committing a crime and whether attitudes are commensurate with past consumption/non-consumption of counterfeit goods.

## **METHODOLOGY**

### **Sampling**

The target population of this study are respondents from aged 17 and above to ensure that the sample is representative of the student population as well as people in Australia. Data was collected using a convenience sampling method in a large Australian University and around the student housing areas. This method will be able to capture a representative sample of the student population and also local Australian students who are studying part-time in University and working full-time. As a result of the sampling environment and through a face-to-face approach, the respondents were co-operative. As such, a low response rate was recorded.

It is primarily an exploratory study looking at numerous factors, thus a combination of experimental and correlational design was used. The sample consisted of 205 respondents which constitute overseas students and people in Australia who travel overseas. The international students sample was considered because of the large number of Asian students studying in Australia. Many of these students return to their home countries for holiday and those countries are also where counterfeits are produced. It is believed that they are more exposed and are potentially heavy buyers of counterfeit products. In addition, in the sample of Australians who travel overseas sample was also considered because these consumers may have purchased some counterfeit products overseas. The sample size is large enough to provide relatively precise estimates of the population values.

### **Data Collection**

The primary means of the data collection was done using self-administered questionnaires whereby the respondent read the questions and record the answers without the assistance of an interviewer. The questionnaire contained open-ended questions and multiple response questions, thereby giving the respondents a number of options to choose from. After the questionnaire had been completed, the researcher followed up by asking additional questions necessary to clarify or elucidate the reasons for the interviewer's particular choice/ratings at each stage of the questionnaire. The whole process typically took 20 minutes.

### **Questionnaire Design**

There are two sets of questionnaires. The subjects in both sets of questionnaires were told that the branded products sold in flea/street market and shopping mall/prestige store are counterfeits although they look genuine and have been using the brand names and logos without the permission of the companies. There are two selected products which are used in

both set of questionnaires, a T-shirt (a well-known brand and unfamiliar brand). These two products are chosen because they are commonly purchased items whilst overseas, they are used by both genders, and they are clearly differentiated by investment-at-risk. This study primarily replicates Cordell et al.'s (1996) study.

The first page of the questionnaire had a short paragraph explaining the nature of the survey and assurance of respondent confidentiality. The survey form consists of a combination of open-ended questions, numerical scaling, Likert scale and fixed alternative questions. The final questions asked were that of demographic which included gender, age, marital status, occupation, nationality and yearly household income.

The first three questions would determine whether the respondent has travelled overseas and purchased a counterfeit product whilst overseas. If they do, the respondents will then proceed to the rest of the questions which include the countries that they purchased counterfeit products in and the likelihood of purchasing counterfeit product in both flea market and shopping mall comprising 7-point Likert scale (highly likely-highly unlikely). Ratings on the consumer attitude statements toward counterfeiting comprising 5-point Likert scale (strongly agree-strongly disagree) were extracted from Tom, et al's (1998) "attitudes towards counterfeit" scale. The "attitudes towards counterfeit" scale contains thirteen items that attempt to tap consumer attitudes believed to be integral influences upon the decision-making process when the opportunity for purchasing a counterfeit good over the original arises. The items focus upon issues such as the legality of purchasing, selling and manufacturing counterfeits, the microeconomic and macroeconomic impact of counterfeits and the psychological impact of purchasing counterfeit upon the consumer. Finally, demographic and sociocultural variables (sex, age, marital status, occupation, household income and nationality) are requested from respondents.

## **RESULTS AND ANALYSIS**

### **Sample**

The sample respondents consists of 53.7% females and 57% are between 17-22 years of age followed by 25.9% between 23-28 years of age, while the rest of the respondents are above

29 years old. 85% of the respondents are single. 76% are in the workforce and the rest are students. Of the 205 respondents, 12 stated that they had never travelled overseas and were thus excluded from further analysis. Of the 193 valid cases, 31% (n=60) attested never having knowingly purchased a counterfeit in the past and 69% (n=133) admitted that they had.

Of the 104 females sampled in the study, 65% had purchased a counterfeit product in the past. The ratio of female purchasers to non-purchasers was smaller than that of males, of which 73% had purchased a counterfeit. However, following a chi-square test this observed difference across gender was not found to be significant ( $X^2 = 1.31$ ;  $df = 1$ ;  $p < 0.25$ ). 29.3% (n=55) of respondents fell within the “0-\$10,000” income bracket, with 64% claiming they had purchased a counterfeit. The next most inclusive income bracket, “\$25,001-\$40,000”, contained 17% (n=34) of all respondents, of which 68% had purchased a counterfeit. In the highest income bracket, “\$40,000 and above”, which represented 26.4% (n=54) of the sample. The largest ratio of past counterfeit purchasers to non-purchasers was observed, with 81% and 19% respectively. This difference across income brackets regarding the rate of past counterfeit purchasers within each segment was significant ( $X^2 = 3.76$ ;  $df = 6$ ;  $p < 0.709$ ). The age group for 17-22 year olds formed 56% (n=109) of the total sample, with 67% having knowingly purchased a counterfeit. For the age group 23-28 year olds, 72% had purchased a counterfeit, and for those over 40 years of age, the rate of past purchasers was the same as that for 17-22 year olds, at 67%. However, no significant association was found between the age of respondents and their past purchase of counterfeits ( $X^2 = 0.89$ ;  $df = 3$ ;  $p < 0.827$ ). Table 1 depicts these statistics

[ Insert table 1 here ]

### **Psychographic Profile of Purchasers**

Respondents who had reported that they had travelled overseas more than three times were the most likely to have purchased a counterfeit good in the past, with 75% of them having done so. Respondents who had travelled overseas once and 2-3 times per year had past counterfeit purchase rate of 66% and 74% respectively. However, as was the case with most of the relationship involving demographic variables in this study, the association between rate of overseas travel and counterfeit purchasing/non-purchasing was found to be significant ( $X^2$

= 1.19;  $df = 2$ ;  $p < 0.551$ ). Based on the 133 respondents who had completed the survey (who knowingly purchased a counterfeit product and they have chosen more than one product in the survey) they had purchased T-shirt/clothing (62.4%), followed by DVDs/CDs/VCDs and other games or business/education softwares (53.3%). Both wallet/handbags and watches were also among one of the common counterfeit products that respondents have purchased. Famous international brand names that respondents were most likely to purchase even though they were counterfeit include Louis Vuitton, Nike, Rolex and Calvin Klein. Further, the country that these respondents have purchased from were Malaysia (53.4%), Thailand (52.6%), Indonesia (45.1%) and Singapore (38.3%).

### **Attitude toward Counterfeiting**

The Attitude toward Counterfeiting scale was factor analysed using the principal axis factoring approach as only the common variance among the scale items was of interest and was rotated via the varimax routine to ensure that the maximum number of items loaded on the least number of factors. Four uncorrelated factors emerged: namely, *Crime*, related to the extent of buying, selling and manufacturing counterfeit goods was considered a criminal activity; *Consumer Power*, gauged whether purchasing of counterfeit goods benefited all consumers through encouraging efficient manufacturing processes, lower prices and greater concern for the needs of consumers; *Ego*, measured whether respondents believed that purchasing counterfeit products demonstrated their sense of being a “wise shopper” and *Economy*, which dealt with the macro and micro-economic impact that counterfeiting was perceived as having upon the economy. The four factors together accounted for 45% of the common variance among all items. In terms of factor reliability, all factors were enhanced with coefficient alpha levels above 0.7. Although the factor of economy only accounted an alpha coefficient of 0.4, the decision was made to retain it as both items contributing to the factor clearly tapped the economic impact of counterfeiting.

The four factors were regressed against the dichotomous dependent variable, “Have you ever knowingly purchased a counterfeit product in the past?” to determine their status as aspects common to individuals who purchase counterfeit goods. Since the dependent variable was dichotomous, the binary logistic regression procedure was implemented. Only two factors namely *Crime* and *Ego* were found to be significant predictors of whether someone has purchased a counterfeit product. The factor *Ego* was negatively related to the dependent variable which means that for every 1 unit increase on this factor, the purchasing counterfeits was less likely to exemplify the image of a “smart shopper”, the probability of an individual

having purchased a counterfeit in the past decreased slightly by a multiple of 0.85 ( $B = -.157$ ;  $p < .002$ ;  $Exp(B) = 0.855$ ). Crime which was the other significant factor in the regression equation had influenced the dependent variable in the manner hypothesised. However the association was relatively weak. It was found that the more one disagreed with counterfeiting being a crime (every one unit increase on the factor scale), the odds of having purchased a counterfeit in the past increased by a multiple of 1.1 ( $B = .129$ ;  $p < .032$ ;  $Exp(B) = 1.138$ ).

Overall, this model have been successful in predicting those respondents who had purchased counterfeits in the past based upon their *Crime* and *Ego* factors score which was very high at 94% correctly classified. On the other hand, this model was not as successful in predicting those who had not purchased counterfeits, producing an expected frequency of just 13 respondents when the observed number of non-purchasing respondents in the sample size was 60; a 27% hit rate.

Table 2 depicts the mean response of those who had acknowledged willingly purchasing a counterfeit product and those who had not for each of the thirteen items, replicating an approach administered in Tom et al (1998) study. The means were compared to determine whether there was any discrepancy between the two groups. Eight items recorded no significant between the two groups. This is in contrast with Tom et al.'s (1998) findings, who reported that only one of the thirteen items, specifically regarding whether counterfeit goods hurt the legitimate manufacturers.

**Insert table 2 here**

### **The Influence of Extrinsic Cues**

In order to determine whether consumer willingness to purchase a low-risk product, a surf brand T-shirt and a high-risk product, and an auto-focus 35mm camera varied across different levels of the factors brand, price and retailer; the data was analysed via the general linear model repeated measures statistical model. The two variations of questionnaire with eight different combinations of brand, price and retailer factor levels, giving a total of 16 conditions, were each administered to 200 subjects in total. Since subjects were considered as randomly selected from a pool of equally suitable subjects and thus exerted a random effect upon the dependent variable, this should not compromise the accuracy of the statistical analysis.

On examining the two different levels of Brand exclusively, one with the authentic surf-wear brand name “Billabong” and the other a similar sounding derivative “Billabang” produced results echoing the findings by Cordell et al (1996). The non-authentic brand name “Billibang” significantly affected respondents’ willingness to purchase the counterfeit T-shirt ( $p < 0.0002$ ). Respondents expressed that they were much less likely to purchase the “Billibang” branded T-shirt (Mean = 5.64) than the “Billabong” branded counterfeit (Mean = 3.89). The *Brand* factor produced an eta squared ( $\eta^2$ ) value of 0.493, meaning that 49% of the variability in willingness to purchase ratings for the counterfeit T-shirt emanated from this factor.

When risk is considered, the results are in contrast to Cordell et al.’s (1996) findings. The factor *Brand* exerted a slight, yet significant ( $p < 0.0006$ ) influence upon ratings regarding willingness to purchase the higher investment-at-risk 35mm camera, explaining 19% of variability in ratings for this item ( $\eta^2 = 0.188$ ). Ignoring the effects of *Price* and *Retailer*, respondents conveyed that they were less likely to purchase the non-authentically-branded “Pentack” counterfeit camera (Mean = 5.69) than the authentically-branded “Pentax” counterfeit (Mean = 4.96).

There is one other observed source of significant influence upon willingness to purchase ratings for either item was from an interaction between *Retailer* and *Price* for purchasing the camera ( $p < 0.01$ ) with respondents considered that they would be less likely to purchase the camera from the flea/street market at the higher price of \$96 (Mean = 5.51). However, the *Retailer\*Price* interaction was accountable for just 7% of variation in rating ( $\eta^2 = 0.065$ ), suggesting a rather negligible influence.

## **CONCLUDING COMMENTS**

The research analysis has produced several important findings that can be passed as recommendation to the consumer, government and manufacturer to take note. Those recommendations are as follows:

Consumers regard counterfeiting as a crime, therefore it is significant for the respective governments to impose laws against counterfeiting. They should carry out heavy advertising campaign about the illegality of counterfeiting, purchasing counterfeit product and other activities to prevent counterfeiters producing counterfeit product and to prevent consumer purchasing counterfeit product. It is also necessary for government to impose penalty for consumers who are involved in or purchase counterfeit product. The first place to start is in legislation by building and improving on already exist global initiatives which include WTO's TRIPS agreement that obligates government to impose intellectual property rights and exact penalties.

Manufacturers of genuine product should educate their consumer on how to differentiate between their genuine and counterfeit product. They should also educate the consumers about the harm of these counterfeits and these should include health risks and other indirect costs to society in the long run. Manufacturer of genuine products must improve their risk management particularly in the foreign market entry and in their collaborative strategy. Manufacturer must take a long-term view and to protect their technology-based competitive advantage. Manufacturers must also make frequent but irregular test purchases, especially for products that are common in the "flea" market.

Companies must positively identify copyright and trademark partner and to offer sufficient attractive offer for these business partners to keep them. In order to discourage counterfeiters, manufacturer must apply markers which include holograms stickers, revealing inks, radiofrequency chips and others on their product packaging. Product warranties, guarantees and any sort of after-sales services should be provided by manufacturer to the consumer in order to discourage consumer to purchase counterfeit product as well as to make consumer aware and able to distinguish the original product from the counterfeit product.

There are a few limitations within this study which made some of the findings slightly biased. Those limitations include financial resources and personal/moral issues where the fact of the question related to counterfeit purchasing can be considered quite sensitive and may induce inaccurate responding by subjects in an attempt to reduce cognitive dissonance between what they have actually done in the past and what they believe society instils as being morally correct. Another limitation is this research is that it did not investigate the construct of materialism dimension. Some consumer may place a greater importance on material



possession, and as a result materialism has been considered as a way of life that influences how individuals make decisions (Furnham and Valgeirsson, 2007) thus it is crucial to include materialism dimension as it will predict and explain counterfeit purchase because both involve acquisition and possession of products. Furthermore, only students and young adults are examined in this study. Future studies can investigate international travellers and older consumers such as businessmen. It has been suggested that businessmen are more ethical than young consumers (Marcketti and Shelley, 2009), however with their exposure to counterfeit products globally, it would be interesting to examine if it can be applied to the context of the purchase of counterfeits.

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**Table 1: Profile of Sample**

	<b>TOTAL COUNT (205)</b>	<b>PERCENTAGE</b>
<b><i>GENDER</i></b>		
Female	110	53.70%
Male	95	46.30%
<b><i>AGE</i></b>		
17-22	117	57.10%
23-28	53	25.90%
29-34	35	17%
<b><i>MARITAL STATUS</i></b>		
Single	173	84.40%
Married	21	10.20%
Divorced	5	2.40%
De Facto	6	3.00%
<b><i>YEARLY HOUSEHOLD INCOME</i></b>		
\$0-\$10,000	79	29.30%
\$10,001-\$25,000	38	27.70%
\$25,001-\$40,000	34	16.60%
\$40,001 and above	54	26.4%

**Table 1: T-test of Attitude toward Counterfeiting by  
Purchase of Counterfeit or Legitimate Products.**

	<b>Attitude toward Counterfeiting Items</b>		<b>Group Means</b>	<b>Group Means</b>
		<b>t<sup>b</sup></b>	<b>Counterfeit</b>	<b>Legitimate</b>
<b>Factor 1: Crime (<math>\alpha = 0.82</math>)</b>	People who buy counterfeit products are committing a crime.	-1.61	3.77	3.48
	People who sell counterfeit products are committing a crime.	-2.436*	2.81	2.38
	People who manufacture counterfeit products are committing a crime.	-2.656**	2.61	2.17
<b>Factor 2: Ego (<math>\alpha = 0.78</math>)</b>	I like counterfeit goods because they demonstrate initiative and ingenuity on the part of the counterfeiters.	0.92	3.59	3.75
	I buy counterfeit products because counterfeiters are little guys who fight big business.	0.448	3.69	3.77
	Buying counterfeit products is a way to get back at uncaring and unfair "big business".	1.612	3.13	3.42
	I like buying counterfeit products because it's like playing a practical joke on the manufacturer of the non-counterfeit product.	1.037	3.8	3.97
<b>Factor 3: Ego (<math>\alpha = 0.75</math>)</b>	Buying counterfeit products demonstrate that I am a wise shopper. - i	2.25*	2.98	3.35
	I buy counterfeit products because the prices of designer products are unfair and gouge. - k	3.775**	2.04	2.8
	Counterfeit products are just as good as designer products. - l	0.639	3.23	3.33
	I would buy counterfeit products even if I could easily afford to buy non-counterfeit products. - m	2.847**	3.11	3.7
<b>Factor 4: Economy (<math>\alpha = 0.52</math>)</b>	Counterfeit products do not hurt the U.S/Australia economy. - a	0.771	3.41	3.55
	Counterfeit products hurt the companies that manufacture the legitimate product. - b	0.864	3.86	4.02

Scale: 1 = strongly agree and 5 = strongly disagree.

\* $p < .05$

\*\* $p < .01$