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# An Inquiry into the Antecedents of Consumer Purchase of Non-Deceptive Counterfeit Goods: Theory, Practice and Problems

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AN INQUIRY INTO THE ANTECEDENTS OF CONSUMER PURCHASE OF NON-

DECEPTIVE COUNTERFEIT GOODS:  THEORY, PRACTICE AND PROBLEMS


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**DEDICATION**


To my husband, Stephen Mazik, who provided me encouragement. This dissertation which represents the ending of my journey as a doctoral student is dedicated to the memory of my grandfather, Harry T. Becker, a man who lived his life in a manner that I aspire to emulate and to Megan Kays, a former student (and friend) who taught me so much during her short time in this world. In one of my last conversations with her she was filled with encouragement and told me to "rock" this dissertation. Meg, this is for you!

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## ABSTRACT

With counterfeit good consumption growing at alarming rates each year, this topic is increasingly demanding attention of marketing academics.  This dissertation examines two sets of factors that influence consumer attitude toward counterfeits:  sociocultural influences and psychological influences.  Based on a review of the literature, two constructs, namely information susceptibility and normative susceptibility are combined to form a group of sociocultural influences expected to influence consumer attitude toward counterfeits.  In addition, five constructs are combined to represent psychological influences, namely value consciousness, self-identity, integrity, materialism and perceived risk.

Data was collected through a web-based survey and features a cross-sectional design.  Utilizing a sample of 228 respondents, confirmatory factor analysis coupled with structural equation modeling was employed to analyze hypothesized relationships. Results suggest the most significant influence on consumer attitude toward counterfeits is integrity; the more integrity held by a consumer, the less favorable their attitude toward counterfeits.  In addition, materialism and normative susceptibility were also found to be positively related to consumer attitude toward counterfeits.  Consumer attitude toward counterfeits was also shown to have positive significance as a mediating variable between

the antecedents and purchase intention.  The results of this dissertation suggest that

consumers, and their reference groups justify purchasing counterfeit items due to what

they believe to be unfair business practices such as charging too much. This research will

assist scholars, marketers, and government agencies to understand the implications of

counterfeit good consumption and contribute to the development of effective strategies to

counter the purchase of non-deceptive counterfeit goods.

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**CHAPTER I**

**INTRODUCTION**

Counterfeiting of goods is largely regarded as *THE* crime of the 21$^{st}$ century

global business world.  It is no longer a matter of if, but when a brand will be copied.

The issue of counterfeit good production and subsequent trade is not a new problem.

While the world seemed to take notice in the 1970's, some of the earliest reported

counterfeiting took place well over 2000 years ago when counterfeiters replicated and

placed unique brand marks on wine stoppers in France (Phillips, 2005).  Counterfeiting

has grown steadily over the years.  The invention of the Internet has only further widened

the distribution network for counterfeit goods, intensifying the problem and bringing

counterfeit trade to new levels.  From the wine stoppers of old to medicine, and from the

very food on our tables to the newest technological inventions in the marketplace, it

appears that nearly everything, if not everything, can be, is, or will be counterfeited.

As counterfeiting is an ever-growing global problem, there are many potential

implications for marketing including the devaluation luxury good brands, brand

confusion, loss of brand equity, lost sales, and negative brand image perception (Barnett,

2005; Gentry, Putrevu, & Shultz 2006; Green & Smith, 2002; Nia & Zaichkowsky, 2000;

Penz & Stöttinger, 2005; Wilke & Zaichkowsky, 1999).  Given that strong brand equity is a goal that marketers desire with costly implications, it only makes sense that stealing equity from an established brand presents an attractive alternative for counterfeiters (Gentry, Putrevu, Shultz & Commuri, 2001).  Harvey and Ronkainen (1985, p.37) summarized this notion by suggesting that counterfeiting is "marketing success without the cost and the risk."

While astounding in nature, the aforementioned marketing implications likely only skim the surface of the problem.  Not all marketing consequences of counterfeiting are clear, due to the illegal nature of the counterfeiting process and subsequent measurement difficulties.  Due to this, counterfeiting activities and negative implications are extensive and largely underestimated.  As such, the implications discussed are likely only a sample of possible consequences and represent those discussed in the literature.

Counterfeiting is a very profitable business.  In 2012, the Department of Homeland Security seized counterfeit goods valued $1.26 billion MSRP at domestic borders (IACC, 2013).  This is up from $1.11 billion MSRP in 2011. In terms of MSRP value, the top categories of items that were seized were (1) handbags/wallets, (2) watches/jewelry and (3) apparel/accessories.  While difficult to document due to the illicit nature of counterfeiting activities, the International Chamber of Commerce estimates that counterfeit trade accounts for "between 5-7% of world trade, worth an estimated $600 billion a year," (International Chamber of Commerce, 2006).

As long as there is a demand for such products, there will continue to be a supply.  Though many organizations have been established to counter the counterfeiters and various law enforcement agencies attempt to deal with the problem, counterfeit

consumption continues to soar to new limits. The Economist (2010) reported that counterfeiting activities have actually grown 1700% over the past ten years.

A recent study by Frontier Economics examined the global economic and social impacts of counterfeiting and piracy. Their findings project global trade values of counterfeit and pirated goods will increase to $1.77 trillion by 2015 (ICC, 2006). While this is an astounding figure, the estimate needs to be viewed with caution. Much like the other negative implications of counterfeiting, it is likely that the market for counterfeit goods is grossly underestimated. Assumptions are thus often made in an attempt to offset the lack of statistical data (United States Government Accountability Office, 2010).

To gain further awareness of the growing implications of counterfeit trade, one needs to look no further than current global news headlines. Stories of seizures of counterfeit food, pharmaceuticals, clothing, accessories, toys, mechanical parts, and other items are astonishingly present on a near-daily basis. Surprisingly one industry that has recently seen the implications of counterfeit trade is the food industry.

Counterfeit foods create public health and safety risks. In 2012, news headlines reported seizures of fake vodka and ketchup. McCluskey (2012) offers that easily "faked" foods include: baby formula, whiskey, vodka, and tea. Consumers trust that foods purchased from grocers that they know and depend on are legitimate and purchase accordingly. The trend toward producing and consuming counterfeit foods is particularly scary and one that will need to be researched in greater detail.

Another industry in which counterfeiters have taken great interest is the pharmaceutical market. Pharmaceuticals are a rapidly growing industry in the United States and as such, represent an attractive target for the illicit activities of counterfeiters.

For pharmaceuticals, a drug is considered counterfeit if "the active ingredient was made by someone or some group other than the company listed on the label," (Bell, 2009).

Production of such fake medicines has led the Food and Drug Administration (FDA) to issue a warning to consumers in the United States. It seems that many of these drugs are purchased online. The FDA warns that the majority of online pharmacies are fraudulent in nature and likely selling counterfeit medicines that can be harmful. It seems such medicines are fraudulent, past their expiration date, or contain no active ingredient, the wrong amount of the active ingredient or toxic ingredients (Johnson, 2012). These industries represent only a small sample of the implications that are captured in today's headlines.

As illustrated, the importance of studying this issue is not only based on the sheer volume and value of trade, but also the notion that counterfeit goods can pose a serious threat to the health and safety of the population and pose harmful impacts for businesses. Counterfeiting is thought of as a social, political, and economic problem (Bian & Veloutsou, 2007). The major effects of counterfeiting activities are socioeconomic effects, rights holder effects, consumer effects and government effects (OECD, 2008).

Evidence of the socioeconomic effects of counterfeiting activities abounds in news headlines, as well as the literature. It is widely believed that counterfeit activities are used to fund organized crime, drug cartels, terrorism and prostitution.

Counterfeit activities also impact rights holders. It is commonly believed that counterfeit good purchases can lead to the devaluation of luxury good brands. Negative perception of brand image or brand contamination may also occur. Consumers may also

experience brand confusion.  The illicit counterfeit activities can also result in lost sales and subsequently lost jobs.

Counterfeit activities have significant implications for consumers and government as well.  The effects of counterfeiting activities can be harmful and potentially devastating to the population. Counterfeit good consumption can threaten the safety of human beings, especially when consumption involves counterfeit foods, pharmaceuticals or counterfeit mechanical parts. The government is yet another player impacted by the effects of counterfeit activities. Counterfeiters do not face inspections like producers of legitimate products.  They also evade taxes, resulting in lost revenue.

The significant impact of counterfeiting activities is further underscored by the variety of academic disciplines, which not only research this field of study, but also work to formulate strategies to assist with aversion techniques.  Counterfeit goods and counterfeiting activities have been examined across multiple disciplines, including management, marketing, logistics and others (Staake, Thiesse & Fleisch, 2009).   It is certain, as long as there is a demand for counterfeit products, there will continue to be a supply; thus more research is needed (Bloch, Bush & Campbell, 1993; Chakraborty & Allred, 1996).

**The Growing Problem of Counterfeit Trade-Implications for Marketers**

Whereas it was once thought to be only luxury brands and products that fall victim to the perils of counterfeit activities, the illicit activities have since encompassed other types of products as well.  While most any product is subject to counterfeit activities and thus can be counterfeited and traded, the most common products that are confiscated at US Borders are: consumer electronics, footwear, pharmaceuticals, optical

media, apparel, perfume/cologne, watches/parts, cigarettes, computers/hardware and toys/electronic game; accounting for approximately 85% of all seizures (Customs and Border Patrol Office of International Trade, 2011).

According to the OECD (2007), the top five suppliers of counterfeit goods to the United States are: China, Korea, Taiwan, Hong Kong and the Philippines. These and other emerging markets have been identified as both large producers and consumers of fake goods (Organisation for Economic Cooperation and Development, 1997). This trend is likely due to the fast-growing nature of emerging markets.

Production, distribution and technological factors have been proposed as drivers of counterfeit activities (OECD 2007). OECD (2007, p.11) proposes the following as factors that influence counterfeiting activities: moderate need for investment, moderate technological requirements, unproblematic distribution and sales, high ability to conceal operations, and ease of ability to deceive consumers. In addition to market factors and production/distribution/technological factors, there are also risk factors that drive counterfeit activities. One such factor is low risk of being discovered as a counterfeiting firm. Since counterfeit goods encompass the black market, manufacturers of such items are generally concealed from public view. Another risk factor is lack of established legal regulation. Also appealing to illicit firms is weak enforcement of the established legal regulations.

Rapid growth in counterfeiting has prevented law enforcement agencies from sustaining adequate control of the illicit activities (OECD, 1997). The marketplace can seem ideal for counterfeiters if the penalties for counterfeiting are lax. The growing problem of counterfeit trade is only strengthened by the difficulty in its enforcement.

**Practical Considerations**

Counterfeiting is thought to be a problem that not only affects everyone (some fatally!), but also annoys most. The question is what can be done about it? Many firms take actions to deter counterfeiting, such as utilizing smart tag technology. In addition, several laws exist to deter the activity and subsequent purchases, yet there continues to be much difficulty when it comes to actually enforcing these laws. The fragmented enforcement system resulted in the World Trade Organization establishing an Agreement on Trade Related Aspects of Intellectual Property Rights to help establish consistency among member nations. While a valid attempt to provide consistency, enforcement remains an issue as not all countries are members of the WTO and therefore not party to the agreement.

There remain many challenges when it comes to the enforcement of counterfeiting. Perhaps one of the biggest challenges with enforcement of anti-counterfeiting laws is lack of financial resources. In addition, another challenge is the lack of training for criminal enforcement (Simone, 2002). Yet another challenge to criminal enforcement lies within the mindset of many law enforcement officials. As is with many consumers, many law enforcement officials view counterfeiting activities as a victimless crime and thus perceive no need to enforce the law, demonstrating a lackadaisical attitude toward the crime. This hasn't gone unnoticed by counterfeiters.

Almost mocking attempts at enforcement, in China, many counterfeit goods are now being displayed in open markets for all to see and purchase. While some members of law enforcement may turn a blind eye and ignore the problem, others struggle to detect the real from the fake and they are not alone. Some counterfeiters have become so good

at imitating brands that even brand owners cannot tell the difference without subjecting the product to various tests of authenticity (Bian & Veloutsou, 2007).

Improved product quality has led many firms to look to new methods of ensuring the differentiation of their genuine products from the counterfeit goods and taking precautionary, preventative measures to counter the counterfeiters. Lambkin and Tyndall (2009) offer that one of the most effective preventative measures a firm can use is to build and maintain a strong brand that will discourage consumers from seeking cheaper, alternative fake versions. Education of consumers, employees and the general public can also be an effective tool. Several trade associations and coalitions have developed You Tube and social media campaigns to reach consumers and educate them about the dangerous implications of purchasing fakes. In addition, while not originally designed for anti-counterfeiting purposes, sophisticated technology such as RFID (radio frequency identification) tag technology has proven to be an effective method for firms to counter such activities.

## Purpose of the Study

The study of counterfeiting and counterfeit goods has received a growing amount of attention in recent years. Historically, the literature regarding counterfeiting activities has focused on two dimensions: supply-side and demand-side (Bloch et al., 1998; Bush, Bloch, & Dawson,1989; Staake et al., 2009; Tom, Garibaldi, Zeng & Pilcher, 1998). A recent review of the literature on counterfeit trade reveals that the phenomenon should also be examined from six unique facets: general descriptions, impact analyses, demand-side studies, supply-side studies, legal issues and concerns and strategies for counterfeit

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aversion (Staake et al., 2009). Despite the focus that has been placed on this area of study, many questions still remain and the business of counterfeiting continues to thrive.

The biggest challenge with researching counterfeit activities and the subsequent implications is due to their illegal nature (ICC 2006; OECD 1998; Staake, et al., 2009). With the ever-growing number of economic, political and social consequences that arise from counterfeiting, and thus the many implications for marketing, more research is needed in this field. It is important that we understand the motives behind counterfeit good consumption, the antecedents for which consumers form attitudes toward such goods and how attitudes influence purchase intent. It is also important to research and establish a baseline for which can be used in future research to determine whether an overall decline in morals and the value structure of the consumer is contributing to what appears to be a shift in attitudes toward consumption of such goods. It appears as if this process is becoming more socially acceptable and that consumers are legitimizing the process of counterfeit good consumption. The study of consumer behavior as it relates to counterfeit purchases will assist with the future detection of such a shift by establishing a baseline to be revisited.

The purpose of this study is to provide a greater understanding as to the drivers of consumer attitudes toward counterfeit goods and subsequent reasons that consumers purchase counterfeit goods. The study will also assist with establishing a baseline that can be used to further examine the possibility of a cultural attitude shift toward the overall social acceptance of counterfeit good consumption. In specific, it will examine non-deceptive counterfeit good consumption. As such, the term counterfeit good as used

in this study will be used to reference a non-deceptive counterfeit good.  The study

contributes to the literature regarding demand-side investigations.

## Contribution of the Study

Although a fairly nascent research stream, counterfeit research has examined

many studies from a demand-side perspective.  Despite the amount of studies regarding

consumer demand for counterfeit goods, several questions still remain.  This study is

significant for several reasons.  First, counterfeit good consumption is clearly a global

marketing problem that is capturing headlines in the news media, as well as marketing

literature.  It is a problem for which there is currently no solution, and for which many

questions remains.  In addition, before adequate anti-counterfeiting marketing strategies

can be created, a greater understanding of the consumers of counterfeits is needed.

Greater understanding of why consumers buy counterfeit goods and their attitudes toward

counterfeit goods will be particularly useful for devising such strategies and ensuring that

brands are protected.

For the purpose of this study, a set of three research questions covering the

general theoretical underpinning to specific strategic actions have been developed and

will ultimately help explore this phenomenon:

1.  Why do consumers knowingly purchase counterfeit goods?

2.  What are the antecedents to consumer attitude toward counterfeits?

3.  How does consumer attitude toward counterfeits influence subsequent purchase

     intention?

The attitudes of counterfeit consumers have received limited attention in the marketing literature.  This research contributes to the body of marketing literature regarding counterfeit good consumption in several ways.   First, using a foundation of the Theory of Reasoned Action and The Theory of Planned Behavior this research will add to the consumer behavior literature regarding counterfeiting by enhancing the growing body of demand-side investigations regarding the reasons why consumers make counterfeit good purchases, specifically examining how these constructs influence consumer attitude toward counterfeits.  Second, this model represents the first time these variables have been examined together in this context.  Third, a taxonomy of counterfeit terms has been developed to help delineate the domain.  Fourth, this research establishes a baseline for future research that will explore the extent that counterfeit good consumption is indeed becoming legitimized in the eye of the consumer.  This notion is an important addition to the consumer behavior literature regarding counterfeiting.

In addition to academic contributions, this research also has implications for practitioners and potentially law-makers.  As a greater understanding of consumer behavior regarding counterfeit purchases is provided, practitioners are offered suggestions for strategies that may deter such behavior.  This understanding can also potentially be useful for law-makers in creating new laws to deter such practices.

## Chapter Summary

The main purpose of this chapter is to present the background of the dissertation; as well as the significance of the study.  In addition, gaps in academic research are discussed and positioned within the marketing literature to serve as and provide justification for the study.  In addition, it introduces the marketing implications that result from counterfeit good production, trade, and consumption.  The significance of the study

is highlighted, with a focus on research questions and implications. The chapter concludes with an outline for the remainder of the study.

## Organization of the Dissertation

The remainder of this dissertation is organized into seven chapters, a bibliography and appendices. Chapter two contains a domain delineation and taxonomy of counterfeit terms. Chapter three contains a discussion of the marketing literature regarding counterfeit good trade, production, and drivers of consumption. Chapter four outlines the research hypotheses and conceptual framework. Chapter five describes the research methodology, as well as a discussion regarding the sampling procedure and survey instrument that was used for the study. In addition, it presents the preliminary data analysis procedure that was used for testing the hypotheses. Chapter six is a discussion of the confirmatory analysis and results. Chapter seven contains a summary, implications of the results, and conclusion. In addition it outlines the areas of contribution to current research and offers suggestions for future research directions. The dissertation concludes with a bibliography and appendices.

# CHAPTER II

## DOMAIN DELINEATION AND TAXONOMY

The purpose of this chapter is to define key terms and concepts related to the study.  In this chapter, counterfeit activities and counterfeit goods are conceptualized. Perspectives on counterfeiting are provided from legal and academic standpoints. Counterfeits are further delineated in terms of deceptiveness.   A taxonomy of counterfeit goods is given to provide clarification to the reader.  Counterfeit goods are also discussed in terms of demand side and supply side investigations.

### Conceptualizing Counterfeit Activities and Counterfeit Goods

Prior to studying counterfeit activities and subsequent behaviors, it is important to delineate counterfeit activities and counterfeit goods.  Determining what constitutes a counterfeit good is in itself difficult and presents challenges.  The plethora of definitions and terms that are available and used to define counterfeit goods further highlight the need for additional research in the counterfeit literature.  The following section will first

define counterfeiting activities from a legal perspective, followed by perspectives from academia.

**Legal Perspectives on Counterfeiting**

Legislation regarding counterfeit goods is looked at from both an international and a national perspective, thus it is of great importance to review how each defines what constitutes a counterfeit good. As the context and focus of this research takes place within the United States, domestic perspectives will be given for the national perspective. First, I will discuss how legislation is enacted from an international perspective. From an international perspective, anti-counterfeiting measures include the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereafter TRIPs).

**International Definitions and Perspectives-TRIPs Agreement.** In a broad, legal sense, a commonly used definition of counterfeit goods comes from the TRIPs Agreement (World Trade Organization 1994). This agreement, a major provision of the World Trade Organization was created to introduce and set standards of protection for intellectual property rights (Cateora, Gilly, & Graham, 2013). The TRIPs Agreement uses the following language to define counterfeit goods: "Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorisation a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation." The TRIPs Agreement further outlines that "Pirated copyright goods shall mean any goods which are copies made without the consent of the right holder or person duly authorised by the right holder in the country of production and which are

made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation".  All members of the WTO must adhere to the TRIPS Agreement.  At the time of this dissertation study there are 160 member countries, including the United States of America.

**National Definitions and Perspectives.**  From a domestic standpoint, federal legislation regarding counterfeit goods includes: the Lanham (Trademark) Act and the Trademark Counterfeiting Act of 1984.

*The Lanham Act.*  The sole United States federal law statute regarding trademarks is known as the Lanham (Trademark) Act (United States law under 15 U.S.C. § 1501).  The Lanham Act was established in 1946 with the purpose of governing trademarks; protecting both legitimate businesses and consumers alike.  Businesses are protected from lost sales and dilution of the trademark and consumers are protected from brand confusion.

The Lanham Act identifies a counterfeit trademark as "spurious mark which is identical with, or substantially indistinguishable from, a registered trademark."  While the establishment of this act is considered to be an important victory for Congress in the war against counterfeiters, this act provides only civil remedies for violation of the statute. The act has been amended several times since its inception.   One such major amendment was the Trademark Counterfeiting Act of 1984.

*The Trademark Counterfeiting Act of 1984.*  Following the Lanham Act, an additional amendment to the legislation was introduced.  The Trademark Counterfeiting Act of 1984 was an important amendment in the fight against

counterfeiters as it established that a violation of the Lanham Act would result in both a civil and criminal offence.  Such an offence is punishable by jail time (up to 20 years of imprisonment) and monetary fines (up to $5 million).  This offence is codified into United States law (United States law under 18 U.S.C. § 2320).

The Trademark Counterfeiting Act of 1984 utilizes the following definition for counterfeit goods:  "The term "counterfeit mark" means a mark that is:

"(i) used in connection with trafficking in any goods, services, labels, patches, stickers, wrappers, badges, emblems, medallions, charms, boxes, containers, cans, cases, hangtags, documentation, or packaging of any type or nature;

(ii) identical with, or substantially indistinguishable from, a mark registered on the principal register in the United States Patent and Trademark Office and in use, whether or not the defendant knew such mark was so registered;

(iii) applied to or used in connection with the goods or services for which the mark is registered with the United States Patent and Trademark Office, or is applied to or consists of a label, patch, sticker, wrapper, badge, emblem, medallion, charm, box, container, can, case, hangtag, documentation, or packaging of any type or nature that is designed, marketed, or otherwise intended to be used on or in connection with the goods or services for which the mark is registered in the United States Patent and Trademark Office; and

(iv) likely to cause confusion, to cause mistake, or to deceive"---

As the legal definitions and perspectives were provided from both an international and national perspective, I will now outline and discuss how the counterfeiting phenomena has been defined and examined in academia.

**Academic Perspectives on Counterfeiting**

In academic literature, counterfeiting is discussed as illegally copying authentic goods with a brand name (Grossman & Shapiro, 1988a; Yao, 2005). The basic premise of a counterfeit good is to trick others into believing that the product is genuine. Counterfeit goods are manufactured illegally and are sometimes referred to in the literature as illicit goods (Albers-Miller, 1999). In addition to illicit goods, there is a plethora of terms used to describe and discuss counterfeit products within the literature. Other terms that are (sometimes curiously) used interchangeably with counterfeits are: knock-offs, fakes, copies, bogus, copycat, overruns, pirated goods, and imitations; thus it is wise to delineate each.

A discussion that involves the terms "fakes", "bogus", "knock-off", "copycat", "copy" or "imitation" is likely referring to the same thing. This type of consumer good is one that is likely an imitation of an original, authentic good. According to Lai and Zaichkowsky (1998), although these products are not quite identical to the original, they are similar in nature to an authentic, original good. These products resemble trademarked products; however do not carry the legitimate trademark. In his discussion regarding knock-offs, Commuri (2009, p.86) further describes them as "those products that do not impersonate the brand but merely copy the design and appearance of premium labels."

The term overrun is also often used interchangeably with counterfeit, but it is not necessarily the same thing. Overruns are goods that typically come from the gray market. Overruns are goods for which authentic manufacturers produce extra amounts of merchandise, likely using a "ghost shift" and then utilize unauthorized channels to distribute the products (Gentry et al., 2006). These goods do not necessarily meet the

quality requirements of the legitimate manufacturer. It is important to note that the

unauthorized sale of overruns is not an actionable crime under current counterfeiting laws

(Dolan, 2011).

Lastly, there is some uncertainty in the literature regarding the definition and use

of piracy as a term related to counterfeit goods. McDonald and Roberts (1994, p.55)

refer to piracy as "when products have been copied and sold without the permission of

the rightful manufacturer." Conversely, the term "pirated brands" is referred to by

Prendergast et al. (2002, p.406) as "products that are also copies of items, but they are

produced with the knowledge that the customer will be aware that the item is a fake, so it

is usually sold at a fraction of the price of the copied good." Piracy differs from

counterfeiting in that this act infringes on copyrights whereas counterfeiting infringes on

both copyrights and trademarks (Brauneis & Schechter, 2009).

Although all of the terms discussed may differ slightly in meaning, they all relate

to the ever-growing problem of counterfeiting and the problems that businesses face as a

result. It also highlights the various problems that exist with enforcement. Phillips (2005)

offers that regardless of the term used, the principle concept is the same: counterfeiters

use someone else's intellectual property for financial gain. Taxonomy of counterfeit

terms can be found in Table I.

For the purpose of this research the definition used is taken from the research of

Grossman and Shapiro (1988a) in which counterfeit goods are described as goods that

illegally copy authentic goods with a brand name. Counterfeit goods are further

demarcated in marketing literature as being deceptive or non-deceptive in nature

(Grossman & Shapiro 1988b). As counterfeit goods are studied from these two

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perspectives in academic literature, it is best to outline the difference between the two concepts.

**Deceptive Counterfeits.** Deceptive counterfeit goods are "goods in which the consumer can not readily observe the quality of the goods they are purchasing, nor can they easily distinguish copies from authentic merchandise," (Grossman & Shapiro, 1988b). As the consumer is not able to make the distinction between the product's authenticity and trademark(s), real versus fake, the consumer cannot be held accountable for his/her behavior (Penz & Stöttinger, 2005). According to Grossman and Shapiro (1998b), deceptive counterfeiting typically arises in markets with imperfectly informed consumers.

In their research regarding counterfeiting, Green and Smith (2002) offer that deceptive counterfeit goods likely possess some, if not all of the following characteristics: (1) Consumers are unknowingly purchasing the counterfeit goods; (2) The goods present potential health and safety risks; (3) The manufacture and production of the goods creates a calculable loss for governments; (4) Loss of sales for the brand as well as potentially negative brand equity. Due to these characteristics, deceptive counterfeiting can be especially problematic. Products that appear to be authentic may later be determined to be of lesser quality or unsafe, thus causing the consumer to lose confidence in the authentic brand that he/she believed was purchased and possibly incurring harm. Often times, consumers are unsuspecting as deceptive counterfeit goods are sold through legitimate channels. Deceptive counterfeit goods are often priced similar to legitimate goods, likely featuring only a slight discount, if any, thus there is nothing to signal to the consumer that the product is anything other than it claims to be.

Consumption of deceptive counterfeit goods such as food, pharmaceuticals and what appears to be the latest trend- fake airplane and car parts, can have potentially devastating consequences for consumers. In this case in which the goods impact health and safety, by the time the unsuspecting consumer realizes he/she has purchased a counterfeit good, it may be too late. The purchase could result in serious consequences to the consumer's health, perhaps even resulting in death. Unfortunately, often times, it is only at that point in which the good is suspected to be counterfeit in nature.

**Non-deceptive Counterfeits.** In contrast to deceptive counterfeit goods, non-deceptive counterfeit goods are goods in which the consumer often knows or at least suspects they are purchasing a counterfeit, as distinguished by close inspection, low price cues or because legitimate manufacturers signal authenticity by limiting and monitoring distribution (Chakraborty, Allred, Sukhdial & Bristol, 1997; Eisend & Schuchert-Guler, 2006; Gentry et al., 2006; Grossman & Shapiro, 1988a; Penz & Stöttinger, 2005; Phau & Prendergast, 1998; Yao, 2005). Despite knowledge or suspicion of the product being counterfeit, the consumer freely chooses to purchase the illegal goods (Albers-Miller, 1999).

Non-deceptive counterfeit good production activities commonly take place in developing countries (Yao, 2005). One reason why the activities thrive in emerging economies is the lack of specific laws that address product counterfeiting (Bamossy & Scammon, 1985). Bamossy and Scammon further explicate that such countries have a lackadaisical attitude toward the crime and a difficult time prosecuting such crimes. This should not come as a surprise to anyone as such enforcement efforts are also confusing

and complicated in developed nations that do have statutes in place, such as the United States.

According to Nia and Zaichkowsky (1999), non-deceptive counterfeits pose little or no health or safety risk to the public and the buyer and have little demonstrable impact on genuine brands. Green and Smith (2002) offer that non-deceptive goods possess four characteristics: (1) They pose as no threat to the health or safety of consumers and the public; (2) They are not likely to impact the authentic brand; (3) Consumers serve as accomplices in the process (Cordell, Wongtada & Dieschnick, 1996; Gentry et al., 2001; Phau & Prendergast, 1998); and (4) They are beneficial to the nation that counterfeits the product. The true impact on genuine brands is debatable. Devaluation of luxury good brands, brand confusion, loss of brand equity, lost sales, and negative brand image perception have all been offered within the literature as adverse implications for legitimate manufacturers (Barnett, 2005; Gentry, Putrevu, & Shultz 2006; Green & Smith, 2002; Penz & Stöttinger, 2005; Wilke & Zaichkowsky, 1999). Legitimate manufacturers have taken notice and many have launched their own anti-counterfeiting campaigns and/or joined organizations such as the International AntiCounterfeiting Coalition to take on the imitators.

Non-deceptive counterfeit goods arise from the demand of name-brand merchandise and as such, most non-deceptive counterfeit purchases are typically made in the luxury brand markets (Nia & Zaichkowsky, 2000). Products such as jewelry, handbags, shoes, and other fashion items often provide evidence of their counterfeit nature whether it be the case that they were manufactured using lesser quality fabrics, hardware, etc., sold at lower prices, or available for sale in unauthorized distribution

channels such as a street vendor.  While luxury items are the goods most consumers think

about when discussing counterfeits, nearly any item or product category is affected by the

illegal act (Commuri, 2009).

The reasons why consumers purchase counterfeit goods continue to perplex both

academicians and practitioners.  Several different motives for purchase of such goods

have been offered:  price (the most obvious reason), ego satisfaction, symbolic value,

psychographic factors, product factors and demographic factors (Ang, Cheng, Lim &

Tambyah, 2001; Cordell, et al., 1996; Wee, Tan & Cheok, 1995).  Though many motives

have been offered, the theory regarding counterfeit consumption is still in developmental

stages.  Much work remains to be done in this area as it is only through gaining a true

picture of what motivates a consumer to purchase a counterfeit good that marketers can

make advancements in devising strategies to educate consumers and protect legitimate

brands.

Part of the gray area that consumers may encounter when faced with a counterfeit

purchase decision may be due to the legality of the transaction.  While the act of

purchasing non-deceptive counterfeit goods may have ethical implications, it is not

currently illegal in the United States.  A New York City councilwoman is actively trying

to change this for her district. NYC councilwoman Margaret Chin, representing the China

Town district, has introduced legislation that would make the purchase of a counterfeit

item a Class A misdemeanor in New York City.  Though unlikely to pass, legislation

such as this could have serious implications for consumers of counterfeit goods.

The Class A misdemeanor brings with it a fine of up to $1,000 and one year in

jail.  The heaviest penalties would apply to those who come to Chinatown to

**Table I: Taxonomy of Counterfeit Goods**

| | |
|---|---|
| Counterfeiting | illegally copying authentic goods with a brand name- (Grossman & Shapiro, 1988a; Yao, 2005)<br>-trademark and copyright infringement |
| Piracy | "when products have been copied and sold without the permission of the rightful manufacturer,"- (McDonald &Roberts, 1994, p.55)<br>- usually used to discuss counterfeiting of technology<br>-copyright infringement |
| Illicit good | a counterfeit good- (Albers-Miller, 1999) |
| Knock-off | "those products that do not impersonate the brand but merely copy the design and appearance of premium labels"- (Commuri, 2009, p.86) |
| Fake/Bogus/Copy/ Copycat/Imitation | products that are not quite identical to the original, but they are similar in nature to an authentic, original good; an imitation of the original good- (Lai & Zaichkowsky,1998) |
| Overrun | goods for which authentic manufacturers produce extra amounts of merchandise, likely using a "ghost shift" and then utilize unauthorized channels to distribute the products-(Gentry et al., 2006). |
| Pirated brand | "products that are also copies of items, but they are produced with the knowledge that the customer will be aware that the item is a fake, so it is usually sold at a fraction of the price of the copied good," -( Prendergast, Chuen & Phau, 2002, p.406)<br>-usually used in the discussion of counterfeited technological products |

purchase counterfeit items in bulk, with the idea of reselling the items through such channels as a purse party network. The premise of the proposed bill is that targeting demand for such illicit goods will be the best way to dry up the supply (Ng & Tracy, 2013). Should this bill pass and the consequent enforcement demonstrate some success in countering the counterfeiters, it could mark the beginning of new era in enforcement strategies.

Effective strategies for enforcement will be critical as consumer demand for such products continues to skyrocket. As long as there is consumer demand for illicit products, there will continue to be suppliers who are ready, willing and able to manufacture such goods. Counterfeit marketing literature thus examines this phenomenon from both supply-side and demand-side investigations.

**Supply Side Investigations**. Staake, Thiesse and Fleisch (2009, p. 324) offer that supply side investigations "concern themselves with the production settings, tactics, and motives of illicit actors, and the ways in which their products enter the licit supply chain." Such studies are used to assist with legal issues and address legislative concerns. They also offer that supply side investigations look at enforcement issues for Intellectual Property rights and are used to look at options for diminishing the availability of counterfeit goods. While there are some supply side investigations found in the research stream, there is much difficulty in conducting such research due to the illicit nature of the activities. Even if they are able to be located, manufacturers of counterfeit goods are usually unwilling to divulge information that could draw attention to their activities, potentially reduce demand for their goods, or implicate them in illegal crimes.

**Demand Side Investigations-Consumer Behavior toward Counterfeit Goods.**

In contrast to supply side investigations, demand side investigations focus on the consumer. Staake, Thiesse and Fleisch (2009, p 324) discuss the notion that these are studies that "focus on consumer behavior and attitudes in the presence of counterfeit goods." Such studies are concerned with the motives for consumer purchase of counterfeit goods. The focus of this dissertation will be a demand side investigation that researches consumer behavior related to the purchase of counterfeit goods.

**Other Classifications of Counterfeit Investigations.** While the majority of academic research offers investigations on counterfeiting from a supply and demand perspective, Staake, Thiesse and Fleisch (2009) offer that the complex nature of the subject may actually require a broader classification system. They offer that six categories be used to classify counterfeiting research: general descriptions of the phenomenon, impact analyses, supply side investigations, demand side investigations, managerial guidelines to avert counterfeits, and legal issues/legislative concerns. As the marketing literature regarding counterfeiting continues to develop, these categories are likely to emerge and gain more attention.

<div align="center">Chapter Summary</div>

This chapter provided definitions of counterfeiting terms from both legal and academic perspectives. The domain of counterfeit marketing was delineated and an outline of how counterfeit investigations are conducted was provided. The next chapter provides a thorough review of relevant literature within this domain.

**CHAPTER III**

**LITERATURE REVIEW**

This chapter contains a review of the concepts, constructs and topics that are central for the focus of this study and how they have been studied in prior research. The first chapter identified several gaps in the counterfeit product marketing literature that guide the following research objectives of this dissertation (a) to examine how various sociocultural and psychological variables influence consumer attitudes toward counterfeit goods, (b) to research how consumer attitude toward counterfeit goods impacts purchase intent, and (c) to develop and empirically test a more integrative framework of counterfeit good consumption.

**The Demand for Counterfeit Products**

**Why Consumers Buy Counterfeit Goods**

An extant review of the marketing literature regarding counterfeit good purchase intent reveals several variables that can be further studied to explain the phenomenon of counterfeit good consumption. Key literature contributions in the field of counterfeit marketing were studied and thus outlined in the subsequent discussion. For the purpose

of this dissertation, the pertinent influence variables are discussed in terms of the following two classifications of antecedents to consumer attitude toward counterfeiting: sociocultural influences and psychological influences. The following sociocultural influence factors are examined: information susceptibility and normative susceptibility. In addition, the following psychological factors are examined: value consciousness, self-identity, materialism, perceived risk, and integrity. This study also controls for variables such as age, gender, income, and past purchase experience with counterfeit goods. In addition, the relationship between consumer attitude toward counterfeits and purchase intention is examined.

### Consumer Attitudes toward Counterfeits

**Attitude toward Counterfeits**

In the marketing literature, one of the most popular methods to examine counterfeit good purchase intent is by examining consumer attitudes toward counterfeiting. Peter and Olson (2010, p 128) define attitude as "a person's overall evaluation of a concept". Concept evaluations can be favorable or unfavorable. Attitude is generally accepted to be part of an individual's personality.

Attitude is also studied as an antecedent to behavior, thus it is important to examine the role of the consumer's attitude toward the illegal act as his/her attitude will influence whether or not a counterfeit good is actually purchased. This study examines attitude toward counterfeiting and toward counterfeit objects as consumer attitude is thought to be a better predictor of actual behavior.

Marketing literature has long examined and subsequently established the notion that attitude does indeed influence behavioral intention (Fishbein, 1970). The Theory of

Planned Behavior (Ajzen & Fishbein, 1980; Ajzen, 1991) suggests that attitudes, coupled with subject norm or what his /her reference group deems important will influence consumer behavior and purchase intention. This study looks at and examines the role of attitude toward behavior, specifically purchase intention of counterfeit products. Research in this area has shown that the more positive attitude toward counterfeiting, the stronger the likelihood of a consumer to purchase counterfeit goods; whereas a more negative attitude toward counterfeiting decreases the likelihood of purchase intent. In examining the reasons for why consumers purchase counterfeit goods, it is imperative to study the relationship between attitude and purchase intention.

In their study of the non-price determinants of counterfeit good purchase intent, Wee, Tan and Cheok (1995) examined the role of attitude toward piracy. Their study concluded that attitude toward piracy is one of the non-price indicators of purchase intention. They echoed the aforementioned findings in that they found that the more unfavorable the consumer's attitude toward counterfeiting, the less likely the intention to purchase a counterfeit.

While examining consumer responses to counterfeiting, specifically music CDs, Ang et al., (2001) also observed a positive correlation between attitude toward counterfeiting and purchase intention. In their study, attitude toward piracy was utilized as a mediator. In this case, if the consumer held a favorable attitude toward piracy, he or she was likely to purchase a pirated CD.

Tom et al. (1998) also looked at the relationship between attitude toward counterfeiting and the purchase experience (pre-purchase, purchase, and post-purchase). In the pre-purchase phase of the buying situation, their study found that past experience

with counterfeit goods would enhance the consumer's attitude toward counterfeiting. In the purchase phase, consumers who have a preference for counterfeit goods will maintain a more positive attitude toward counterfeiting. Lastly, from a post-purchase perspective, consumer satisfaction with counterfeit goods is positively related to purchase intention.

Several additional studies have found attitude toward counterfeiting to be a significant explanatory variable for purchase intent (Cordell et al., 1996; Penz and Stöttinger, 2005; Penz, Schleglmilch & Stottinger, 2008; Phau & Teah, 2009; Sharma & Chan, 2011; Walthers & Buff, 2008; Wilcox, Kim & Sen, 2009; Yoo & Lee, 2009;). Attitude toward counterfeiting has been examined in the marketing literature as both an independent variable, and as a mediating variable.

In their 2007 study that examined consumer attitudes toward counterfeits, de Matos, Ituassu and Rossi examined the role of attitude as a mediator between the relationship of antecedents to attitude and behavioral intentions. The main contribution of their study is that they were able to illustrate the direct effect of antecedents of attitudes, yet not behavioral intentions. This evidenced the mediating role of attitude between the antecedents and behavioral intentions. Their work also found that attitude was influenced by perceived risk, past purchase experience, subjective norm, integrity, price-quality inference and personal gratification. As this was the first study of its kind to examine the mediating relationship role of attitude, more research is needed to further understanding and confirm the mediating role. Following the work of de Matos, Ituassu and Rossi (2007), for the purpose of this study, consumer attitude toward counterfeiting will be examined as a mediating variable. Attitude toward counterfeiting is thought to

mediate the relationship between the antecedents to consumer attitudes and purchase intention.

## Antecedents of Consumer Attitude toward Counterfeiting

Several factors can serve as antecedents to the formation of consumer attitude toward counterfeiting. In this study, the factors that may serve as antecedents to consumer attitude toward counterfeiting are classified into one of two groups: Psychological Influences and Sociocultural Influences. A discussion regarding the two classifications of influences is thus provided below.

### Psychological Influence Factors

**Materialism.** A generally accepted definition of materialism comes from the seminal work of Belk. Materialism is defined as "the importance a consumer attaches to worldly possessions," (Belk 1984, p.291). Belk further adds that for high levels of materialism, "possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction."

Belk developed a scale to measure materialism and identified three subtraits within the construct: envy, non-generosity and possessiveness. Envy refers to displeasure that one experiences due to witnessing the success, happiness and possession of others. Non-generosity is the unwillingness to share one's possessions with others and possessiveness refers to the tendency of one to maintain possession of one's things and unwillingness to give things away.

Enhancing the work of Belk, Richins and Dawson (1992) define materialism as a consumer value. They consider the role that possessions play in consumer lives and add that materialism is "the importance that a person places on possessions and their

acquisition as a necessary desirable form of conduct to reach desirable states, including happiness," (p. 307). Focusing on this notion, they developed a new, value-oriented scale to measure materialism, which consists of three components: acquisition centrality, acquisition as the pursuit of happiness and possession-defined success.

Acquisition centrality refers to the notion that materialistic individuals place possessions at the center of their lives. Possessions are of the utmost importance to materialistic individuals. The notion of acquisition as the pursuit of happiness refers to the idea that materialistic individuals view their possessions and acquisition of possessions as necessary for satisfaction and happiness in their lives. The third component, possession-defined success refers to the idea that materialistic individuals judge success of others, as well as themselves based on possessions attained. Fournier and Richins (1991) contribute to the literature on materialism with the notion that possessions may actually be not only desirable as prescribed by Richins and Dawson, but also a necessity for materialistic consumers to achieve happiness.

In the context of counterfeit good consumption, materialism represents an important construct to consider when looking at the antecedents of consumer attitude toward counterfeits. As identified by Richins (1994) and further outlined in Sharma and Chan (2011), materialistic consumers are likely to take great care to fit in amongst their reference groups and fit may entail the need to own and display possessions that reflect a certain status. As consumers that are materialistic place a high value on possessions in relation to their happiness, acquiring such possessions can create a financial strain for some. As concluded in a study conducted by Wang and Wallendorf (2006 p.503), "materialistic individuals' intensified desires for better possessions and longing for things

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they cannot afford make them less satisfied with possessions in certain categories." As acquisition and possession are components of materialism, consumers that are materialistic may find that counterfeit goods serve as an adequate mechanism to satisfy their penchant for luxury goods that they might not otherwise be able to afford to possess.

Although this construct has been somewhat examined within the extant literature, findings regarding the influence of materialism on consumer attitude toward counterfeit goods and subsequently, purchase intent, have been somewhat mixed. In their 1995 study of the non-price determinants of intention to purchase counterfeit goods, Wee, Tan and Cheok examined the role of materialism in this process amongst Southeast Asian consumers. In their study, Wee, Tan and Cheok examined four commonly counterfeited product categories: literature, computer software, leather purses/wallets and watches. Though they hypothesized the relationship between materialism and purchase intention would be significant, specifically that the more materialistic the consumer, the more likely he/she would be to purchase counterfeit goods, materialism proved to not be a significant predictor. Other studies have received similar results. In their study, Cheung and Prendergast (2006) found no significant relationship between materialism and consumer attitudes toward counterfeits. Their study examined the perceptions of Chinese consumers toward two categories of pirated products: video discs and clothing.

In contrast to the aforementioned studies, Yoo and Lee (2009) found that materialism is an important variable for explaining purchase intent. Their study looked at purchase intention of luxury fashion designer brands and their corresponding counterfeit goods amongst Korean female students. Materialism proved to be a significant predictor variable of purchase intention of both counterfeit goods, as well as original (legitimate)

goods. Chuchinprakarn (2003) also found support for this relationship. When looking at counterfeit good consumption amongst students in Thailand, he found that counterfeit good consumers are highly materialistic. Chuchinprakarn found that materialism also moderated the effect of family affluence level.

Another study finds materialism as a significant predictor of willingness to purchase, but only in one aspect of the construct. Furnham and Valgeirsson (2007) studied the role of materialism in consumer's willingness to purchase counterfeit goods. In their study, 103 participants were given a questionnaire to assess their beliefs about counterfeiting, as well as willingness to purchase such goods, assuming that they were given a good price and the product was of good quality. A wide variety of product types were examined: pens, clothes, CD's, household products, music tapes, videos, watches, shoes, DIY (Do It Yourself) products, toiletries, perfume, car parts, musical instruments, stereos and drugs. Their results supported the notion that materialism does account for some of the variance in consumer's willingness to purchase counterfeit goods, but only in terms of centrality. It is important to note that as described by Furnham and Valgeirsson (p.682), centrality "does not only describe preference to own things, it describes preference to own *real, authentic things*." This notion thus indicates that the higher the degree of centrality a consumer has, the less likely they are willing to purchase a counterfeit good. Though the consumer values possessions, they value authentic possessions, not counterfeits.

Although often studied as a predictor of purchase intention, materialism as an antecedent to attitude toward counterfeits represents a relationship that has not been widely studied among the marketing literature. The mixed findings of the materialism

influence factor seem to indicate that more research is needed regarding the influence of this variable.  In summary, while it appears that materialism may account for some of the explanation of the counterfeit goods consumption phenomenon, there are other psychological factors that may also account for the variance and warrant further investigation.

**Self-Identity.**  Self-identity, also commonly referred to as self-concept is a collection of beliefs that one perceives about oneself.  Self-identity has been studied in the extant literature as a determinant of consumer intention to purchase counterfeit goods (Penz & Stöttinger, 2005).  Individuals who have uncertain self-concept are thought to lack self-esteem.  Individuals who lack self-esteem are thought to be more susceptible to the influences of others (Penz & Stöttinger, 2005).  An increased susceptibility to outside influences will lead the consumer to a position to where he/she feels the need to "keep up with the Joneses".  In order to follow through with such aspirations, consumers may turn to counterfeit goods.

Counterfeit goods can be used signal meanings about a consumer's self-identity (Penz & Stöttinger, 2005).  Certain products, especially those typically found in the luxury market can communicate meanings of prestige.  Counterfeited luxury product therefore are thought to enhance the purchaser's self-identity in that he/she can acquire the meanings typically associated with luxury products without having to sacrifice a significant financial outlay (Cordell et al., 1996; Grossman & Shapiro, 1988b; Penz & Stöttinger, 2005).

Bloch, Bush and Campbell (1993) studied the role of self-image in terms of choosing to purchase a counterfeit product.  In their evaluation of fourteen items to

measure self-image, they found partial significance for five items. Their study found that consumers of counterfeit goods are less careful, less successful, less confident, less successful financially and of lower status. In terms of other studies conducted in the marketing literature, self-image has been found to be a significant predictor of counterfeit good purchase intent (Bloch et al., 1993; Penz & Stöttinger, 2005; Yoo & Lee, 2009).

In their study of key drivers of demand for counterfeits, Penz and Stöttinger (2005) hypothesized that the weaker the self-identity of the consumer, the stronger their intention to purchase counterfeits. Their study looked at two different price levels of counterfeits: those that were significantly cheaper than originals and those that were only slightly cheaper than originals. Their study found mixed results. Self-Identity was found to be significant when determining purchase intent for counterfeit goods that are slightly cheaper than original goods, but not for those that are significantly cheaper.

A qualitative study of female consumers who own both legitimate and counterfeit goods undertaken by Perez, Castano and Quintanilla (2010) found that consumers of counterfeit goods accomplished three goals through consumption of such products: optimization of their resources, enjoyment of a fun, exciting adventure and a sense of tricking others into believing their goods were legitimate. The study found that through the fulfillment of these three goals, consumers constructed an identity in which they perceived themselves to be "savvy".

Counterfeits of branded products help consumers to project a desired image of wealth, without incurring significant financial outlay. From prior studies in this area, it can then be inferred that consumers of counterfeit products do use such goods to help construct their identity, especially when it comes to the luxury goods market. This

variable seems to account for some of the variance as to why consumers choose counterfeit goods of a particular product type. Many questions still remain as to the importance of self-identity when it comes to influencing consumer attitudes toward counterfeits. In addition to materialism and self-identity, there are additional psychological influences of attitude that can be explored to increase our understanding. Another psychological influence pertinent to examine is perceived risk.

**Perceived Risk.** An important non-price determinant of consumer attitude toward counterfeit goods lies within the realm of ethics- perceived risk. In the marketing literature, consumer ethics refers to misconduct in a retail setting (Albers-Miller 1999; Chatzidakis, Hibbert & Smith 2006; Vitell et al., 1999). Such unethical behavior is often times referred to as consumer misbehavior. Due to the illicit nature of counterfeiting activities, the ethics construct is often a prevalent construct studied in the counterfeit literature.

One such way that ethics is examined in the counterfeiting literature is through purchase justification methods. Consumers justify counterfeit purchases through several different reasoning methods. Interestingly, participants in a study conducted by Lai and Zaichkowsky (1999) believed that the manufacture of counterfeit brands is unethical, but not the purchase of such brands. Tom et al., (1998) found that some consumers purchase from small business counterfeiters rather than big business brand owners as they view the counterfeiter as being more consumer oriented. Fascinatingly, despite admittedly knowing that the purchase will ultimately hurt the legitimate brand owner, consumers still purchase counterfeit goods (Gail et al., 1998; Tom et al., 1998). Purchase

justification is thus often is influenced by the perceived risk involved with the transaction.

Perceived risk from the consumer's perspective involves the potential negative consequences that may arise from the purchase of such products. The purchase of such goods does involve a certain amount of risk on behalf of the consumer, due to the illegal nature of the activities used to manufacture, distribute and sell the illicit products. Purchasing a counterfeit good may involve all or some of the following dimensions of risks for consumers: financial, social, performance and criminal.

The main financial risk for consumers involved in a transaction for the purchase of a counterfeit good is loss of money. Consumers may not get any additional monetary gain from the purchase of a counterfeit good. In addition to the outlay of money, a consumer of counterfeit goods also faces the potential for substantial social risk. Negative consequences could result from the purchase of a counterfeit good if one's reference group or aspirational group does not approve of the purchase of counterfeit goods and the consumer's transgression is somehow revealed. Penz and Stottinger (2005) looked at the potential for embarrassment that may arise from owning a counterfeit good. Their findings indicate that a consumer is not likely to purchase a counterfeit good if such potential is imminent.

In addition to financial and social risks, the consumer does face a certain amount of performance risk in that counterfeit goods are not always up to par with the quality standards of legitimate goods. Counterfeit goods do not come with any warranty protection. There is a chance that the counterfeit product will not be as durable, or constructed of the same quality materials one comes to expect with legitimate goods. In

fact, the counterfeit product may violate safety standards. Bloch, Bush and Campbell (1993) found that consumers were not likely to purchase counterfeit automobile parts, based on performance and safety risks. Lastly and likely the most significant risk that a consumer may face with purchasing a counterfeit good is criminal risk, the negative consequences or penalties that are associated with being an "accomplice" in such illicit transactions. As discussed by Albers-Miller (1999) if the consumer does not fear getting caught engaging in such activities, they are more likely to participate. Cordell, Wongtada and Kieschnick (1996) also examined the role of lawfulness attitudes and counterfeit good purchase intent. In their study, they found that consumers who had a strong attitude toward lawfulness were not likely to purchase low investment risk counterfeit items.

It is expected that the more perceived risk is involved with a counterfeit good purchase, the more likely the risk adverse consumer is to avoid such purchase. As expected, some studies have found perceived risk to be a significant predictor of counterfeit good purchase intent (Albers-Miller, 1999; Cordell et al., 1996; Penz & Stöttinger, 2005). Poddar et al., (2012) found that consumers are more likely to purchase counterfeit products when they have both financial and moral justification for doing so. The low price may also influence the level of risk that the consumer is willing to take in order to purchase the counterfeit items. Dodge, Edwards and Fullerton (1996) offer that paying lower prices influences the tolerance of questionable consumer behavior. In their study, Huang, Lee and Ho (2002) find that in the gray market, risk averseness does have a negative impact on the attitude toward such products. Those who obtain a thrill from experiencing risk may seek counterfeit products for fun. The literature shows that those that rebel against law establishment and enforcement will not perceive risk; in fact, they

may actually gain satisfaction from such deviant behavior (Albers-Miller, 1999; Walker, 1977).

Contrary to the aforementioned studies, Wee et al., (1995) found that risk taking did not significantly predict purchase intent. Leisen and Nill (2001) also found that perceived risk, particularly social and legal risks, did not have any effect on the purchase intent of the products that they examined. Mixed findings regarding the role of perceived risk seem to indicate that more research is needed regarding the extent of influence the variable has on consumer attitude toward counterfeits and subsequent purchase intent.

**Integrity.** Largely regarded as an individual's honesty or truthfulness in terms of his/her actions, integrity has been studied as an antecedent to a consumer's intention to purchase counterfeit goods. While at the present time purchase of a counterfeit good is not illegal, there are certainly ethical implications with such a transaction. Consumers who engage in such transactions are supporting the illegal activity of counterfeiting and furthermore, illegal activities that are funded by counterfeit purchases (i.e., terrorism, drugs, prostitution). As there are ethical implications involved with the purchase of counterfeit goods, consumers who display less integrity are likely to hold more favorable attitudes toward counterfeiting activities.

Many studies in the marketing literature echo this sentiment. Cordell, Wongtada and Kieschnick (1996) found that the more integrity a consumer had, the less favorable their attitude toward piracy and subsequent willingness to purchase pirated items. Consistent with Cordell, Wongtada and Kieschnick (1996), Ang et al., (2001) found in their study of counterfeit purchase intent that the less integrity held by the consumer, the more favorable their attitude toward product piracy. They also found that consumers

engaging in misbehavior rationalized their behavior in such a manner that they were able to reduce any cognitive dissonance associated with their unethical behavior. In their study regarding counterfeit purchases in Shanghai, Phau and Tean (2009) also found that integrity influenced attitudes and purchase intent of those who purchase counterfeit goods. Further research regarding the influence of this variable is important as positively influencing and assisting with building integrity in consumers through education may be one way to counter the counterfeiters. As this variable is often studied as a predictor of purchase intention, more consideration for its role in the formation of consumer attitude toward counterfeits should be given.

**Value Consciousness.** Value consciousness relates to the concern for paying low prices, subject to quality constraint (Lichtenstein, Netemeyer, & Burton, 1990). Value conscious consumers are attracted to counterfeit goods as the consumer is able to purchase a subpar, or sometimes nearly the same, quality item at a fraction of the price of a legitimate good. The consumer thus may reap the same functional benefits as well as social benefits of the authentic good, for a lesser financial outlay. For the value conscious consumer, this transaction represents a good value for the money spent (Ang et al., 2001; Bloch et al., 1993; Lichtenstein et al., 1990; Phau & Teah, 2009). The attractive price and subsequent value that consumers expect to receive encourages consumers to engage in activities that are deemed illicit, such as purchasing counterfeit goods (Ang et al., 2001).

The most obvious appeal of counterfeit goods to many consumers and the fuel for consumer demand is the attractive price advantage. Much research has been done that corroborates the notion that price is a major influence on counterfeit good purchase

intent. Lichtenstein et al., (1993 p.234) state that "price is unquestionably one of the most important marketplace cues". Lin (2011) finds that young consumers are drawn to counterfeits due to their affordability. Several other studies have found that the attractive sales price positively influences consumer willingness to buy counterfeit goods, (Albers-Miller, 1999; Dodge, Edwards, & Fullerton, 1996; Radon, 2012; Walthers & Buff, 2008). In their study to measure "real" consumer preferences and attitudes toward counterfeit versus genuine products, Bloch et al., (1993) identified that when faced with an option; many consumers do in fact consider the purchase of a counterfeit product. These consumers view themselves as being not very well off from a financial perspective and as such, quality is not of great importance. The attractive price signals affordability for a copy of an authentic good they desire and could not otherwise obtain.

Perceptions of quality are often derived from price cues. In this respect, consumers associate higher prices with higher quality goods and lower priced goods with lower quality (Erickson & Johansson 1985; Lichtenstein, Bloch, & Black 1988). As counterfeit goods cost less than authentic goods, consumers thus expect to receive a lesser quality good. This sentiment is echoed by the research of Gentry et al., (2001) who find that many consumers make a conscious choice to purchase counterfeits based on value for the price and view the lesser quality as an acceptable tradeoff.

In recent times, the price-quality tradeoff may appear to be negligible. As counterfeit activities have been in existence for many years, some counterfeiters have greatly improved the quality of their pirated products, thus consumers do not necessarily have to sacrifice quality as a function of a lesser price (Nill & Schultz, 1996). In fact, the high quality appearance of some counterfeit goods has only further complicated things

from a law enforcement perspective, as it has become more difficult to differentiate the real from the fake.

There are different levels of quality when it comes to counterfeit products. Gentry et al., (2001, p. 262) note this differentiation of counterfeit goods in terms of quality. A low quality counterfeit good is thought to be "significantly different from original on several key attributes"; whereas a high quality counterfeit good is "not produced to original standards yet similar on key attributes." Their study also found that consumers may be willing to pay more for high quality counterfeit goods. Counterfeit goods of higher quality allow the consumer to potentially gain the social and functional benefits of authentic branded products. In a study done by Nia and Zaichkowsky (2000) respondents found that counterfeit goods were considered to be fun and worth the price that was paid for them.

Price is an important indicator of counterfeit good purchase intent. Despite the attractiveness of a low price for what appears to be a genuine good, sometimes of equal or near-equal quality, price is not the only product determinant of consumer purchase intent. Given that the most obvious appeal of counterfeit goods and thus the fuel for consumer demand is an attractive price advantage, value consciousness is a construct that is widely studied in the marketing literature. In their 2009 study of the antecedents and outcomes of attitudes toward counterfeits of luxury brands, Phau and Teah found value consciousness to be a key personality factor for forming attitudes toward counterfeits. They found that "Many consumers who seek the prestige and image associated with luxury brands are deterred by the price involved. Such individuals are positive toward

counterfeits as it provides them with a cost-effective solution," (p. 27). In addition to psychological influence factors, this study also examines sociocultural influence factors.

**Sociocultural Influence Factors**

An individual consumer's behavior is thought to be affected by those who are part of his/her environment and thus exert social influence (Ang et al., 2001). When studying counterfeit good purchase intent, it is important to examine the role of social influences, specifically susceptibility. Bearden, Netemeyer and Teel (1989, p 474) defines consumer susceptibility as "the need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions, and the tendency to learn about products by observing others or seeking information from others." They further delineate susceptibility into two forms: information and normative.

**Information and Normative Susceptibility.**

Information susceptibility occurs when a consumer bases purchase decision(s) on the expert opinions of others (Bearden, Netemeyer & Teel, 1989). This especially holds true when the consumer is unfamiliar with the product category up for consideration. As the opinions of others are highly valued, consumers of counterfeit goods are likely to hold negative views toward counterfeit products as counterfeit goods are not likely to be valued by those who are considered experts and are able to differentiate between authentic and fake goods. Teah and Phau (2007) found that information susceptibility negatively influences consumer attitude toward counterfeiting. When it comes to purchasing counterfeit goods, information susceptibility has been found to be a

significant determinant of purchase intent (Ang et al., 2001; Wang, Zhang, Zang & Ouyang, 2005; Phau & Teah, 2009).

Normative susceptibility refers to a consumer who bases purchase decision(s) on the expectations of what would impress others (Ang et al., 2001; Penz & Stöttinger, 2005; Wang et al., 2005; Phau & Teah, 2009). For counterfeit good purchases, a consumer who is normatively susceptible would place great importance on expectations of what objects would impress others. A consumer who has high normative susceptibility would thus have negative views toward counterfeit purchases. This notion was strengthened by the research of Ang et al., (2001). In their study, Ang et al. find that consumers that are less normative are more likely to be consumers of counterfeit goods.

Wilcox, Kim and Sen (2009) also found convergent evidence to suggest that a consumer's desire for counterfeits is determined by the extent to which brands fulfill their social goals guiding their luxury brand preferences. Interestingly, Chuchinprakarn (2003) found that counterfeit good consumers were less influenced by their friends, but strongly influenced by celebrities that they aspire to be like.

**Control Variables**

**Experience with Counterfeit Goods.** As there is no better predictor of future behavior than that of past behavior, a consumer's prior experience with counterfeit goods is a variable that is often examined in the counterfeit Marketing literature. Yoo and Lee (2009) confirm this notion with their findings in that past behavior is a significant predictor of both counterfeit and legitimate good purchase intent. Those consumers who have some experience with and furthermore, are satisfied with their purchases (real or fake) are likely to be repeat purchasers. Prior experience with counterfeit goods also

lessens the perceived risks associated with such purchases as the consumer becomes familiar with suppliers and other channels to receive such goods. In addition, as a prior purchase has already taken place, any ethical considerations are likely to be reduced.

In a follow up to their 2009 study, Yoo and Lee (2012) also find that past experience with genuine luxury brands can negatively affect the purchase intent of counterfeit luxury brands. In this case, consumers get accustomed to a certain status being projected and the feelings that are associated with owning a luxury brand and do not wish to be associated with counterfeit, inferior goods. Possession and use of a counterfeit good could invoke feelings of embarrassment.

With regard to attitude formation, Tom et al., (1998) also found that in terms of the pre-purchase phase of the consumer decision-making process, prior experience with counterfeit goods would enhance a consumer's attitude toward counterfeiting. On the other hand, consumers who have experienced the real, authentic good do not have a taste for the fake. Conversely, those who have experience with the counterfeit good do not have positive purchase intent for genuine luxury brands. This study serves as a letdown for those who argue that counterfeiting encourages authentic brand purchase by allowing the consumer to first obtain the product on a trial basis for a fraction of the cost.

Demographic factors have been widely studied as they relate to counterfeit purchase intent. Although demographic characteristics have been identified as a possible factor that influences counterfeit good purchases, the results over various studies have been mixed and largely inconsistent. Some studies have even found that demographics have no influence on purchase intent (Bloch et al., 1993).

**Age.**  Findings regarding the impact of age on purchase intent have been mixed.

Some studies find that young individuals are more likely to be consumers of counterfeit

goods (Eisend & Schuchert-Guler, 2006; Kwong, Yau, Lee & Tse, 2003; Lin, 2011;

Moores & Chang, 2006; Tom et al., 1998).  Other studies have found that age is not a

good predictor (Wee & Tan, 1995).

**Gender.**  A study conducted by Tom et al., (1998) found that gender differences

were not significant predictors of counterfeit good purchase intent.  In contrast to the

study by Tom et al., (1998), other studies that examined gender differences did find

gender to be significant.  Several studies found that male consumers are more likely to

purchase counterfeit goods than female consumers (Ang et al., 2001; Cheung &

Prendergrast, 2006; Chuchinprakarn, 2003; Kwong et al., 2003; Moores & Chang, 2006

Tan, 2002).  Others have found that females are likely to be heavy buyers of counterfeit

goods, if the goods are fashion clothing and accessories (Cheung & Prendergrast, 2006).

**Education.**  A consumer's education level may impact the attitude that he/she

forms toward counterfeiting and subsequently, purchase intent.  Several studies have

examined the role of education in counterfeit good purchase intent.  Wee et al., (1995)

find that educational attainment does impact purchase intention, but that its impact is

dependent on product type.  Their study finds that it is positive for functional products,

but negative for fashion-related items.

**Income.**  Although income variables have been studied extensively within the

literature, again there are mixed findings and inconsistencies.  Some authors find that

income variables are significant and as such, less affluent consumers are likely to be

consumers of counterfeit goods (Ang et al., 2001; Bloch et al., 1993; Chuchinprakarn

2003; Tom et al., 1998; Wee et al., 1995).  Other studies find that more affluent

consumers are likely to be consumers of counterfeit goods (Cheung & Prendergrast,

2006).

## Chapter Summary

This chapter provides a comprehensive examination of the literature that is

relevant to the study at hand.  A detailed examination of sociocultural influences,

psychological influences, attitude toward counterfeits and purchase intention is provided.

In addition, relevant findings regarding control variables are also discussed.  A summary

of the literature reviewed for this study is provided in the Appendix.  Also located in the

Appendix is a table of definitions of the constructs examined in this study.  The next

chapter, Chapter IV, presents an operational model followed by a description of the

hypotheses used to test the relationships proposed in the model.

**CHAPTER IV**

**OPERATIONAL MODEL**

In this chapter, an illustration of theoretical frameworks and conceptual

foundations is provided.  A conceptual model based on the theoretical frameworks and

literature review is developed and introduced.  After a thorough review of the literature,

seven variables were identified as key factors that influence consumer attitude toward

counterfeits.  They include two sociocultural influences:  information and normative

susceptibility and five psychological influences:  value consciousness, integrity,

perceived risk, materialism and self-identity.  Research hypotheses are developed and

discussed, with an explanation of the various variables and relationships housed within

the model.

**Theoretical Frameworks**

This study empirically tests a model that is grounded by two theoretical

frameworks:  the Theory of Reasoned Action (Fishbein & Ajzen, 1975) and the Theory

of Planned Behavior (Ajzen, 1985).  The Theory of Reasoned Action and the Theory of

Planned Behavior have been well-studied within the marketing literature.  The literature

illustrates that these theories are applicable to the study of consumer attitudes and

purchase intentions regarding counterfeit good consumption.  Using these theoretical

frameworks as underpinnings of the research, this dissertation investigate the antecedents to consumer attitudes toward counterfeit good consumption. Specifically, this study provides empirical support to the notion that the antecedents to consumer attitude influence purchase intention of such goods.

**Theory of Reasoned Action**

The purpose of this research is to determine the reasons why consumers purchase counterfeit goods. The Theory of Reasoned Action (Fishbein & Ajzen, 1975) provides a solid foundation for examining consumer attitudes as related to counterfeit good purchase intent. The Theory of Reasoned Action (hereafter TRA) assumes that consumers consciously consider consequences of behaviors and subsequently choose the behavior which has the most favorable outcome. Furthermore, consumers are most likely to perform the behaviors that others favor. This performance is the consumer's intention. Intention is thus thought to be a function of subjective norm and behavior.

TRA, as applied to counterfeit purchase behavior thus indicates that a consumer's choice to purchase a counterfeit good is predicted by their intention to purchase the counterfeit good. Intention is thus predicted by examining the consumer's attitude toward counterfeit goods and subjective norms.

Though frequently used to study counterfeit product purchase behavior, the TRA is not without criticism and known limitations. One such criticism is that it may not be possible to separate personal factors from social factors when it comes to behavior intention (O'Keefe, 1990; Phau, Teah & Lee, 2009). In addition, not many consumer behaviors are under complete volitional control.

**Theory of Planned Behavior**

Recognizing the limitations of the TRA, Ajzen (1985) made adjustments to the original model and thus introduced the Theory of Planned Behavior (hereafter TPB). An extension of the TRA (Fishbein & Ajzen, 1975), TPB (Ajzen, 1985), adds an additional predictor variable, perceived behavioral control. Ajzen defines perceived behavioral control as "the person's belief as to how easy or how difficult performance of the behavior is likely to be," (Ajzen & Madden, 1986, p 457). Under this theory, it is assumed that perceived behavioral control influences behavioral intention.

TPB is often used to help explain consumer decision to purchase counterfeit goods. TPB as applied to counterfeit goods indicates that consumers are influenced by both personal and social factors when it comes to choosing to purchase a counterfeit item.

TPB grounds the examination of both psychological and sociocultural determinants in this study. For the purpose of this study, I examine the attitudes toward counterfeiting. The importance of using TPB is paramount as I am interested in determining how the consumer arrives at the decision to purchase a counterfeit item over an original.

**Conceptual Model Development**

Figure 1 presents a model of consumers' counterfeit purchase intention formation: information susceptibility, normative susceptibility, value consciousness, perceived risk, self-identity, integrity, and materialism are modeled as exogenous variables. The construct consumer attitude toward counterfeits is modeled as a mediator between the exogenous variables and purchase intent. The model serves as a framework to describe the relationships between sociocultural influence and psychological influences and consumer attitude toward counterfeit goods and subsequent purchase intention. The

**Figure 1:   Integrative Model of Counterfeit Good Consumption**
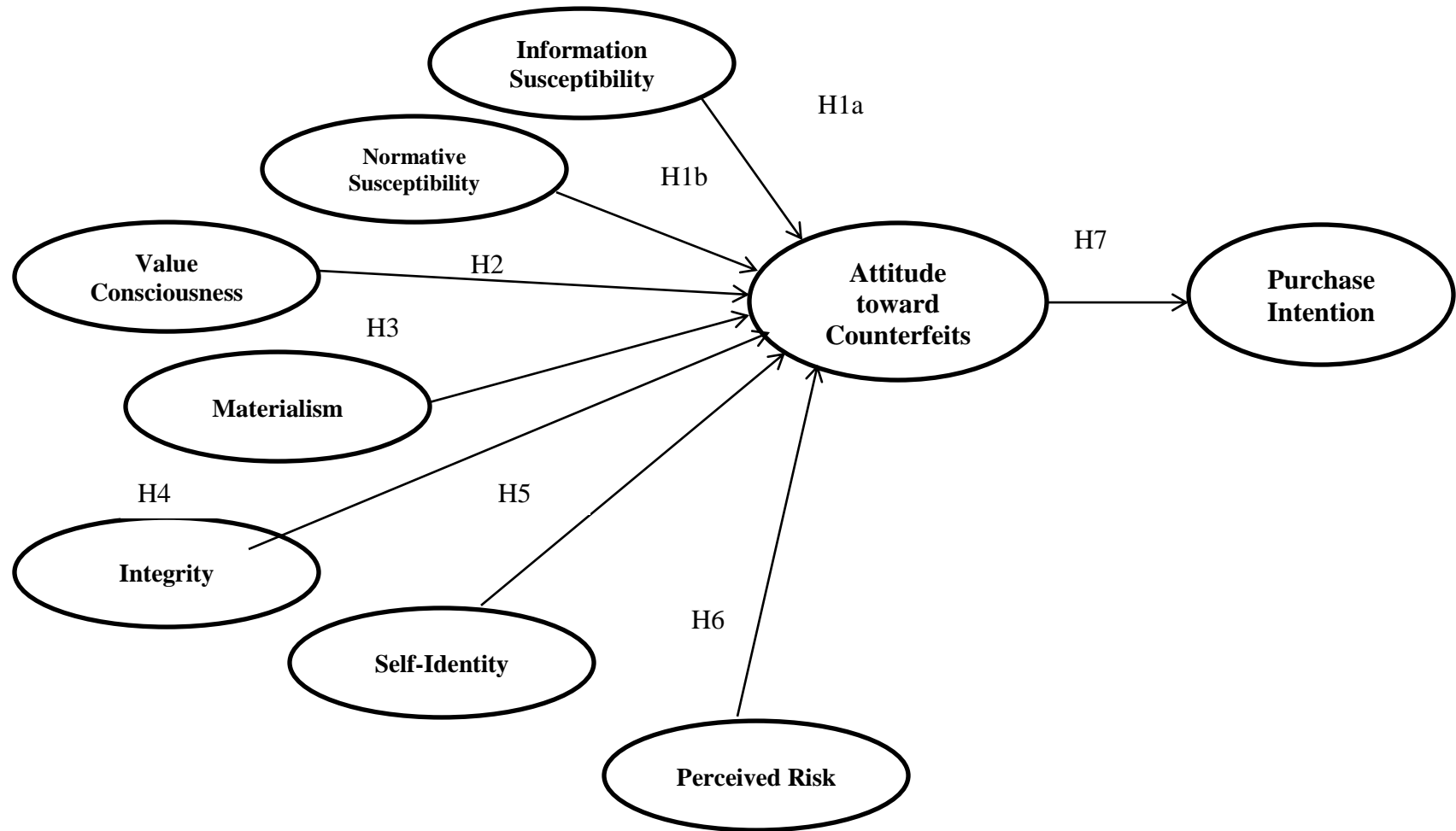
model suggests that consumer attitudes toward counterfeit goods are shaped by sociocultural and psychological influences which in turn affect purchase intention. Based on this model, consumer attitude toward counterfeit goods serves as a mediator between sociocultural and psychological influences and the outcome variable, purchase intention. The path to purchase intention is then suggested as sociocultural influences and psychological influences leading to consumer attitude toward counterfeits, which then leads to purchase intention. Based on the theoretical background presented, Figure 1 shows the model proposed and submitted to empirical testing. In the following sections, the hypotheses for the linkages outlined in the model between the determinants of consumer attitude toward counterfeits and purchase intention are presented.

<div align="center">

**Research Hypotheses**

</div>

**Antecedents to Consumer Attitude toward Counterfeits**

The field of marketing has experienced an increase in the study of counterfeit practices and consequently counterfeit goods consumption over the past decade. Counterfeit goods consumption has been studied on the basis of product characteristics, social factors, psychographic factors, past purchase behavior, and demographic factors. Despite all the studies that examine consumer behavior toward the purchase of counterfeit goods, there remains much work to be done regarding developing a theory of why consumers choose to knowingly purchase counterfeits. An understanding of how the antecedents of developing a consumer attitude toward counterfeit goods is helpful to understanding consumer purchase intention of such goods. It is through greater understanding that academicians and legitimate manufacturers can develop and implement strategies to fight counterfeit production and consumption. Based on this

notion, specific hypotheses are developed to test the relationships among the antecedents to consumer attitude toward counterfeits, and attitude toward counterfeits and purchase intention.

**Sociocultural Influences**. Sociocultural influence has an important effect on consumer behavior. Consumer attitudes and behaviors can be influenced by social pressures in various degrees depending on their susceptibility to such pressures. Bearden, Netemeyer and Teel (1989) offer that influence of others is one of the most important indicators of an individual's behavior. This notion is evidenced through the frequent usage of celebrity endorsements and advertisements which portray product usage in various social contexts (Bearden et al., 1989). Sociocultural influences are of particular importance when examining consumer attitudes and purchase intention regarding counterfeit goods as the consumption of such products can connote a certain stigma due to deviation from social norms. As previously indicated and evidenced through the work of Bearden, Netemeyer and Teel (1989), two types of sociocultural influence are information susceptibility and normative susceptibility.

*Information Susceptibility.* This research explores the relationship between information susceptibility and consumer attitude toward counterfeit goods. Information susceptibility refers to a consumer's proneness to base purchases on the expert opinions of others (Bearden, et al., 1989). In addition to the expert opinions of others, observing the behaviors of others can lead the consumer to make inferences about products regarding quality, etc. Consumers tend to be information susceptible whenever they do not have knowledge of a particular product category. Given a level of uncertainty, consumers who desire to make informed choices are susceptible to information influence.

Information susceptibility can therefore influence brand image in the mind of the consumer. Informational influence is therefore present when a consumer accepts information from others as evidence of reality.

Information susceptibility in a buying decision concerns purchases that are made based on the opinions of others. What constitutes a good purchase decision is important to the consumer and is dependent upon the views of others related to quality. The opinions of others towards counterfeit goods can be negative or positive; it depends on social image (Ang et al., 2001). Individuals who are knowledgeable about the negative implications of purchasing counterfeit goods and therefore advocate the purchase of legitimate products will influence the purchase decision of the consumer who seeks their opinion. In addition, consumers who are knowledgeable about the level of quality one can expect with the purchase of a legitimate good and the number of drawbacks that are associated with purchasing a lesser quality counterfeit good will not hold favorable attitudes toward counterfeit products. It is for this reason that it can be expected that information susceptibility will have a negative effect on the consumer's attitude toward counterfeit goods.

While this construct has been studied in the counterfeit marketing literature, there are mixed findings regarding its importance when it comes to forming attitudes toward counterfeit goods and purchase intention. Information susceptibility has been found to be a significant determinant of purchase intent when considering counterfeit good consumption situations (Phau &Teah, 2009). Phau and Teah (2007, 2009) also found that information susceptibility does have a negative effect on consumer attitude toward counterfeit goods.

Not all studies have shown support for this relationship, however. In their 2001 study, Ang et al. did not find evidence to support that information susceptibility was an important factor influencing consumer attitude toward counterfeit goods. In their 2005 study which examined pirated software purchases in China, Wang et al., had similar findings in that they also did not find information susceptibility to be an important factor influencing consumer attitudes toward counterfeit goods. The mixed findings in the literature provide justification to warrant further investigation into the importance of this variable.

In addition to information susceptibility, the other type of social influence discussed by Bearden, Netemeyer and Teel (1989), normative susceptibility is also examined.

*Normative Susceptibility.* In this research, I also explore how normative susceptibility affects consumer attitude regarding counterfeit goods. Normative susceptibility refers to a consumer who bases purchase decision(s) on the expectations of what would impress others (Ang et al., 2001; Penz & Stöttinger, 2005; Phau & Teah, 2009; Wang et al., 2005). It can also be thought of as "the tendency to conform to the expectations of others," (Bearden, et al., 1989). Normative susceptibility also reflects the consumer's need to identify with others and the consumer's ability to enhance their self-image through the use of products or brands (Bearden, et al., 1989).

For counterfeit products, a consumer who is normatively susceptible would place great importance on expectations of what objects would impress others. The consumer may be tempted to purchase fake items in an attempt to trick others into believing that the items are authentic. The consumer may believe that the fake items would enhance his/her

image if the deception were successful. In reality, however, others may not be deceived by the fake goods. For circumstances in which others were not fooled, we can expect that the purchase of such items would not portray a positive self-image, thus would achieve the opposite effect of what the consumer sought. Consumers who purchase authentic items would recognize counterfeit products as fake and therefore would not be impressed by counterfeit items.

The relationship between normative susceptibility and consumer attitude toward counterfeit goods is also unclear within extent research. Ang et al., (2001) find that consumers who are less normatively susceptible are more likely to be consumers of counterfeit goods. Their findings illustrate a negative relationship between normative susceptibility and consumer attitude toward counterfeit goods. Other research studies point to a positive relationship. Though hypothesizing a negative influence on perceptions of counterfeits, Phau and Teah (2009) found evidence to the contrary- actually discovering that normative susceptibility maintained a positive relationship with "perceptions of counterfeit".

Depending on how counterfeit good consumption behaviors are perceived by those individuals who are deemed important to the consumer (family, friends, other experts), such actors can serve as either positive or negative influences to the consumption situation. If influential actors encourage or condone the purchase of counterfeit goods, the consumer will have a positive attitude toward such products. If influential actors do not approve of, or discourage the purchase of such goods, the consumer will have a negative attitude toward counterfeit goods.

For counterfeit good purchases, a consumer who is susceptible to sociocultural influences may place great importance on expectations of what objects would impress others and base their purchase decisions on the opinions of others. As the act of counterfeiting goods is illegal and viewed by many as unethical, and thus counterfeit goods do not present a positive social image, the consumer may possess a negative attitude toward counterfeit goods. Therefore, I hypothesize:

H1a:   Information susceptibility has a negative effect on consumer attitude toward counterfeits.

H1b:   Normative susceptibility has a negative effect on consumer attitude toward counterfeits.

**Psychological Influences**. Psychological influences are also important predictors of consumer attitudes toward counterfeit goods. Psychological influences determine the way that an individual responds to the purchase environment. The following psychological variables are considered as antecedents of consumer attitude toward counterfeit goods: value consciousness, materialism, integrity, self-identity and perceived risk.

*Value Consciousness*. Value consciousness is defined as a state of "concern for paying low prices, subject to quality constraint," (Lichtenstein, et al., 1990, p.56). Consumers who are value conscious do not mind sacrificing a certain level of quality in order to attain a price advantage. Basic economic theory provides notion that as price decreases, demand will increase. The obvious price advantage associated with counterfeit goods thus makes it an attractive option for consumers who are value

conscious as the perceived value is high.  This notion has been explored within the counterfeit marketing literature.

In the context of counterfeit goods, research indicates that consumers who purchase counterfeit goods tend to so due to the price advantage (Albers-Miller, 1999; Cordell, et al., 1996; Wee, et al.,1995).   Value conscious consumers are attracted to counterfeit goods as the consumer is able to purchase a subpar, or sometimes near-quality item at a fraction of the price of an authentic good (Ang et al., 2001; Phau & Teah, 2009). The purchase of such items is perceived as being a good value to the consumer.   Dodge et al., (1996) found in their study that questionable behaviors, such as purchasing counterfeit goods are rationalized whenever economic circumstances warrant it.

The literature has identified value consciousness as a key antecedent of consumer attitude toward counterfeit goods.  Phau and Teah (2009) find that value consciousness is a key factor of determining consumer attitudes toward counterfeit goods. Ang et al., (2001) echo that sentiment, finding that consumers who are more value conscious maintain a more favorable attitude toward counterfeit goods.  The literature also supports the notion that price is a major influence on consumer willingness to purchase counterfeit goods (Albers-Miller, 1999; Dodge, et al., 1996; Radon, 2012; Walthers & Buff, 2008). Bloch, Bush and Campbell (1993) illustrated through their research that the distinct price advantage provided by counterfeit goods leads consumers to choose such products over their legitimate counterparts.

We can therefore expect that the more value conscious a consumer is, the more favorable their attitude toward counterfeit goods as counterfeit goods represent a significant cost savings and therefore allow the consumer to obtain a cost-effective

solution to purchasing products they may not otherwise be able to afford, or are not

willing to risk a financial outlay.  Thus the following hypothesis is developed:

H2:     Value consciousness positively affects consumer attitude toward

         counterfeits.

      *Materialism*.  Materialism is "the importance a consumer attaches to

worldly possessions," (Belk 1984, p.291).  In their study, Richins and Dawson (1992)

identified three components of materialism: acquisition centrality, acquisition as the

pursuit of happiness and possession-defined success.  Richins and Dawson (p.304) define

acquisition centrality as the notion that "materialists place possessions and their

acquisition at the center of their lives."  They further discuss acquisition as the pursuit of

happiness stating that "it is the pursuit of happiness through acquisition rather than

through other means (such as personal relationships, experiences or achievements) that

distinguishes materialism," (p.304).  The third component possession-defined success is

discussed as the notion that "materialists view themselves as successful to the extent that

they can possess products that project these desired images," (p.304).

     In the context of counterfeit good consumption, acquisition is important for those

who are materialistic and may create a financial strain.  As noted by Fournier and Richins

(1991) possessions may be a necessity for materialistic consumers to achieve happiness.

As happiness is achieved through possessions, consumers who are materialistic may seek

fake goods to help attain the items that he/she wants.  Counterfeit goods provide an

adequate mechanism for consumers to satisfy their penchant for goods they might not

otherwise be able to afford; thus positively affecting attitude (Chuchinprakarn, 2003; Yoo

& Lee, 2009).  One can make the argument that while a lesser price does afford

materialistic consumers to acquire more items, some may actually be turned off by such items, instead preferring authentic items. In this case, fake goods would therefore not satisfy the needs for the materialistic consumer.

As such, the relationship between materialism and attitude toward counterfeit goods has shown to be inconclusive in the literature. Wee, Tan and Cheok (1995) and Cheung and Prendergrast (2006) find no significance between materialism and attitude; while Yoo and Lee (2009), Churcinprakarn (2003), Furnham and Valgerisson (2007) find the relationship to be significant. The inconclusive findings regarding this construct warrant further investigation. Thus the following hypothesis is presented:

H3:     Materialism positively affects consumer attitude toward counterfeits.

*Integrity.* Integrity is defined as an individual's honesty or truthfulness in terms of his/her actions and a consumer's level of ethical consideration for and obedience to the law (Cordell, et al., 1996). Rokeach (1973) finds that integrity is related to responsibility and honesty. Integrity influences a consumer's judgments toward participating in unethical activities and subsequent behaviors.

In the context of counterfeit goods, while the purchase of a counterfeit good is not currently illegal, proceeds from such transactions are often used to support criminal activities, and at a minimum purchases encourage the very process of counterfeiting, which is illegal. Some consumers, however; are not aware of the implications of purchasing counterfeit goods. Though anti-counterfeiting groups have taken great strides to educate consumers, many consumers are still unaware of the many dark activities that counterfeiting often funds: prostitution, human trafficking, drugs, terrorism, etc. There

are some who feel that counterfeiting and piracy is a "victimless crime." Consumers who take this stance toward the illegal act do not see the harm in such purchases. Research has shown that integrity does influence attitudes of those who purchase counterfeit goods in those consumers who attribute less integrity to themselves find more favorable attitudes toward counterfeit goods (Ang et al., 2001; Cordell, et al., 1996; De Matos, Ituassu & Rossi, 2007; Phau & Teah, 2009). Those who care about following the law are mindful of the implications of such purchases and therefore do not hold favorable attitudes toward counterfeit goods. The relationship between integrity and attitude toward counterfeit goods is supported in the literature. As such, we can expect that consumers who display less integrity are likely to hold more favorable attitudes toward counterfeiting activities. Thus the following hypothesis is developed:

H4:     Integrity negative affects consumer attitude toward counterfeits.

      ***Self-Identity.*** Self-identity is the collection of beliefs that one perceives about oneself. Self-identity has been examined in the literature as a determinant of counterfeit good purchase intention (Penz & Stöttinger, 2005).

Consumers buy products that communicate meaning about their self-image and enhance their self-concept (Penz & Stöttinger, 2005). Counterfeit products can help consumers who have a weak self-identity signal a more prestigious social position. Bloch, Bush and Campbell (1993) found evidence that suggests consumers of counterfeit goods are less successful, less confident, less financially successful and of lower status. The relationship between self-identity and attitude toward counterfeit goods is supported in the literature. Therefore, I hypothesize the following:

H5:     The weaker the self-identity of the consumer, the more positive their attitude

toward counterfeits.

*Perceived Risk*.  Perceived risk is the degree to which consumers feel the

potential negative consequences that are associated with and may arise from certain

behavior.  Several studies within the counterfeit marketing literature have examined

perceived risk as an independent variable that affects consumer attitudes and intentions

toward counterfeit goods.

As the purchase of counterfeit goods often entails that the consumer face

numerous potential risks, consumers who perceive the purchase of counterfeit goods to

be risky will have a negative attitude toward purchasing counterfeit goods.

The purchase of counterfeit goods has been associated with financial, social,

performance and criminal risks.  Penz and Stottinger (2005) find that a consumer is not

likely to purchase a counterfeit good if the potential for embarrassment (social risk) is

imminent.  Bloch, Bush and Campbell (1993) find that consumers are not likely to

purchase counterfeit automobile parts, based on safety and performance risks.  Albers-

Miller (1999) found that if the consumer does not fear getting caught engaging in illicit

activities, they are more likely to participate in them and that perceived risk decreases the

intention to purchase counterfeit products.

The relationship between perceived risk and attitude toward counterfeit goods is

inconclusive in the literature.  Amongst all variables that they tested, de Matos, Ituassu

and Rossi (2007) found perceived risk to be the most important indicator of consumer

attitude toward counterfeit goods.  They found that consumers who perceived more risk

involved with counterfeit goods held unfavorable attitudes toward such products.  Bloch,

Bush and Campbell (1993) also find evidence that supports the relationship, whereas Wee, Tan and Cheok (1995) find the relationship to be insignificant. Thus the following hypothesis is given:

H6:      Perceived risk negatively affects attitude toward counterfeit goods.

**Consumer Attitude toward Counterfeits.** Consumer attitude is considered to be an evaluation of a particular object or behavior (Peter & Olson, 2009). This evaluation can be either favorable or unfavorable. The link between attitude and purchase intention has been studied extensively within the marketing literature. The relationship between the two constructs is evidenced to be favorable thus attitude predicts purchase intention.

Attitude is thought to be a mediator between the antecedents (sociocultural and psychological influences) to consumer attitude toward counterfeit goods and purchase intention. Defining this relationship appears to warrant further research as the findings within the literature are mixed. De Matos, Ituassu and Rossi (2007) find that attitude is a mediator variable between the predictors of attitude and purchase intention.

The literature suggests that consumers who hold positive attitudes toward counterfeit goods have a high purchase intention of counterfeit goods. In the context of counterfeit marketing, many studies echo support for this relationship. Wee, Tan and Cheok (1995) found that the more unfavorable a consumer attitude, the less likely he/she will purchase a counterfeit. Ang et al. (2001) found that a favorable attitude toward piracy will increase the likelihood that a consumer will purchase a pirated CD. Sharma and Chan (2011) also find support for this relationship. While many studies do support this relationship, there are others which fail to find significance for it. Thus the following hypothesis is offered:

H7:     Consumer attitude toward counterfeits mediates the relationship between

sociocultural influences (information and normative susceptibility), psychological

influences (integrity, perceived risk, materialism, self-identity and value

consciousness) and purchase intention.

**Chapter Summary**

In this chapter, a model and corresponding hypotheses were presented that outline

the relationship between sociocultural influences, psychological influences, consumer

attitude toward counterfeit goods and purchase intention. A summary of the hypotheses

of the study can be found in Table II. In the next chapter, the methodology and

methodological issues are discussed. In addition, the chapter features a detailed

discussion regarding measurement instruments, the sampling method and preliminary

data analysis.

**Table II: Hypotheses**

| Hypothesis | Independent Variable | Dependent Variable | (+/-) |
|---|---|---|---|
| H1a | Information Susceptibility | Consumer Attitude toward Counterfeits | (-) |
| H1b | Normative Susceptibility | Consumer Attitude toward Counterfeits | (-) |
| H2 | Value Consciousness | Consumer Attitude toward Counterfeits | (+) |
| H3 | Materialism | Consumer Attitude toward Counterfeits | (+) |
| H4 | Integrity | Consumer Attitude toward Counterfeits | (-) |
| H5 | Self-Identity | Consumer Attitude toward Counterfeits | (+) |
| H6 | Perceived Risk | Consumer Attitude toward Counterfeits | (-) |
| H7 | Consumer Attitude toward Counterfeits | Purchase Intention | (+) |

**CHAPTER V**

**METHODOLOGY AND PRELIMINARY DATA ANALYSIS**


This chapter is divided into two sections. The first section describes the overall

research design, a detailed discussion regarding sample design, and a discussion of the

methods and statistical techniques that were used for testing the aforementioned

hypotheses. The study is based on descriptive research and features a cross-sectional

design. This study relies primarily on a quantitative research design, structural equation

modeling (SEM) for data analysis. A discussion regarding the preliminary data analysis,

exploratory factor analysis is given. In addition, a brief overview of SEM is provided.

An outline of how the hypotheses for the final study were tested using the survey

instrument is also discussed.

**Overview of Design**

This study is based on descriptive research. Descriptive research is used to help

describe marketing phenomena (Burns & Bush, 2000). Descriptive research answers the

who, what, why, and how questions that plague researchers. The goal of this study is to

gain further understanding of the reasons that consumers purchase counterfeit goods and

to help establish a foundation for further testing to determine whether or not a shift in

attitudes regarding such purchases has occurred.  A cross-sectional design is employed to ask respondents to provide information regarding their attitudes toward counterfeits. Various researchers within the realm of the counterfeit marketing literature have utilized similar techniques.  Results are expected to provide fruitful information and insight regarding consumers' attitudes toward counterfeit goods and subsequent motivations to purchase such products.

The sample for the final study is selected using a snowball sampling method. Snowball sampling is a non-probability sampling technique where study respondents recruit other respondents from among their friends and acquaintances (Goodman, 1961). As snowball sampling is often used for researching hidden populations, this technique is deemed appropriate for this study due to the ethical issues underlying the topic being researched.  Members of the study were invited to participate in one of two ways: through an email invitation that included a web link to the survey that was developed using Qualtrics (https://csumarketing.qualtrics.com) or through a web link posted using the social media site, Facebook (www.facebook.com).  In the following sections, the study design and methodology are discussed in greater detail and a discussion of the measurement scales and statistical analysis is provided.

The primary focus of this study is to examine consumer attitudes toward counterfeits and how attitude influences subsequent purchase behavior for such products.

## Sampling Procedure

### Sampling Method, Sample Size, and Selection

An online survey instrument was designed and put into Qualtrics® software.  The survey was conducted among consumers who are currently living in the United States.

The proposed model does include past purchase experience with counterfeit goods, thus questions regarding past purchase experience were included in the survey.  The characteristics of the sample are described and outlined in Chapter VI.

Data was collected via the online survey instrument using Qualtrics® software (https://csumarketing.qualtrics.com).  As previously mentioned, the snowball sampling technique was employed for the final study.  After obtaining approval from the Institutional Review Board, individuals were invited to take the survey via a link that was provided to them through their email address, or through social media.  Once participants received the email link, they then made the decision whether or not to voluntarily participate in the research study.

Participants who clicked on the link were given an informed consent form.  The informed consent outlined the voluntary nature of the study and explained to potential participants that the research project was being used to examine consumer attitudes toward the purchase of counterfeit goods.  Readers were told that the study would take approximately thirty minutes of their time and that their responses would be kept confidential.  Respondents were informed that some questions could potentially induce anxiety and discomfort and that the time that it takes to complete the questionnaire could be viewed as an inconvenience.  In addition to risks, respondents were informed that participation efforts could afford them the opportunity to win an iPad® Mini.  Similar to other research projects, this incentive was expected to increase participation and assist with the snowball effect in recruiting others to take part in the web-based study. Participants were notified that they were not required to answer all items and could stop participating at any point of the survey,.  Participants were also given contact information

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for the author, the dissertation chair and Cleveland State University's Institutional Review Board.  After reading all information, participants were asked to select one of two buttons, yes or no, indicating their age is over 18, that they read the informed consent form and agree to participate in the study.  If the respondent clicked no, the survey then closed and they were thanked for their time.  If the participant clicked yes, they were then given further instructions to assist with the beginning of the survey.

The self-administered questionnaire consisted of both open-ended and multiple choice questions.  The average time spent by respondent taking the survey was 27 minutes.  Data collection began the first week of March 2014, and was completed by March 31, 2014.

**Sample Composition.**  Sample size is important and needs to be large enough to allow for statistical analysis.  As structural equation modeling was selected to be the principal method of analysis, special detail needed to be given to determining the sample size.  A sample size that is too small presents problems in that there is a lesser degree of certainty in identifying relationships (Hair, Anderson, Tatham & Black, 1995).  A sample size that is too large also presents problems in that almost any relationship becomes significant due to the significance tests becoming oversensitive (Hair et al., 1995). Finding the correct sample size for the test is thus very important.  The sample size ultimately is essential for not only statistical power, but also the generalizability of the findings of the study.  A general rule of thumb for structural equation modeling is that the researcher should have a minimum of five observations per independent variable, but an ideal collection of 15 to 20 observations to ensure the best fit (Hair et al., 1995).   As this project proposes seven independent variables, a minimum usable sample size of 140 was

sought.  Given the likelihood of incomplete responses and thus unusable questionnaires, the researcher set a goal of obtaining 200 sample respondents.

As this study is interested in examining the domestic counterfeit good consumer, individuals currently living in the United States of America were chosen to represent the population.  As one of the goals of the research is to establish a foundation for future research that examines the possible legitimation of counterfeit goods, this selection for a sample was deemed appropriate.  Additional criteria for inclusion in the research study included being an adult, over the age of 18, willingness to participate and acceptance of the informed consent form.

**Recruitment procedures.**  As previously stated, a snowball sampling technique was employed.  Some participants were recruited through the use of social media.  Some participants were undergraduate students who were enrolled in classes of Principles of Marketing at a small, Northwest Pennsylvania university during the spring semester 2014.  After attaining IRB approval through both the doctoral institution, as well as the data collection site, a colleague of the author came into a classroom to explain to students the nature of the research project and ask students to sign a sheet of paper agreeing to be emailed a link to take the survey.  Students were offered ten extra credit points to participate in the study.   As per suggestion of the IRB, the departmental colleague of the author the notified the students who participated via email that they received extra credit.

**The Sample Description.**  The final survey was administered to a sample of 335 respondents.  Of the 335 respondents, only 228 provided fully complete surveys and were included for the final analysis.  In other words, 107 surveys (32%) were eliminated from further analysis due to incomplete data.

Data analysis was thus based upon 228 completed, usable surveys. This sample size was deemed acceptable for the method of choice, SEM as a sample size of at least 200 or 10-15 cases per measured variable is generally recommended for this type of analysis (Hair et al., 1995).

The respondents consist of 89 (39%) males and 139 (61%) females. The ethnicities for the respondents are as follows: 206 (90.3%) Caucasian/white; 7 (3.1%) African American/Black; 1 (.44%) Native American; 1(.44%) Asian/Pacific Islander; 5 (2.2%) Hispanic; 8 (3.5%) other, consisting mostly of mixed race. The age of participants ranged from 18 to over age 65. The age ranges for the respondents are as follows: 55 (24%) between 18-24 years of age; 52 (22.8%) between 25-34 years of age; 49 (21.5%) between 35-44 years of age; 40 (17.5%) 45-54 years of age; 26 (11.4%) 55-64 years of age; and 6 (2.6%) aged 65 and older. A more detailed overview of the sample description is found in the Appendix.

## The Survey Instrument

The survey utilized in this study was developed based upon established scales that were found in the literature and adapted for the context of counterfeit goods consumption. The results of the pilot study indicated the need for some scales to be revised and adapted for the purpose of the final study; as such those changes were made. Participant responses were gathered using an online survey instrument, using Qualtrics ® software. The definition of counterfeit goods was provided to research participants at the beginning of the survey to ensure that participants were given a clear understanding of what the term means. In addition, participants were provided a brief paragraph that detailed the purpose of the research study.

The online questionnaire was developed and presented in three parts. The first section of the survey instrument contained a screening question, "Have you ever knowingly purchased a counterfeit product?" This nominal question gave the option of yes or no. If the respondent selected no, he or she was directed to the second section of the questionnaire. If the respondent selected yes, the survey then directed the respondent to a second set of questions that asked more details about the purchase. The respondent was directed to give more information about the type of counterfeit product that was purchased. Options were multiple choice and based off the open-ended responses that were gathered in the pilot study. In addition to the various selections offered, respondents had the option to check "other" and offer a text answer as to what was purchased. Respondents were then asked to offer an open-ended response as to the main motivation behind their counterfeit purchase. In addition, respondents were asked to select the distribution outlet from which the counterfeit item was purchased. Options in this section were also multiple choice and were based off open-ended responses gathered during the pilot study. In addition to the various selections, respondents were given the option of "other" and the ability to offer a text answer as to where the item was purchased. This section also offered a multiple choice question that asked respondents to rate their overall satisfaction with the counterfeit purchase. A seven-point Likert scale was used to measures this item (very dissatisfied-very satisfied).

The second part of the survey instrument began by asking the respondent to answer a nominal question of whether or not they know of someone who has knowingly purchased a counterfeit product. This question was added as although some respondents may not feel comfortable admitting to purchasing a counterfeit product, most would have

no issue with discussing the behaviors of others that they know. This section then asked questions regarding psychological influences (value consciousness, self-identity, materialism, perceived risk, and integrity) using a set of established scales. The third section of the survey instrument used established scales to measure sociocultural influences (information susceptibility, normative susceptibility).

The fourth section of the questionnaire used eight items from the Marlowe-Crowne (Crowne & Marlowe, 1960) scale to measure social desirability. Given the underlying ethical implications of counterfeit good purchases, this scale was necessary to detect any instance of social desirability bias.

The fifth section of the survey instrument was comprised of a thirteen-item scale to measure attitudes toward counterfeit goods and a five-item scale to measure purchase intent. Each of the aforementioned scales is an adaptation of established scales. Each item in the two sections was measured using a seven-point Likert scale. In the Likert scale, 1 represents "strongly disagree" and 7 represents "strongly agree". The sixth and final section of the instrument was comprised of a number of items to collect demographic information. Please see the Appendix for the email notification, cover letter and survey instrument used in the study.

## Measures

The questionnaire was created using measures that were identified within the literature review surrounding studies similar in nature. Some scale items were adapted to reflect the nature of the phenomenon being investigated-counterfeit good consumption. It is important for the researcher to establish evidence for content validity when creating and adapting scale items. Content validity refers to the extent to which a measure covers

the full domain of the construct that is being measured.  Establishing content validity

allows the researcher to evaluate the extent to which the content of a scale adequately

measures the construct of interest.

For the purpose of this study, attempts to validate the content of the survey

instrument were made by utilizing the instrument in a pilot study.  The pilot test data,

which can be found in the Appendix, examined scale items using Principal Components

Analysis with Varimax rotation to provide preliminary support for unidimensionality.

Scale items were examined to insure that they loaded on a single factor, as expected.

Scale items were then tested for reliability.  Reliability of the measures was assessed

using Cronbach's Alpha.  The guideline provided by Nunnally (1978) was used.  This

rule-of-thumb suggests that alpha scores be at least .60 to be considered adequate.  The

reliability assessment also included an examination of item-to-item correlations to

identify items that may be problematic to attaining an adequate score.  Those items that

presented a problem regarding reliability were then considered for deletion in an attempt

to improve results.  Based on the results of the pilot study and the recommendations of

the dissertation committee, revisions were made for the final study.  A description of the

pilot study and corresponding results and analyses can be found in the Appendix.  In the

next section, measures for each construct are described.

**Antecedents to Attitude toward Counterfeits:  Sociocultural Influences**

**Information Susceptibility and Normative Susceptibility.**  Bearden, Netemeyer

and Teel (1989) developed a scale to examine consumer susceptibility to interpersonal

influence.  Twelve items were used to reflect informational (four items) and normative

(eight items) susceptibility.  This scale has shown acceptable reliability in several studies

including a study by Phau and Teah (2009). Phau and Teah adjusted the scale to include all four original items to measure informational susceptibility and four items to measures normative susceptibility.

For this study, ten items were selected from the original scale. Four items were used to measure information susceptibility and six items were used to measure normative susceptibility. The scale was used to rate each item on a seven-point Likert scale from "strongly disagree" to "strongly agree".

The following four statements were used to measure information susceptibility: 1) I often consult other people to help choose the best alternative available from a product class. 2) To make sure I buy the right product or brand, I often observe what others are buying and using. 3) If I have little experience with a product, I often ask my friends about the product. 4) I frequently gather information from friends or family about a product before I buy.

The following six statements were used to measure normative susceptibility: 1) It is important that others like the products and brands I buy. 2) I often identify with other people by purchasing the same products and brands they purchase. 3) When buying products, I generally purchase those brands that I think others will approve of. 4) I like to know what brands and products make good impressions on others. 5) If other people can see me using a product, I often purchase the brand they expect me to buy. 6) I achieve a sense of belonging by purchasing the same products and brands that others purchase.

**Psychological Influences**

**Value Consciousness.** Value consciousness was measured using a four item scale adapted from the Value Consciousness and Coupon Proneness: VC and CP scale by

Lichtenstein, Netemeyer, and Burton (1990).  The original VC scale consisted of seven

items.  Using two samples consisting of 263 students and 350 nonstudent adults,

Lichtenstein, Netemeyer, and Burton were able to demonstrate reliability for the VC

scale.  The scale has also been utilized and demonstrated reliability in many other studies

regarding counterfeit purchase intentions, including the study conducted by Ang et al.,

(2001).

The following four items were used to measure value consciousness:  1) I am very

concerned about low price but I am equally concerned about product quality.  2) When

purchasing a product, I always try to maximize the quality I get for the money I spend.  3)

When I buy products, I like to be sure that I am getting my money's worth.  4) I generally

shop around for lower prices on products, but they must still meet certain quality

requirements before I will buy them.

The scale was used to rate each item on a seven-point Likert scale from "strongly

disagree" to "strongly agree".  The higher the score registered, the more value conscious

the consumer is.

**Self-Identity.**  Participants were asked to respond to a list of items that described

their self-identity.  The list of items was adopted from the research of Campbell et al.

(1996).  The self-identity scale is comprised of twelve items.  Participants were asked to

rate the extent of their agreement with each item.  Each item was rated on a seven-point

Likert scale from "strongly disagree" to "strongly agree".

The following twelve items were used to measure self-identity:  1) My beliefs about

myself often conflict with one another.  2) On one day I might have one opinion of

myself and on another day I might have a different opinion.  3) I spend a lot of time

wondering about what kind of person I really am.  4) Sometimes I feel that I am not really the person I appear to be.  5) When I think about the kind of person I have been in the past, I'm not really sure what I was really like.  6) I seldom experience conflict between the different aspects of my personality.  7) Sometimes I think I know other people better than I know myself.  8) My beliefs about myself seem to change very frequently.  9) If I were asked to describe my personality, my description might end up being different from one day to another day.  10) Even if I wanted to, I don't think I could tell someone what I'm really like.  11) In general, I have a clear sense of who I am and what I am.  12) It is often hard for me to make up my mind about things because I don't really know what I want.

**Materialism.**  Richins and Dawson (1992) developed a scale to measure materialism.  The scale measures three components of materialism: centrality, happiness and success.  The scale consists of seven items:  four items which measure a personal materialism factor and two items which measure a general materialism factor.  Information gathered from sample of 252 adults  was able to demonstrate the reliability of the scale.  This study employs all seven items of Richins' and Dawson's Materialism Measure.

The following seven items were used to assess materialism:  1) I like a lot of luxury in my life. 2) Buying things gives me lots of pleasure.  3) My life would be better if I owned certain things I don't have.  4) I admire people who own expensive homes, cars and clothes.  5) I'd be happier if I could afford more things.  6) It sometimes bothers me quite a bit that I can't afford to buy all the things I like.  7) I like to own things that impress people.  A higher score indicated that the consumer was more materialistic.

**Perceived Risk.**  Perceived risk was measured using three items adapted from a scale created by Dowling and Staelin (1994) and used by Augusto de Matos, Ituassu and Rossi (2007).  All items were measured using a seven-point Likert scale.  The higher the score, the more perceived risk by the participant.

The following three items were used to measure perceived risk:  1) The risk that I take when I buy a counterfeited product is high.  2) There is high probability that the product doesn't work.  3) Spending money with a counterfeited product might be a bad decision.

**Integrity.**  A scale created by Vinson, Munson, and Nakanishi (1977) was used to measure integrity.  Five items from the scale were adopted for use in this research project.  The items were measured using a seven-point Likert scale.  The higher the score, the higher the level of integrity displayed by the participant.

The following five items were employed to measure integrity:  1) I consider honesty as an important quality for one's character.  2) I consider very important that people be polite.  3) I admire responsible people.  4) I like people that have self-control. 5) I believe a person should obey the laws.

**Attitude toward Counterfeits**

Attitudes toward counterfeits were measured utilizing three items from the work of Phau (2010).  Participants were asked to think about the counterfeit goods and then rate their feelings toward such products using a seven-point Likert scale.  The following items were employed for the study:  4) I like counterfeit goods because they demonstrate initiative and ingenuity on the part of the counterfeiters. 5) I buy counterfeit products because counterfeiters are little guys who fight big business.  6) Buying counterfeit

products is a way to get back at uncaring and unfair "big business." A higher rating

indicated that the consumer had a more positive attitude toward counterfeits.

**Purchase Intent**

Purchase intent for counterfeit goods was measured using five items that were

adapted from Beck and Ajzen (1991). The items were measured using a seven-point

Likert scale. The higher the score obtained, the higher the likelihood the participant

would purchase a counterfeit good.

The following five items were used to measure purchase intent: Based on your

feelings today, what is the likelihood that you will: 1) consider a counterfeit product

when making a purchase? 2) purchase a counterfeit product? 3) say something favorable

about counterfeit products? 4) buy counterfeit products from peddlers or street vendors?

5) recommend the purchase of a counterfeit product to family or friend?

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**Bias Checks**

</div>

**Common Method Variance**

As a self-reported questionnaire was utilized in this study, it was important to

check for common method variance. Common method variance is variance that is

attributed to the measurement method, rather than the constructs being examined in the

study. This bias can lead to Type I and Type II errors (Bagozzi & Yi, 1990). Common

method variance was assessed using a widely known and utilized test, Harman's single

factor test.

Harman's single factor test involved entering each of the variables from the model

into exploratory factor analysis without rotation and constraining the number of factors

extracted to one. This analysis assumes that there is a great deal of common method

variance if one single factor accounts for the majority of the variance extracted from the model. The analysis showed that extracting one single factor from the model accounted for just 25.704% of the variance. As this number is less than the majority, the result of this test thus suggests that common method variance is not an issue of great concern and should not bias and confound the results of the study.

**Control Variables**

In addition, the potential effect of gender, age, and past purchase experience were examined in the research model.

**Gender and Age.** The role of gender and age was examined in the model to insure that they did not create an interaction effect with either attitude or purchase intention. The role of gender as it pertains to attitude was found to be insignificant ($\beta$= -.048; $\rho$ = .720). The relationship between gender and purchase intention was also found to be insignificant ($\beta$= -.140; $\rho$= .423). When examining the role of age and attitude the results were insignificant ($\beta$= -.012; $\rho$= .797). Age and purchase intention also did not represent a significant relationship ($\beta$= -.087; $\rho$= .147).

**Past Purchase Experience.** The role of past purchase experience was examined using the model under two conditions: with no constraints and constrained. The models were then assessed by looking at the differences in Chi Square statistics. The model with the lower Chi Square value is the model with the better fit.

The first model was tested with the condition that involved no constraints. This unconstrained model indicates that the relationship between attitude toward counterfeits and purchase intention varies as a function of past purchase intention. The $\chi^2$ statistic for this model was 754.716.

The second model was tested as a constrained model. This model indicates that there is no variation as a function of past purchase experience. The $\chi^2$ statistic for this model was 705.431. As this model has the lower Chi Square statistic, there is not a significant interaction effect.

## Preliminary Data Analysis

### Missing Data

The final data pool was examined for missing values. A widely accepted method was selected for dealing with missing values; listwise deletion. This method entails the researcher examining records for missing data. If data is missing for any one variable, that record is then discarded and not used for the analysis. The analysis was then performed on only those cases which had a complete set of data. Use of this method does create a disadvantage for the researcher as it eliminates data gathered from subjects who may have answered some, but not all of the questions; therefore reducing the sample size. It assumes that data is missing completely at random. It may also create a bias in that respondents, who may have found some of the questions dealing with this topic to be intrusive, are excluded from further analysis. Despite the disadvantages of using listwise deletion to handle missing values, it is often preferable to other methods (Allison, 2002). Given that it is the preferable method to handle missing values, it was the method chosen for this study.

### Skewness and Kurtosis

AMOS and SPSS provide scores that indicate the skewness and kurtosis of the data. These scores are used to demonstrate the extent that the data is symmetrically and

normally distributed around the mean.  In addition, the software provides histograms which all the researcher to examine visual evidence of normality.

Significant skew and kurtosis values can indicate a non-normal distribution. Large sample sizes exhibit sensitivity to non-normality.  Skewness and kurtosis tests are used to determine whether the maximum likelihood estimation (MLE) can be used in SEM.  The recommended values for skewness range from -3 to 3 and -10 to 10 for kurtosis (Kline, 2005).  All variables in the model were tested for univariate skewness and kurtosis.

The results of the normality tests indicate that there were two significant deviations from the recommended values for normality criteria in structural equation modeling, ING 2 & 3, both of which had kurtosis values exceeding the threshold.  Due to potential violations of the assumptions of normality that is required for structural equation modeling, these items were removed and excluded from further analysis.

All other items that were measured had absolute values of skewness that were less than 3 and absolute values of kurtosis less than 10.  Adherence to these limits ensures that the measurements do not violate the recommendations and thus the data meets the normality assumption for structural equation modeling.

**Tests for Multicollinearity**

Multicollinearity is the strong presence of correlation among independent variables.  It is thus important that the researcher conduct tests for multicollinearity. Multicollinearity increases the standard errors, which subsequently makes some variables appear to be statistically insignificant, when the opposite holds true.

Tolerance and variance inflation factors (VIF) were used to test for multicollinearity. VIF indicates whether independent variables have substantial linear relationships. If variables are not correlated the VIF will equal 1. The presence of collinearity is detected if a VIF is above 5. Multicollinearity is thought to become a concern for researchers when the VIF number reaches 10 (Myers, 1990). In this study, VIF ranged from 1.104 to 1.567, evidencing that multicollinearity is not an issue. Tolerance represents the percent of variance in the predictor that is not accounted for by the other predictors. The general rule of thumb statistic for tolerance is <.20 is cause for concern. In this study, all tolerance statistics ranged from .638 to .906, thus evidencing that the data is free from multicollinearity. Tolerance and VIF values are reported in Table III. As illustrated, all values fell within the recommended range and indicate that multicollinearity is not an issue.

**Table III:  Tests for Multicollinearity**

| Variable | Tolerance | VIF |
|---|---|---|
| Materialism | .665 | 1.504 |
| Perceived Risk | .906 | 1.104 |
| Integrity | .870 | 1.149 |
| Information Susceptibility | .785 | 1.273 |
| Normative Susceptibility | .638 | 1.567 |
| Value Consciousness | .863 | 1.159 |
| Self-Identity | .799 | 1.252 |

**KMO and Bartlett's Test of Sphericity**

Two tests were conducted to determine the suitability of the data set for factor analysis:  Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity. A KMO reading near 1 indicates that the patterns of correlations are

compact in nature and therefore factor analysis is expected to yield distinct factors. The

rule of thumb for KMO is that a reading should be .60 or higher to perform factor

analysis. The KMO value calculated in this study was .877; highly significant and thus

indicating that it was proper to move forward with the factor analysis. Bartlett's Test of

Sphericity value is significant at less than .05. The Bartlett's Test of Sphericity reading

for the data set in use is .000; also indicating high significance. These indicators

demonstrate that the data set is suitable for factor analysis.

**Exploratory Factor Analysis**


All variables were therefore subjected to exploratory factor analysis with varimax

rotation, to confirm unidimensionality and identify key antecedents to consumer attitude

toward counterfeit goods. Exploratory factor analysis is used to define the nature of the

relationships that exist (Hair et al., 1996). For the purpose of this study, exploratory

factor analysis was employed to determine the number of existing factors and identify the

constructs that each factor belongs to. Principal component analysis with Varimax

rotation was conducted. Eigenvalues greater than one were used to determine the number

of factors in each dataset. The results of the exploratory factor analysis indicate that there

are ten factors with Eigenvalues greater than one. These ten factors account for 64.72%

of the cumulative variance.

Criteria was utilized to determine items that needed to be excluded from the

analysis: items that exhibited a communality less than .50, items with two factor loadings

exceeding .40, and those who had no factor loading equal or greater than .50 (Hair et al.,

1995). In addition, special consideration was given to those items which did not load on

the factors that they were intended to load on as that may indicate additional problems as well.  These items were also dropped from analysis.

There were two items which exhibited communality less than .50:  VC1 (.438) and SID12 (.496) and were thus excluded from further analysis.  In addition, one item intended to measure materialism, MAT 7, loaded onto the factor that represented normative susceptibility, indicating a problem with its measurement.  Given potential problems with its measurement and subsequent validity, it was also dropped and excluded from further analysis.  Four additional items, MAT 1 & 2; SID 6 & 11, did not load on the factors that represented their respective factors, materialism and self-identity.  These items were also excluded from the analysis.  After the exclusion of the aforementioned items, a measurement model was then built to perform confirmatory factor analysis.

## Structural Equation Modeling (SEM)

The author proposes the use of structural equation modeling (SEM) to test the various hypotheses.  This section begins with a description of structural equation modeling.  A discussion of the use of SEM to test the hypotheses of this study is provided.

### Structural Equation Modeling: Definitions and Explanations

Structural equation modeling (SEM) is a multivariate statistical technique that is used to develop and test theory.  This approach is used to examine hypothesized relationships in the research model.  Interrelated dependence relationships are tested simultaneously.  As this study proposes several dependent relationships, it is considered to be an appropriate data analysis technique.  This method allows for all indirect and

direct relationships to be tested simultaneously.   The purpose of SEM is to validate a proposed model.  SEM is a seven-step process (Hair et al., 1995).

The first step of SEM is the development of a theoretically based model.  In this step, the researcher specifies causal relationships and takes caution to avoid specification error, which is caused by the omission of one or more key predictive variables.  The second step of the process consists of the researcher constructing a path diagram of causal relationships. In this step, the researcher defines exogenous and endogenous constructs and links proposed relationships within a path diagram.  Next, the researcher converts the path diagram into a set of structural equations and specifies the measurement model. Correlations of constructs and indicators are identified. The fourth step of the process involves the researcher choosing the input matrix type and estimating the proposed model.  In this step, the researcher must assess the adequacy and impact of the sample size and select the method of model estimation.  Next, the researcher assesses the identification of the structural model.  The sixth step of the process involves the researcher evaluating the results to a set of goodness-of-fit criteria.  Overall model fit, Measurement model fit and Structural model fit are assessed.  Lastly, the researcher interprets and modifies the model.  Interpretation of the model involves the examination of standardized residuals, consideration of the modification indices and identification of possible model changes.  Path analysis is used to ensure that each variable is considered to be and should remain a viable part of the model.  Each path is examined to determine if the parameter is statistically significant ($t > 1.96$).  It is important to note that if modifications are to be made, there must be theoretical justification.  Modifications result

in respecification of the model and the need to repeat steps five through seven. Once no modifications are needed, the researcher has arrived at the final model (Hair et al., 1995).

For the final study, data was analyzed using Structural Equation Modeling (SEM) in conjunction with the Analysis of Moment Structures (AMOS) software, version 19.0 and SPSS version 19.0.

**Assumptions.** Use of SEM requires the researcher to make several assumptions. The first assumption is that of multivariate normality. This means that the variables to be investigated are taken from a multivariate normal population (Kaplan, 2000). The researcher must take special care to examine collected data for outliers. In certain cases, transformation of variables will need to be made. This is dependent on the estimation technique that is employed as not all methods require normality. Use of SEM also requires the assumption of completely random missing data. Dealing with missing data can be tricky as it is not often in which missing data is completely random (Little & Rubin, 1987). SEM also assumes that the relationships between variables are linear in nature.

In addition, to the aforementioned assumptions, the researcher must also make the assumption of having a sufficiently large sample size. Many suggestions for adequate sample size are offered within the literature. A large sample size is desirable, but determining what constitutes a large sample size is somewhat unclear. Some experts offer that sample size should be more than 200 observations (citation). Others suggest that the researcher obtain at least 50 more than 8 times the number of variables that are present within the model (citation). Bentler and Chou (1987) state that in cases where data is perfectly well-behaved, the sample can consist of five cases per parameter

estimate. Hair et al. (1995) suggest a sample that consists of at least ten cases per measured variable. Special care has to be taken to ensure adequate sample size as failure to do so may result in lack of convergence, improper solutions, and lower accuracy for parameter estimates.

Lastly, an additional assumption that must be made is that of correct model specification. The researcher specifies the model prior to testing, based on theory. The researcher develops a measurement model, which examines relationships between observed variables and latent variables and performs confirmatory factor analysis. Once a satisfactory measurement model is produced, the researcher then develops and tests a structural model, seeking optimal fit.

**Estimation of Hypotheses**. As described above, data was analyzed using SEM with path analysis. Path analysis is used to estimate relationships between variables in a system of structural equations. The path model is then based on multiple regression:

$$Y = f \{b, error\}$$

$$Y = a + bx + error$$

Structural equations used in this study are listed below. The first set of equations describes a direct path leading from Sociocultural (ISUS and NSUS) and Psychological Influences (VC, MAT, ING, SID) to Attitude toward Counterfeits (ATTITUDE). Next, the interrelationship between Attitude toward Counterfeits (ATTITUDE) and Purchase Intention (INTENT) is described.

*Interrelationship between Influence Factors and Attitude toward*

*Counterfeits.*

$$ATTITUDE = f \{Influence Factors\}$$

Influence Factors = f {ISUS, NSUS, VC, MAT, ING, PR, SID}

where              ISUS = information susceptibility

NSUS = normative susceptibility

VC = value consciousness

MAT = materialism

ING = integrity

PR = perceived risk

SID = self-identity

Therefore,

ATTITUDE = f {ISUS, NSUS, VC, MAT, ING, PR, SID}.

*Interrelationship between Attitude toward Counterfeits (ATTITUDE) and*

*Purchase Intention (PI).*

INTENT = f {ATTITUDE}

$INTENT = \alpha_2 + \beta_{11} (ATTITUDE) + \varepsilon$

**Chapter Summary**

This chapter provided a description of the methodology. A detailed account of the sampling procedure, data collection process and description of measures was discussed. In addition, the preliminary data analysis was provided. The following chapter outlines the confirmatory data analysis and provides a discussion of the results.

# CHAPTER VI

# DATA ANALYSIS AND RESULTS

This study examined in detail consumer attitudes toward counterfeit goods and their subsequent purchase intention.   This chapter presents the data analysis performed using confirmatory factor analysis and structural equation modeling; as well as the results.

## Confirmatory Factor Analysis

The measurement model was designed to look at the nature of the relationship between the latent variables and the manifest indicators that were used to measure the variables.  The model examined consisted of nine latent variables that correspond with nine constructs in the theoretical model:  attitude toward counterfeits, purchase intention, normative susceptibility, information susceptibility, integrity, materialism, value consciousness, perceived risk and self-identity.

To assess the measurement model, there are no unidirectional paths between latent variables. In this model, the latent variables are connected to one another and a covariance is estimated. The measurement model allows for the assessment of the reliability of each scale item and its corresponding contribution to explaining the phenomenon being researched (Hair et al., 1995).

The measurement model was subjected to Confirmatory Factor Analysis (CFA) in AMOS using Maximum Likelihood, in order to test for unidimensionality, reliability and validity. In confirmatory factor analysis the researcher specifies the number of factors and indicators prior to conducting the statistical analysis. The process is used to test the fit of the factors and the indicator loadings. The aim of this step of the process is to ensure that items load significantly on the factor in which they are intended to. The hypothesized measurement model consisted of variables and latent variables that included two sociocultural influence constructs, normative susceptibility (NSUS) and information susceptibility (ISUS), five psychological influence constructs, value consciousness (VC), integrity (INT), materialism (MAT), perceived risk (PR) and self-identity (SID), and two outcome constructs, attitude toward counterfeits (ATTITUDE) and purchase intention (INTENT).

**The Study Fit Indices**

Researchers recommend that several indices be used to assess the model's overall fit. Hair et al. (1995) suggest that the researcher provide at least four indices to provide evidence of fit. They recommend that the researcher provide the $\chi^2$ statistic, at least one incremental index, one absolute index and an index that would indicate badness-of-fit. Several of the recommended fit indices, along with others are reported in this study.

Descriptions of each of the indices, as well as recommended thresholds are discussed below.

The $\chi^2$ index is a discrepancy fit index. Using a pre-determined alpha of .05, this index examines the significance of the discrepancy between the implied matrix and the observed model matrix. A significant chi-square statistic ($\rho<.05$) indicates that the researcher should reject the null hypothesis and that the model is not a good fit to the data. Therefore, the researcher ideally wants this statistic to be ($\rho>.05$). This statistic is sensitive to sample size, however and therefore it is recommended that the researcher use additional fit indices that are less sensitive to sample size.

The goodness of fit index (GFI) examines the proportion of the variance in the sample variance-covariance matrix that is accounted for by the model. This index measures how much better the proposed model is in relation to the null model. Values for this index range from 0 to 1, with 0 representing a poor fit and 1, an exact fit. This statistic should exceed values of .9 to indicate a good model. This index is sensitive to sample size; therefore it is recommended that other indices be examined in addition to GFI.

The adjusted goodness of fit index (AGFI) is an alternative GFI index in which the value of the index is adjusted for the number of parameters that are contained in the model. Values for this index range from $-\infty$ to 1, whereas $-\infty$ indicates a poor fit and 1, an exact fit. A good fitting model should therefore have a AGFI statistic near 1.

The Normed Fit Index (NFI) is used to assess whether a specified model has a better fit than an alternative model. This index is the difference between the chi-squares of the two models divided by the chi-square of the independence model. Values for this

index fall between 0 and 1, with values closer to 1 representing a model with good fit (Bentler & Bonnett, 1980).

The comparative fit index (CFI) is also used to assess whether a specified model has a better fit than an alternative model. It compares the proposed model with the null measures. It differs from the NFI in that it also takes into account degrees of freedom; and is thus considered to be a good index to use even if sample size is not large. It is the most commonly reported statistic from the incremental-fit indexes. Values for the CFI range from 0 to 1, with a value close to 1 indicating a better fit. Bentler (1990) offers that CFI values greater than .90 indicate an acceptable fit to the data.

The RMSEA (Root Mean Square Error of Approximation) is an index that looks at parsimony fit. It estimates lack of fit as compared to the saturated model. It provides insight into the model that provides the best fit after parsimony adjustments are made; assessing the residuals. This index is not sensitive to sample size. A RMSEA value that is greater than .10 is considered to indicate that the model is a poor fit (Hair et al., 1995). RMSEA values less than .05 are considered to be a good fit and those less than .08 are considered to be an adequate fit. A model that has a lower RMSEA is indicative of a better fitted model.

The RMR is the root mean square residual. This statistic should be smaller to indicate a good fit. RMR is the average difference between the predicted and observed variances and the covariances found in the model, based on the residuals. RMR of 0 indicates an exact fit. Rule of thumb for a good fit is an RMR less than .08.

Lastly, Akaike's Information Criterion (AIC) is used to examine parsimony in the assessment of model fit when comparing two models. The model which has lowest AIC is considered to be the superior model.

**Results of Confirmatory Factor Analysis**

The results of the confirmatory factor analysis (CFA) indicate that the model proposed was less than perfect. Results showed that the original model is not a good fit ($\chi^2$ is 1819.235, p=.000, 908 d.o.f; GFI = .744; AGFI = .709; NFI: .775; CFI = .872; RMSEA = .066; RMR = .135) for the data. An examination of the various fit statistics indicates that only one of estimates (RMSEA) meets the recommended thresholds and therefore, modifications were necessary. The next step is to modify the measurement model to improve overall fit. The step involves refining the identification and examination of problematic for potential deletion to improve fit of the overall model.

Potential problems were first identified by examining the critical ratios (CR) for the regression weights of individual scale items. These ratios are the "parameter estimate divided by its standard error," (Byrne, 2001, p.76). This test statistic should be > 1.96 at p=.005. Scale items that fail to meet this threshold should then be considered for deletion and excluded from further analysis.

Next, the standardized residual covariances (SRC) were examined. SRC represents the discrepancy between the "restricted covariance matrix implied by the hypothesized model and the sample covariance matrix," (Byrne, 2001, pp 88-89). SRC values in excess of 2.58 are considered to be large and should be considered for elimination.

Researchers also recommend that scale items be examined by looking at the modification indices (MI). Readings that are greater than 10 should be considered for deletion and excluded from further analysis to improve overall fit. Scale items should also be examined for low standardized loadings and low squared multiple correlations. The researcher must take caution to make only those modifications which are consistent with theory.

Following the analysis of the modification criteria listed above, a revised measurement model was proposed for further analysis. The revised measurement model is shown in Figure 2. As a result of the modifications, the overall statistics improved and are featured in Figure 2.

The $\chi^2$ statistic decreased to 883.979 at 592 degrees of freedom and p=.000. The values of GFI and AGFI improved to .834 and .803 respectively, indicative of an acceptable fit. The values of NFI and CFI improved to .859 and .948 respectively, indicative of acceptable fit. The RMSEA improved to .047, evidencing good fit. Although the RMR improved to .109, the statistic reveals that there is still some complexity to the model. The AIC statistics for the revised measurement model are 1105.979 for the default model, 1406.00 for the saturated model and 6339.347 for the independence model.

### Reliability Assessment

Reliability tests were conducted to evaluate the internal consistency of the observed items. This analysis is conducted to ensure that a measure is consistent in terms of measuring what it is intended to measure. In order to establish the measures are reliable three test indices were used to assess each variable: Cronbach's alpha analysis,

composite reliability and average variance extracted.   SPSS 19.0 was employed to test the reliability of the model.

**Cronbach's Alpha Analysis**

For the Sociocultural Influence factors, the Information Susceptibility construct Crobach's alpha value was .84.  The alpha value for Normative Susceptibility was .93. For the Psychological Influence factors, the following alpha values were recorded:  Value Consciousness .77, Self-Identity .94, Materialism .85, and Integrity .76. Perceived risk is .68, slightly less than the .70 threshold recommended by Nunnally, but is still considered to be in the acceptable range and is likely due to the low number of questions (three) that were asked (Hair et al., 1995). The alpha value for Attitude toward Counterfeits was .89 and Purchase Intention was .95.  For Cronbach's alpha analysis, coefficient values are recommended to be in excess of .70 (Nunnally, 1978).  All constructs with the exception of perceived risk measured .76 or better; thus indicating the measures utilized in the study are reliable.

**Composite Reliability (CR)**

Calculations for composite reliability are based on the standardized factor loadings.  The equation for calculating composite reliability is as follows:

$$CR = \frac{(S \text{ standardized loading})^2}{(S \text{ standardized loading})^2 + eSj}$$

The Sociocultural Influence constructs, Information Susceptibility and Normative Susceptibility registered CR scores of .85 and .94, respectively.  The Psychological Influence constructs registered CR scores of the following:  Value Consciousness .80, Self-Identity .94, Materialism .85 and Integrity .76.  The CR value for Attitude toward Counterfeits was .90 and Purchase Intention registered a reading of .95.  Hair et al.

(1995) recommend that all scales exceed the threshold of .70 to demonstrate reliability.

All scales exhibited acceptable reliability with scores ranging from.76-.95.

**Average Variance Extracted (AVE)**

Average variance extracted from the constructs used in this study ranged from

.52-.79.  The Sociocultural Influence constructs, Information Susceptibility and

Normative Susceptibility had AVE of .66 and .75, respectively.  The Psychological

Influence constructs had the following AVE: Value Consciousness .58, Self-Identity .62,

Materialism .58, and Integrity .52.  AVE for Attitude toward Counterfeits was .74 and .79

for Purchase Intention.  Fornell and Larker (1981) recommend that AVE exceed the

lower threshold of .5 to demonstrate construct internal consistency.  As all constructs

exceed this threshold, internal consistency is evidenced.

The revised measurement model shows that all composite reliabilities are greater

than the 1.96 threshold.  In addition, all standardized residual covariances are less than

2.58.  The modification indices reflect values that are reasonable for the model and as

there was no theoretical support to make further modifications, none were made.

The remaining scale items were then again subjected to reliability testing.  For the

Sociocultural Influences, Normative Susceptibility consisted of four retained scale items

and Information Susceptibility consisted of three retained scale items.  For the

Psychological Influences, all original items were retained.  Cronbach's alpha for the

scales used in the revised measurement model are as follows:  NSUS=.931, ISUS=.841,

ING=.757, MAT=.846, SID=.936, and VC=.773 and are considered acceptable

(Nunnally, 1978).  The Perceived Risk construct again presented some challenges in

proving to be reliable, PR =.658, likely due to the low number of items (3).  At this point,

it was chosen to be retained, but would be closely examined through validity testing to ensure its presence could remain in the model and still produce a reliable, valid model.

For the mediating variable, Attitude toward Counterfeits, the three item scale had a Cronbach's Alpha of .892 and is considered acceptable (Nunnally, 1978). All items for the outcome variable, Purchase Intention were retained and demonstrated Cronbach's Alpha of .952 and are thus considered acceptable (Nunnally, 1978).

As having reliable measures does not equate to having valid measures, tests of validity must also be conducted. Validity ensures that measures accurately measure what they are intended to measure (Hair et al., 1995).

## Validity Assessment

### Discriminant Validity

Discriminant validity is used to examine whether measures that are supposed to be unrelated, are. This is evidenced by demonstrating that a latent variable is not highly correlated with variables that it is not supposed to be. To illustrate this, a comparison of the shared variance between each pair of the construct with the average variance extracted in each one of the pairs is performed (Fornell & Larcker, 1981). Average variance extracted (AVE) is calculated by averaging the two variances extracted from the variables. For discriminant validity to be evidenced, the value of AVE must be greater than the squared correlation for all constructs used in the study. These statistics are provided by AMOS. Results of this analysis revealed that there were no issues and are reported in the Appendix.

### Convergent Validity

Convergent validity is used to examine whether measures that are supposed to be related, indeed are. In the confirmatory factor analysis (CFA), the factor loadings of all manifest observed variables range from .56 to .93. As the factor loadings need to be above .50 (Hair et al., 1995) to demonstrate convergent validity, the loadings of the variables suggest convergent validity.

Convergent validity is also established by ensuring that average variance extracted is .5 or higher, ideally .7 or higher. Based on the measurement model, most scales meet the requirement for convergent validity, with the exception of Perceived Risk in which the AVE is .417. Fornell and Larcker (1981) suggest that AVE less than .50 indicates questionable support for convergent validity as the variance due to measurement error is greater than the variance due to the construct. As Perceived Risk presented a problem for establishing convergent validity, as well as reliability, the decision was made to remove the construct from further analysis. The measurement model was then further refined and tested.

## Further Modifications to the Measurement Model

Based on the analysis of the measurement model described in the previous section, it was evident that further modification was necessary to ensure that research is valid and can be used to make inferences. Using the criterion previously given, examination of the modification indices, examination of the critical ratios, examination of the standardized residual covariances and other validity-related criteria was conducted to better improve the study.

Based on the results of the testing for convergent validity, the construct of perceived risk was chosen to be excluded from the study. Not only was the reliability of

the scale on the lower end of what is considered to be acceptable, but the AVE is .417

and thus prohibited the model from evidencing convergent and subsequently, construct

validity.

Figure 2: Measurement Model



(χ²=634.748, dof =489, χ²/df=1.298, GFI=.867, AGFI=.838, CFI=.973, NFI=.893, RMSEA=.036, RMR=.099)
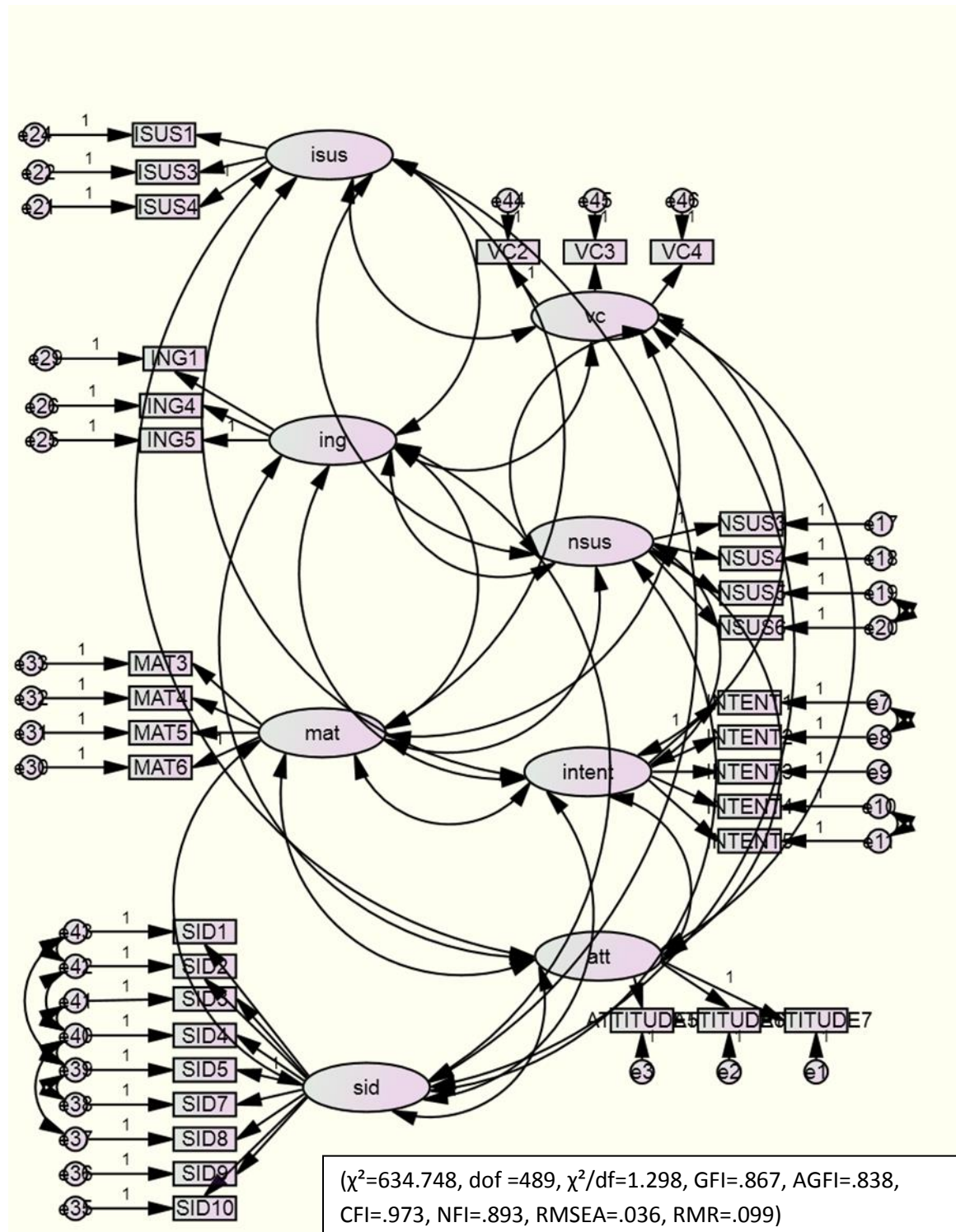
The revised measurement model was then analyzed after the perceived risk construct was removed from the model. Consequently, the fit of the newly revised measurement model was assessed and remained nearly the same in all areas and can be viewed in Figure 2. The $\chi^2$ statistic decreased to 634.748 with 489 degrees of freedom, p=.000. GFI increased slightly to .867 and AGFI increased slightly to .838. NFI improved slightly to .893, while CFI increased slightly to .973. RMSEA decreased to .036, while RMR decreased slightly to .099. AIC registered 846.748 for the default model, 1190.000 for the saturated model and 6007.709 for the independence model.

Validity of the model was also reassessed. As a discussion of how the validity tests were performed is provided in the preceding section, only the results of such tests are outlined in this section.

Removal of the Perceived Risk construct from the final model proved to be important for ensuring the validity of the model. Tests for discriminant validity and convergent validity revealed that once this construct was removed from analysis; there were no further issues with validity, thus providing support for construct validity. The results of these validity tests are reported in the Appendix. As the model was established to be a good fit and evidence was provided for discriminant and convergent validity, the structural model was then built and subjected for further analysis and used to test the hypotheses.

## The Structural Model

This section describes the structural model that is used to test the hypotheses that were posed in the study. The new structural model (figure 4) is derived from the revised, valid measurement model. The structural model was then submitted for testing.

According to fit statistics, the structural model had good fit as reported in Figure 3. The $\chi^2$ statistic was 705.431 with 497 degrees of freedom, p=.000, although this statistic represents an inadequate fit to the data, as recommended by other researchers due to its sensitivity to sample size, other fit indices were taken into consideration. GFI registered a marginal fit at .852, as well as AGFI, which registered at .823. NFI was also near the ideal statistic of >.90, registering at.881, thus indicating a good fit. The CFI statistic was .961, which falls into the good fit range of >.9. The RMSEA statistic also pointed to a good fit registering at .043. The RMR statistic was slightly above the ideal range of <.10 at .119. AIC registered 901.43 for the default model, 1190.000 for the saturated model and 6007.709 for the independence model. As a comparative measure of fit, this statistic is mainly meaningful when examining two or more models. The model with the lowest AIC statistic is the best fitting model.

**Hypotheses Testing**

Based on the testing of the measurement model the structural model was developed and is portrayed in figure 3. The new model reflects the removal of the Perceived Risk construct. The model examines the following sociocultural antecedents to consumer attitude toward counterfeits: normative (NSUS) and information susceptibilities (ISUS). It also examines the following psychological antecedents to consumer attitude toward counterfeits: integrity(ING), materialism (MAT), self-identity (SID) and value consciousness (VC). The model also looks at the mediating role of attitude toward counterfeits (ATTITUDE) on subsequent purchase intention (INTENT). Based on the model, eight (8) hypotheses are subjected for analysis. The first six (6) hypotheses state that the sociocultural and psychological variables directly influence

consumer attitude toward counterfeits (ATTITUDE). The latter two (2) hypotheses describe the mediation role of consumer attitude toward counterfeits and the relationship between the outcome variables.

**Sociocultural Determinants of Consumer Attitude toward Counterfeits.** The following two hypotheses regarding the sociocultural influences on consumer attitude toward counterfeits were tested:

H1a: Information susceptibility has a negative effect on consumer attitude

toward counterfeit goods.

H1b: Normative susceptibility has a negative effect on consumer attitude toward

counterfeit goods.

According to the results, information susceptibility (ISUS) is not significantly related to consumer attitude toward counterfeits, thus H1a is not supported. This result is consistent with the findings of other studies in the literature, specifically Ang et al., (2001) and Wang et al., (2005). This finding reveals that consumers who were sampled do not rely on the expert opinions of others when it comes to purchasing counterfeit goods.

The results show that normative susceptibility (NSUS) is significantly related to consumer attitude toward counterfeits ($\beta$=.291; p=.001); however as it was hypothesized to be negatively related, H1b is not supported. The results of this study are contradictory to findings in the extant literature. As the finding is significant, it was evident that more consideration was needed to explain the findings. This finding was given further consideration and is suggested as an avenue for future research.

**Psychological Determinants of Consumer Attitude toward Counterfeits.** The following four hypotheses regarding the psychological influences on consumer attitude toward counterfeits were estimated:

H2:    The more value conscious a consumer is, the more favorable their attitude toward counterfeit goods.

H3:    The more materialistic the consumer is, the more positive their attitude toward counterfeit goods.

H4:    The greater the integrity held by the consumer, the less favorable their attitude toward counterfeit goods.

H5:    The weaker the self-identity of the consumer, the more positive their attitude toward counterfeit goods.

According to the results, value consciousness (VC) is not significantly related to consumer attitude toward counterfeits, thus failing to provide support for H2. This finding suggests that consumers do not solely base their attitude toward counterfeit goods on the low price point that such products offer. This finding is consistent with prior research which points to factors other than price as determinants of consumer attitudes toward counterfeit goods (Wee et al., 1995).

Materialism (MAT) was found to be significantly and positively related to consumer attitude toward counterfeits ($\beta=.122$; $p=.05$), therefore providing support for H3. This contradicts the findings of Wee et al., (1995) and Cheung and Prendergast (2006) who found the relationship to be insignificant.

The results indicate that integrity (ING) is significantly and negatively related to consumer attitude toward counterfeits ($\beta= -.575$; $p=.001$), thus providing support for H4.

Findings show that consumers who exhibit integrity hold less favorable attitudes toward counterfeit goods than those who do not. This finding suggests that consumers who are honest and truthful in terms of his or her actions do not place value on counterfeit goods, likely due to the ethical implications involved with purchasing a counterfeit item. This finding is consistent with others in the counterfeit marketing literature (Ang et al., 2001; Cordell, et al., 1996; Phau & Teah, 2009).

Based on the findings of this study, self-identity (SID) was not considered to be a major factor that determined consumer attitude toward counterfeit goods; therefore the hypothesized relationship H5 was not supported.

**Effect of Consumer Attitude toward Counterfeits on Purchase Intention.**
The following two hypothesized relationships regarding consumer attitude toward counterfeits:

H6:     Consumer attitude toward counterfeits mediates the relationship between the

sociocultural influences (information susceptibility and normative susceptibility),

the psychological influences (value consciousness, integrity, materialism, and

self-identity) and purchase intention.

The mediating role of consumer attitude toward counterfeit goods (ATTITUDE) between sociocultural and psychological influences and purchase intention was found to be significant for the variables normative susceptibility, materialism and integrity in this study therefore providing partial support for the hypothesized relationship, H6. Consumer attitude toward counterfeit goods (ATTITUDE) was found to significantly and positively related to purchase intention (INTENT) ($\beta$=.613; p=.001). In line with the

Theory of Reasoned Action, consumers who hold favorable attitudes toward counterfeit

products are more likely to purchase such goods.

**Table IV: Hypotheses Testing**

| Hypothesized Relationship | Estimate | S.E. | C.R. | p-value | Conclusion |
|---|---|---|---|---|---|
| H1a: Information susceptibility→ | -0.001 | 0.060 | -0.010 | 0.992 | Not supported |
| Consumer Attitude Toward Counterfeits (-) | | | | | |
| | | | | | |
| H1b: Normative susceptibility→ | 0.204 | 0.055 | 3.680 | 0.000 | Not supported |
| Consumer Attitude Toward Counterfeits (-) | | | | | |
| | | | | | |
| H2: Value Consciousness→ | | | | | |
| Consumer Attitude Toward Counterfeits (+) | -0.035 | 0.094 | -0.375 | 0.708 | Not supported |
| | | | | | |
| H3: Materialism→Consumer Attitude Toward Counterfeits (+) | 0.122 | 0.063 | 1.936 | 0.053 | **Supported** |
| | | | | | |
| H4: Integrity→Consumer Attitude Toward Counterfeits (-) | -0.583 | 0.143 | -4.075 | 0.000 | **Supported** |
| | | | | | |
| H5: Self Identity→Consumer Attitude Toward Counterfeits (+) | -0.003 | 0.071 | -0.044 | 0.965 | Not supported |
| | | | | | |
| H6a: Consumer Attitude Toward Counterfeits→ | 0.642 | 0.095 | 6.761 | 0.000 | **Supported** |
| Purchase Intention (+) | | | | | |
| | | | | | |
| Notes: $\chi^2$=705.431, ρ=.000; d.f.=497;GFI=.852; NFI=.881; CFI=.961; RMSEA=.043 | | | | | |

**Figure 3: Structural Model**



(χ²=705.431, dof =497, χ²/df=1.42, GFI=.852, AGFI=.823, CFI=.961, NFI=.881, RMSEA=.043, RMR=.119)
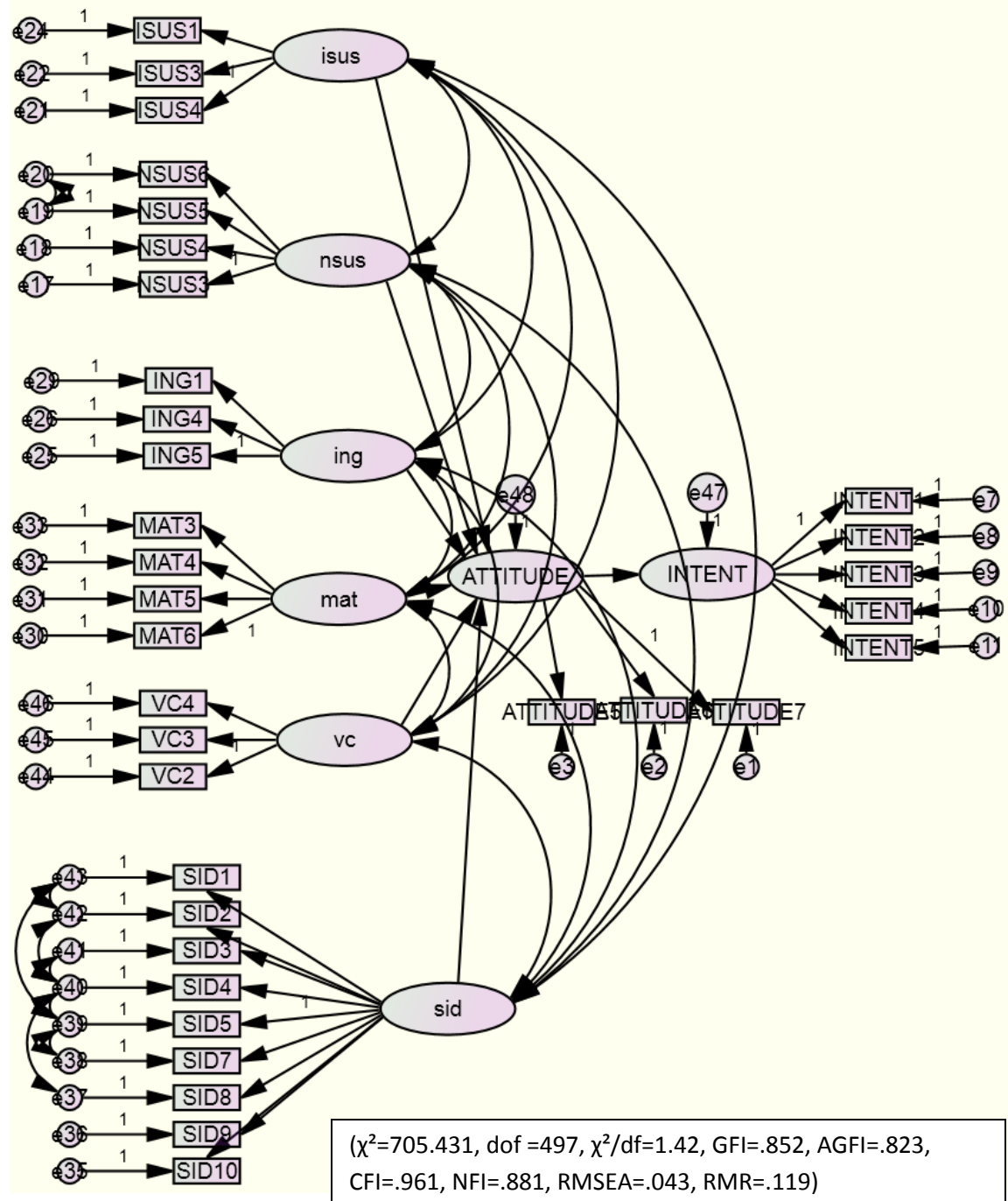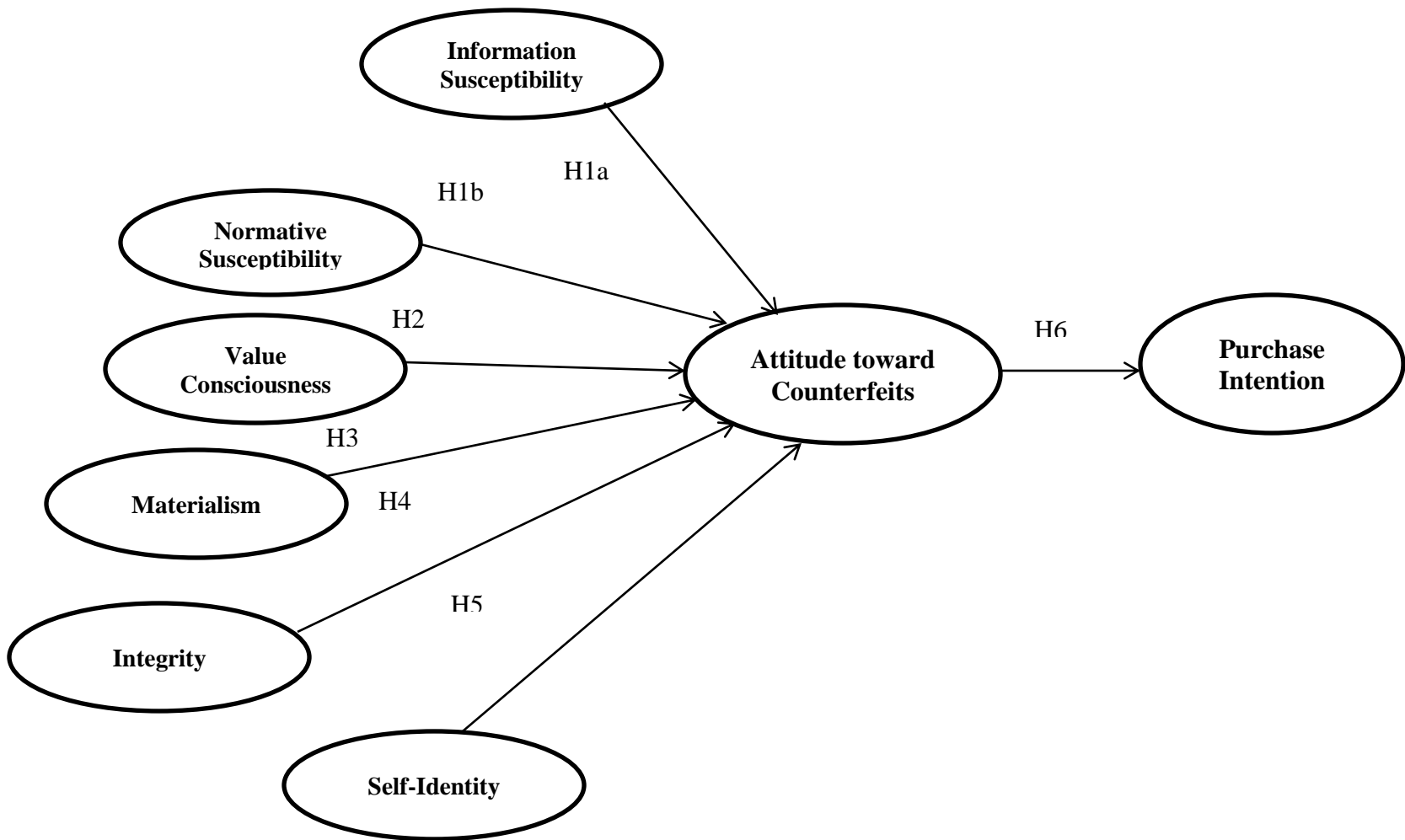
**Figure 4: Revised Integrative Model of Counterfeit Good Consumption**

## Chapter VII

## SUMMARY, DISCUSSION AND CONCLUSION

The purpose of this chapter is to present a summary of the study, a discussion regarding the results of the study, draw conclusions from the analysis and provide a discussion of limitations and directions for future research.

### Summary

The purpose of this study is to examine the antecedents of consumer attitudes toward counterfeit goods in an effort to better explain the motivations behind counterfeit good purchases. In this study, six antecedents to consumer attitude toward counterfeits (ATTITUDE) - Information Susceptibility (ISUS), Normative Susceptibility (NSUS), Value Consciousness (VC), Materialism (MAT), Integrity (ING), and Self-Identity (SID) were taken from extant literature, combined into an integrative model, and empirically tested to examine their influence on consumer attitude toward counterfeits and subsequent purchase intention of such goods. The Theory of Reasoned Action and Theory of Planned Behavior provided the theoretical ground for the conceptual framework used to analyze the antecedents of consumer attitudes toward counterfeits and purchase intentions. A series of six hypotheses were developed and examined.

Based on a thorough literature review, using extant scales, a questionnaire was devised and administered. The survey was designed to learn more about consumer perceptions regarding counterfeit goods. Overall a total of 228 usable surveys were received and analyzed using SPSS and AMOS software.

SEM allowed the relationships to be tested and was used to illustrate the strength of the relationships between variables. These constructs have received little attention in the field of counterfeit marketing and as they have not been looked at together in an integrative model, this study sought to assist with gaining a better understanding of why consumers purchase counterfeit goods. It is the hope that this information may be used to help establish a framework for future research in which academicians can examine how consumer attitudes toward counterfeits are changing over time.

## Discussion

### Major Findings of the Study

The study provides insight into the determinants of consumer attitude toward counterfeits and subsequent purchase intention. The general proposed model was confirmed. The purchase intention of counterfeit goods is influenced by the consumer's attitude toward counterfeits which is determined by sociocultural and psychological influence factors. The model was satisfactory in terms of goodness-of-fit; however there were a few paths which were found to be insignificant. The findings conclude that of the factors investigated, three did not serve as useful determinants of attitude toward counterfeits: information susceptibility, value consciousness, and self-identity. The results of the structural equation modeling do show that there are influences that have a significant effect on consumer attitude toward counterfeits. There were several paths

which did offer significance and can thus be used to help enhance our understanding of why consumers purchase counterfeit goods. The results of this study indicate that normative susceptibility, integrity, and materialism are significant determinants of consumer attitudes toward counterfeit goods; however, there are some differences in terms of their level and direction of influence.

First, the results indicate that integrity is the strongest antecedent to consumer attitude toward counterfeits and is negatively related to consumer attitude toward counterfeits; whereas normative susceptibility and materialism are positively related to attitude. As the relationship between integrity and consumer attitude toward counterfeits demonstrated the strongest linkage ($\beta$= -.575; p=.001), this indicates that in this study, integrity is one of the main determinants of whether or not the consumer will form a positive attitude toward counterfeit goods and subsequently purchase such items. Consumers who are predisposed to value honesty and integrity hold negative attitudes toward counterfeits. This finding echoes the finding of de Matos, Ituassu and Rossi (2007) who also find integrity to be significantly, negatively associated with attitude toward counterfeits. The finding also is consistent with others who have examined the role of integrity in the counterfeit marketing literature (Ang et al., 2001; Cordell et al., 1996; Phau & Teah, 2009).

Values that are inherent to consumers may become clouded when it comes to the purchase of a counterfeit good, since the transaction itself is not currently illegal. The purchase of such goods may present an ethical dilemma for the consumer. Consumer perception regarding the criminality of counterfeiting is therefore often skewed. While

the manufacture and sale of counterfeit products is illegal, currently it is not illegal to purchase such items in the United States.

The results suggest that from a public policy standpoint, there should be a focus on creating awareness of the implications of purchasing counterfeit goods. Educational programs should be designed and implemented that address the negative aspects of counterfeiting. This study, along with other studies suggests that a "human face" be given to elicit more empathy from consumers (Ang et al., 2001; Phau & Teah, 2009; Tom et al., 1998; Wang et al., 2005; Wee et al. 1995). Some consumers of counterfeits may not realize that by purchasing a fake handbag, etc. from a street vendor or elsewhere they may be encouraging and contributing to acts of violence and crime. The development of campaigns and educational programs should focus on building awareness regarding the activities that the purchase of such products fund such as prostitution and human trafficking, drug trafficking, and terrorism. While not currently a crime in the United States, manufacturers of legitimate brands could embark on a campaign that compares consumption to a criminal act. In addition, there is the aspect of negative economic consequences such as lost sales and unemployment that could be highlighted. The findings of this study indicate that further examination should be given to the role of consumer values and the legality of purchasing counterfeit goods.

Materialism ($\beta$=.122; p=.05) was also found to be a significant and positive predictor of consumer attitude toward counterfeit goods. As the quality of fake goods has been improving over time, consumers are able to fool others into believing that their counterfeits are originals. Counterfeit goods allow consumers to own items that have an identical appearance to legitimate goods, without sacrificing as much monetary outlay

(Penz & Stöttinger, 2005).  As both the counterfeit and the original good have the same appearance, the materialistic consumer is able to satisfy their penchant for acquiring items.  Manufacturers of legitimate brands could target the materialistic consumer by turning their focus to promoting the prestige associated with owning and displaying authentic goods.  There is potential for embarrassment within the social circles of consumers who are found to be in possession of counterfeit goods.  Awareness and educational campaigns that highlight the risk of embarrassment could discourage the materialistic consumer from the purchase of counterfeit goods.

The third finding, while not the direction hypothesized, was that normative susceptibility significantly and positively influenced consumer attitudes toward counterfeits.  As a result of this finding, a new integrative model was proposed, tested, and demonstrated evidence of a new way to explain purchase intention toward counterfeits.  Perceived unfairness was proposed as a mediator between this relationship and proved to be significant.  This model proved to have the best explanatory power for all models tested and warrants further investigation.

## Theoretical and Marketing Implications

The results of this study lend themselves to three major findings:  the first is that consumer attitudes toward counterfeits are largely affected by one's integrity; the second is that consumer attitude toward counterfeits is affected by materialism, and the third major finding is that the relationship between normative susceptibility, integrity and consumer attitude toward counterfeits is mediated by perceived unfairness.  As such when forming an attitude toward counterfeit goods, participants were significantly influenced by both psychological and sociocultural factors.  Consumer attitude toward

counterfeits subsequently positively influenced the participant's intent to purchase counterfeit goods.  The results of this study have several implications for marketers, society and policy makers.

Marketers can use the results of this study to add to the growing body of knowledge that examines the motives behind non-deceptive counterfeit good purchases. A greater understanding of why consumers knowingly purchase counterfeit goods can assist with developing a theory of consumer behavior toward counterfeit goods.  This knowledge can then be used by practitioners in an effort to deter such behavior.

Results suggest that policy makers should design and employ strategies to curb counterfeit demand that are based on integrity, materialism, normative susceptibility and perceived unfairness.  Integrity can be used as a cue for developing strategies to deter counterfeit purchases.  As the results of this study indicate that integrity was the largest influence on consumer attitude toward counterfeits, it is beneficial to educate and bring awareness to the negative societal consequences of counterfeit good consumption.  As other studies have indicated, a cohesive effort to educate and inform society about the detriments of their counterfeit consumption activities should be undertaken (Nia & Zaichkowsky, 2000; Prendergrast et al., 2002).

As suggested by Phau, Sequeira and Dix (2009), the education process should start from a young age.  Given the increasing importance of social media, many anti-counterfeiting organizations, along with brand-owning companies would be well-served to investigate these platforms for launching educational campaigns.  According to the Pew Research Center (2013), the top social media sites for 2012-2013 were Facebook,

LinkedIn, Pinterest, Twitter and Instagram. Given their popularity and usage, these sites could be used to build awareness.

Perceived unfairness proved to be an interesting addition to this model, mediating the relationship between normative susceptibility and purchase intention. Consumers of counterfeit products often justify their consumption decisions based on the notion that brand manufacturers charge too much for their products (Penz & Stöttinger, 2005). As suggested in other studies, firms could increase their participation in corporate social responsibility programs to assist with changing this perception (Phau, et al., 2009). As with helping to build awareness about the negative implications of counterfeit good consumption, social media can be a useful tool for building awareness around corporate social responsibility endeavors.

## Limitations and Recommendations for Future Research

Like any research project, this study is not without limitations. First, the study was a cross-sectional analysis and as such represented only a snapshot of consumer attitudes at one point in time. To strengthen my argument that consumer attitudes have shifted and subsequently legitimized counterfeit good consumption situations in the mind of the consumer, longitudinal data would have been preferred. Future research could include sampling the same respondents over a more significant period of time, say five years or so, to determine if the consumer attitudes toward counterfeit goods are changing over time.

A second limitation of the study is the generalizability of the results. Although a snowball sampling method was employed, the composition of the sample is not representative of the general population. Future research should seek to employ a sample

that is more heterogeneous in terms of ethnicity, age, educational and income levels.  In addition, participants completed the survey using the Internet.  Current statistics indicate that this collection method excludes approximately 20 percent of the US population who do not have Internet access (Strauss and Frost, 2014).  Therefore, generalizability of the results is limited to the participants of the study.  As culture may play an important role when assessing value systems, a cross-cultural study could be undertaken to address such issues and could shed new light into this issue.

A third limitation of this study is that the construct perceived risk had to be dropped from the analysis due to inability to achieve a reliable and valid measure.  As this construct has been shown to be the most significant determinant of attitude toward counterfeits in other studies (de Matos et al., 2007), its omission from this study could have greatly impacted the findings.  Other studies have found that the more perceived risk felt by the consumer, the more unfavorable their subsequent attitude toward counterfeits.  To overcome this limitation for future studies, a different validated scale with more items could be utilized.  For example, Chakraborty et al., (1997) used a perceived risk scale that was comprised of four dimensions:  legal, physical, social and economic factors.

Another limitation of the study is that purchase intentions rather than actual behaviors were analyzed.  Actual behaviors performed by consumers may be different than intentions.  To overcome this limitation, future research could employ an experiment in which actual behaviors related to counterfeit good purchase decisions could be measured.  Use of actual brands and actual retailers could further illustrate how the

choice is made to purchase a non-deceptive counterfeit in an actual consumption

situation.

Future research can look at the impact of counterfeit good consumption on the

value system of consumers. A review of recent headlines and social media would seem

to reveal that consumers are experiencing a shift in their attitudes when it comes to

counterfeit goods. It appears such products have gained social acceptance. Institutional

Theory (Suchman, 1995) can be utilized to help explain this phenomenon. This theory

focuses on "the process by which societal expectations of "proper" behavior influence the

structuring and practices of organizations, (Handelman & Arnold, 1999, p.34). The

organization's ability to attain and furthermore uphold norms is then what leads to

legitimation. Legitimacy is then described as "a generalized perception or assumption

that the actions of an entity are desirable, proper, or appropriate within some socially

constructed system of norms, values, beliefs, and definitions," (Suchman, 1995, p.574).

This theory seems most appropriate to examine the potential changing nature of

consumer attitudes toward counterfeits as it has been used by scholars to gain further

knowledge regarding how various actors or markets attain legitimacy (Grayson, Johnson

& Chen, 2008; Handelman & Arnold, 1999; Humphreys 2010; Scaraboto & Fischer,

2012).

Future research should also examine consumer profiles of shoppers who purchase

counterfeit goods online. The Internet provides consumers a certain degree of anonymity

when faced with the decision to purchase a counterfeit good over authentic merchandise.

Consumers who do not have to transact business with an actual person may perceive less

risk and therefore be more inclined to participate in the exchange. As trends indicate

consumers are increasingly becoming more comfortable purchasing in an online environment, it is important to build a profile of the counterfeit good consumer in an attempt to thwart the purchase of counterfeit goods in an online context.

Future research could also examine this model by looking at different product categories to test for differences, especially those relative to product involvement.  As consumers become more involved with a product it is expected that their perceived risk with such products would increase accordingly and the attitudes formed toward counterfeits would be less favorable.

When introducing and examining product involvement, additional variables could also be examined, for example, brand consciousness.  Brand consciousness is "the belief that well-known brands are superior to less well-known brands," (Sharma & Chan, 2001, p.607).  Brand consciousness would seemingly relate to the constructs of information and normative susceptibility in that brand conscious consumers look to celebrities and media for cues as to determine the most popular brands (Nelson & McLeod, 2005; Sharma & Chan, 2011).  As the lure of an attractive price allows consumers of counterfeit goods the ability to possess popular brands that may otherwise be unaffordable, this construct could be examined in future studies.

### Conclusion

In conclusion, there seems to be no end in sight when it comes to the consumption of counterfeit goods.  This study contributes to the growing body of demand-side consumer behavior investigations within the counterfeit marketing literature. Researchers must work to continue to develop an understanding and awareness of why consumers purchase such goods if we are to curb this problem.  The development of

strategies to reduce and furthermore eliminate counterfeit goods consumption will be strengthened by the ability of researchers to develop theories to assist with understanding this phenomenon.

This research contributes to existing literature regarding counterfeit good consumption by testing the antecedents of consumer attitudes toward counterfeit goods and examining the overall power of the antecedents. Structural equation modeling was utilized for examining the antecedents. Thus in response to the research questions posed in the beginning of this dissertation, the reasons why consumers knowingly purchase counterfeit goods can be somewhat explained by a set of sociocultural and psychological factors that were demonstrated to influence consumer attitude toward counterfeits. This study finds that normative susceptibility, integrity and materialism are all significant predictors of consumer attitudes toward counterfeit goods. It also finds that a consumer attitude toward counterfeits partially mediates the relationship between the antecedents and purchase intention. In addition, consumer attitudes toward counterfeits were found to influence purchase intention of such goods. This study can also serve the purpose of establishing a baseline for which future research can be conducted to determine if there is an overall shift in consumer attitudes, thus potentially serving as evidence for the legitimation of such goods.

The most significant influence on consumer attitude toward counterfeits came from integrity. Along with integrity, materialism and normative susceptibility were also found to be significant determinants of consumer attitudes toward counterfeits. In addition, a new relationship outlining the mediating relationship of perceived unfairness was introduced.

In addition to the contribution of this study to the field of marketing, several practical implications are also presented.  The results of this study can be used by those that are fighting to deter counterfeit consumption.  Groups like IACC (International Anti-Counterfeiting Coalition) can utilize this research to assist with campaigns aimed at consumers.  The results of this study indicate that many consumers are unaware of the legality of manufacturing and subsequent purchase of counterfeit products.  Marketing campaigns that are devised to build awareness around the negative implications of the purchase of counterfeit goods can be used to change consumer attitudes and therefore discourage the consumption of such goods.

The results of this study provide some insight into the reasons why consumers purchase counterfeits.  The results will hopefully encourage further research that focuses on the constructs found to be significant, along with other constructs that have been suggested for future research.  These constructs and their corresponding interrelationships should also be reviewed within other contexts as suggested, as well as with other samples.

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**APPENDIX**

**Appendix A: Review of Relevant Literature**

| Author(s) | Research Questions | Determinants | Dependent Variable(s) | Findings |
|---|---|---|---|---|
| Albers-Miller (1999) | (1) To what extent is price an important variable in the consideration of purchasing a counterfeit good? (2) To what extent does peer pressure influence counterfeit good purchases? (3) To what extent does the ability to rationalize the purchase of an illicit good moderate the effect of perceived criminal risk associated with the behavior? | Product type, peer pressure, perceived criminal risk, price | Willingness to purchase | Product type, buying situation and price are significant predictors of willingness to purchase<br><br>Significant interactions included: risk with product type and price with product type |
| Ang et al (2001) | (1)What is the consumer's motivation for buying counterfeit goods?(2)What role do the following variables have play in influencing counterfeit purchases: perceived risk in buying fake products; perceived harm/benefits to singers, music industry, and society; morality of buying fake products; social influences; and personality factors. | Informative and normative susceptibility, value consciousness, integrity, personal gratification, age, education, income | Purchase intention | The more value-conscious and less normatively susceptible the consumer, and the less integrity of that consumer, the more favorable their attitude toward piracy<br><br>Males and lower income consumer groups have more favorable attitudes toward piracy<br><br>Attitude toward piracy is significant for influencing purchase intention<br><br>Demand for luxury brands drives the demand for counterfeits and social goals underlie this behavior |

| | | | | |
|---|---|---|---|---|
| Bian and Veloutsou (2007) | (1)What are the difference in consumer attitudes toward non-deceptive counterfeit brands in the UK and China? (2) To what extent do demographic variables actually influence the willingness to purchase counterfeit brands? | Age, gender, education, ethical considerations, legal considerations, quality, expectations | Willingness to purchase for own use or for gift purposes, Attitudes toward buying counterfeit brands, Attitudes toward selling counterfeit brands | Not all respondents have a high opinion of counterfeit brands: Chinese consumers value them less than UK consumers<br><br>Consumers find it difficult to distinguish between the genuine and the counterfeit brands<br><br>UK consumers find counterfeits to be less trustworthy than Chinese consumers |
| Bloch et al (1993) | (1) When given the opportunity to choose a known counterfeit, what proportion of consumers will do so? (2) How do perceptions of counterfeit goods differ from perceptions of genuine articles? (3) What personal characteristics distinguish between persons selecting a counterfeit and those who are not? (4) What purchase criteria are useful in predicting a consumer's willingness to select a counterfeit good over other options? | Self-image, willingness to buy, store reputation, durability, style/fashionability, brand image, price, demographics | Purchase choice, evaluation of product attributes | Consumers may select counterfeit merchandise without considering public health issues;<br><br>Self-image was found to be significant which can indicate that counterfeit consumers may be less confident, less wealthy and of a lower status in society;<br><br>Consumers will select a counterfeit item if there is a price advantage, despite lower quality<br><br>Demographics had no influence on choice groups |
| Chakraborty et al. (1996) | (1)What are the factors that influence US consumers' perception of risk and | Country of origin, ethnocentrism | Perceived risk, quality evaluations, | Ethnocentrism and COO of the original product manufacturer jointly influence consumer perception of |

| | | | | |
|---|---|---|---|---|
| | attitudes about counterfeiting? | | post purchase feelings of guilt | risk and attitudes toward counterfeits.<br><br>Ethnocentrism produces and increases feelings of guilt amongst consumers of counterfeit goods, if the legitimate product is a product of the USA |
| Chakraborty et al. (1997) | (1)To what extent can specific information cues prompt negative beliefs and expectations consumers hold for counterfeits, thereby reducing their demand for such products? | Informational cues, Country of origin of legitimate good, failure rate of counterfeit good | Perceived risk, purchase intentions, post purchase feelings of guilt | Found that stressing the inferior quality of counterfeit goods coupled with the harmful effects felt by legitimate producers and the overall job market will reduce demand for counterfeit products<br><br>COO had no effect on purchase intention<br><br>Perceived loss mediated the effect on purchase intention<br><br>Main effect of failure rate and interaction effect of failure rate and COO on purchase intention |
| Cheung and Prendergast (2006) | (1)How do heavy and light buyers of pirated video discs and clothing and accessories, differ in terms of their demographic profiles?<br>(2)How are pirated products perceived by buyers, relative to their original equivalents? | Income, gender, occupation, education, age and marital status | Light vs heavy counterfeit users | Product type was significant in that mid-high income families, males, younger, single consumers were likely to be heavy buyers of VCD's; whereas females were likely to be heavy buyers of counterfeit fashion clothing and accessories |

| Commuri (2009) | (1) When premium brands are counterfeited, which in turn gives a variety of consumers access to them, how do consumers of the genuine items react to the erosion of exclusivity and prestige? | (1) general knowledge of and opinions about fashions and fashion brands, including past purchases; (2) awareness of protocols and incidence of counterfeiting locally; and (3) opinions about and reactions to consumers who purchase counterfeits | Response to counterfeit goods | Respondents adopted one of three strategies in the face of encountering counterfeit goods: (1) flight (abandoning the brand) (2) reclamation (elaborating on pioneering patronage of the brand) (3) abranding (disguising all brand cues) |
| --- | --- | --- | --- | --- |
| Cordell, Wongtada and Kieschnick (1996) | (1) What is the role of lawfulness attitudes toward counterfeit purchase intent? (2) What is the role of product traits toward counterfeit purchase intent? | Attitude toward lawfulness, expected product performance, branding for low investment-at-risk products, retailer prestige for high investment at-risk products, price concession for low investment-at-risk products | Willingness to purchase | Study looked at the correlation between the following: willingness to purchase and consumer attitudes toward lawfulness, expected performance of counterfeits with future purchase intention, dependence of counterfeit purchase risk and purchase intent, likelihood of knowingly purchasing a counterfeit good and price concessions. The following serve as significant for predicting willingness to purchase: status symbol of the brand, retailer's channel of |

| | | | | distribution and price of the pirated product. |
|---|---|---|---|---|
| Dodge, Edwards, and Fullerton (1996) | (1) What are the ethical predispositions of consumers across an array of questionable situations? (2) What is the relationship between ethical predisposition and the following demographic variables: sex, age, income, and education? | Level of tolerance for behavioral transgressions on the part of the consumer, sex, age, income, education | Ethical predisposition | Paying lower prices influences the tolerance of questionable consumer behavior<br><br>Consumers are ethically predisposed<br><br>age, gender, education, and income were significant |
| Eisend, and Schuchert-Guler (2006) | (1) What are the determinants of counterfeit good purchase intent? Underlying mechanisms? Reasons for purchase? | N/A<br><br>Literature Review | N/A | The theory of cognitive dissonance provides a promising model that can explain the effects of rationale and moral justification of consumers purchasing counterfeit products |
| Fejes, Wilson (2013) | (1) How do consumers differentiate between genuine & counterfeit products? What heuristics do they use in the process of authentication? What factors affect this and how? | Price, purchase location, type and nature of sales outlet, packaging & printing, product quality, brand, store name, retailer reputation, prior knowledge and experience of consumer | Ability to determine authenticity | Decision to purchase counterfeits depends on attitude toward counterfeit and motivation to purchase<br><br>Cue utilization framework developed by authors for use in future studies |
| Furnham and Valgeirsson | (1)To what degree does materialism predict and | Background factors (upbringing, family | Willingness to purchase | Materialism does account for some of the variance in consumer's |

| (2007) | explain counterfeit good purchases? (2)To what degree are those that score high in universalism and conformity (Schwartz Value Inventory) less willing to purchase counterfeit goods than those who score low? | structure, politics), materialism, values, beliefs | | willingness to purchase counterfeit goods-specifically centrality; The higher the centrality, the less willing to purchase Background information proved to provide the best explanation with upbringing, family structure and politics being the most useful indicators. Beliefs about counterfeit goods were also significant predictors. |
|---|---|---|---|---|
| Gentry et al (2001) | (1)What are the effects of counterfeiting on consumer search? | Price, quality, sales outlet, willingness to purchase counterfeit good | Volitional choice for counterfeit goods | The study looked at choice between legitimate products and counterfeit products Aspects of the separation of product and brand are given |
| Gino, Norton, Ariely (2010) | (1) Does wearing of counterfeit goods lead to higher dishonest behavior overall? | Authenticity, dishonesty, self interest, cost savings | Affect of counterfeit goods on societal signaling | People wear counterfeit products to improve self image but it seemingly harms self image via inauthenticity, and makes people behave more dishonestly and question the ethics of others. Cost savings is a primary motivation for the purchase of counterfeits, but negative impact may have far reaching consequences. |
| Large (2009) | (1) Who buys counterfeit fashion goods? (2) Why or why not? (3) How is it perceived in terms of crime? (4) Who should be | Legality, peer pressure, changes in consumption habits with age, ethical considerations | Focus only on fashion counterfeiting, not just luxury brands | There was little differentiation among fashion counterfeit buyers demographically. There is little difference about legal concerns among these groups. |

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| | responsible for policing this? | | | Consumers do have concerns about ethical issues in fashion in general, not just counterfeits. |
| Loken and Amaral (2010) | (1)What is the impact of the user of counterfeits on original brand perception? | Product type (real vs counterfeit), Social class (low vs high) | Evaluation of original brand, attitudes toward the brand | For prestige products, the use of counterfeit products can dilute people's perceptions of the original brand

Social class of the user of counterfeit products is important for understanding the effects of brand dilution |
| Moores and Chang (2006) | (1)What effect do the following internal processes have on external moral behavior toward software piracy: recognition, judgment, intention, and behavior? | Moral intentions, age, gender | Purchase intention and usage of pirated software | Use is determined by buying; Buying is determined by intention which is determined by judgment |
| Nia and Zaichkowsky (2000) | (1)How does the proliferation of counterfeit goods impact on the special equity of luxury brands? (2)How do consumers of original products feel about their "real" goods when they see counterfeit goods? | Quality, price, durability, uniqueness, exclusivity, status symbol

Purchase availability, satisfaction of owning

Gender, age group, ethnic background, occupation, income | (1)feelings and attitudes toward counterfeit and original luxury brands

(2)inferiority of fake luxury brands

(3)devaluation of ownership of original | All respondents found luxury products are fun and worth the price they paid for them, whether original or counterfeit

The majority of respondents disagreed that availability of counterfeits negatively affects their purchase intention of original luxury brands

Ownership is significant. Respondents that do not own counterfeits believe counterfeits to |

| | | level | luxury goods (4)brand equity | be inferior and found ownership of authentic good to be more prestigious than ownership of counterfeits |
|---|---|---|---|---|
| | | Product image, education, income, product ownership, purchase frequency | | Respondents that own counterfeits have a positive image and do not find them to be inferior. |
| | | product purchase, product ownership, product image | | |
| | | product image, product ownership, purchase frequency | | |
| Penz and Stottinger (2005) | (1) To what extent do counterfeit good purchase intent influence the likelihood of actual purchase (2)What is the strength of purchase intention as consumers defend counterfeiting? (3)To what extent does self-image strengthen purchase intent? (4)To what extent does the strength of perceived embarrassment potential weaken purchase intent? (5)To what extent does normative pressure strengthen purchase | Attitudes toward counterfeiting, subjective norm influenced by: readiness to take risk, fashion involvement, ethical predisposition, perceived behavioral control, self-identity, price consciousness, accessibility, price (mediator) of all personality traits | Purchase intention, Past experience with purchase of counterfeit goods | Behavioral control was the strongest predictor variable for purchase intent; the fewer the obstacles to obtain a counterfeit good, the more likely the customer is to do so

Accessibility or lack of obstacles for obtaining counterfeits also proved to be a significant predictor for purchase intent |

| | | | | |
|---|---|---|---|---|
| | intention? (6)What is the role of perceived behavioral control of purchasing counterfeits as related to purchase intent? (7)To what extent does self-identity influence purchase intent? (8)What is the role of readiness to take risk in relation to defending counterfeiting? Embarrassment potential? Perception of smart consumer behavior? (9)What is the impact of fashion involvement on defending counterfeiters? Embarrassment potential of counterfeit goods? Perceptions of smart consumer behavior? | | | |
| Penz and Stottinger (2008) | (1)What role does corporate image of the manufacturer play in counterfeit good purchase intent? (2)What role do product attributes play in the counterfeit good purchase intent? | Corporate image of manufacturer (affect and cognitive aspects), Product attributes (quality, physical appearance, durability, look, functionality, image) | Purchase Intent | Corporate image and product characteristics show a strong impact on the consumers' intention to buy fakes; importance of these characteristics vary by country |
| Penz, Schlegelmilch | (1)What is the reason that consumers purchase | Attitudes toward counterfeiting and | Purchase intent | The purpose of this research was to add theoretical underpinnings to |

| and Stottinger (2008) | counterfeit goods? | counterfeits, direct social influence through immediate peers, interpersonal influence susceptibility, consumer motivation), perceived behavioral control, perceived access to counterfeits and price consciousness | | explain the reasons why consumers purchase counterfeit goods. Their model and extended Theory of Planned Behavior on an overall level serves well as a theoretical framework to predict the demand for counterfeits across the countries that were tested<br><br>Perceived behavioral control was an important predictor of purchase intent<br><br>Price consciousness did not influence the intention to buy<br><br>Although less important, access to counterfeits is a determinant of purchase intent<br><br>As for social norm, the immediate social environment was found to play an important role, while on a more general level (interpersonal influence susceptibility, consumer motivation) the impact of social norm was found to be fading |
|---|---|---|---|---|
| Poddar et al (2012) | (1)What are the moral self-justifications that consumers use when purchasing counterfeit goods? (2)To what extent does introducing a moral dimension, along | Quality Difference Between Original and Counterfeit, Price Difference, Perceived Corporate Citizenship | Purchase intent, Willingness to purchase | Consumers are more likely to purchase counterfeits when they have both economic and moral justification for their unethical actions; the impact of price differentials on counterfeit purchases |

| | | | |
|---|---|---|---|
| | with an economic dimension influence willingness to purchase counterfeit goods? | | | vary according to the Raperceived corporate citizenship image of the original brand. |
| Radon (2012) | (1)Why do consumers choose to purchase counterfeits online? (2)How is brand image affected? | Price, information, conspicuousness, fear, quality, substitutes, trading up | Brand image, online counterfeit good choice | Conspicuous value and price are the most important factors consumers consider |
| Sharma and Chan (2011) | (1)What is the effect that counterfeit proneness has on attitude, subjective norms, and ethical judgments about buying a counterfeit product? (2)What role do subjective norms and ethical judgments have on attitudes toward buying counterfeit products? (3)What role do attitude, subjective norms, and ethical judgments about buying a counterfeit product have on evaluation of a counterfeit product? (4) How does the evaluation of a counterfeit product affect the purchase intentions toward it? | Counterfeit proneness, attitudes, ethical judgment, subjective norm | Attitudes about counterfeit products, Counterfeit product evaluation, purchase intent | Findings indicate that counterfeit proneness influences the attitudes, ethical judgments, and subjective norms about buying a counterfeit product, which in turn affects the evaluation of a counterfeit product and purchase intentions |
| Staake and Fleisch (2008) | (1) What is consumers' awareness and willingness to purchase counterfeit goods? (2) What are the motives to buy counterfeit? | Quality, name brand awareness, status, price, value for money | Previous purchase of counterfeit goods, willingness to | Those who buy counterfeit also consider purchase of authentic goods during purchasing decision<br><br>Primary reason for buying |

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|---|---|---|---|---|
| | | | purchase knowingly | counterfeit is low price for value of goods<br><br>For those who had recently bought counterfeits, unwillingness to pay genuine products' prices were stronger |
| Steel, Nguyen, Munshaw-Bajaj and Reid (2010) | (1) Do economic benefits motivate consumer willingness to recommend counterfeits? (2) Do hedonic benefits motivate consumer willingness to recommend counterfeits? (3) Does past purchase of counterfeits motivate willingness to recommend counterfeits? (4) Does willingness to purchase counterfeits motivate consumer willingness to recommend counterfeits? | Economic benefits, past purchase influence, brand awareness, | Previous conscious purchase of counterfeit goods | There is a link between acceptance of counterfeit goods and likelihood to recommend.<br><br>Previous purchase also leads to more likelihood for future purchases of counterfeit goods and recommendation of purchase of counterfeit goods. |
| Stravinskiene, Dovaliene and Ambrazeviciute (2013) | What factors most influence the intent to buy counterfeit luxury goods? | Intent to buy, perception, economic & hedonic benefits | | Despite much research in this area, conclusions are still fragmented on who buys counterfeits most and why.<br><br>Studies examine unequal categories of goods chosen for research so results are inconclusive. |
| Vida (2007) | What are consumer perceptions of non-deceptive | Religion, age, sex, education, income | | Religiosity was the most consistent variable in consumer willingness to |

| | | | |
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| | counterfeiting in Slovenia? | | | buy counterfeit fashion and watches, but did not factor as high in software.<br><br>Based on this study, consumer behavior and attitudes toward counterfeiting are product specific. |
| Wee, Tan and Cheok(1995) | (1)What are the non-price determinants of counterfeit good purchase intent? | Attitude towards piracy, brand status, materialism, novel-seeking, risk taking, product attribute | Purchase intent | Found that product-attribute variables are better predictors of purchase intentions than demographic variables |
| Wilcox, Kim and Sen (2009) | (1)Why do consumers buy counterfeit luxury brands? (2) What role does attitude play in purchase likelihood? (3) How might exposure to a counterfeit brand alter consumers' preferences for the real brand? (4) What influences attitude functions and counterfeit consumption? | Attitude toward brand, product exposure, brand conspicuousness, advertising copy | Purchase likelihood, brand preference | Authors provided convergent evidence that consumers' desire for counterfeit brands rests on the extent to which brands fulfill the social goals guiding their luxury brand preferences; this suggests that by understanding social goals, it is possible to influence people's counterfeit consumption behaviors |
| Yoo and Lee (2009) | (1)To what extent do past purchases of counterfeit goods (legitimate goods) affect purchase intent of counterfeit goods (legitimate goods)?(2)To what extent do attitudes toward buying counterfeits by economic (hedonic) benefits affect purchase intention for | Past purchase of counterfeits and legitimates, attitude toward buying counterfeits (economic and hedonic benefits), materialism, perception of future social status, self- | Purchase intention | Past behavior, attitudes toward buying counterfeits, and individual characteristics are determinants of counterfeit good and original good purchase intention.<br><br>Purchase intention of counterfeit goods is positively related to purchase intention of originals; purchase intention of originals is |

| | counterfeits?(3)To what extent do attitudes toward buying counterfeits by hedonic benefits affect purchase intention of legitimate goods?(4)To what extent does materialism affect purchase intent of counterfeit (legitimate) goods?(5)To what extent does the perception of future social class affect purchase intent of original goods?(6)To what extent does self-image affect purchase intent of original goods?(7)To what extent does purchase intention of counterfeit (original)goods affect purchase intentions of original (counterfeit) goods? | image | | negatively related to purchase intentions of counterfeit goods. |
|---|---|---|---|---|
| Yoo and Lee (2012) | (1)What role does past behavior have on future purchase intention? (2)What role does experience play in purchase intent? | Past experience with fashion luxury brands and counterfeits | Purchase intent | Past experiences with genuine luxury brands are negatively related to purchase intent of counterfeit luxury brands; past experiences with counterfeit luxury brands do not relate to purchase intentions of genuine luxury brands |

**Appendix B: Definitions of Constructs Examined in the Study**

| Construct | Definition |
|---|---|
| **Sociocultural Influences** | |
| **Information Susceptibility** | Informative susceptibility occurs when a consumer bases purchase decision(s) on the expert opinions of others (Bearden, Netemeyer and Teel, 1989). |
| | |
| **Normative Susceptibility** | Normative susceptibility refers to a consumer who bases purchase decision(s) on the expectations of what would impress others (Ang et al., 2001; Penz and Stottinger, 2005; Wang et al., 2005; Phau and Teah, 2009). |

**Appendix B (continued): Definitions of Constructs Examined in the Study**

| Construct | Definition |
|---|---|
| **Psychological Influences** | |
| **Value Consciousness** | Value consciousness relates to the concern for paying low prices, subject to quality constraint (Lichtenstein et al., 1990). |
| | |
| **Materialism** | Materialism is defined as "the importance a consumer attaches to worldly possessions," (Belk 1984, p.291). Belk further adds that for high levels of materialism, "possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction." Belk defined measures for materialism and identified three subtraits- envy, nongenerosity and possessiveness. |
| | |
| **Integrity** | An individual's honesty or truthfulness in terms of his/her actions. |
| | |
| **Self-Identity** | Self-identity, also commonly referred to as self-concept is a collection of beliefs that one perceives about oneself. |
| | |
| **Perceived Risk** | Perceived risk from the consumer's perspective involves the potential negative consequences that may arise from the purchase of such products. Purchasing a counterfeit good may involve all or some of the following dimensions of risks for consumers: financial, social, performance and criminal. |

## Appendix C:  Sample Description

| Demographic Characteristics | Frequency | Sample (%) |
|---|---|---|
| *Gender* | **N=228** | |
| Male | 89 | 39% |
| Female | 139 | 61% |
| *Age* | | |
| 18-24 | 55 | 24.1% |
| 25-34 | 52 | 22.8% |
| 35-44 | 49 | 21.4% |
| 45-54 | 40 | 17.5% |
| 55-64 | 26 | 11.4% |
| 65+ | 6 | 2.6% |
| *Ethnicity* | | |
| Caucasian/White | 206 | 90.3% |
| African American/Black | 7 | 3.1% |
| Hispanic | 5 | 2.2% |
| Other | 10 | 4.4% |
| *Education* | | |
| No High School Degree | 3 | 1.3% |
| High School Graduate | 28 | 12.3% |
| Some College | 51 | 22.3% |
| 2 yr. College Degree | 20 | 8.8% |
| 4 yr. College Degree | 65 | 28.5% |
| Grad/Professional Degree | 61 | 26.8% |
| *Income* | | |
| Less than 25K | 35 | 15.4% |
| 25001-50K | 41 | 18.0% |
| 50001-100K | 74 | 32.5% |
| >100K | 47 | 20.6% |
| Prefer not to answer | 31 | 13.6% |

## Appendix D:  The Survey Instrument

Dissertation Final Test Official Survey

Q1      Informed Consent      You are invited to participate in a research project that is being used to examine consumer attitudes toward purchasing counterfeit goods.   The study examines the influence of both psychological and sociocultural influences on purchase intention of such products.   It is my hope that the results of this study will help marketers better identify the factors that influence the purchase of counterfeit goods.       This research is being completed by Heather Kirkwood-Mazik, a doctoral student at Cleveland State University and Instructor of Marketing at Clarion University of Pennsylvania.  My dissertation advisor is Dr. Ashutosh Dixit, Chair of the Marketing Department, Cleveland State University.      Please read this form in its entirety and ask any questions before agreeing to participate in the study.     Background Information This purpose of this study is to examine consumer attitudes toward purchasing counterfeit goods.  The study will examine whether there are significant psychological and sociocultural influences which influence consumer attitude and thus purchase intention of such items.      Procedures  If you agree to be a participant in this study, you will be asked to complete a questionnaire.  This questionnaire will take approximately 30 minutes to complete. There are questions about your personal beliefs and preferences and your experience with counterfeit goods.     Risks and Benefits of Participation  Your participation in this study involves the following potential risks: the possibility that answering such questions regarding counterfeit good purchases may potentially induce anxiety/discomfort, and time that it takes to complete the survey (approx. 30 minutes) may be considered to be an inconvenience to the subject.   As a benefit to you participation in the survey may result in the opportunity to earn extra credit for your class.  Approximately one month after you take the survey you will be notified a confirmation of extra credit points earned via campus email.  This email will come from a representative of the Marketing department.  Additionally, your participation affords you one chance to win an iPad mini. Approximately thirty days after the data collection is complete, a drawing will be held in which one iPad mini will be given away. To enter, you will be asked to enter your email address on a separate page at the end of the survey. This identifying information will be captured on a page of its own that is downloaded in a separate file; therefore not linking the name to the responses that were given.  All email addresses will be entered into a box and an uninterested third party will select one name at random from the box.  Winner will be notified via email. iPad mini will be shipped via insured US postal mail to an address provided by the winner.      Confidentiality  Your responses to the survey will be kept confidential. Any identifying information that is collected will not be connected to the survey results. The records of this study will be kept private.  Publication of the results of the study will contain no personal information which could identify you as a research participant.  Reporting of all results will be in aggregate form.  Research records will be kept in password protected computer files; of

which only the researchers involved in this project will have access. Such files will be maintained in Dr. Ashutosh Dixit's office, Cleveland State University, Monte Ahuja School of Business, 2121 Euclid Ave. BU 458, Cleveland, OH 44115.        Voluntary Nature of the Study   Your decision to participate in this study is completely voluntary.  Whether or not you choose to participate will not affect current or future relations with Clarion University of Pennsylvania or Cleveland State University. If you decide to participate in the study, you may elect to end your participation at any point without repercussion.  You can choose not to answer any of the questions or you may stop at any point in time, and there will be no consequences.    Contacts  You may ask any questions that you have at this time.  If you have questions/concerns at a later time, please contact me at 840 Wood St, 304 Still Hall, Clarion, PA 16214, 814-393-2606 , hmazik@clarion.edu or you may contact my dissertation advisor, Dr. Ashutosh Dixit, 2121 Euclid Ave. BU 458, Cleveland, OH 44115, 216-687-4770, A.DIXIT1@csuohio.edu.       IRB Statement  "I understand that if I have any questions about my rights as a research subject, I can contact the Cleveland State University Institutional Review Board at (216)687-3630."    Please indicate your agreement to participate by clicking "yes" below. I am 18 years or older and have read and understood this consent form and agree to participate.    You may print this screen to have a copy of this form for your records.

❍  Yes (1)
❍  No (2)

If No Is Selected, Then Skip To End of Survey

Q2 Factors Influencing Attitudes and Purchase Intentions of Counterfeit Goods     There are numerous debates and discussions regarding the impact of counterfeit goods. The US Supreme Court, through the Lanham (Trademark) Act has defined a counterfeit as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark."    In essence, a counterfeit good is an unauthorized copy of a product that is presented for sale as if it were the legitimate manufacturer's product (Olsen and Granzen, 1992).          The purpose of this questionnaire is to gain insight into the reasons that consumers purchase counterfeit products.  There are no right or wrong answers.  We are interested in learning your views on the subject.  Your responses to this survey will be kept confidential. It should take no longer than 30 minutes to complete the survey. Please take your time and answer each question thoughtfully. Participating in this research is voluntary.

Q6 Have you ever knowingly purchased a counterfeit product?
○ Yes (1)
○ No (2)
If No Is Selected, Then Skip To Do you know someone who has knowingly...

Q26 If you have knowingly purchased a counterfeit product, what type of product was it?
Check all that apply.
❑ Jewelry (1)
❑ Music (2)
❑ DVD (3)
❑ Medication (4)
❑ Sunglasses (5)
❑ Purse (6)
❑ Shoes (7)
❑ Sports Jersey (8)
❑ Other (9) _____

Q25 If you have knowingly purchased a counterfeit product, what was the main
motivation behind your purchase?

Q24 If you have knowingly purchased a counterfeit product, where did you purchase the
item? (select all that apply)
❑ a location outside the United States (4)
❑ flea market (5)
❑ online (6)
❑ street vendor (7)
❑ retail store location (8)
❑ purse party/ home party (10)
❑ other (9) _____

Q45 Describe your overall satisfaction with your counterfeit purchase:
○ Very Dissatisfied (15)
○ Dissatisfied (16)
○ Somewhat Dissatisfied (17)
○ Neutral (18)
○ Somewhat Satisfied (19)
○ Satisfied (20)
○ Very Satisfied (21)

Q43 Do you know of someone who has knowingly purchased a counterfeit product?
○  Yes (10)
○  No (11)

Q19 The following statements deal with consumer concern for paying low prices, subject to a certain quality constraint. Please evaluate each statement and the extent to which you agree/disagree.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| I am very concerned about low price, but I am equally concerned about product quality (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| When purchasing a product, I always try to maximize the quality I get for the money I spend (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| When I buy products, I like to be sure that I am getting my money's worth (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I generally shop around for lower prices on products, but they must still meet certain quality requirements before I will buy them (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q27 The following statements are measures of self-identity. Please evaluate the extent to which you agree/disagree with each statement.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| My beliefs about myself often conflict with one another (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| On one day I might have one opinion of myself and on another day I might have a different opinion (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I spend a lot of time wondering about what kind of person I really am (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Sometimes I feel that I am not really the person I appear to be (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| When I think about the kind of person I have been in the past, I'm not sure what I was really like (5) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I seldom | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| experience conflict between the different aspects of my personality (6) | | | | | | | |
| Sometimes I think I know other people better than I know myself (7) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| My beliefs about myself seem to change very frequently (8) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| If I were asked to describe my personality, my description might end up being different from one day to another day (9) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Even if I wanted to, I don't think I could tell someone what I'm really like (10) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| In general, I have a clear sense of who I | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| am and what I am (11) | | | | | | | |
| It is often hard for me to make up my mind about things because I don't really know what I want (12) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q15 Please rate the following statements relating to the importance that people place on material possessions.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| I like a lot of luxury in my life (1) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| Buying things gives me lots of pleasure (2) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| My life would be better if I owned certain things I don't have (3) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| I admire people who own expensive homes, cars and clothes (4) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| I'd be happier if I could afford more things (5) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| It sometimes bothers me quite a bit that I can't afford to buy all the things I like (6) | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |
| I like to | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ | ❍ |

| own things that impress people (7) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

Q18 Please indicate your opinions on the following statements regarding perceived risk involved with purchasing counterfeit goods.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| The risk that I take when I buy a counterfeit good is high (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| There is a high probability that the product doesn't work (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Spending money with a counterfeited product might be a bad decision (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q17 Please evaluate each statement below that relates to consumers' level of ethical consideration for and obedience to the law.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| I consider honesty as an important quality for one's character (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I consider very important that people be polite (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I admire responsible people (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I like people that have self-control (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I believe a person should obey the laws (5) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q16 Please indicate your opinion about the following statements regarding sociocultural influences on consumer behavior.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| I often consult other people to help choose the best alternative available from a product class (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| To make sure I buy the right product or brand, I often observe what others are buying and using (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| If I have little experience with a product, I often ask my friends about the product (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I frequently gather information from friends or family about a product before I buy (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| It is important | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| that others like the products and brands I buy (5) | | | | | | | |
| I often identify with other people purchasing the same products and brands they purchase (6) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| When buying products, I generally purchase those brands that I think others will approve of (7) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I like to know what brands and products make good impressions on others (8) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| If other people can see me using a product, I often purchase the brand they expect me to buy (9) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I achieve a sense of belonging by | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| purchasing the same products and brands that others purchase (10) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

Q23 Please rate your feelings regarding the extent to which you agree/disagree with each statement.

| | Strongly Disagree (1) | Disagree (2) | Somewhat Disagree (3) | Neither Agree nor Disagree (4) | Somewhat Agree (5) | Agree (6) | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| Americans should not buy foreign products because this hurts American businesses and causes unemployment. (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| It is not right to purchase foreign products, because it puts Americans out of jobs. (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| A real American should always buy American-made products. (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| We should purchase products manufactured in America instead of letting other countries get rich off of us. (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q33 Have there been occasions when you took advantage of someone?
- ○ Yes (1)
- ○ No (2)

Q34 Have you sometimes taken unfair advantage of another person?
- ○ Yes (1)
- ○ No (2)

Q35 Are you always willing to admit when you make a mistake?
- ○ Yes (1)
- ○ No (2)

Q36 Are you quick to admit making a mistake?
- ○ Yes (1)
- ○ No (2)

Q37 Do you sometimes try to get even rather than forgive and forget?
- ○ Yes (1)
- ○ No (2)

Q38 Do you sometimes feel resentful when you don't get your own way?
- ○ Yes (1)
- ○ No (2)

Q39 Are you always courteous, even to people who are disagreeable?
- ○ Yes (1)
- ○ No (2)

Q40 Are you always a good listener, no matter whom you are talking to?
- ○ Yes (1)
- ○ No (2)

Q42 Please rate each statement regarding your attitude toward counterfeit products.

| | Strongly Disagree (15) | Disagree (16) | Somewhat Disagree (17) | Neither Agree nor Disagree (18) | Somewhat Agree (19) | Agree (20) | Strongly Agree (21) |
|---|---|---|---|---|---|---|---|
| People who buy counterfeit products are committing a crime. (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| People who sell counterfeit products are committing a crime. (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| People who manufacture counterfeit products are committing a crime. (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I like counterfeit goods because they demonstrate initiative and ingenuity on the part of the counterfeiters. (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I buy counterfeit products because counterfeiters are little guys who fight big business. (5) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Buying counterfeit products is a way to get back at uncaring and unfair "big business". (6) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| I like buying counterfeit products because it's like playing a practical joke on the manufacturer of the non-counterfeit product. (7) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Buying counterfeit products demonstrates that I am a wise shopper. (8) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I buy counterfeit products because the prices of designer products are unfair and gouge. (9) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Counterfeit products are just as good as designer products. (10) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I would buy counterfeit products even if I could easily afford to buy non-counterfeit products. (11) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Counterfeit products do not hurt the US economy. (12) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Counterfeit products hurt the companies that | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| manufacture the legitimate product. (13) | | | | | | | |
| Considering price, I prefer counterfeit goods. (14) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| I like shopping for counterfeit goods. (15) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Buying counterfeit goods generally benefits the consumer. (16) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| There's nothing wrong with purchasing counterfeit goods. (17) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Generally speaking, counterfeit goods are a better choice. (18) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q48 Please rate your agreement with the following statements:

| | Strongly Disagree (20) | Disagree (21) | Somewhat Disagree (22) | Neither Agree nor Disagree (23) | Somewhat Agree (24) | Agree (25) | Strongly Agree (26) |
|---|---|---|---|---|---|---|---|
| My relatives and friends approve my decision to buy counterfeited products. (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| My relatives and friends think that I should buy counterfeited products. (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q9 Please indicate your opinion about the following statements regarding "intention" to purchase counterfeit goods.  Based on your feelings today, what is the likelihood that you will:

| | Very Unlikely (1) | Unlikely (2) | Somewhat Unlikely (3) | Undecided (4) | Somewhat Likely (5) | Likely (6) | Very Likely (7) |
|---|---|---|---|---|---|---|---|
| consider a counterfeit product when making a purchase? (1) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| purchase a counterfeit product? (2) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| say something favorable about counterfeit products? (3) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| buy counterfeit products from peddlers or street vendors? (4) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| recommend the purchase of a counterfeit product to family or friends? (5) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

Q3 In which age group do you belong?
- ○ 18-24 (1)
- ○ 25-34 (2)
- ○ 35-44 (3)
- ○ 45-54 (4)
- ○ 55-64 (5)
- ○ 65+ (6)

Q4 What is your gender?
- ○ Male (1)
- ○ Female (2)

Q5 What is your education level?
- ○ No High School Degree (1)
- ○ High School Graduate (2)
- ○ 3.  Some College (3)
- ○ 2 yr College Degree (4)
- ○ 4 yr College Degree (5)
- ○ Graduate/Professional Degree (6)

Q7 What is your approximate household income before taxes?
- ○ Less than 25K (1)
- ○ 25001-50K (2)
- ○ 50001-100K (3)
- ○ >100K (4)
- ○ prefer not to answer (5)

Q8 Which of the following best describes you:
- ○ Caucasian/White (1)
- ○ African American/Black (2)
- ○ Asian/Pacific Islander (3)
- ○ Native American (4)
- ○ Hispanic (5)
- ○ Other (6)

Q32 If you would like to be entered into a drawing to win an iPad Mini, please enter your email address in the box provided. To ensure confidentiality, this file is downloaded into a separate file from the survey results. One iPad Mini will be given away upon the close of the survey collection period (approximately 30 days). Winner will be notified via email.

Q46 Thank you for your time and participation in this survey!

**Appendix E:  Correlation Table**

| *N=228* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. SID** | 1.000 | | | | | | | | | | | | |
| **2. ATT** | 0.198 | 1.000 | | | | | | | | | | | |
| **3.INTENT** | 0.133 | 0.453 | 1.000 | | | | | | | | | | |
| **4. NSUS** | 0.328 | 0.423 | 0.270 | 1.000 | | | | | | | | | |
| **5. ISUS** | 0.112 | -0.033 | 0.086 | 0.212 | 1.000 | | | | | | | | |
| **6. ING** | -0.090 | -0.396 | -0.314 | -0.152 | 0.304 | 1.000 | | | | | | | |
| **7. MAT** | 0.423 | 0.298 | 0.259 | 0.462 | 0.157 | -0.020 | 1.000 | | | | | | |
| **8. VC** | -0.208 | -0.139 | -0.088 | -0.167 | 0.210 | 0.154 | -0.058 | 1.000 | | | | | |
| **9. Gender** | .150 | -.101 | -.112 | -.104 | .071 | .309 | -.112 | .109 | 1.00 | | | | |
| **10. Age** | -.179 | -.169 | -.166 | -.293 | -.122 | .053 | -.353 | .105 | -.006 | 1.00 | | | |
| **11. Income** | .098 | -.108 | -.017 | -.159 | -.103 | -.077 | -.167 | .041 | .098 | .250 | 1.00 | | |
| **12.Education** | .250 | -.139 | -.106 | -.019 | -.052 | -.055 | .014 | .032 | -.128 | .098 | .169 | 1.00 | |
| **13. Past Purchase** | -.042 | -.417 | -.467 | -.197 | -.054 | .168 | -.246 | .134 | .170 | .119 | -.006 | -.059 | 1.00 |
| **Number of items** | 9 | 3 | 5 | 4 | 3 | 3 | 4 | 3 | | | | | |
| **Mean** | 2.94 | 2.12 | 2.36 | 2.64 | 5.06 | 6.35 | 3.60 | 6.22 | 1.61 | 2.77 | 2.99 | 4.31 | 1.62 |
| **Std Dev** | 1.66 | 1.29 | 1.54 | 1.50 | 1.41 | .78 | 1.69 | .95 | .49 | 1.42 | 1.25 | 1.45 | .487 |
| **Min.** | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | | | | | |
| **Max.** | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | | | | | |

**Appendix F: Measurement Model Validity Testing**

|        | CR    | AVE   | MSV   | ASV   | SID    | ATT    | INTENT | NSUS   | ISUS  | ING    | MAT    | VC    |
|--------|-------|-------|-------|-------|--------|--------|--------|--------|-------|--------|--------|-------|
| SID    | 0.936 | 0.620 | 0.179 | 0.058 | 0.787  |        |        |        |       |        |        |       |
| ATT    | 0.895 | 0.739 | 0.205 | 0.098 | 0.198  | 0.860  |        |        |       |        |        |       |
| INTENT | 0.949 | 0.788 | 0.205 | 0.068 | 0.133  | 0.453  | 0.888  |        |       |        |        |       |
| NSUS   | 0.924 | 0.754 | 0.213 | 0.096 | 0.328  | 0.423  | 0.270  | 0.868  |       |        |        |       |
| ISUS   | 0.852 | 0.660 | 0.092 | 0.032 | 0.112  | -0.033 | 0.086  | 0.212  | 0.812 |        |        |       |
| ING    | 0.763 | 0.517 | 0.157 | 0.058 | -0.090 | -0.396 | -0.314 | -0.152 | 0.304 | 0.719  |        |       |
| MAT    | 0.848 | 0.584 | 0.213 | 0.082 | 0.423  | 0.298  | 0.259  | 0.462  | 0.157 | -0.020 | 0.764  |       |
| VC     | 0.801 | 0.581 | 0.044 | 0.024 | -0.208 | -0.139 | -0.088 | -0.167 | 0.210 | 0.154  | -0.058 | 0.762 |

# Appendix G: Measurement Model Estimates

|  |  |  | Estimate | S.E. |
|---|---|---|---|---|
| ATTITUDE7 | <--- | att | 1 |  |
| ATTITUDE6 | <--- | att | 1.086 | 0.07 |
| ATTITUDE5 | <--- | att | 1.083 | 0.067 |
| INTENT1 | <--- | intent | 1 |  |
| INTENT2 | <--- | intent | 1.093 | 0.042 |
| INTENT3 | <--- | intent | 1.087 | 0.058 |
| INTENT4 | <--- | intent | 0.967 | 0.065 |
| INTENT5 | <--- | intent | 1.04 | 0.055 |
| NSUS3 | <--- | nsus | 1 |  |
| NSUS4 | <--- | nsus | 0.912 | 0.048 |
| NSUS5 | <--- | nsus | 0.839 | 0.041 |
| NSUS6 | <--- | nsus | 0.822 | 0.053 |
| ISUS4 | <--- | isus | 1 |  |
| ISUS3 | <--- | isus | 0.877 | 0.062 |
| ISUS1 | <--- | isus | 0.75 | 0.07 |
| ING5 | <--- | ing | 1 |  |
| ING4 | <--- | ing | 0.907 | 0.103 |
| ING1 | <--- | ing | 0.819 | 0.108 |
| MAT6 | <--- | mat | 1 |  |
| MAT5 | <--- | mat | 1.076 | 0.092 |
| MAT4 | <--- | mat | 0.863 | 0.087 |
| MAT3 | <--- | mat | 0.951 | 0.086 |
| SID10 | <--- | sid | 1.05 | 0.107 |
| SID9 | <--- | sid | 1.204 | 0.114 |
| SID8 | <--- | sid | 1.243 | 0.115 |
| SID7 | <--- | sid | 1.143 | 0.116 |
| SID5 | <--- | sid | 1 |  |
| SID4 | <--- | sid | 1.386 | 0.12 |
| SID3 | <--- | sid | 1.486 | 0.136 |
| SID2 | <--- | sid | 1.43 | 0.142 |
| SID1 | <--- | sid | 1.294 | 0.132 |
| VC2 | <--- | vc | 1 |  |
| VC3 | <--- | vc | 0.949 | 0.093 |
| VC4 | <--- | vc | 0.782 | 0.097 |

## Appendix H: Measurement Scales with Source, Item Loadings, Cronbach's Apha, CR & AVE

| Information Susceptibility (Bearden, Netemeyer & Teel, 1989) α = .84; CR=.81; AVE =.66 | Mean | Std Dev | Loadings |
|---|---|---|---|
| 1. I often consult other people to help choose the best alternative available from a product class. | 4.74 | 1.43 | .67 |
| 2. To make sure I buy the right product or brand, I often observe what others are buying and using. | ----- | ----- | ----- |
| 3. If I have little experience with a product, I often ask my friends about the product. | 5.40 | 1.29 | .87 |
| 4. I frequently gather information from friends and family about a product before I buy. | 5.04 | 1.44 | .88 |
| Normative Susceptibility (Bearden, Netemeyer & Teel, 1989) α = .93; CR=.87; AVE=.75 | | | |
| 1. It is important that others like the products and brands I buy. | ----- | ----- | ----- |
| 2. I often identify with other people by purchasing the same products and brands they purchase. | ----- | ----- | ----- |
| 3. When buying products, I generally purchase those brands that I think others will approve of. | 2.73 | 1.57 | .93 |
| 4. I like to know what brands and products make good impressions on others. | 2.88 | 1.56 | .85 |
| 5. If other people can see me using a product, I often purchase the brand they expect me to buy. | 2.41 | 1.38 | .89 |
| 6. I achieve a sense of belonging by purchasing the same products and brands that others purchase. | 2.53 | 1.50 | .80 |
| Value Consciousness (Lichenstein, Netemeyer & Burton, 1990) α =.77; CR=.76; AVE=.58 | | | |
| 1. I am very concerned about low prices, but I am equally concerned about product quality. | ----- | ----- | ----- |
| 2. When purchasing a product, I always try to maximize the quality I get for the money I spend. | 6.22 | .94 | .82 |
| 3. When I buy products, I like to be sure that I am getting my money's worth. | 6.36 | .84 | .87 |
| 4. I generally shop around for lower prices on products, but they must still meet certain quality requirements before I will buy them. | 6.07 | 1.08 | .56 |
| Integrity (Vinson, Munson & Nakanishi, 1977) α = .76; CR=.72; AVE=.52 | | | |
| 1. I consider honesty as an important quality for one's character. | 6.53 | .71 | .71 |
| 2. I consider it very important that people be polite. | ----- | ----- | ----- |
| 3. I admire responsible people. | ----- | ----- | ----- |
| 4. I like people that have self-control. | 6.26 | .75 | .74 |
| 5. I believe a person should obey the laws. | 6.25 | .86 | .71 |
| Self-Identity (Campbell et al., 1996) α = .94; CR=.79; AVE=.62 | | | |
| 1. My beliefs about myself often conflict with one another. | 3.21 | 1.73 | .78 |
| 2. On one day I might have one opinion of myself and on another day I might have a different opinion. | 3.61 | 1.89 | .79 |
| 3. I spend a lot of time wondering about what kind of person I really am. | 3.13 | 1.79 | .87 |
| 4. Sometimes I feel that I am not really the person I appear to be. | 2.97 | 1.75 | .83 |
| 5. When I think about the kind of person I have been in the past, I'm not | 2.91 | 1.63 | .64 |

| | | | | |
|---|---|---|---|---|
| | sure what I was really like. | | | |
| 6. | I seldom experience conflict between the different aspects of my personality. | ----- | ----- | ----- |
| 7. | Sometimes I think I know other people better than I know myself. | 2.96 | 1.72 | .69 |
| 8. | My beliefs about myself seem to change very frequently. | 2.55 | 1.49 | .87 |
| 9. | If I were asked to describe my personality, my description might end up being different from one day to another day. | 2.62 | 1.50 | .84 |
| 10. | Even if I wanted to, I don't think I could tell someone what I'm really like. | 2.54 | 1.46 | .75 |
| 11. | In general, I have a clear sense of who I am and what I am. | ----- | ----- | ----- |
| 12. | It is often hard for me to make up my mind about things because I don't really know what I want. | ----- | ----- | ----- |

*Materialism* (Richens & Dawson, 1992)α = .85; CR=.76;AVE=.58

| | | | | |
|---|---|---|---|---|
| 1. | It is important to me to have really nice things. | ----- | ----- | ----- |
| 2. | I would like to be rich enough to buy anything I want. | ----- | ----- | ----- |
| 3. | I'd be happier if I could afford to buy more things. | 3.54 | 1.62 | .78 |
| 4. | It sometimes bothers me quite a bit that I can't afford to buy all the things I want. | 3.36 | 1.63 | .70 |
| 5. | People place too much emphasis on material things.[a] | 3.88 | 1.74 | .82 |
| 6. | It's really true that money can buy happiness. | 3.62 | 1.76 | .75 |

*Attitude toward Counterfeits* (Phau, 2010)  α = .89; CR=.86; AVE=.74

| | | | | |
|---|---|---|---|---|
| 1. | People who buy counterfeit products are committing a crime. | ----- | ----- | ----- |
| 2. | People who sell counterfeit products are committing a crime. | ----- | ----- | ----- |
| 3. | People who manufacture counterfeit products are committing a crime | ----- | ----- | ----- |
| 4. | I like counterfeit goods because they demonstrate initiative and ingenuity on the part of the counterfeiters. | ----- | ------ | ----- |
| 5. | I buy counterfeit products because counterfeiters are little guys who fight big business. | 2.17 | 1.25 | .87 |
| 6. | Buying counterfeit products is a way to get back at uncaring and unfair "big business". | 2.19 | 1.30 | .84 |
| 7. | I like buying counterfeit products because it's like playing a practical joke on the manufacturer of the non-counterfeit product. | 2.00 | 1.14 | .88 |

*Purchase Intent* (adapted from Beck and Azjen, 1991)  α = .95; CR= .86; AVE =.79

| | | | | |
|---|---|---|---|---|
| | Based on your feelings today, what is the likelihood that you will… | | | |
| 1. | consider a counterfeit product when making a purchase? | 2.43 | 1.56 | .85 |
| 2. | purchase a counterfeit product? | 2.35 | 1.55 | .93 |
| 3. | say something favorable about counterfeit products? | 2.47 | 1.56 | .92 |
| 4. | buy counterfeit products from peddlers or street vendors? | 2.36 | 1.57 | .81 |
| 5. | recommend the purchase of a counterfeit product to family or friends? | 2.21 | 1.48 | .93 |

Notes : [a] Denotes item which requires reverse scoring

Fit = χ²=634.748, χ²/df=1.298, GFI=.867, AGFI=.838, CFI=.973, NFI=.893, RMSEA=.036, RMR=.099

**Appendix I:  The Pilot Study**

The data for the pilot study was collected using an Internet-based survey hosted by Qualtrics®.  A sample of undergraduate college students was drawn from a small Western Pennsylvania university.  College students represent an appropriate sample for this research project as college students have been found to be among the segments most likely to purchase counterfeit goods (Chakraborty, Allred, Sukhdial, and Bristol, 1997; Yoo and Lee, 2009; Cordell, Wongtada and Kieschnick, 1996).  Emails were sent to a pool of 65 students enrolled in Principles of Marketing classes at the time of data collection.  An email consisting of an introduction to the research project and the survey URL was distributed to the students.  To encourage participation in the project, all respondents were given ten extra credit points in their class for survey completion.

<div align="center">

**Measures**

</div>

**Sociocultural Influences**

**Informative Susceptibility.**  Respondents were asked to rate their level of agreement with four seven-point (1=Strongly Disagree; 7=Strongly Agree) statements that measured their tendency to rely on the expert opinions of others when making decisions regarding purchases that he/she has little experience with.  Bearden, Netemeyer and Teel's (1989) scale was adopted.  Cronbach's alpha was computed to be.72.  Average scores were used.  A higher score indicated a higher susceptibility to informational influence.

**Normative Susceptibility.**  Normative susceptibility was measured using six seven-point items (1=Strongly Disagree; 7=Strongly Agree) from Bearden, Netemeyer and Teel's (1989) scale.  Respondents rated their agreement with statements that were developed to measure the level of social influence that is derived from wanting to look good in front of others.  Cronbach's alpha was computed to be .93.  Average scores were used.  A higher score indicated a higher susceptibility to normative influence.

**Perceived Unfairness.**  Three seven-point items (1=Strongly Disagree; 7=Strongly Agree) were adapted from Fukukawa, Ennew and Diacon (2007) to gauge the respondent's feelings toward the act of counterfeiting goods as justification for unfair business behaviors.  Respondents were asked to rate their level of agreement with counterfeiting practices being justified due to retailer's business practices.  Cronbach's alpha was calculated at .88.  Average scores were used.  The higher the score of perceived unfairness, the more the consumer feels counterfeiting is justified due to retailer behaviors.

**Psychological Influences**

**Value Consciousness.**  To measure value consciousness, four seven-point items (1= Strongly Disagree; 7=Strongly Agree) from Lichtenstein, Netemeyer and Burton's (1990) scale were used.  Respondents indicated their concern for paying low prices, subject to certain quality restraint.  Cronbach's alpha for this scale registered at .81. Average score for value consciousness was computed.  For this construct, the higher the score, the more value conscious the consumer.

**Self-identity.**  Self-identity was measured using twelve seven-point items (1=Strongly Disagree; 7=Strongly Agree) from Campbell, et al.'s (1996) Self-Concept Clarity scale.  Respondents were asked to consider their level of agreement regarding beliefs about oneself.  Cronbach's alpha for this scale registered at .88.  Average score for self-identity was calculated.  For this construct, the higher the score, the higher the self-esteem of the consumer.

**Perceived Risk.**  Respondents were asked to think about the level of risk involved in purchasing counterfeit goods and respond to three statements regarding the level of perceived risk.  Three seven-point (1=Strongly Disagree; 7= Strongly Agree) statements were adapted from Dowling and Staelin's (1994) scale.  Participants assessed their thoughts toward the level of risk in counterfeit product purchase, the probability that the product won't work and the notion that spending money on such products is a bad decision.  Cronbach's alpha for this scale was computed to be .76.  Average score was calculated for this construct and a higher score indicated a higher level of perceived risk involved in counterfeit good purchase.

**Integrity.**  Integrity was operationalized using five seven-point items (1=Strongly Disagree; 7=Strongly Agree) adopted from Rokeach Value Survey (1973) to measure the respondent's level of ethical consideration for and obedience to the law.  Respondents were asked to rate their level of agreement with the importance of honesty, politeness, responsibility, self-control in one's character, as well as obedience to the law.  Cronbach's alpha was computed as .82.  Average score was calculated for integrity.  The higher the importance score, the more integrity the respondent is likely to have.

**Materialism.** Materialism was operationalized using Richins and Dawson's (1992) scale. Seven seven-point items (1=Strongly Disagree; 7=Strongly Agree) were utilized to measure the importance that the consumer places on material possessions. With Cronbach's alpha registering at .91, average scores for Materialism were computed. A higher score reflects a more materialistic consumer.

## Consumer Attitude toward Counterfeit Goods

Attitude toward counterfeit goods was measured using five seven-point items in which the respondent was asked to think about counterfeit goods in and rate them in terms of being: good-bad, pleasant-unpleasant, foolish-wise, useful-useless, and unattractive-attractive. With Cronbach's alpha registering at .84, average scores for Consumer Attitude toward Counterfeit Goods were computed. A higher score reflects a more positive evaluation of counterfeit goods.

## Past Purchase Experience

To measure past purchase experience, respondents were asked to answer a close-ended question, "Have you ever knowingly purchased a counterfeit product?" If the respondent answered yes, they were further directed to answer a series of questions related to their purchase. Respondents were asked to name the type of product that was purchased, the main motivation for their purchase and where the purchase was made.

## Purchase Intention for Counterfeit Goods

Purchase intention for counterfeit goods was measured by using five seven-point items (1=Very Unlikely; 7=Very Likely) adopted from Wang, et.al (2005) who adapted the items from Beck and Ajzen (1991). Respondents were asked to review each

statement regarding their likelihood of purchasing counterfeit goods in the future. Cronbach's alpha was computed to be .94. Average scores were used. The higher the score, the more likely the respondent is to purchase counterfeit goods.

**Demographic Characteristics**

In addition to the constructs key to this study, demographic information was also collected. The following demographic information was obtained: age group, gender, education, income and ethnicity.

## Results

A total of 53 responses were collected, resulting in a response rate of 82%. Of the 53 responses gathered, 52 were complete and thus able to be used for the study. 75% of all respondents fell within the age range of 18-24 years old. 60% of respondents were male, 40% female. 94% of respondents identified themselves as Caucasian/White.

Of the 52 completed responses, 23 (44%) had knowingly purchased a counterfeit good. Products ranged from accessory fashion items such as handbags and sunglasses to jewelry and various forms of technology. Items were purchased online, through street vendors in New York City, purse parties and other various channels.

**Preliminary Analysis**

Each multi-item variable was examined using principal component analysis with varimax rotation. In addition, reliability analysis was conducted using Cronbach's alpha.

**Hypotheses Testing.** Regression analysis was used to test the hypotheses. Feedback from the group was received. Issues regarding problematic scale items and social desirability were considered. Issues deemed to be relevant to the integrity of the

study were revised before distribution of the amended survey instrument to the final, actual sample.

**Limitations.** As this was the pilot study, the small sample size (N=52) limited the depth of the analysis. The study moved forward with a plan to collect data for a full sample (N=300). The full study included an expansion of the sampling frame. While only undergraduate students were used for the pilot study, the full study included graduate students and members of the general population. A snowball sampling technique is used. This should allow for the results to be more generalizable. Once a full sample is attained, Structural Equation Modeling (SEM) is used to test the hypotheses.

**Appendix J:  Pilot Study Descriptive Statistics**

| Demographic Characteristics | Frequency | Sample (%) |
|---|---|---|
| *Gender* | | |
| Male | 31 | 59.6% |
| Female | 21 | 40.4% |
| | | |
| *Age* | | |
| 18-24 | 38 | 74.5% |
| 25-34 | 8 | 15.7% |
| 35-44 | 3 | 5.9% |
| 55-64 | 2 | 3.9% |
| | | |
| *Ethnicity* | | |
| Caucasian/White | 49 | 94.2% |
| African American/Black | 2 | 3.8% |
| Native American | 1 | 1.9% |
| | | |
| *Education* | | |
| No High School Degree | 2 | 3.8% |
| High School Graduate | 8 | 15.4% |
| Some College | 26 | 50.0% |
| 2 yr. College Degree | 5 | 9.6% |
| 4 yr. College Degree | 11 | 21.2% |
| | | |
| *Income* | | |
| Less than 25K | 17 | 32.7% |
| 25001-50K | 9 | 17.0% |
| 50001-100K | 4 | 7.7% |
| >100K | 6 | 11.5% |
| Prefer not to answer | 16 | 30.8% |

**Appendix K: Pilot Study Test for Validity: Correlations, and Average Variance Extracted (AVE)**

| Constructs | AVE | NSUS | ISUS | UFAIR | VC | SID | MAT | PR | ING | ATTITUDE | INTENT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Normative Susceptibility (NSUS) | .811 | 1 | | | | | | | | | |
| Informative Susceptibility (ISUS) | .856 | .215 | 1 | | | | | | | | |
| Perceived Unfairness (UFAIR) | .845 | .347 | .110 | 1 | | | | | | | |
| Value consciousness (VC) | .854 | .032 | -.014 | .054 | 1 | | | | | | |
| Self-Identity (SID) | .779 | .464 | .087 | .292 | .001 | 1 | | | | | |
| Materialism (MAT) | .822 | .571 | -.143 | .209 | .008 | .361 | 1 | | | | |
| Perceived Risk (PR) | .754 | .163 | .086 | .023 | .043 | .099 | -.018 | 1 | | | |
| Integrity (ING) | .765 | -.120 | .213 | -.183 | .231 | -.123 | -.215 | -.018 | 1 | | |
| Attitude Toward Counterfeit Goods (ATTITUDE) | .829 | -.128 | -.068 | .100 | .222 | -.006 | .029 | -.145 | -.117 | 1 | |
| Purchase Intent (INTENT) | .855 | .319 | .044 | .386 | .076 | .289 | .309 | -.264 | -.184 | .432 | 1 |

**Appendix L:  Pilot Study Items, Measures and Loadings**

| Construct | Items | Mean | SD | Factor Loading |
|---|---|---|---|---|
| *Sociocultural Influences* | | | | |
| Normative Susceptibility | NSUS1 | 3.75 | 1.77 | .813 |
| (Bearden, Netemeyer & Teel, 1989) | NSUS2 | 4.40 | 1.39 | .656 |
| | NSUS3 | 3.46 | 1.54 | .752 |
| | NSUS4 | 3.87 | 1.66 | .715 |
| | NSUS5 | 3.13 | 1.59 | .780 |
| | NSUS6 | 3.21 | 1.86 | .838 |
| Informative Susceptibility | ISUS1 | 5.04 | 1.27 | .456 |
| (Bearden, Netemeyer & Teel, 1989) | ISUS2 | 4.92 | 1.19 | .365 |
| | ISUS3 | 5.65 | 1.10 | .890 |
| | ISUS4 | 5.37 | 1.25 | .798 |
| Perceived Unfairness    (Fukukawa, Ennew and | UFAIR1 | 4.19 | 1.60 | .833 |
| Diacon 2007) | UFAIR2 | 3.65 | 1.53 | .867 |
| | UFAIR3 | 3.67 | 1.68 | .829 |
| *Psychological Influences* | | | | |
| Value Consciousness | VC1 | 5.54 | 1.38 | .366 |
| (Lichtenstein, Netemeyer | VC2 | 5.96 | 1.19 | .898 |
| & Burton, 1990 | VC3 | 6.33 | 1.08 | .910 |
| | VC4 | 5.85 | 1.36 | .796 |
| Self-Identity (Campbell et al. 1996) | SID1 | 3.65 | 1.66 | .744 |
| | SID2 | 3.88 | 1.91 | .791 |
| | SID3 | 3.52 | 1.94 | .856 |
| | SID4 | 3.08 | 1.75 | .877 |
| | SID5 | 3.23 | 1.77 | .818 |
| | SID6 | 3.62 | 1.72 | .840 |
| | SID7 | 3.31 | 1.83 | .675 |
| | SID8 | 3.00 | 1.74 | .877 |
| | SID9 | 3.04 | 1.76 | .843 |
| | SID10 | 2.90 | 1.81 | .768 |

| | | | | |
|---|---|---|---|---|
| | SID11 | 5.40 | 1.49 | .221 |
| | SID12 | 4.17 | 1.77 | .440 |
| Materialism (Richins and Dawson, 1992) | MAT1 | 4.35 | 1.74 | .577 |
| | MAT2 | 4.53 | 1.53 | .851 |
| | MAT3 | 4.14 | 1.79 | .787 |
| | MAT4 | 4.06 | 1.71 | .594 |
| | MAT5 | 4.45 | 1.84 | .595 |
| | MAT6 | 4.25 | 1.82 | .631 |
| | MAT7 | 3.53 | 1.80 | .749 |
| Perceived Risk  (Dowling and Staelin, 1994 *adapted*) | PR1 | 4.35 | 1.76 | .767 |
| | PR2 | 4.81 | 1.62 | .767 |
| | PR3 | 5.54 | 1.23 | .745 |
| Integrity (Rokeach, 1973) | ING1 | 6.48 | .67 | .745 |
| | ING2 | 6.38 | .75 | .843 |
| | ING3 | 6.44 | .63 | .832 |
| | ING4 | 6.33 | .73 | .770 |
| | ING5 | 5.87 | 1.16 | .712 |
| | | | | |
| Attitude toward Counterfeit Goods (Beck and Ajzen, 1991) | ATTITUDE1 | - .48 | 1.55 | .542 |
| | ATTITUDE2 | - .34 | 1.64 | .573 |
| | ATTITUDE3 | .31 | 1.66 | .678 |
| | ATTITUDE4 | -. 73 | 1.51 | .583 |
| | ATTITUDE5 | .15 | 1.63 | .806 |
| | | | | |
| Purchase Intention          (Beck and Ajzen, 1991) | INTENT1 | 3.48 | 1.87 | .873 |
| | INTENT2 | 3.42 | 1.87 | .846 |
| | INTENT3 | 3.56 | 1.74 | .767 |
| | INTENT4 | 3.42 | 1.88 | .780 |
| | INTENT5 | 3.17 | 1.79 | .855 |