
Research

ANTECEDENTS OF ATTITUDE TOWARD COUNTERFEIT WRIST WATCHES

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Abstract

This study aims to identify factors shaping attitude toward counterfeit products and their relative influence on attitude formation. This involves 200 potential and actual consumers of counterfeit products in an explanatory research. Antecedents of attitude toward counterfeit purchases extracted from literature review are Price-Quality Inference, Subjective Norms, Past Experience, Risk Aversion and Personal Gratification. Multiple regression and Independent Sample t-test are used to analyze the data. Results show a significant impact of past experience, risk aversion and personal gratification and insignificant impact of subjective norms and price-quality inference on attitude formation toward counterfeit wrist watches. It is recommended to use experiential marketing to convey delicate difference of experiencing original brands and enhance the perceived risk of using copied products.

Keywords: Attitude, Counterfeit Products Price-Quality Inference, Subjective Norms, Information Susceptibility, Normative Susceptibility, Past Experience, Risk Aversion, Personal Gratification

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Introduction

Who is not aware of the counterfeit products and their sales around the globe? While it remains illegal in most countries, counterfeit products are liked and searched by consumers in developing and under-developed countries. A simple definition of counterfeiting is “the act of producing or selling a product containing an intentional and calculated reproduction of a genuine trademark” (McCarthy, 2004). A ‘counterfeit mark’ is identical to or substantially indistinguishable from a genuine mark” (McCarthy, 2004). Another popular description of counterfeits refers to a product that carries a logo or name without the permission of the person who owns the logo and name, is fake or counterfeit. Almost all types of counterfeit brands are sold globally such as candies, cookies, sunglasses, sports accessories and wrist watches.¹ Normally people adopt counterfeits of luxury products (Jiang & Cova, 2012).

The trade of counterfeits is on rampant growth, around 7% annually, and accounts for 15% of the global trade (Ergn, 2010). According to the International Anti-counterfeiting Coalition (IACC), in 2013 Pakistan ranked amongst the top ten countries exporting counterfeit brands to the USA. IACC also reported 169% growth of counterfeit watches and jewelry brand being exported to the USA.² China has reported to be the biggest source of counterfeiting products entering USA and Europe. However India (for medicine), Turkey (for perfumes) and Egypt (for food) have also been major contributors to the counterfeiting products export. Internet has been a major enabler for counterfeiting products to reach foreign shores from the source, which makes it even more difficult for buyers to discern which products are original on the world wide web (Situation Report on Counterfeiting in the European Union, 2015).

Original products suffer financial losses and losses of brand equity and loyalty owing to the widespread availability of copied products (Chaudhry, Cordell, & Zimmerman, 2005).

The demand side of counterfeit brands has been researched in the past; however the findings remain in-exhaustive for the variation

in the purchasing attitude for different types of products and situations. This study investigates how the influence of the antecedents of attitude toward counterfeit wrist watches sold in Pakistan varies in contrast to the similar studies carried out in the past.

Background of the Study

The negative image of counterfeit products is undeniable, but even then consumers tend to knowingly purchase counterfeit products for a sense of personal satisfaction, social pressure and affordability (Wilcox, Kim, & Sen, 2009). The low cost of imitations often attracts consumers to counterfeit products. Two major factors that encourage consumers to purchase counterfeits are: hedonic benefits and economic benefits (Yoo & Lee, 2009). These factors appear to have contributed to the counterfeit market in Pakistan along with the high inflation rate in the country. Consumers seeking to satisfy their needs and right value along with yielding to societal pressures, tend to prefer fake copies of original products over the original products (Ajzen, 1991). The lucrative profits and advancement of technology have fueled the counterfeit market and allowed fake products to compete with genuine products by introducing a variety of colors, ranges, design and size. These attributes result in the positive attitude of consumers toward counterfeits.

Problem Statement

A growing trend has been witnessed in the counterfeit products market, affecting almost every product and product type. Like other parts of the world, the market for counterfeit products in Pakistan is expanding, which essentially reflects the acceptance of imitated brands by consumers in the country. The preference of buyers for imitated products remains complex and under-researched area for specific products. Ballooning sales of counterfeits provide substantial evidence that buyers of counterfeit brands have also grown. Exponential growth of counterfeits also leads to a phenomenon of

how the evolution of counterfeits impacts the attitude of buyers. Understanding attitude is important because positive or negative attitude guides behavior in favor or against. This study aims to study the factors or antecedents leading to attitude toward counterfeit products in Pakistan.

Research Objective

The objective of this research is to assess antecedents of attitude toward counterfeit products and find their influence on attitude formation. It's in line with the intention of providing guidelines to the corporate world in forming strategies to outcompete counterfeits and persuade consumers to prefer original brands. The literature about counterfeits has multiple antecedents which lead to attitude toward counterfeits such as risk aversion, price-quality inference, personal gratification, information susceptibility and past experience (Grossman & Shapiro, 1988; Huang, Lee & Ho, 2004; De Matos, Ituassu & Rossi, 2007).

More specifically, the study is to determine if factors namely, price-quality inference, subjective norms, past experience and personal satisfaction shape consumers' attitude towards counterfeit products in Pakistan. The study investigates previously identified factors and how they behave in influencing consumers in Pakistan.

Literature Review

Attitude towards Counterfeiting

The attitude has been explained as "a learned predisposition to react to a situation in a favorable or an unfavorable way (Huang *et al.*, 2004)." The bases of attitude are driven from the past experiences and learning of individuals. Counterfeit products are purchased in relation with the attitude of the buyers. The more favorable attitude of an individual is toward counterfeits, the higher is the possibility that buyers will purchase them.

Price-Quality Inference

Several studies have been conducted in the past on establishing a relationship between price and quality. A study found a stronger relationship between price and quality of products which are durable compared to non-durable products (Lichtenstein & Burton, 1989). It has also been suggested that reliance on the price is more when making expensive purchases (Leavitt, 1954). Consumers with poor judgment ability to determine the quality of the product also use price as an indicator for the quality of the product (Lambert, 1972; Rao & Monroe 1989; Zeithaml, 1988). Empirical evidence indicates that price and quality have a strong positive correlation (Smith & Natesan, 1999).

Past researchers have suggested price being one of the main factors impacting the purchase decision of counterfeit products. It is observed that buyers choose counterfeit products over genuine products when the pricing of counterfeits is more attractive, i.e. offered a price advantage (Bloch, Bush & Campbell, 1993). Within the counterfeit buyers, two classifications were observed. One group of buyers is inclined to buying counterfeits when they appear even better than the real brands. While the other group of buyers prefers purchasing counterfeit for the lower cost compared to their genuine counterparts, in spite of lower quality of the counterfeits. The research shows that customers factor in price-to-quality comparison when estimating the worth of counterfeits to purchase (Grossman & Shapiro, 1988). Especially when customers are not able to estimate the quality of a product, the price of the product helps them to determine its quality (Tellis & Gaeth, 1990).

H1: Price-Quality Inference has a negative impact on consumer buying attitude of counterfeits.

Subjective Norms (Societal Pressure / Peer Pressure)

Social pressure is found to be an active factor behind consumer decisions about purchasing or not purchasing a product

(Albers-Miller, 1999). Consumers in the company of social contacts, who can buy original products, feel pressured to replicate the behavior of their peers and comply with social affiliation; it influences consumer in purchasing counterfeit brands. Subjective norms refer to the social influence over an individual's behavior (Ang, Cheng, Lim, & Tambyah, 2001). Two widely accepted forms of consumer's likelihood to conforming to subjective norms are: information susceptibility and normative susceptibility (Wang, Zhang, Zang & Ouyang, 2005).

The normative susceptibility refers to conforming to the norms or expected behavior which in turn impresses others (Wang *et al.*, 2005). Consumers inclined to normative susceptibility are more likely to buying brands which conform to the expected product type and quality (Penz & Stottinger, 2005) of the social group they belong to.

H2: Normative susceptibility positively influences consumer's attitudes towards counterfeit brands.

Information susceptibility refers to consumers lacking awareness about a product category which results in consumers seeking others' opinion as a point of reference to make the purchase. Expert knowledge of social contacts/groups or their negative impression of a counterfeit brand, results in the negative attitude in the customer for counterfeits purchases (Phau & Teah, 2009).

H3: Information susceptibility negatively influences consumer attitudes towards counterfeit brands.

Previous Experience

“Past practices of using products and its influence on the consumer attitude are summed up as previous experience.” A research by Phau & Teah (2009) attempted to differentiate the non-buyer from the buyer of counterfeit products. The study was based on the aim of separating a buyer from the non-buyer and identified the characteristics that patronize the purchase of copies or fake products.

The study made a significant contribution by providing the empirical ground for status consciousness and integrity influencing the attitude towards counterfeit brands. Consumer's attitude is influenced by learning or past experience. Unpleasant experiences and expectations of harmful results may alter the attitude of consumers (Tunde Raji, 2007). When consumers face negative consequences of purchasing a product or service, they experience dissonance (Panda T., 2008). Researches show counterfeit buyers being different from non-buyers.

The buyers of counterfeit brands neither view the purchase to be risky when buying from the stores of their trust nor they see buying counterfeits as unethical (Ang *et al.*, 2001).

H4: Past experience favorably impacts attitude towards counterfeit brands.

Risk Aversion

Risk averseness is explained as a tendency to avoid risk and is also seen as a personal characteristic (Zinkhan and Karande, 1990). It's a trait which prevents buyers from buying products of risks and separates buyers from non-buyers for the products of similar category. Interaction between attitude and risk averseness has been observed to form a negative relationship (Huang *et al.*, 2004). Counterfeits, most often, are sold with no guarantees and warranties which make the purchase even riskier for buyers (De Matos *et al.*, 2007). In the discipline of marketing, risk is defined as the consumer's perception of unexpected and negative outcomes from buying a product or service. These observations lead to drawing a hypothesis that:

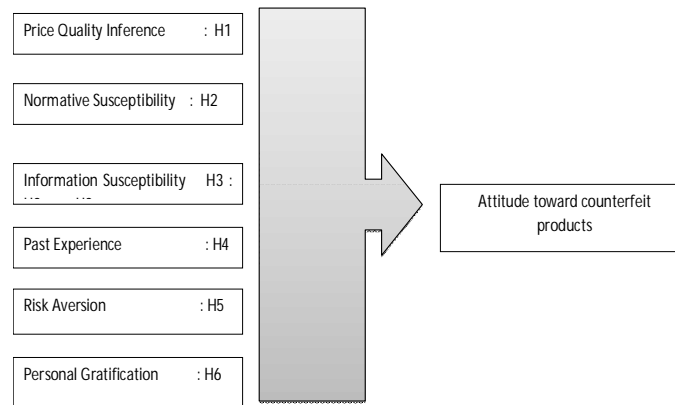
H5: Consumers who are more risk averse will have an unfavorable attitude toward counterfeits.

Personal Gratification

Past researches have zeroed in on personal gratification for being another factor that shapes consumers' attitudes towards purchasing. Personal Gratification is defined as the social recognition and feelings of accomplishment a person enjoys (Ang et al., 2001). In comparison, counterfeits are largely not comparable in quality with the original brands (Rahpeima et al., 2014). Consumers, in spite of being aware of the inferior quality of counterfeit products, make compromises when they purchase counterfeit products. Consumers with a greater sense of personal gratification are less likely to purchase counterfeits when it comes to products of visibility and personal appearance (Phau & Teah, 2009). This leads to the hypothesis:

H6: Personal gratification negatively impacts the attitude toward counterfeit brands.

Conceptual Framework



Research Methodology

This explanatory research study discovers how young consumers of replicas and copy products are influenced by various social and personal factors. A sample of 240 students was selected by a survey on the bases of judgment and convenience. The sample included people from diverse backgrounds such as students, govt. employees, businessmen and people employed by private companies. The questionnaire was adapted from Huang et al (2004); Matos et al. (2007); Phau & Teah (2009) and Akir & Othman (2010). In order to examine the reliability of items of research questionnaire, Chronbach's Alpha test has been employed.

Data Collection

Questionnaires were administered through many different channels, namely, via email, via intercepting at shopping malls, and via direct distribution to students at a higher education university in Karachi. Data collection was performed over a two-week period on both weekdays and weekends. The respondents were asked a number of questions regarding replica wrist watches. The questions in the survey were close-ended in type. A Likert scale has been employed to record responses of the respondent. While to gather respondents' demographic details such as, age, gender and education, a nominal scale was used for the level of measurement.

Data Analysis and Findings

In total, 240 questionnaires were collected from the participants of the study. Careful scrutiny of the collected sample narrowed the final number to 200. The value attained for Chronbach's Alpha was 0.846 for 34 items of the questionnaire. Regression analysis was run to measure the ability of predictors to explain variance in the attitude toward counterfeit.

Table 1 shows the result of multiple regression analysis. Past Experience showed the largest value, 0.497, $P < 0.01$. Personal gratification had the second largest value, -0.152, $P < 0.05$. Risk Aversion follows with 0.141 value, $P < 0.05$; while Normative Successability shows 0.058 value, $P > 0.05$. Information Successability is 0.085, $P > 0.05$. Price/Quality Inference is -0.04 and $P > 0.05$.

Table 1:
Regression Table of Counterfeits Buying Attitude

<u>Attitude toward buying counterfeit wrist watches</u>		
Variables	B	p<0.05
Price-Quality inference	-0.04	0.561
Risk Aversion	-0.141	0.031
Personal Gratification	-0.152	0.039
Information	0.085	0.216
Normative	0.058	0.463
Past Experience	0.497	0.000
R ²	0.358	
F	17.922	
? R ²	0.338	
*p < 0.05	0.000	

The negative values denote the negative relationship between predictors and dependent variable. As it can be assessed from the table, a negative relationship between price-quality inference and attitude toward counterfeit has emerged, but the value of p is greater than 0.05 therefore one fails to accept H1. This finding is in line with Huang *et al* (2002). In comparison, Normative Successptibility appeared to have a positive relationship with the attitude which conforms to the findings of Penz and Stottinger (2005). However the statistical significance of the relationship being too low, hypothesis H2: Normative Successptibility positively influences customer's attitude toward counterfeit brands, is rejected. The relationship of Information with Attitude remains positive but insignificant thus H3: Information Susceptibility negatively influences the attitude towards counterfeits, is also rejected.

Table 1 indicates a strong positive relationship between Past Experience and Attitude, and the statistical significance of the relationship is the highest compared to other variables of the proposed model. Therefore, one fails to reject H4 which means that past

experience positively influences the attitude. This finding confirms earlier studies of Yoo and Lee (2009); and Kim and Karpova (2010). Moreover, a significant negative relationship emerged between risk Aversion and Attitude toward counterfeit. The statistical significance of the variable leads to acceptance of H5: consumers who are risk averse have unfavorable attitude towards counterfeits. This result is in conformity with Huang *et al* (2002).

The coefficient value of Personal Gratification is also negative, again indicating the negative relationship with the dependent variable - attitude. Since the p value is less than 0.05, therefore, one fails to reject H6 which means personal gratification negatively impacts attitude. Similar findings were obtained by Phau and Teah (2009).

To find out whether buyers and non-buyers have different attitude toward counterfeit products, independent sample t-test was applied. The table below summarizes the results of independent sample t-test.

Table 2

<u>Attitude toward counterfeit product</u>		
	<u>Buyer</u>	<u>Non-Buyer</u>
Mean	2.871	2.725
Sig.(2-tailed)	0.762	
Sample(N)	200	
<u>Confidence Interval 95%</u>		

A minor difference appears in the mean responses of buyers and non-buyers, and is insignificant as shows the P value, 0.762 which is greater than 0.05, indicating that the difference between the means of buyers and non-buyers is insignificant. Hence it is empirical evidence that attitudes of buyers and non-buyers are not very different toward counterfeit brands. One reason could be the disproportionate break-up of buyers and non-buyers in the sample as there were 150 buyers out of 200 workable sampling size.

Conclusion

The study was primarily aimed at assessing the impact of numerous factors shaping consumer attitudes toward counterfeit brands of wrist watches in Pakistan. Amongst the five main antecedents, past experience, personal gratification and risk aversion were empirically proved to have a significant influence in forming the attitude for counterfeit wrist watches. Subjective norms (Normative & Information Susceptibilities) and price quality inference were statistically unproven to have any significant impact on building the attitude for the counterfeits.

Consumers with a high tendency to avert risk are unlikely to buy the counterfeits. Similarly, consumers who value personal gratification more are more unlikely to purchase counterfeits wrist watches. Past Experience has a positive relationship with the attitude for counterfeits. Consumers with a past experience of buying counterfeits are more susceptible to be involved in counterfeits purchasing. In comparison, the evidence to Price-Quality Inference and Subjective Norms do not play an effective role in forming the attitude of consumers towards counterfeits. However, the negative relationship between Price-Quality Inference hints that preference of quality products diverts consumers from purchasing of counterfeit wrist watches.

Recommendations

This study steers to recommendations for producers and sellers of original brands, especially of wrist watches. The stakeholders of original wrist watches are recommended to focus on the elements related to personal satisfaction and peer pressure in designing and marketing their products. Positioning elements such as social circles and friendships may be very useful in picking a greater mind share of wrist watch buyers. The same approach can be employed by sellers of original brands of other products to attract a greater number of buyers.

Sellers of the original brands should also strive to create an 'experience' for potential buyers. Since past experience plays a significant role in encouraging consumers to repeat the experience, free trial of the products and endorsement of wrist watches by brands ambassadors may effectively pave the path for first experience, which subsequently leads to repeating the experience. Sellers of other original products should also encourage creating 'experience' to fend off purchase of counterfeits.

Risks being one of the most critical factors in purchasing decisions, brands are recommended to magnify the risk involved in case of counterfeits. Advertisements of brands may highlight high degree of product failures and post purchase dissonance as a result purchasing counterfeits, which is a proven psychological barrier from buying replicas and counterfeit brands.

Future Research

Future researchers may test other variables such as income and stage of life to assess how these may have an impact on buyer's behavior towards counterfeits.

In order to gain a threshold point where price to quality becomes negative, future research may include price levels to find where it moves from negative to positive or vice versa.

Another study may be undertaken strictly towards wrist watch buyers to assess if they provide a different dimension to the findings of this study.

Same combination of variables may be tested for other products such as, leather jackets, shoes, phones and bags.

Testing the same variables in a different geographic may also help to determine how these variables appear with different level of significance.

Future research may also run an exploratory research for the aforementioned products to identify new variables as the product type changes.

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