

IMPACT OF COUNTERFEIT PRODUCTS ON CONSUMER BUYING BEHAVIOR: EMPIRICAL INVESTIGATION FROM KARACHI CITES

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ABSTRACT

The study aims to investigate the factors which affect the buying behaviour of the consumers and their attitudes towards counterfeit products. The study is also set out to examine the relationship of consumers' buying behavior towards counterfeit product with purchase intention. The authors used primary data which was collected through questionnaire consisting of 12 questions. A survey of 100 respondents was conducted in the educational institutes and offices of Karachi. Regression model was used to test the hypothesis postulated and research questions. It was discovered that there is no impact of counterfeit products on consumer buying behaviour. By having a better understanding of the consumers' behavioral intentions of buying counterfeit products, the manufacturers and marketers of the genuine brand products can make better marketing strategies to attract the consumer to buy the original product and not the counterfeit version. Theoretical contribution of this study is an extension of knowledge of consumers' buying behaviour with regards to counterfeit products in the fashion industry of Karachi.

Keywords: Counterfeit Product, Consumer Buying Behavior, Fashion Industry

INTRODUCTION

Counterfeit products are also known as knock offs, replicas, copy or fake products. The demand for the counterfeit products has increased and the manufacturers started working on such products to increase their profit. Such products are the exact copy of the original product with a slight difference which normal people (those who do not have the experience of the original brand) could not figure out. Therefore, counterfeit products are the ones which have the same features or are slightly different from the original products or the branded products (Eisend & Schuchert-Guler, 2006). The goods that provide the sense of originality are known as luxury or prestigious

goods believe that these products can be distinguished by their dimensions such as uniqueness, exclusiveness, expression and quality.

Much research has been conducted in the context of fake products and the impact these products have on the consumer buying behavior but still none of the researchers has been able to create a clear picture of these products. According to the literature, the consumers go for the counterfeit products for getting economic benefits (Yoo & Lee, 2009:28).

After reviewing the past studies and going through the comprehensive background and history of the counterfeit products, the authors identified an attitude and belief of the working male & female and university students. Through this survey authors wanted to discover the reason for usage of counterfeit brands among a tiny group of people in Karachi. This research consists of fundamental definitions for the vocabulary used for the study and the objectives of research as well. The questions used for the survey discuss facts and thinking about counterfeit products along with five questions used to establish demographics and geographic of the sample.

A major problem is occurred from counterfeit luxury products since; Asian countries are widely known places (Cheung *et.al.*, 2006:446-62). Over the years the quality of counterfeit luxury products has improved thus differentiating the quality of counterfeit luxury products with the genuine luxury brands has become hard (Gentry *et.al.*, 2006). The definition of Counterfeited product is “the act of producing or selling a product containing a deliberate and calculated reproduction of a genuine symbol. A counterfeit symbol is identical to or significantly cannot be distinguished from a genuine symbol (McCarthy, 2004).

Trying to fight counterfeiting appears inadequate, especially in the luxury market. In luxury market the consumer is aware that the product being bought is an imitation (Nia & Zaichkowsky 2000:485-497; Wilcox *et.al.*, 2009:247-259). These studies are determined by a desire to understand consumer demand for counterfeit products. There are three motivations to consume counterfeit products, they are: Symbolic status of counterfeiting, Distribution channel of retailers, Price of counterfeit products (Prendergast *et.al.*, 2002:405-416; Tang & Pam, 2005:149-161).

According to most of the literature review price has always been the most important factor making the consumers disloyal to the

original brands (Albers-Miller, 1999:273-278; Wiedmann *et.al.*, 2007:1-23). Consumers money is saved due to low prices of counterfeit products, due to which the imaginary value of such products is comparatively high (Ang *et.al.*, 2001:219-235). Lavish or significant products are defined as products that bring wisdom of status to their holder.

Customer perceived value has four types: financial value, functional value, individual value and social value (Wiedmann *et.al.*, 2007). Counterfeit products have been there for a long period of time but they have become a genuine problem for the proprietors from 1970s (Bian & Moutinho, 2009:379-393). It is known that copies and other fake products are unethically made and circulated, consumers are ready to accomplish, consume and distribute them, this way cheering their extend even more (Chaudhry & Stumpf, 2011:139-151).

CRITICAL REVIEW

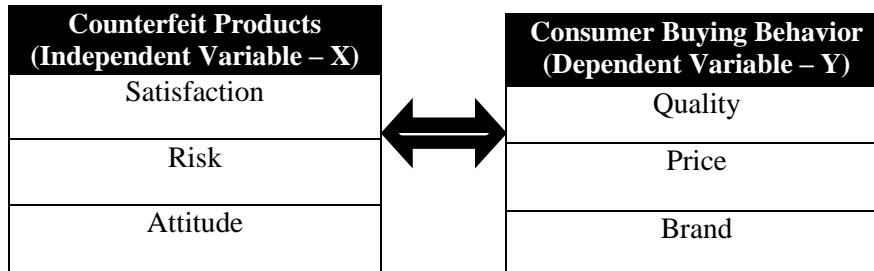
Scientific literature proves that buyers usually choose fake products due to their economic benefits (Yoo & Lee., 2009:28). It is declared by some researchers that consumer's age does not have any influence on intent to purchase counterfeits (Bloch *et.al.*, 1993; Wee *et.al.*, 1995). Some researchers assert that youth is mostly interested in buying fake products. A comparable difference takes position when the effects of income, education and gender are discussed (Tom *et.al.*, 1998:405-421).

METHODOLOGY

The aim of this research is to investigate the impact of products counterfeiting on consumer behavior and attitudes towards fashion industry. The hypothesis for this study is that there is no impact of product counterfeiting on the consumers. This research shows to determine the impact of product counterfeiting on the consumer buying behavior in the fashion industry, therefore, it will be considered as a causal research.

Data and Variables: This research is based on the attitudes and behavior of the consumers therefore it requires primary data. The Authors have the 'questionnaire' as tool for collecting the primary data. The questionnaire contains 5 demographic questions and 12 questions based on the two main variables which are Counterfeit

Products as an independent variable and Consumer Buying Behavior as a dependent variable. The authors have further sub divided the main variables into its sub variables. The table below is explains the division.



Sampling Technique: For the collection of data convenience sampling technique was followed; means authors gave the questionnaires to those people who were easily accessible in the following institutions and offices.

- Institute of Business Administration (IBA)
- KASBIT
- Beacon House School System (Teachers of the system)
- Muller and Phipps Distribution Network
- Iqra University

Sample Size: The authors floated 130 questionnaires to all the easily available people out of which they received back 100 responses. Therefore, sample size is 100 and response rate was 76%.

Model: As this research is considered as a causal research, therefore, regression model was used to find out the impact of independent variable i.e. Consumer Buying Behavior on dependent variable i.e. Counterfeit Products.

$$Y = \alpha + \beta X + \varepsilon$$

Where:

Y	=	Fashion Industry
X	=	Product Counterfeiting
α and β	=	coefficients
ε	=	error term

RESULTS AND DISCUSSIONS**Inferential Analysis: Reliability Analysis**

Variables	Cronbach's Alpha	No. of Items
Consumer Buying Behavior	.783	6
Counterfeit Products	.638	6

The researchers used Cronbach's Alpha to check whether the questionnaire was reliable enough or not. The lenient cut off of Cronbach Alpha is 0.6 and the strict cut off is 0.70. The test got results 0.783 for dependent variable and 0.638 (which is also close to 0.7) for independent variable this means that selected questionnaire was reliable.

Correlations

		CBB	CF
CBB	Pearson Correlation	1	.835**
	Sig. (2-tailed)		.000
	N	100	100
CF	Pearson Correlation	.835**	1
	Sig. (2-tailed)	.000	
	N	100	100

*correlation is significant at 0.01 level of significance (2-tailed)

The authors applied correlation to check the independence between the main variables. The result got 83.5% correlation between main variables which are Consumer Buying Behavior and Counterfeiting Products which shows that counterfeit products and consumer buying behavior are highly independent as the significance value is less than 0.01 and the correlation is significant at 1%.

REGRESSION MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835 ^a	.697	.694	.42388

a. Predictors: (Constant), CF

Coefficient of determination which is shown by R square tells that how much fit the model is. It is 69.7% here which means the changes in Counterfeit Products dictates 69.7% changes on Consumer Buying Behavior. More importantly, the difference between R square and adjusted R square signifies that there were no sample errors as this difference is less than 5%.

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	40.512	1	40.512	225.478	.000 ^b
Residual	17.608	98	.180		
Total	58.120	99			

a. Dependent Variable: CBB

b. Predictors: (Constant), CF

The above result shows that significance value is less than 0.01 which means that it is significant at 1%. Other than this, the ANOVA shows that overall significance and the fitness of the model. The cutoff of F is 4. Here the value of F is 225.478 which is obviously greater than 4. It means that the model is significant.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.114	.187		.609	.544
CF	.997	.066	.835	15.016	.000

a. Dependent Variable: CBB

The impact of counterfeit products on consumer buying behavior is shown by this table. The coefficient of counterfeit products here is positive .997 which shows the direct relationship between the counterfeit products and consumer buying behavior. If the counterfeit products increase by one unit the consumer buying behavior will increase by .997 units. The cutoff of t-value is 2 and here it is 15.016 which is greater than 2. This shows that the relationship is statistically significant. The sig value is also less than 0.01 which concludes that the relationship is significant.

DISCUSSION

The aim of this research was to determine the impact of counterfeit products on consumer buying behavior. The questionnaires were floated to gain the better understanding of the impact of counterfeit products on consumer buying behavior. Through these questionnaires the primary data was collected regression model was applied. As a result, it is decided that counterfeit products and consumer buying behavior are highly independent. Other than this, counterfeit products and consumer buying behavior have a significant relationship which means that if the counterfeit products increase by 1% the consumer buying behavior will increase by 69.7%. The data collection and the results of the survey show that the manufacturers of the original brands should continue bringing innovations and should carry on creating new designs as the consumers of the original brands are going towards the counterfeit products.

CONCLUSION

After analyzing the data and considering all results, it can be concluded that hypothesis H_0 has been rejected as there is a

significant relationship between counterfeit products and consumer buying behavior.

The manufacturers of the branded products should bring innovations and should use social media and other social networks to grab the attention of the market. Their products should be designed in such a way that the counterfeit cannot be easily created. This way the consumers would go for the original brands instead of counterfeit. Moreover, they can also reduce the price of their products so that a consumer with normal income can also purchase the original products.

Limitations: Although the researchers have achieved the aims and objectives of this research but still there are some limitations. First of all, the researchers have discussed the sample size which was less than 200; the reason behind that limited time. Based larger sample size, future study can be conducted to see the better results.

Secondly, the researchers have collected the data through the convenient sampling technique and targeted only some institutions of Karachi city. The future studies can be conduct to include other professional from different locality and domain.

RECOMMENDATIONS

There are some recommendations to the manufacturers of the original brands. First of all, the manufacturers of the original brands should not try to gain maximum profit for each of their product by increasing the prices. Because, price is the main factor which leads the consumers towards the counterfeit products.

Secondly, they should come up with such designs that could not be easily copied by the manufacturers of the counterfeit products.

Finally, they should come front with some legal laws by taking help from the Government to bring awareness in people that counterfeit products are illegal and unethical.

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