

COUNTERFEIT CONSUMPTION OF FASHION APPARELS: ROLE OF PERSONAL ETHICS AND SOCIAL MOTIVATIONS

¹Dr.Umesh Choudhary, ²Vishab Pratap Singh

¹ Assistant Professor, The Business School, University of Jammu, J&K

² Research scholar, The Business School, University of Jammu, J&K

Email – ¹dr.umeshchoudhary@gmail.com, ²vpsinghjammu@gmail.com

Abstract: *Despite counterfeiting being considered a criminal activity, the spread of counterfeit products has become a global phenomenon and a major marketing challenge. Although it is impossible to accurately determine the true size of the counterfeit market, what is known is that this illicit trade has infected nearly every industry from pharmaceuticals to aircraft parts. This paper sets out to examine how consumers' personal ethics and social motivations influence their attitudes towards counterfeits and how these two sets of variables influence purchase intention. 210 respondents were surveyed. Instrument items from Forsyth's 'Ethics Position' Questionnaire, 'Self-Expression' scale and 'Self-Presentation' scale were used. Data was analysed using MANOVA and other statistical techniques. A significant relationship between ethics and behavioural intention towards counterfeit fashion apparels among Indian youth was found. Study also found that social motivations (self expression and self presentation) have a significant effect on inclination towards counterfeit fashion apparels. The attitude towards counterfeit fashion apparels was also found to influence purchase intention. This research provides an in-depth understanding of Indian consumers' attitudes towards counterfeits of fashion apparels. Findings are useful in understanding the value orientation of consumers who purchase counterfeit fashion apparels. Segmenting consumer groups of varying ethical beliefs and social motivations and targeting them through appropriate marketing messages could be successful in encouraging greater socially responsible purchase behaviour.*

Key Words: *Counterfeiting, Ethics, Self Presentation, Self Expression, Attitude, Purchase Intention*

1. INTRODUCTION:

Counterfeits, especially in fashion products, have long attracted many consumers around the globe. Fashion apparels are one of the most purchased products (U.S. Immigration and Customs Enforcement, 2011). Those who cannot afford to purchase original designer clothing, having a look-alike product provides them an opportunity to enjoy the prestige of the luxury and popular brand. The spread of counterfeit products has become a global phenomenon and a major marketing challenge (Chaudhry and Stumpf, 2011; Sharma and Chan, 2011; Basu, Mukherjee and Lee, 2015). According to Lai and Zaichkowsky (1999) a counterfeit product is a 100 percent direct copy of a product with a high-valued brand, although with mostly inferior quality.

Depending on whether the consumer is aware or unaware about their purchased goods being counterfeits, it is important to separate counterfeiting into deceptive and non-deceptive (Grossman & Sapiro, 1988; Bloch et. al., 1993; Wilcox et al., 2009). Deceptive counterfeiting includes all the situations where a consumer is unaware of being misled into buying a counterfeit item. Consumers think that they are buying an item made by a specific company, where in fact it is made by other producers. Non-deceptive counterfeiting is when consumers are aware that the item is not original, yet make a conscious decision to buy it (Eisend & Schuchert-Guler, 2006). Despite being aware that counterfeits are illegally produced and distributed, consumers are willing to obtain, use and share them, and encourage their spread even further (Chaudhry & Stumpf, 2011). Counterfeiting of popular brands is a serious problem worldwide and a growing economy such as India is no exception. Counterfeit industry in India is valued at around 600 billion USD (2012), which has grown at a rate of 1700 per cent over the past ten years (Chaudhry and Zimmerman, 2013). The illicit market has grown to 49.84 percent from 2012 and it has cost an estimated tax loss of Rs 39,239 crores to the Indian Government in 2014 (Federation of Indian Chambers of Commerce and Industry). Despite the losses due to counterfeiting it still exists in almost all product categories including clothing, accessories, pharmaceuticals, cosmetics, automobile parts, electronics such as television sets and mobile phones, software, media, and currencies (Green and Smith, 2002). The survey revealed that about one-third of consumers would knowingly purchase counterfeits if the price and quality of the products were right, and 29 percent of subjects see no harm in product counterfeiting as long as the products do not put the purchaser at risk (Bian and Veloutsou, 2007). Unlike counterfeit drugs, pharmaceutical products or automobile parts, counterfeit fashion apparel brands (hereafter called CFABs) do not cause any physical harm to consumers. Therefore, many consumers consider purchasing CFABs perfectly acceptable and think their contribution to this shadow economy will not make any difference.

Wilcox et al. (2009) in their research explained that social motivations (i.e., self-expression /self presentation) are the crux of consumers' inclination for counterfeit luxury brands. This does not imply that social motivations will always be associated with counterfeits; their preference for counterfeit brands is also likely to vary with their values and ethical beliefs regarding counterfeiting (Snyder and DeBono 1985). However, within the domain of counterfeiting, the concept of moral intensity (lawfulness) has been studied with relatively inconsistent results wherein some researchers have found that consumer ethics and morality are strong predictors of attitude towards counterfeit products (Maldonado & Hume, 2005; Cordell et al., 1996; De Matos, 2007; Ang et al., 2001; Koklic, 2011; Swami et al., 2009; Furnham and Valgeirsson, 2007) while others have indicated the opposite (Kim and Karpova, 2010).

The present study therefore attempts to fill this gap by examining how consumers' personal ethics and social motivations influence their attitudes towards counterfeits and how these two sets of variables influence attitude and purchase intention towards counterfeits. The central idea of the present research is to investigate how social motivations and personal ethics guide consumers' predilection to consume CFABs. There is a little research, however, that specifically examines how this group of variables works together to affect counterfeit consumption. An investigation of this area would provide additional insight into consumers' perceptions for CFABs. This research will contribute to the growing body of literature regarding counterfeit fashion products and provide insights for fashion brand owners concerned about insulating their brand identity and market share against counterfeits.

2. LITERATURE REVIEW AND HYPOTHESES:

Attitudes toward Buying Counterfeits

In line with the Theory of Reasoned Action (TRA) and its annexe, the Theory of Planned Behaviour (TPB), there is a relation between attitude, behavioural intention, and behaviour (Ajzen, 2005). Petty, Wegener, and Fabriger (1997) opined that an attitude is the way an individual thinks, feels, and acts toward some aspect of his or her environment, including a brand, product, retail store, and so forth. An attitude can be defined as "a learned predisposition to behave in a consistently favourable or unfavourable manner with respect to a given object" (Schiffman, Kanuk, & Wisenblit, 2010). De Matos et al. (2007) explored that some buyers have positive attitude towards counterfeits while some have negative. Consumers' positive attitude towards counterfeits is positively associated with their purchase intention and vice versa. An attitude can be used to predict an individual's intention of doing a specific behaviour (e.g., buying a product) (Yoo & Lee, 2009). Therefore, a consumer who has positive attitudes toward counterfeit products will be willing to purchase counterfeit products and vice versa.

Social Motivation

The term 'social motivation' implies the effect that people have on consumer behaviour. The need 'to belong to' is the principal motivation for humans. According to the TRA, a person's voluntary behaviour is predicted by his attitude towards that action and how he thinks other people would perceive him if he performed that action. Hence, a need for social recognition (action) is more responsible for driving the purchase of counterfeit products than social influence. One buys branded products to get noticed, to be admired, and to enhance one's social standing. People adopt several motivational strategies, when they are deprived of fundamental social needs, to increase their social appeal and get included (Forgas et al. 2005). In other words, it is the influence that one's beliefs, regarding a particular product, have on another's behaviour leading the other to follow him/her so as to become part of the same league (Haque et al. 2009). An individual's aspirations to create his/her identity, matching him/her to the standards of others and make an impression on others are one of the fundamental causes of counterfeit consumption (Bloch et al. 1993; Ho and Lennon 2003; Penz and Stottinger 2005). If a consumer feels that a product could be his medium of self expression then, he is motivated to consume a counterfeit as it would aid his self presentation. (Snyder and DeBono 1985). Consumption of original brands is a social adjustive (self expression) and value expressive function (self-presentation) or both (Shavitt 1989). Wilcox et al. (2009) in their research expounded that social motivation is the crux of consumers' inclination for counterfeit brands. If status is the motivation for a consumer, then he is likely to be less priced and value-conscious than other consumers (Eastman et al. 2011). Perez et al. (2010) and Jiang and Cova (2012) also reveal that the consumption of counterfeits allows consumers to construct a desired social identity. The consumer's desire for counterfeits is to make a self-expression and to fit in to what others of his peer group are, particularly when the original brand is unaffordable and beyond reach (Basu and Lee, 2015). Prior research suggests that consumers' attitudes toward brands may serve a social-adjustive function, a value-expressive function or both (Shavitt 1989). For example, someone might purchase a Gucci bag because the brand reflects their personality (i.e., self-expression) and/or because it is a status symbol (i.e., self-presentation). Social-adjustive function (i.e., self presentation attitudes) helps people maintain relationships (DeBono 1987; Smith, Bruner and White 1956). Therefore, when consumers have a social-adjustive attitude towards a product, they are motivated to consume it as a form of self-presentation to gain approval in social situations. Value-expressive function (i.e., self-expression attitudes), on the other hand, help people communicate their central beliefs, attitudes and values to others (Katz 1960). Therefore, when

consumers hold a value-expressive attitude towards a product, they are motivated to consume it as a form of self-expression (Snyder and DeBono 1985).

Therefore we hypothesize that:

H01: Social motivations positively influence consumers' counterfeit consumption of fashion apparel brands

H01a: Self presentation will have a positive effect on consumers' counterfeit consumption of fashion apparel brands.

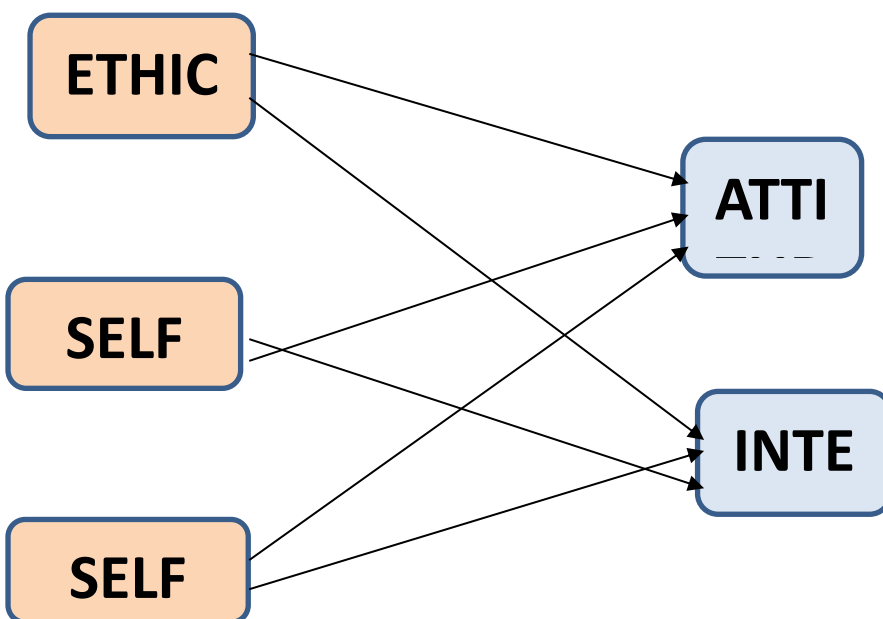
H01b: Self expression will have a positive effect on consumers' counterfeit consumption of fashion apparel brands.

3. ETHICS AND COUNTERFEITING:

Personal beliefs about right or wrong reflects ones ethical rules called ethical obligation (Shaw, Shiu and Clarke, 2000) and there exists a causal impact of ethical obligation on attitude and it has an effect on purchase intention (Raats, Shepherd and Sparks, 1995; Shaw and Shiu, 2002; Sparks, Shepherd and Frewer, 1995). Consumers who think that there is nothing wrong in buying counterfeits have a higher tendency to buy counterfeits and regard this type of purchase as ethical (Ang et al., 2001). Customers who purchase counterfeit products tend to have lower scores of morality and integrity than those who abstain from such purchases (Cordell, Kieschnick & Wongtada,1996; Tan, 2002 ;Harvey & Walls,2003; Matos, Ituassu & Rossi, 2007; Furnham & Valgeirsson, 2007; Kwong, et al. 2009; Swami, Chamorro-Premuzic & Furnham, 2009). Koklic (2011) explored purchase intention of consumers for counterfeits, and found that moral intensity had a significant effect on intent to purchase. Albert-Miller (1999) suggests that consumers are willing to abandon acknowledged ethical principles for low price and related marginal product attributes. Norum and Cuno (2011) found that the majority of counterfeit goods buyers do not perceive they are doing any harm by purchasing these goods. Consumers' hedonic motivations far outweigh their ethical concerns (Chaudhry and Stumpf (2011).

Therefore we hypothesize that:

H02: Personal ethics will significantly affect consumers' consumption of counterfeit fashion apparel brands such that consumers with high ethics will show a negative relationship with counterfeits of fashion apparel brands



Conceptual Research Model

4. METHODOLOGY:

The present study is a **survey based** research, designed on the basis of existing studies on counterfeit products. For primary data, structured questionnaires are used to elicit information from the respondents.

Sample Size - 210 respondents from large Northern University were taken out of which 199 were usable.

Measurement Scales - From the literature review the following **measurement scales** are used for the constructs:

Purchase Intention and Attitude towards Buying Counterfeits: De Matos et al. (2007)

Forsyth's Ethics Position Questionnaire: Forsyth (1980)


Self-Expression scale: Saenger, Thomas and Johnson (2013)

Self- Presentation scale: Lee, Suh and Kyung Lee (2011)

5. RESULTS:

Factor analysis

We use an exploratory factor analysis (EFA) to test for constructs' unidimensionality. According to Hair et al. (1998), factor loading is a criterion to ensure practical significance of EFA. Factor loading is regarded as reaching the minimum level if it is greater than 0.3; significance if it is greater than 0.4; and practical significance if it is greater than 0.5. All factor loadings are greater than 0.5, thus the unidimensionality for each of the factors is obtained. Furthermore, we also implement the reliability test by measuring Cronbach's Alpha. Depending on the nature and purpose of the scale, George and Mallery (2003) suggested that Cronbach's Alpha is acceptable if it is above 0.6. If the "Item-total correlation" of any items is lower than 0.3, those items need to drop out to increase the reliability and validity of the measurement. Table 3 shows the factor loading ranges and Cronbach's α for each construct identified and used. All Cronbach's α value range from 0.702 to 0.858, which are larger than 0.6 is acceptable. Therefore, the constructs are considered reliable.



Constructs	Cronbachs' Alpha
Attitude	0.733
Intention	0.801
Ethics	0.709
Self Expression	0.858
Self Presentation	0.702

SCALE ITEMS	Self Expression	Response Behavior	Ethics	Self Presentation
SE30	.720			
SE31	.871			
SE32	.691			
SE33	.664			
SE34	.591			
SE35	.547			
IP25		0.786		
IP26		0.758		
IP27		0.567		
IP28		0.578		
IP29		0.596		
A22		0.540		
A23		0.623		
A24		0.763		
E1			0.461	
E2			0.385	
E3			0.465	
E4			0.643	
E5			0.422	
E6			0.354	
E7			0.387	
E9			0.423	
E16			0.352	
E17			0.377	
E18			0.345	
E19			0.368	
SP36				0.606
SP37				0.687
SP38				0.550
SP39				0.391

Gender-Wise Descriptive Statistics and T-test

Constructs	Males(n=98) Mean(SD)	Females (n=101) Mean(SD)	t-test	Sig.
Attitude	2.89(1.00)	2.87(0.84)	0.17	0.86
Intention	2.64(0.83)	2.73(0.79)	0.73	0.47
Ethics	3.85(0.46)	3.85(0.43)	0.04	0.96
Self Expression	2.91(0.84)	3.09(0.85)	1.48	0.14
Self Presentation	2.74(0.88)	2.54(0.71)	1.79	0.07

CORRELATION

	ATTITUDE TOWARD CFABs	INTENTION TO PURCHASE	ETHICS	SELF EXPRESSION	SELF PRESENTATION
ATTITUDE TOWARD CFABs	1				
INTENTION TO PURCHASE	0.645**	1			
ETHICS	-0.063*	0.035	1		
SELF EXPRESSION	0.096*	0.150*	-0.155*	1	
SELF PRESENTATION	0.216**	0.118	-0.102	0.464**	1

Multivariate ANOVA Test Results

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Self Expression	Wilks' Lambda	0.925	1.78	8.00	176	0.043*	0.075
Self Presentation	Wilks' Lambda	0.901	2.41	8.00	176	0.017*	0.099
Ethics	Wilks' Lambda	0.971	0.689	8.00	176	0.172	0.046

*Significant at $p < 0.05$ level

Between- Subjects Effect							
Source	Dependent Variable	Type II Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Self Expression	Attitude Toward CFABs	2.093	1	2.093	3.277	0.032*	0.017
	Purchase Intention	0.510	1	0.510	0.623	0.431	0.030
Self Presentation	Attitude Toward CFABs	0.455	1	0.455	0.713	0.400	0.040
	Purchase Intention	3.263	1	3.263	3.989	0.047*	0.020

*Significant at $p < 0.05$ level

6. SUMMARY CONCLUSION AND RECOMMENDATION:

The research finding reveals that social motivations (self expression and self presentation) have a significant effect on inclination towards counterfeit fashion apparels. A need for social recognition is more responsible for driving the purchase of counterfeit products than social influence. One buys branded products to get noticed, to be admired and to enhance one's social standing. If a consumer feels that a product could be his medium of self expression then, he is motivated to consume a counterfeit as it would aid his self presentation. The consumer's desire for counterfeits is to make a self expression and to fit in to what others of his peer group are, particularly when original brand is unaffordable and beyond the reach.

The result finding reveals that personal ethics does not have a significant effect on the consumer's attitude and purchase intentions towards counterfeits of fashion apparels while self expression and self presentation significantly affect consumer behavioural intentions. So it is suggested that while framing the marketing strategies for promotion of fashion apparels for consumers they should focus on attributes related to self expression and self presentation. It is suggested that government in collaboration with branded companies should take initiatives to curb the effects of counterfeits.

6. LIMITATIONS AND FUTURE RESEARCH:

The findings are limited to north India, and therefore results of the study cannot be generalized across India or other international markets. Further, only fashion apparels were considered. Other cultural contexts and product categories may be investigated in the future. The research is limited to youth thereby leaving scope for future investigations in other age groups.

REFERENCES:

1. Ajzen, I., & Fishbein, M. (2005). The influence of attitudes on behavior. *The handbook of attitudes*, 173(221), 31.
2. Albers-Miller, N. D. (1999). Consumer misbehavior: why people buy illicit goods. *Journal of consumer Marketing*, 16(3), 273-287.
3. Augusto de Matos, C., Trindade Ituassu, C., & Vargas Rossi, C. A. (2007). Consumer attitudes toward counterfeits: a review and extension. *Journal of consumer Marketing*, 24(1), 36-47.
4. Basu, M. M., Basu, S., & Lee, J. K. (2015). Factors Influencing Consumers Intention to Buy Counterfeit Products. *Global Journal of Management And Business Research*.
5. Bian, X., & Veloutsou, C. (2007). Consumers' attitudes regarding non-deceptive counterfeit brands in the UK and China. *Journal of Brand Management*, 14(3), 211-222.
6. Bloch, P. H., Bush, R. F., & Campbell, L. (1993). Consumer "accomplices" in product counterfeiting: a demand side investigation. *Journal of Consumer Marketing*, 10(4), 27-36.
7. Chaudhry, P. E., & Stumpf, S. A. (2011). Consumer complicity with counterfeit products. *Journal of Consumer Marketing*, 28(2), 139-151.
8. Chaudhry, P., & Zimmerman, A. (2013). The global growth of counterfeit trade. In *Protecting Your Intellectual Property Rights*(pp. 7-31). Springer New York.
9. Cordell, V. V., Wongtada, N., & Kieschnick, R. L. (1996). Counterfeit purchase intentions: role of lawfulness attitudes and product traits as determinants. *Journal of Business Research*, 35(1), 41-53.
10. Eastman, J. K., & Eastman, K. L. (2011). Perceptions of status consumption and the economy. *Journal of Business & Economics Research*, 9(7), 9.

11. Eisend, M., & Schuchert-Güler, P. (2006). Explaining counterfeit purchases: A review and preview. *Academy of Marketing Science Review*, 2006, 1.
12. Furnham, A., & Valgeirsson, H. (2007). The effect of life values and materialism on buying counterfeit products. *The Journal of Socio-Economics*, 36(5), 677-685.
13. Green, R. T., & Smith, T. (2002). Countering brand counterfeiters. *Journal of international Marketing*, 10(4), 89-106.
14. Grossman, G. M., & Shapiro, C. (1988). Foreign counterfeiting of status goods. *The Quarterly Journal of Economics*, 103(1), 79-100.
15. Haque, A., Khatibi, A., & Rahman, S. (2009). Factors influencing buying behavior of piracy products and its impact to Malaysian market. *International Review of Business Research Papers*, 5(2), 383-401.
16. Harvey, P. J., & Walls, W. D. (2003). The revealed demand for pirate goods: Probit analysis of experimental data. *International Journal of Management*, 20(2), 194.
17. Hoon Ang, S., Sim Cheng, P., Lim, E. A., & Kuan Tambyah, S. (2001). Spot the difference: consumer responses towards counterfeits. *Journal of consumer Marketing*, 18(3), 219-235.
18. Jiang, L., & Cova, V. (2012). Love for luxury, preference for counterfeits—A qualitative study in counterfeit luxury consumption in China. *International journal of marketing studies*, 4(6), 1.
19. Kim, H., & Karpova, E. (2010). Consumer attitudes toward fashion counterfeits: Application of the theory of planned behavior. *Clothing and Textiles research journal*, 28(2), 79-94.
20. Koklic, M. K. (2011). Non-deceptive counterfeiting purchase behavior: Antecedents of attitudes and purchase intentions. *Journal of Applied Business Research*, 27(2), 127.
21. Lai, K. K. Y., & Zaichkowsky, J. L. (1999). Brand imitation: do the Chinese have different views?. *Asia Pacific Journal of Management*, 16(2), 179-192.
22. Maldonado, C., & Hume, E. C. (2005). Attitudes toward counterfeit products: An ethical perspective. *Journal of Legal, Ethical and Regulatory Issues*, 8(1/2), 105.
23. Norum, P. S., & Cuno, A. (2011). Analysis of the demand for counterfeit goods. *Journal of Fashion Marketing and Management: An International Journal*, 15(1), 27-40.
24. Penz, E., & Stottinger, B. (2005). Forget the Areal@ Thingbtake the Copy! an Explanatory Model For the Volitional Purchase of Counterfeit Products. *ACR North American Advances*.
25. Perez, M. E., Castaño, R., & Quintanilla, C. (2010). Constructing identity through the consumption of counterfeit luxury goods. *Qualitative Market Research: An International Journal*, 13(3), 219-235.
26. Petty, R. E., Wegener, D. T., & Fabrigar, L. R. (1997). Attitudes and attitude change. *Annual review of psychology*, 48(1), 609-647.
27. Raats, M. M., Shepherd, R., & Sparks, P. (1995). Including moral dimensions of choice within the structure of the theory of planned behavior. *Journal of Applied Social Psychology*, 25(6), 484-494.
28. Schiffman, L. G., Kanuk, L. L., Kumar, S. R., & Wisenblit, J. (2010). Consumer decision making and beyond. *Consumer behavior*, 424-465.
29. Sharma, P., & Chan, R. Y. (2011). Counterfeit proneness: Conceptualisation and scale development. *Journal of Marketing Management*, 27(5-6), 602-626.
30. Shavitt, S. (1990). The role of attitude objects in attitude functions. *Journal of Experimental Social Psychology*, 26(2), 124-148.
31. Shaw, D., & Shiu, E. (2002). An assessment of ethical obligation and self-identity in ethical consumer decision-making: a structural equation modelling approach. *International Journal of Consumer Studies*, 26(4), 286-293.
32. Shaw, D., Shiu, E., & Clarke, I. (2000). The contribution of ethical obligation and self-identity to the theory of planned behaviour: An exploration of ethical consumers. *Journal of marketing management*, 16(8), 879-894.
33. Smith, M. B., Bruner, J. S., & White, R. W. (1956). Opinions and personality.
34. Snyder, M., & DeBono, K. G. (1985). Appeals to image and claims about quality: Understanding the psychology of advertising. *Journal of personality and Social Psychology*, 49(3), 586.
35. Swami, V., Chamorro-Premuzic, T., & Furnham, A. (2009). Faking it: Personality and individual difference predictors of willingness to buy counterfeit goods. *The Journal of Socio-Economics*, 38(5), 820-825.
36. Tan, B. (2002). Understanding consumer ethical decision making with respect to purchase of pirated software. *Journal of consumer marketing*, 19(2), 96-111.
37. Wilcox, K., Kim, H. M., & Sen, S. (2009). Why do consumers buy counterfeit luxury brands?. *Journal of marketing research*, 46(2), 247-259.
38. Williams, K. D., Forgas, J. P., & Von Hippel, W. (Eds.). (2005). *The social outcast: Ostracism, social exclusion, rejection, and bullying*. Psychology Press.
39. Yoo, B., & Lee, S. H. (2009). Buy genuine luxury fashion products or counterfeits?. *ACR North American Advances*.