

## True brands appear less moved than counterfeits: A study on influence of demographics on acceptance of counterfeits among graduate youths in South India

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### Abstract

Counterfeit goods appear in different forms as deceptive and non-deceptive counterfeiting. Buyer's attitude and valuation and external components constitute the buyer's intention to buy. Studies have shown that consumer awareness and knowledge have a significant impact on the various factors that influence consumer behaviour towards purchase of counterfeits. Consciousness and awareness are the elements that appear as the automatic process of humans. There is no difference in counterfeit purchasing in relation to factors such as qualification, gender and age.

**Keywords:** Counterfeits, Gender, Age, Purchase Intention.

### Introduction

Getting a handle on what drives a consumer to choose a fake, illegal product is a complex undertaking. Motives vary widely, from price and easy access to social acceptability and a perception that a counterfeit purchase is a game which falls outside the law and to which there are no consequences. And, consumers include weak government commitment to fighting and prosecuting counterfeiting among their motives – or excuses – to look the other ways. This can only be expected if consumers appreciate the full impact of their counterfeit purchases. Only when governments fully understand the factors that drive their constituencies toward illegal activity can they institute programmes to educate and protect consumers – and society – from the hazards of counterfeiting and piracy. Counterfeiting is the practice of manufacturing products, often of inferior quality, and selling them under a brand name without the brand owner's authorization. Even though counterfeits are sold at a lesser price, it is an exceptionally profitable illegal business because counterfeiters do not have to invest in research and development, design, marketing and after-sales service.

Illicit trade phenomenon is an international scale and scope problem. The Global Financial Integrity Department (GFI) a non-governmental organization in the United States is recently estimated the counterfeits trade to be a total retail value of \$ 650 billion and \$ 2 trillion if it includes the associated capital flows. According to the International Chamber of Commerce (IOC) Initiative by Business Action to Stop Counterfeiting and Piracy (BASCAP), "a large infiltration of fake and shoddy goods has drawn \$ 1 trillion from the global economy and undermined more than 2.5 million jobs. And ineffective products pose a risk to millions of consumers, while governments, businesses and society are deprived of tens of billions of taxes, revenues and jobs.

Affected industries range from the most common industries involving counterfeiting and smuggling - luxury goods, medicines, alcohol and tobacco - to chemicals, food and even explosives. The World Customs Organization reported in its Illegal Trade Report 2013 that more than half of the truncation involved illegal drugs, followed by counterfeit electronics and illicit food, all of which threatened the health and safety of consumers. The World Health Organization estimates that about 30% of the world's alcohol is produced illegally, or is "not recorded". According to Interpol, illegal trade in cigarettes is the largest legal trade in illicit trade, second only to smugglers' illicit drugs. About 12% of the global cigarette market is estimated to be illegal. This is equivalent to about 660 million cigarettes a year, the annual tax losses of more than 40 billion US dollars. Even products such as cosmetics are the targets of criminals. A pilot study of the cosmetics sector conducted by the Office of the Internal Market Coordination Office (OHIM) found that the legitimate industry lost about 4.7 billion euros a year from counterfeit cosmetics. Increased impact on other sectors and government revenues, counterfeiting in this area resulted in an annual sales loss of 9.5 billion euros, resulting in some 80,000 people unemployed and another € 1.7 billion loss in government revenue world over.

**Indian Scenario:** According to FICCI (Federation of Indian Chambers of Commerce and Industry), in the financial year 2013-14, counterfeiting caused a loss of Rs.21,957 crore (\$3.3 billion) to the FMCG packaged goods industry, while in the same year, counterfeiting and duplication of products caused a loss of Rs.39,239 to the state exchequer in forms of tax and duty evasion. Counterfeiting in industries like FMCG (packaged and personal goods), mobile phones, alcoholic beverages, tobacco, auto components and computer hardware caused a cumulative loss of Rs.105,381 crore in 2013-14 to the companies Involved in their manufacture.

**Terminology:** Counterfeit goods appear in different forms like deceptive, non-deceptive and fuzzy fakes (Grossman and Shapiro, 1988; Bian, 2006). By deceiving and blaming the fake consumer, they may not be aware of or uncertain that he / she is buying counterfeit facts. Consumers are interested in buying counterfeit and forged (Grossman and Shapiro, 1988). In addition, when focused on fake and shoddy items, should be on the views of buyers to produce more crushing differences. Buyers can obtain counterfeit money by not knowing the original intellectual property offense (fraudulent forgery) or full understanding of the illegal nature of the goods (non-fraudulent forgery). Consumers around the consumer will earnestly buy counterfeit (Tom et al., 1999; Phau et al. 2001).

Prospective research shows that the moral style of consumers can lead to the possibility of purchasing imitations (Muncy and Vitell, 1992). Profit growth may also lead to imitation of product demand (Bloch et al., 1993; Dodge et al. 1996). In fact, counterfeiting is responsible for the collective monetary and social losses of legal manufacturers and society. A counterintelligence investigation found that the buyer ignored the harmful effects, regardless of whether the counterfeit goods were compromised. (Nill and Shultz, 1996), which can be modelled with the number of benefits rose by the actual commodity (Bloch et al., 1993), brand associations and reputable brands, and through the production process (Nill and Shultz, 1996).

In developing countries, counterfeiting industries maintain manufacturing opportunities in short periods. It can be assumed that due to the lower cost of manufacturing costs, the industry may miss risk management principles, or despite the possibility of long-term loss of free-enterprise benefit, they chance for short-term gains and even short-term profits of at the cost of penalty for scholarly goods as short-time advantages. In addition, it must also be known that several successful enterprises have themselves planned to plagiarise their technical capacity as a division of business (Germany, Japan in the nineteenth century, Asian "tiger" economies after the Second World War). However, the words for plagiarism, imitation of goods, false, knock-offs, camouflage, infringement or usually used for fake and shoddy products as synonyms. They are in the sense of not similar, but these shoddy businesses cause a trouble for legitimate manufacturers.

### Literature Review

**Purchase Intention:** The buyer's attitude, valuation, and external components build the buyer's purchase intent, which is an important reason for predicting buyer behaviour (Fishbein and Ajzen, 1975). The purchase intention can give the purchaser the opportunity to purchase the manufacturer products, the greater the purchase intention, and the greater the intention of the buyer to buy the goods (Dodds et al., 1991; Schiffman and Kanuk, 2000). (Zeithaml, 1988;

Dodds et al. 1991; Schiffman and Kanuk, 2000; Yang, 2009), the purchaser will keep up with their knowledge, preferences and external environment to collect information and purchase options by evaluating alternatives. Some studies have shown that the intention to buy is also a function of economic consideration, not only attitude. In addition, perceived affordability is an economic variable that can influence behavioural intent (perceived financial control). Therefore, regardless of whether the buyer is aware of the product and that the product is expensive or inexpensive, the purchase of the goods are caused by perceived supply of products.

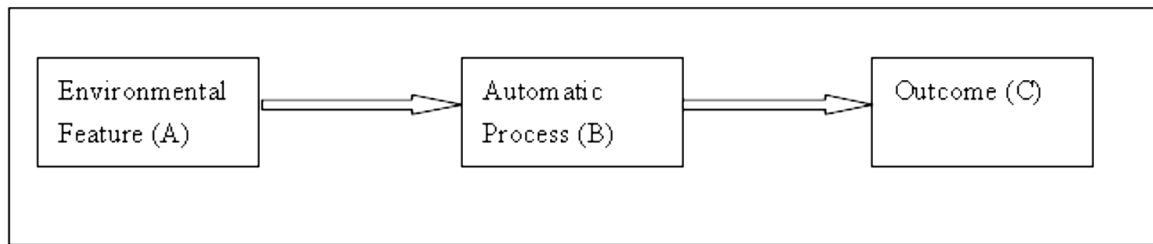
**Sex Ratio in India:** The sex ratio is used to describe the number of females per 1,000 men. The gender ratio is an important source of discrimination for women in India. The 2011 census shows that India's population in 2011 was 940 women per 1,000 men. The 2011 census data show that the gender ratio in 2011 is on the rise. The 2001 census showed that there were 933 women for every 1,000 men. For decades, India's sex ratio has fallen by 2011, but the proportion of sex has risen slightly over the past few decades. Since the past 50 years, the gender ratio has shifted to about 930 women to 1,000 men.

Azrina et al. (2011) defined consumers as any individuals or households using good or / or services generated by any manufacturer or supplier for family usage within the economy. Many studies have shown that consumer awareness and knowledge have a significant impact on various effective consumer behaviour (McEachern & Warnaby 2008; Hartlieb & Jones 2009; Liang & Xianyu 2008; Donoghue & de Klerk, 2009; Thomas & Mills 2006; Chartrand 2005; Coulter et al. 2005; Dommeyer & Gross 2003). For example, Hartlieb and Jones (2009) emphasize the importance of ethical labelling in the corporate image for human rights, which is a function of improving ethical quality into product features that enable customers to understand and appreciate what is expected to influence consumer decision-making Dommeyer and Gross (2003) and are examining the role of consumer awareness and knowledge about the private information intrusion areas of direct marketers, and their findings suggest that both men and women are more aware of piracy related laws and practices. Therefore, these groups have adopted a specific strategy to protect themselves from invading groups. Another study by Donoghue and de Klerk (2009) emphasizes the characteristics and psychology of consumer complaints against fakes.

**Consumer Awareness:** Consumer awareness is a marketing idiom. This means that the consumer is aware of or is aware of the product or service, its characteristics and other marketing P's (place of purchase, price and promotion). Often, advertising and advertising will increase consumer awareness, as well as 'word of mouth' (someone's comment on a product or service).

Consumer awareness or consciousness is an element in the process of human automaticity. Automation can involve conscious or unconscious

behaviour (Chartrand 2005). The process consists of environmental characteristics, automated processes and results (see Fig. 1).



**Fig. 1: Model of automatic process**

Source: Chartrand (2005), pg. 204.

As shown in Fig. 1, the environmental characteristics (labelled A) may include situations, other people's presence, events, and other events that may trigger an automated process. The automatic process (labelled B) includes the process of gesture activation, automatic evaluation, unconscious simulation, and stereographic activation. At the same time, the results (labelled C) may include items such as behavior, motivation, judgment, decision making and mood. "Consciousness" or awareness can be placed in all three automatic processes (A, B, and C). For example, the idea of a chemical waste treatment plant in the vicinity has become an environmental feature that triggers an automated process of rejecting this idea. Individual refuses to be consciously or unconsciously driven. A person may be consciously influenced by radiation impact as an expert; on the contrary, when he is only following most of the actions of a particular group he or she is loyal to, he or she may unconsciously act on environmental characteristics. Chartrand (2005) argues that consumer awareness (intentionally or unconsciously) precedes control, modification, elimination and change of human behaviour and decision making. Therefore, effective consumer behaviour can only be achieved through consciousness. Knowledge can influence people's decisions or actions (McEarchern & Warnaby 2008 and Liang & Xiangyu 2008). The relationship between knowledge and consumer behaviour is best explained by Ajzen's Theory of Planned Behavior (TPB). Based on TPB, personal attitudes and beliefs are shaped by knowledge. Therefore, the study on the impact of knowledge on human behaviour is implicitly the basis of the theory of planned behavior. According to McEarchern and Warnaby (2008), knowledge can be divided into system knowledge, action-related knowledge and effective knowledge. Each form of knowledge will have a certain impact on human decision-making. "Knowledge of the system" refers to the knowledge of how the system or process works; "action-related knowledge" involves behavioral selection and / or possible behavior; "effective knowledge" refers to knowledge of potential

or certain behaviors. In the case of consumer rights, all forms of knowledge (system, action-related or effective knowledge) affect consumer defences. Ignorance of any form of knowledge will make the ability of consumers to exercise their rights to worsen, nor to force traders to act in accordance with the requirements of consumer protection, and vice versa. For example, according to Thomas and Mills (2006), the current legislation of the "menu rule" has been developed to protect US consumers from the nutritional content, health requirements, service size, geographical origin of food, the number and quality of the preparation method, the sales of goods on behalf of the brand and the brand error. However, the law provides that restaurant operators can provide nutritional information according to customer requirements. Because American consumers provide knowledge of the "menu method", they ask the restaurant owner to provide more nutrition information on the menu. This action reaffirms the role of consumer knowledge and awareness in advocating effective consumer behavior and discipline for traders.

### Objectives of Study

1. To know the role of Age among consumers in accepting counterfeits
2. To know the role of Gender among consumers in accepting counterfeits

### Hypothesis

#### Hypothesis 1:

H<sub>0</sub>: There is no correlation between Age and Buying counterfeits products.

H<sub>1</sub>: There is correlation between Age and Buying counterfeits products.

#### Hypothesis 2:

H<sub>0</sub>: Attributes Gender and Buying Counterfeit products are independent

H<sub>1</sub>: Attributes Gender and buying Counterfeit products are dependent

### Materials and Method

**Research design:** Because it is difficult to interview a large sample of respondents on the spot, just after they

have purchased a counterfeit, a post hoc survey methodology was chosen. Research design include the "the overall operational model or framework of the project, which information is collected, from which sources and what procedures" (Green, Tull, & Albaum, 1988, p.96). The research design of this study includes, setting, product selection, sampling and data collection, sample characteristics, instrument development (development of measurement items), content validity, pre-test, and data analyses (data screening, reliability, validity, and testing of the research model).

**Sampling Population:** For the study purpose, a set of 100 customers, who are graduates were selected and given questionnaire. Among the selected respondents, if any, such respondent incompletes the survey, we planned to take one sample randomly from the list to fulfil the total number of samples to 100 consumers.

**Sources of Data Collection:** In the present study, primary data is utilized. Primary data was collected through administering the questionnaire / schedule and also participant observation.

**Data Analysis**

**Part 1:** Testing Hypothesis 1 with Correlation:

**H<sub>0</sub>:** There is no correlation between Age and Buying Counterfeit products.

**H<sub>1</sub>:** There is correlation between Age and Buying Counterfeit products.

Correlations			
		Age	Buy CF
Age	Pearson Correlation	1	.015
	Sig. (2-tailed)		.884
	N	100	100
Buy CF	Pearson Correlation	.015	1
	Sig. (2-tailed)	.884	
	N	100	100

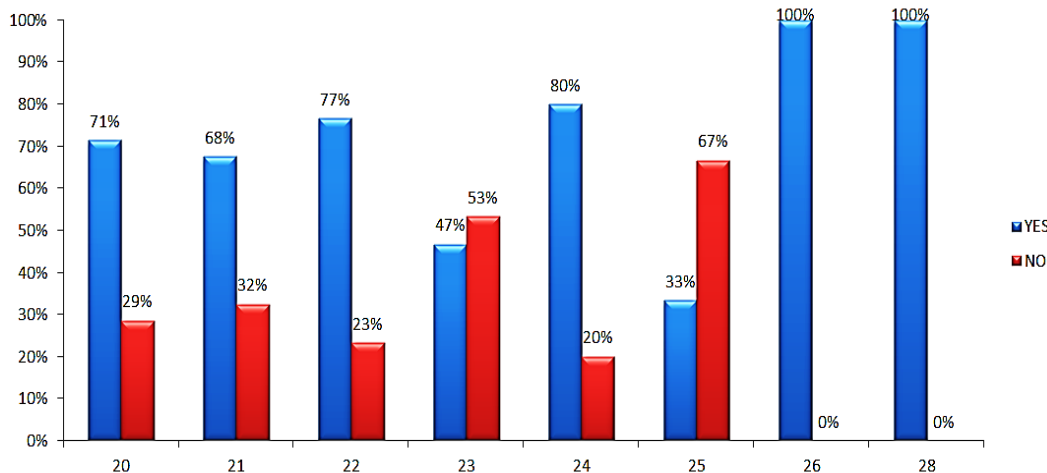
It is noted that the point-biserial correlation coefficient,  $r_{pb}$ , is +.015.

The above correlation indicates a very weak correlation between age and buying counterfeit products.

Since  $p = .884$ , is greater than 0.05, we accept the null hypothesis, that there is no correlation between Age and Buying Counterfeit products.

A point-biserial correlation is used to measure the strength and direction of the association that exists between one continuous variable and one dichotomous variable. It is a special case of the Pearson's product-moment correlation, which is applied when you have two continuous variables, whereas in this case one of the variables is measured on a dichotomous scale.

The below given chart is an evidence of the above output.



**Part 2:** Testing Hypothesis 1 with Chi-Square:

**H<sub>0</sub>:** Attributes Gender and Buying Counterfiet Products are independent

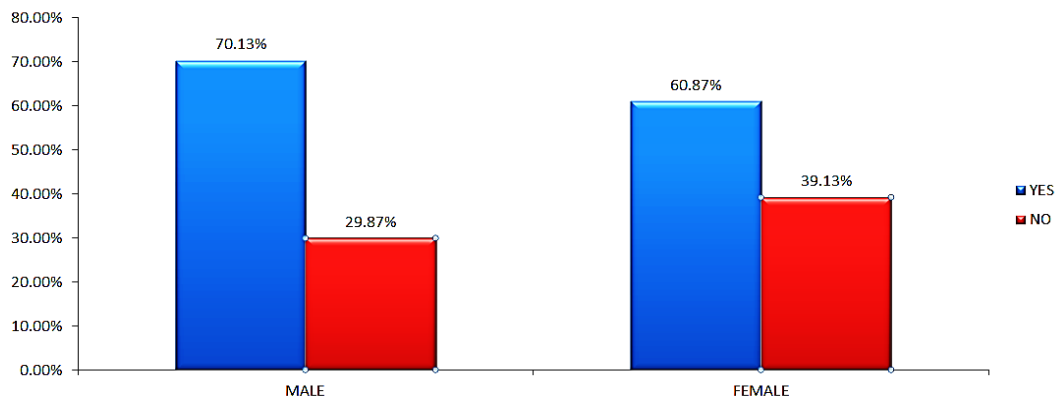
**H<sub>1</sub>:** Attributes Gender and Buying Counterfiet Products are dependent

Sex * Buy CF Cross-tabulation				
		Count		
		Buy CF		Total
		Yes	No	
Sex	Male	54	23	77
	Female	14	9	23
Total		68	32	100

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.698 <sup>a</sup>	1	.403		
Continuity Correction <sup>b</sup>	.337	1	.561		
Likelihood Ratio	.682	1	.409		
Fisher's Exact Test				.450	.277
Linear-by-Linear Association	.691	1	.406		
N of Valid Cases	100				
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.36.					
b. Computed only for a 2x2 table					

Since  $p = .403$ , is greater than 0.05, we accept the null hypothesis that GENDER and Buying Counterfeit Products are independent.

The below given chart is an evidence of the above output.



## Conclusion

The first hypothesis H1 deals with Age on the attitude towards purchase of counterfeit products was negatively significant. Based on the supporting literature, a negative relationship was proposed between Age and buying counterfeits, indicating that consumers with varied level of Age did not decrease the intention to buying counterfeits. The Second hypothesis H2 deals with Gender on the attitude towards purchase of counterfeit products was negatively significant. Based on the supporting literature, a negative relationship was proposed between Gender and buying counterfeits, indicating that consumers with Gender Difference did not have lower intention towards buying counterfeits. Hence the research paper concludes that Age and Gender do not have any variation with respect to purchase of counterfeits.

Counterfeiting trade has proved to be a global phenomenon, but it is the most prevalent threat in developing countries. As mentioned earlier, it is one of the biggest avenues for governments and companies to lax their income and the problem needs immediate action to save businesses and consumers. This study identifies youthfulness, irresponsibility and ethical values as some of the major factors in counterfeiting trade. Ignorance and poverty are also considered to be

the factors that lead to this phenomenon, however, because the study is has been conducted mainly with students who are from middle-income families, so this question is was not raised. Therefore, there exists need for further research, for establishing relationship between ignorance and purchase of counterfeits. This study suggests that Gender as a factor towards purchasing counterfeits has limited influence. The study, with the help of observational data suggests that intentional education of purchasing counterfeit and coupled with learning experience gained from early purchases has taken some positive deterrence towards online and offline purchasing of counterfeits.

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