

## An Empirical Study on Consumers' Buying Intentions of Counterfeit Products in India

Saurabh Verma,<sup>1</sup> Rajender Kumar<sup>2</sup> and Sunil Kumar Yadav<sup>3†</sup>

<sup>1</sup>Department of Management Studies, NIT, Silchar, Assam 788 010, India

<sup>2</sup>Department of Business Administration, NIT, Kurukshetra, Haryana 136 119, India

<sup>3</sup>Rukmini Devi Institute of Advanced Studies, GGSIPU, Delhi 110 085, India

Received: 28 March 2018 accepted: 8 February 2019

The infringement of intellectual property rights (IPRs) in the form of counterfeiting has emerged as one of the biggest crimes of the contemporary world. Counterfeiting has become a global epidemic, creating huge losses to the established brands, economy of a nation, undermining innovation and creativity and posing a significant threat to consumer health and safety. In recent times, it has become the world's fastest growing and most profitable business. To combat counterfeiting, a detailed investigation from the consumers demand perspective is required as the universal law of economics states that "where there is a demand, there will be a supply". The main aim of the study is to identify the key psychographic determinants affecting consumers' buying intentions of purchasing counterfeit products in India. The main findings of the study revealed that price consciousness, novelty seeking, status consumption and peer pressure are the key psychographic determinants affecting consumers' buying intention of purchasing counterfeit products. It has also been found that value consciousness has no influence on consumers' buying intention of purchasing counterfeit products. The study is relevant to the current marketing scenario as it provides useful insights to the brand manufacturers and marketers for developing effective strategies and policies required to influence consumers' buying intentions of purchasing counterfeit products.

**Keywords:** Agreement on Trade-related Aspects of Intellectual Property Rights, Organisation for Economic Co-operation and Development, Federation of Indian Chambers of Commerce and Industry, Theory of Reasoned Action, counterfeiting, intellectual property rights, psychographic determinants, buying intentions, counterfeit proneness scale

Counterfeiting and piracy have been used simultaneously by some researchers, whereas some have drawn a clear distinction between all these illegitimate practices in the trade such as counterfeiting, piracy, imitation brands, knock-offs and grey market surplus goods.<sup>1</sup>

The Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) defines counterfeiting as "*Counterfeit trademark goods shall mean any goods, including packaging, bearing without authorization 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.*"<sup>2</sup> Counterfeiting is of two types; deceptive counterfeiting (supply side) and non-deceptive counterfeiting (demand side). In deceptive

counterfeiting, a consumer is unaware of the fact that he had purchased a counterfeit article or he has been deceived by the seller.<sup>3</sup> In non-deceptive counterfeiting, consumer knowingly purchases counterfeit products.<sup>4</sup>

The infringement of IPRs in the form of counterfeiting has emerged as one of the biggest crimes of the contemporary world.<sup>5</sup> Counterfeiting has become a global epidemic, creating huge losses to the established brands, economy of a nation, undermining innovation and creativity and posing a significant threat to consumer health and safety.<sup>6</sup> In recent years, it has become the world's fastest growing and most profitable business. Several reports suggest that counterfeiting has grown over ten thousand per cent in the past two decades and confirm that the international global market price for such counterfeit goods exceeded US \$ 651.77 billion.<sup>7</sup> Counterfeiting exists in almost each industry such as automobile, pharmaceutical, clothing, tobacco, computer hardware, footwear, accessories, cosmetics and alcohol beverages.<sup>8</sup> It has become a

<sup>†</sup>Corresponding author: Email: sunilyadav29@gmail.com

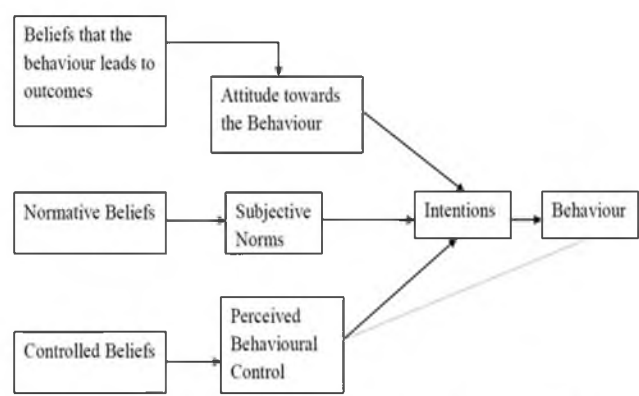
global phenomenon of immense magnitude and has been referred to as “The crime of the 21st century.”<sup>9,10</sup> Several studies reveal that counterfeiting has usually emerged from the developing economies. The reason being is the presence of low literacy level, low purchasing power, low consumer awareness, unemployment, ineffective legislative framework and poor integration between the government and the law enforcement agencies.<sup>2</sup> As per The Organisation for Economic Co-operation and Development (OECD) reports, the economic value of counterfeit goods across the world was US \$ 651.77 billion and the value of counterfeit products sold across the borders was well valued above US \$ 270 billion.<sup>11</sup> The New Economic Policy of India in 1991 has brought radical changes for India in terms of increased Foreign Direct Investment (FDI), Trade and Commerce. However, it has also opened up the gates for the counterfeiters to use India’s low-cost manufacturing base for the production and distribution of counterfeit products.<sup>12</sup> The Federation of Indian Chambers of Commerce and Industry (FICCI) has conducted a Nation-wide survey on seven key industries in India to assess the impact of counterfeiting on Indian economy. Table 1 depicts the results of the survey which reveal that the overall loss of sales to industries from counterfeiting has been increased from Rs. 72,969 crores in 2012 to an acute level of Rs. 1,05,381 crores in 2014.<sup>13</sup> Fast Moving Consumer Goods (FMCG) industry is the one which is highly affected by the presence of counterfeiting in trade. Similarly, Figure 2 shows the size of the illicit market in terms of revenue losses to the government. The report revealed that the total loss incurred to government was of Rs. 26,190 crores in 2012 which has increased by 44.4% in just two years and reached to an epidemic level of Rs. 39,239 crores. Further, the maximum losses are coming from the tobacco industry with a highest percentage of 23% due to the prevalence of high taxes in such products in the country. The main objective of the present study is to identify the key psychographic determinants affecting consumers’ buying intentions of purchasing counterfeit products in India.

The major contribution towards addressing the behaviour of individuals is being given by Azen and Fishbein through Theory of Reasoned Action (TRA).<sup>14</sup> It suggests that intentions are the best predictors of behaviour. However, it has completely overlooked the situations where behaviour is not under the control of an individual. Later, Theory of Planned Behaviour (TPB) overcomes these limitations. Figure 1 illustrates

Table 1 — Loss of sales to industries 2013-2014 (Crores)

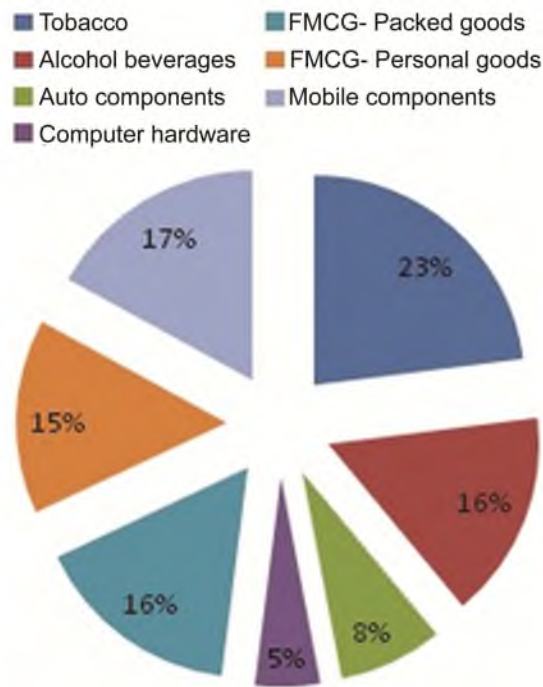
Industry	2011-12	2013-14
Auto components	9,198	10,501
Alcoholic beverages	5,626	14,140
FMCG- Packaged foods	20,378	21,957
FMCG- Personal goods	15,035	19,243
Computer hardware	4,725	7,344
Tobacco	8,965	13,130
Mobile phones	9,042	19,066
Total loss	72,969	1,05,381

Source: FICCI (2015)



Source: Ajzen, I. (1991). The theory of planned Behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211

Fig. 1 — Azen’s Theory of Planned Behaviour



Source: FICCI (2015)

Fig. 2 — Total loss to Government (Rs. 39,239 crores from seven industries)

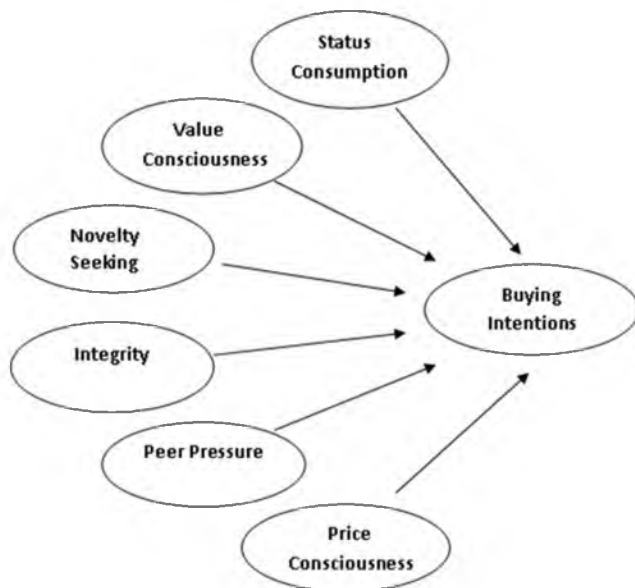
the theory and suggests that behaviour is the outcome of the intentions which were being determined by the attitude, subjective norms and the perceived behaviour control.<sup>14</sup> The theory states that consumer behaviour consists of different cognitive processes a consumer passes through before making the actual purchase. Similarly, consumers while purchasing counterfeit products went through different decision making processes. Several studies found a positive and significant relationship between consumers' buying intentions and their behaviour towards counterfeit products. But a detailed analysis of consumer behaviour that comprises of individual's perception, attitude and buying intention towards counterfeit products is required to provide the meaningful insights.

The term psychographic is a combination of two words, '*psyche*' which means 'the human mind or soul' and '*graphy*' which implies 'description'. Hence, psychographic determinants may be defined as various determinants related to an individual's personality traits. These are the feelings, ideas, and thoughts or beliefs that a consumer carries for different types of products. Psychographic determinants are important to know the values, interests, activities, opinions and lifestyle of a person or a group. Summarizing the studies on consumers' psychological determinants and consumers' buying intentions, it is observed that consumers' buying intentions are prominently affected by consumers' personality traits such as Integrity, status consumption, value consciousness, novelty seeking and materialism.<sup>15,3,16,17</sup> Another study explains the effect of personality traits such as status consumption, materialism and integrity on consumers' buying intentions of purchasing counterfeit products.<sup>18</sup> The results of the study states that integrity is found to be the only personality factor which is significantly affecting consumers' buying intentions of purchasing counterfeit products.<sup>18</sup> In a similar kind of study another variable "social factors" is added along with the other personality factors to define the influence of these factors on Chinese consumers' buying intentions.<sup>19</sup> Integrity and status consumption were again found to be the stronger determinants affecting consumers' purchase intention towards counterfeit products, whereas normative susceptibility, value consciousness and novelty seeking were not found to be significant.<sup>19</sup> In contrast to this, another study was conducted which suggests that value conscious consumers are more prone towards counterfeit products as they are ready to sacrifice the quality of the product to get a cheap counterfeit version.<sup>20</sup> Results of the

study revealed that higher the consumer perceives about the social cost of buying counterfeit products, the lesser he purchases counterfeit products.<sup>20</sup> Similar findings were found in the study which was focused on exploring consumers' counterfeit consumption behaviour.<sup>21</sup> The study conceptualizes Counterfeit Proneness (CFP) scale to find out why some consumers are more prone towards counterfeit products as compared to others. Further, it found strong positive significant relationship between CFP and other psychographic determinants such as attitude, materialism, face consciousness, brand consciousness, status consumption, shopping enjoyment and value consciousness.<sup>21</sup> Later, another study explored the purchase intention of consumer towards counterfeit products through various determinants like price levels, socio-economic and socio-psychological characteristics. The study observed that consumers who are more innovative care least about the social consequences of buying counterfeit products. Also, their actual purchase behaviour depends on the type of counterfeit products being offered to them.<sup>22</sup> Similarly, the study conducted to bring significant insights into the literature by identifying the determinants that influence consumers to demand counterfeits of luxury fashion products over original luxury products. Further, it reveals that counterfeit consumers are likely to buy original products over a period.<sup>23</sup> Price is unquestionably an important determinant but beyond this fact there exists several non-price determinants such as price consciousness, past experiences, attitude towards counterfeit products, peer pressure and price/value relationship in influencing consumers' buying intentions of purchasing counterfeit products.<sup>24,25,26</sup> Thus, literature reflects multi-dimensional results in defining the effect of psychographic determinants on consumers' buying intentions of purchasing counterfeit products. The study is to identify the key psychographic determinants which play a significant role in influencing consumers' buying intentions of purchasing counterfeit products in Indian context. The conceptualized model for the present study is being illustrated in Figure 3.

### **Consumers' Buying Intentions of Purchasing Counterfeit Products**

Consumers' buying intentions plays a vital role in the consideration, evaluation and selection of a counterfeit product. Another study revealed that consumers' decision to purchase a product is the direct outcome of their favourable intentions.



Source: Authors' Own contribution

Fig. 3 — Conceptual model for psychographic determinants and consumers' buying intentions

However, consumers' buying intentions are affected by a number of determinants such as quality, price, value consciousness and past experiences.<sup>27</sup> Another study used TRA to find out the impact of several factors on consumers' buying intentions to purchase counterfeit products; the study suggests that status consumption and value consciousness are the most significant factors responsible for influencing consumers' buying intentions of purchasing counterfeit products.<sup>28</sup> Similarly, it has been found that consumers' buying intentions are highly influenced by consumers' motivation and personal values or belief system.<sup>29</sup>

### Status Consumption and Consumers' Buying Intentions

Status consumption can be defined as the level to which consumer knows about the social status and benefits associated with various brands and buys them to maintain a particular social status.<sup>30</sup> Status conscious consumers are those who gain self-satisfaction by exhibiting their prestige and status to others through tangible evidences.<sup>31</sup> The TRA (Theory of Reasoned Action) clearly states that consumers' buying intention is the function of personal and social influences. These social influences tend to bring change in consumers' emotions, opinions or behaviour and motivate them to purchase counterfeit products to satisfy the need for social recognition.<sup>28</sup>

Similarly, while analysing consumers' buying intentions with respect to counterfeit purchase the findings suggests that status consumption indeed acts as a motivator for the consumers' to buy counterfeit products.<sup>32</sup> Also, consumers' buying intentions to purchase counterfeit products is associated with the social status offered by the counterfeit products rather than the functional benefits.<sup>33</sup> While studying fashion consumption patterns of young Chinese consumers' the study revealed that the consumers were highly status conscious and were of the opinion that branded apparels had helped them to differentiate from others due to the prestige, wealth and success associated with them.<sup>34</sup> The findings were also aligned with another study which suggested that consumers who are socially oriented were more likely to have favourable buying intentions of purchasing counterfeit products.<sup>35</sup> Thus, the above observations bringing on to the first hypothesis:

### Status Consumption: Positively Related to Consumers' Buying Intentions

#### Novelty Seeking

Novelty seeking can be defined as the concern to look for variety and differences.<sup>36</sup> Novelty seeking consumers are those consumers who perceive shopping as an enjoyment and always eager to bring change in their consumption behaviour through new collections and variations. The study conducted on identifying the role of consumers' innovativeness in purchasing online products in Indian context reveals that consumers' innovativeness level or the thrust to seek new products is positively associated with the consumers' buying intentions and their respective attitudes in online purchase circumstances.<sup>37</sup> Similar kind of the study which was focused to analyse the online purchase behaviour of Spanish consumers found out that people tend to buy fashion products because of the innovativeness, perceived value and trust offered to them.<sup>38</sup> Another kind of study which examined the effect of materialism and novelty seeking on consumers' buying intentions through status consumption, suggests that status consumption mediates the relationship between consumers' novelty seeking and their respective buying intentions.<sup>39</sup> Later on it was re-conformed that novelty seeking has a link with consumers' buying intentions towards the purchase of counterfeit products by stating that novelty seeking has a direct relationship with consumers' buying intentions and an indirect relationship with

consumers' buying intentions through consumers' attitude towards purchasing counterfeit products.<sup>40</sup> In contrast to this, another study revealed that novelty seeking is positively associated with consumers' attitude towards counterfeit products which in turn influences consumers' buying intentions of purchasing counterfeit products. However, there is no direct relationship found between novelty seeking and consumer' buying intentions of purchasing counterfeit products.<sup>41</sup> Further, it was found that novelty seeking along with status consumption and integrity are the prime motivators for consumers to buy counterfeit products.<sup>42</sup> These findings were also aligned with the previous studies which suggested that novelty seeking has a positive influence on consumers' attitude and buying intentions of purchasing counterfeit fashion products.<sup>43</sup>

#### **Value Consciousness**

Value conscious consumers are those consumers who are willing to buy products available at lower prices, subject to some quality constraints.<sup>44</sup> Consumers who are more value conscious conducts price comparisons between different brands and are ready to sacrifice the quality to a certain level to buy products at lower prices so as to get the best value for the money.<sup>45</sup> Consumers with high value consciousness level preferred low price products over high price products.<sup>45</sup> CFP scale was developed to establish a relationship between consumers' buying intentions and several other psychographic determinants. The study reveals that consumers' buying intentions are the direct outcome of consumers' value consciousness level towards counterfeit products.<sup>21</sup> However, the study asserts that value consciousness is found to be the weakest determinant among the personality factors of Chinese consumers in influencing their buying intentions of purchasing counterfeit products.<sup>46</sup> In contrast to this, researcher<sup>28</sup> applied TRA to assess the impact of personality traits on consumers' behavioural patterns of purchasing counterfeit products and stated that consumers are ready to compromise on quality issues to buy products available at lower prices. In a similar kind of findings it was suggested that consumers' value consciousness is positively associated with consumers' impulsive buying intentions to purchase counterfeits of luxury brands.<sup>47</sup> Similar findings were given by<sup>48,15,29</sup> which explains that value consciousness is the significant motivator for consumers to buy counterfeit products.

#### **Integrity**

The theory of moral competence propounded by Kohlberg states that consumer behaviour is highly influenced by consumer's personal sense of justice.<sup>49</sup> Integrity can be defined as an inner quality of being honest which is determined by individual's ethical standards and his dutifulness to law. The literature suggests that integrity is found to have a significant relationship with consumers' buying intentions of purchasing counterfeit products.<sup>50,51,18</sup> Consumers, who believe integrity crucial, have less favourable inclination towards the purchase of counterfeit products. Based on these findings, the study<sup>52</sup> illustrated that consumers with high integrity, perceives counterfeiting illegal and acts in an unfavourable manner towards counterfeit products.<sup>52</sup> Similarly, another study describes integrity as the most significant factor in explaining consumers' intentions of purchasing counterfeit products. However, it shows an overall negative influence on consumers' buying intention of purchasing counterfeit products which suggests that consumers with higher ethical and moral values perceive counterfeiting illegal and unethical.<sup>42</sup>

#### **Peer Pressure**

A peer group can be defined as a social circle of people mainly of same age group, locality, status and interests which comprises of friends, siblings, and acquaintances. It has been found that peer pressure tends to change the behaviour, attitude, and values of an individual over a period. Peer pressure leads people to obey rules and to also to break the rules.<sup>53</sup> Further, another study revealed that consumers in the presence of peer pressure were more likely to engage in illicit behaviour of purchasing counterfeit products as compared to when they were alone. The study reported peer pressure as a factor leading to inappropriate consumption behaviour.<sup>54</sup> A peer group generally provides values, attitude and norms to its members and significantly affects its overall behaviour.<sup>55,56</sup> Also, consumers' buying intentions of purchasing counterfeit products are positively influenced by both personal and social factors.<sup>19</sup> Chiu reported that consumers buy those products that are acceptable by their peer groups.<sup>57</sup> Similarly, a study conducted on counterfeit buyers revealed that peers of counterfeit buyers persuade them to buy and use counterfeit products. The reason being is that everyone wants to stay in a group and for this they used to behave accordingly.<sup>58</sup>

### Price Consciousness

Price conscious consumers are those who are price sensitive and know how much things cost and avoid buying expensive things.<sup>59</sup> The buying behaviour of price conscious consumers is totally based on the degree to which the price of a product changes.<sup>60</sup> Price is unquestionably one of the most important determinants in explaining consumers' buying intentions of purchasing counterfeit products.<sup>44</sup> Low price of counterfeit articles influences consumers' buying decision of purchasing counterfeit products over genuine products.<sup>50,61</sup> Price advantage brings affordability to the consumers who can buy counterfeit of original articles to maintain status into the society at a low cost.<sup>62</sup> Sometimes, consumers believe that legitimate products are overpriced and this price differential influences them to purchase counterfeit articles.<sup>4</sup> The quality of counterfeit products is improving with the rapid advancement in technology which is influencing consumers to purchase better quality counterfeit products at low prices.<sup>63</sup> A consumer with low income and education level perceives counterfeit products affordable and thus provoked to buy the counterfeits of genuine products.<sup>2,25</sup> Similarly, another study revealed a significant positive association between consumers' price consciousness level and their favourableness towards counterfeit products. The study also found that young consumers generally have low purchasing power because of which they found counterfeit products affordable and of accepted quality.<sup>32</sup>

### Research Methodology

The present study has been conducted in the counterfeit markets of Delhi (NCR), India. In India, Delhi has become a hub for counterfeit products and is the main transit point for the sale of such counterfeits to other cities like Chandigarh, Amritsar and in the National Capital Region.<sup>64</sup> The counterfeit markets selected from Delhi are Sarojini Nagar market, Palika Bazaar (Connaught Place) and Monastery market (Kashmiri Gate). These counterfeit markets are selected because these are the prime locations for the sale of counterfeit products in the region.<sup>65</sup> The study is based on young Indian consumers between the age brackets of 15-24 years, reason being, major segment affected from counterfeiting in India is youth which comprises of a large segment of Indian population.<sup>32</sup> They are more likely to purchase counterfeit products as compared to

any other segment because of the limited income and financial dependency on their parents. Due to this, they are more inclined towards counterfeit products so as to maintain social status into their peer groups by purchasing counterfeit versions of original products available at a cheaper rate.<sup>40</sup> Further, the respondents from these markets were selected through purposive sampling. The reason behind the choice of purposive sampling is because, in this sampling technique, a researcher can focus on particular characteristics of a sample population that are of his interest and can draw relevant inferences.<sup>66</sup> To analyse the data, descriptive research design based on the quantitative methods has been used. A sample size of 600 respondents was selected for administering the questionnaire. The formulae used for calculation of sample size for infinite population is being adopted from Cochran<sup>67</sup> which is as follows:

$$n_0 = z^2 pq / e^2$$

$n_0$  = Sample Size

$z$  = critical value of desired confidence level (1.96)

$p$  = the population proportion (0.05)

$q$  = 1-p (0.5)

$e$  = desired level of precision (0.04)

Assuming the maximum variability, equal to 50% ( $p=0.05$ ) with taking 95% confidence level with  $\pm 4\%$  precision, the required sample size will be as follows:

$$n_0 = (1.96)^2 (0.05)(0.05) / (0.04)^2 = 600$$

The present study is focused on the counterfeiting of readymade garments and footwear only. The reason being is that in non-deceptive counterfeiting, these are the products that are mostly counterfeited in India.<sup>68</sup> The word Counterfeit Products (CP) used in the study represents counterfeit readymade garments and footwear only.

### Reliability

A two part self-administered questionnaire was formulated for the present study comprises of standard scale items. All these scale items were adopted from the previous studies and respondents were asked to give their responses on a five-point Likert scale ranging from "1= strongly disagree to 5= strongly agree". To check the reliability of the different constructs, Inter Consistency Reliability test (ICR) has been used. The reliability coefficient Cronbach's alpha values of the constructs have been calculated. Cronbach's alpha value of more than 0.70 or above is acceptable.<sup>69</sup> Table 2 depicts the source of scales items and the results of reliability analysis.

### Analysis and Results

The present study is conducted on the respondents who are intentionally coming to the counterfeit markets of Delhi for the purchase of counterfeit products. Out of 600 respondents, 350 were male and 250 were females. Further, the age bracket for the respondents was 350 (15-24), 200 (25-34) and 50 (35 & above). The dependent variable was consumers' buying intentions of purchasing counterfeit products whereas the independent variables were status consumption, novelty seeking, integrity, peer pressure, value consciousness and price consciousness. Table 3 depicts the descriptive scores of the respondents where the mean and standard deviation for the dependent and independent variables were being illustrated.

A stepwise regression was being conducted between the psychographic determinants and consumers' buying intentions to evaluate how well the psychographic determinants predict consumers'

buying intentions of purchasing counterfeit products. In stepwise regression method, at each step, statistically significant independent variables in the order of their importance are selected. Further, it looks for the independent variables that mostly correlate with the dependent variables. It continues until all the significant variables are entered into the equation and thus the final step represents the best regression model.

The results of stepwise regression model are being illustrated in Table 4. The results reveal that price consciousness, novelty seeking, status consumption, peer pressure and integrity are the key psychographic determinants in influencing consumers' buying intentions of purchasing counterfeit products. The value of multiple correlation coefficient,  $R=0.760$  which signifies strong correlation between consumers' buying intention of purchasing counterfeit products and the psychographic determinants as predicted by the regression model (Table 4). In terms of variability, the value of  $R^2=0.578$ . The value of adjusted  $R^2$  is analyzed as it gives the actual percentage of variation explained by only those independent variables that in reality affects the dependent variable. The value of adjusted  $R^2$  for the present regression model is 0.576 which indicates that 57.6% of the variations in consumers' buying intention of purchasing counterfeit products can be explained by the five explanatory psychographic variables. The value of Durbin Watson statistics for the present regression model is 1.641. The value is closer to 2 which suggest that no autocorrelation exists.<sup>70</sup>

The ANOVA results are being illustrated in Table 5 which shows that the value of  $R^2$  is significant as statistics for  $F(5,595)=245.140$ ,  $p<0.005$ . Table 6 shows the excluded variable from the regression model. Further, it states that no significant relationship has been found between value consciousness ( $t=0.332$ ,  $p>0.005$ ) and consumers' buying intention of purchasing counterfeit products.

Table 2 — Reliability analysis summary

Scales	Source	Cronbach's alpha
Buying intentions	Zeithmal, 1996	0.844
Status consumption	Eastman <i>et al.</i> , 1997	0.739
Novelty seeking	Wee <i>et al.</i> , 1995	0.710
Value consciousness	Ang <i>et al.</i> , 2001	0.758
Integrity	Rokeach, 1973	0.834
Peer pressure	Wiedmann <i>et al.</i> , 2009	0.816
Price consciousness	Lichtenstein, 1990	0.812

Table 3 — Descriptive statistics

	Mean	Std. Deviation	N
Buying intention	3.0287	0.91684	600
Status consumption	2.5506	0.95094	600
Novelty seeking	2.7083	0.85500	600
Value consciousness	2.0696	0.69274	600
Integrity	1.9467	0.75883	600
Peer pressure	3.2681	0.93686	600
Price consciousness	2.7804	0.81531	600

Table 4 — Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.631 <sup>a</sup>	0.398	0.398	0.71149	1.641
2	0.716 <sup>b</sup>	0.513	0.512	0.64058	
3	0.745 <sup>c</sup>	0.554	0.553	0.61313	
4	0.755 <sup>d</sup>	0.570	0.568	0.60265	
5	0.760 <sup>e</sup>	0.578	0.576	0.59709	

Predictors: Price consciousness,<sup>a</sup> Novelty seeking,<sup>b</sup> Status consumption,<sup>c</sup> Peer pressure,<sup>d</sup> Integrity<sup>e</sup>

Dependent variable: Buying intentions



Table 7 depicts the standardized and non-standardized  $\beta$  values which indicate that to what degree each predictor affects the final regression model. Also, price consciousness ( $p < 0.005$ ,  $\beta = 0.382$ ,  $R^2 = 0.398$ ) is found to be the most significant determinant in influencing consumers' buying intention of purchasing counterfeit products followed by novelty seeking ( $p < 0.005$ ,  $\beta = 0.261$ ), status consumption ( $p < 0.005$ ,  $\beta = 0.207$ ), peer pressure ( $p < 0.005$ ,  $\beta = 0.157$ ) and integrity ( $p < 0.005$ ,  $\beta = -0.093$ ). The regression model found an inverse relationship between integrity and consumers' buying intention of purchasing counterfeit products. To address the problem of multi-collinearity, collinearity statistics was also conducted in Table 7 which depicts that the VIFs (Variable Inflation factors) for all the explanatory variables are below 2 and hence, multi-collinearity is not a problem for the present regression model.<sup>71</sup> Finally, the non-standardized coefficients (B) obtained in Table 7 were used to formulate the final regression equation which is as follows:

$$Y = 0.284 + 0.430X^1 + 0.280X^2 + 0.200X^3 + 0.153X^4 - 0.112X^5$$

Table 5 — ANOVA explained for variables

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	436.978	5	87.396	245.140	0.000
Residual	318.723	595	0.357		
Total	755.700	600			

Predictors: Price consciousness, Novelty seeking, Status consumption, Peer pressure, Integrity  
 Dependent variable: Buying intentions

Table 6 — Excluded variables from Final Regression Model

Model	Beta In	t	Sig.	Partial Correlation	Co linearity Statistics	
					Tolerance	VIF
Value Consciousness	.008	.332	.740	.011	.859	1.163

Predictors: (Constant) Price consciousness, Novelty seeking, Status consumption, Peer pressure, Integrity  
 Dependent variable: Buying intentions

Table 7 — Regression Coefficients with buying intentions as dependent variable

Model	Non-standardized Coefficients		Standardized Coefficients	t	Sig.	Co- linearity Statistics	
	B	Std. Error				Beta	Tolerance
(Constant)	.284	0.098		2.90	.004		
Price consciousness	.430	0.029	0.382	14.90	.000	.719	1.392
Novelty seeking	.280	0.029	0.261	9.75	.000	.657	1.523
Status consumption	.200	0.025	0.207	8.11	.000	.723	1.384
Peer pressure	.153	0.025	0.157	6.04	.000	.702	1.425
Integrity	-.112	0.027	0-.093	-4.21	.000	.966	1.036

Dependent variable: Buying intentions

Y= Consumers' buying intentions of purchasing counterfeit products

X<sup>1</sup>= Price Consciousness

X<sup>2</sup>= Novelty seeking

X<sup>3</sup>= Status consumption

X<sup>4</sup>= Peer Pressure

X<sup>5</sup>= Integrity

### Discussion

The formulated hypotheses were tested by conducting a stepwise regression analysis in which five hypotheses out of six were found to be supported. The analysis revealed that price consciousness, novelty seeking, status consumption and peer pressure are the key psychographic determinants affecting consumers' buying intention of purchasing counterfeit products. Thus H1, H2, H4, H5 and H6 are accepted. Further, it has been found that value consciousness has no influence on consumers' buying intention of purchasing counterfeit products. It may be due to that consumer is not ready to compromise on quality issues by mere seeing the low prices of the counterfeit products. So, H3 cannot be accepted as not found to be supported. The results of hypotheses testing are shown in Table 8.

In predicting consumers' buying intentions of purchasing the counterfeit products, results of the present study reveal that 'price consciousness' is found to be the most significant determinant followed by 'novelty seeking', 'status consumption', 'peer pressure' and 'integrity'. These findings are also supported by the previous studies<sup>26, 25</sup> which showed



Table 8 — Hypothesis testing

Hypothesis	Result
Status consumption is positively related to consumers' buying intentions	Accept
Novelty seeking is positively related to consumers' buying intentions	Accept
Value consciousness is positively related to consumers' buying intentions	Reject
Integrity is negatively related to consumers' buying intentions	Accept
Peer pressure is positively related to consumers' buying intentions	Accept
Price consciousness is positively related to consumers' buying intentions	Accept

that price along with novelty, peer pressure and status consumption were the main motivators for consumers to purchase counterfeit products. It has also been postulated in the literature that consumers generally buy counterfeit products because of their social circle, and due to the pressure exerted by their peer groups which also found true for the present study. The results suggest that the value consciousness has no influence on consumers' buying intention of purchasing counterfeit products. The probable reason for this may be that a consumer is aware of the quality of the counterfeit products and is not willing to pay a low price for the products with lower quality standards. This finding is also consistent with the studies conducted on counterfeiting and consumer behaviour.<sup>20</sup> Another interesting finding of the above analysis is that 'integrity' is found to be a significant determinant in deciding consumers' buying intention of purchasing counterfeit products. However, it shows a negative influence on consumers' buying intention of purchasing counterfeit products. The findings are in consistence with the previous studies<sup>18, 36, 72</sup> which revealed that consumers with higher ethical and moral values, perceives counterfeiting illegal and unethical.

### Conclusion

Counterfeiting in global trade has become a serious problem in the 21<sup>st</sup> century. The study shows the key psychographic determinants influencing consumers' counterfeit consumption behaviour. Keeping in view the above findings, it is suggested that to neutralize consumers' price consciousness level, brand manufacturers should adopt strategies to minimize the cost of their products to follow a rational pricing policy. This step may reduce the price differential between original and counterfeit products and will certainly help the manufacturers to attract more

consumers of purchasing the original products. To assist the consumers to distinguish between original and counterfeit products, the original brand owners should make a clear distinction between their products and the counterfeit ones. Further, the study helps the brand manufacturers and the brand practitioners to have a better insight to understand what consumer perceives about their counterparts. In this regard, effective supply chain management (SCM) can be an important anti-counterfeiting strategy because inadequacy of distribution channels of legitimate manufacturers generally gives birth to counterfeiting activities. Continuous monitoring, transparency, reliable and strong relationships with vendors and distributors can prevent the genuine products from being counterfeited. The study concludes that the problem of counterfeiting can only be eradicated when the consumer itself appreciates full repercussions of their purchases of counterfeit products.

### Future Research

The present study has been confined to examining the problem of counterfeiting from consumers' perspective i.e. demand side only. The additional psychographic determinants influencing consumers' behaviour of purchasing counterfeit products may be identified and a cross-cultural comparison may be studied globally. Similarly, an interactional relationship between consumers' perception, attitude and buying intentions of purchasing counterfeit products may also be studied. The present study has focused on counterfeiting of readymade garments and footwear only. The products like watches, sunglasses, purse, belts and other consumers' accessories may be taken for further research.

### Acknowledgement

We would like to thank FICCI CASCADE for their continuous support for providing relevant data related to counterfeiting. Also, we would like to extend our sincere thanks to our parent organization National Institute of Technology, Kurukshetra in providing access to the print and online resources without which the study may not be possible.

### References

- 1 Lee *et al.*, A review of the determinants of counterfeiting and piracy and the proposition for future research, *The Korean Journal of Policy Studies*, 24 (1) (2009) 1-38.
- 2 Subramanian, Suresh & Subramanian Alka, Reference group influence on innovation adoption behavior: Incorporating

- comparative and normative referents, *E-European Advances in Consumer Research*, 2 (1995) 14-18.
- 3 Lichtenstein D R, Netemeyer R G & Burton S, Distinguishing coupon proneness from value consciousness: An acquisition-transaction utility theory perspective, *The Journal of Marketing*, 54 (3) (1990) 54-67.
  - 4 Grossman G M & Shapiro C, Counterfeit-product trade, *American Economic Review*, 78 (1) (1988) 59-75.
  - 5 Chaudhry P E & Zimmerman A, The economics of counterfeit trade: Governments, consumers, pirates and intellectual property rights, *Springer Science & Business Media* (2009).
  - 6 Kenavy E M, The economic impact of counterfeit goods in Egypt, *International Journal of Business Management & Research*, 3 (3) (2013) 111-128.
  - 7 Penz E, Schlegelmilch B B & Stöttinger B, Voluntary purchase of counterfeit products: Empirical evidence from four countries, *Journal of International Consumer Marketing*, 21 (1) (2008) 67-84.
  - 8 Walker N, *Behavior and Misbehavior: Explanations and Non explanations*, (Basil Blackwell, Oxford) (1977).
  - 9 ACG – Anti-Counterfeiting Group, Why you should care about counterfeiting? High Wycombe, United Kingdom: Anti-Counterfeiting Group (2003).
  - 10 Verma S, Kumar R & Philip P J, The business of counterfeit drugs in India: A critical evaluation, *International Journal of Management and International Business Studies*, 4 (2) (2014a) 141-148.
  - 11 Moores T T & Chang J C J, Ethical decision making in software piracy: Initial development and test of a four-component model, *Mis Quarterly*, 30 (1) (2006) 167-180.
  - 12 Vida I, Determinants of consumer willingness to purchase non-deceptive counterfeit products and the European Union, *Managing Global Transitions*, 5 (3) (2007) 253.
  - 13 FICCI, Illicit Markets- A Threat to Our National Interests, *Thought Arbitrage Research Institute (TARI) for FICCI Committee against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE)* (2015).
  - 14 Ajzen I, The theory of planned behavior, *Organizational Behavior and Human Decision Processes*, 50 (2) (1991) 179-211.
  - 15 Chakraborty G, Allred A, Sukhdial A S & Bristol T, Use of negative cues to reduce demand for counterfeit products, *NA-Advances in Consumer Research*, 24 (1997) 345-349.
  - 16 Musnaini, Handayani W, Anshori M & Astuti Sri W, Impulse Buying Behaviour In Counterfeit Luxury Brands Product: Evidence From Indonesia”, *UNDIKSHA PRESS*, (2015) 241.
  - 17 Koklic M K, Non-deceptive counterfeiting purchase behavior: Antecedents of attitudes and purchase intentions, *Journal of Applied Business Research*, 27 (2) (2011) 127.
  - 18 Phau I, Sequeira M & Dix S, Consumers' willingness to knowingly purchase counterfeit products, *Direct Marketing: An International Journal*, 3 (4) (2009) 262-281.
  - 19 Prakash G & Pathak P, Determinants of counterfeit purchase: A study on young consumers of India, *Journal of Scientific and Industrial Research*, 76 (4) (2017) 208-211.
  - 20 Carpenter J M & Edwards K E, US Consumer attitudes toward counterfeit fashion products, *Journal of Textile & Apparel Technology & Management*, 8 (1) (2013) 1-16.
  - 21 Singh D P, Effect of consumer innovativeness on online buying behavior in an emerging market, *Distribution Science Research*, 14 (7) (2016) 15-19.
  - 22 Vithlani H, *The Economic Impact of Counterfeiting*, Organization for Economic Co-Operation and Development (OECD) (1998), <https://www.oecd.org/sti/ind/2090589.pdf>.
  - 23 Zeithaml V A, Berry L L & Parasuraman A, The behavioural consequences of service quality, *The Journal of Marketing*, 60 (2) (1996) 31-46.
  - 24 Wiedmann K P, Hennings N & Siebels A, Value based segmentation of luxury consumption behaviour, *Psychology and Marketing*, 26 (7) (2009) 625-651.
  - 25 Ahmad N, Yousuf M, Shabeer K & Imran M, A comprehensive model on consumer's purchase intention towards counterfeit mobiles in Pakistan, *Journal of Applied Science Research*, 45) (2014) 131-140.
  - 26 Phau I & Teah M, Devil wears (counterfeit) Prada: A study of antecedents and outcomes of attitudes towards counterfeits of luxury brands, *Journal of Consumer Marketing*, 26 (1) (2009) 15-27.
  - 27 Zeithaml V A, Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence, *The Journal of Marketing*, 52 (3) (1988) 2-22.
  - 28 Basu M, Basu S & JK Lee M, Factors influencing consumers intention to buy counterfeit products, *Global Journal of Management And Business Research*, 15 (6) (2015) 51-65.
  - 29 O'brien R M, A caution regarding rules of thumb for variance inflation factors, *Quality & Quantity*, 41 (5) (2007) 673-690.
  - 30 OECD, *The Economic Impact of Global Counterfeiting and Piracy*, OECD, Paris (2008).
  - 31 Eastman J K, Fredenberger B, Campbell D & Calvert S, The relationship between status consumption and materialism: A cross-cultural comparison of Chinese, Mexican, and American student, *Journal of Marketing Theory and Practice*, 5 (1) (1997) 52-66.
  - 32 Rokeach M, *The Nature of Human Values*, New York: The Free Press (1973).
  - 33 Flynn L R, Goldsmith R E & Pollitte W, Materialism, status consumption, and market involved consumers, *Psychology & Marketing*, 33 (9) (2016) 761-776.
  - 34 O'cass A & Frost H, Status brands: Examining the effects of non-product-related brand associations on status and conspicuous consumption, *Journal of Product & Brand Management*, 11 (2) (2002) 67-88.
  - 35 Verma S, Kumar R & Philip P J, Economic and societal impact of global counterfeiting and piracy, *Pacific Business Review International*, 6 (12) (2014b) 98-104.
  - 36 Wee C H, Ta S J & Cheok K H, Non-price determinants of intention to purchase counterfeit goods: An exploratory study, *International Marketing Review*, 12 (6) (1995) 19-46.
  - 37 Staake T & Fleisch E, *Countering Counterfeit Trade: Illicit Market Insights, Best-Practice Strategies and Management Toolbox*, (Springer Science & Business Media) (2008).
  - 38 Escobar-Rodríguez T & Bonsón-Fernández R, Analyzing online purchase intention in Spain: Fashion e-commerce, *Information Systems and e-Business Management*, 15 (3) (2016) 599-622.
  - 39 Chan W Y, To C K & Chu W C, Materialistic consumers who seek unique products: How does their need for status and their affective response facilitate the repurchase intention

- of luxury goods? *Journal of Retailing and Consumer Services*, 27 (2015) 1-10.
- 40 Schütte H & Ciarlante D, *Consumer behaviour in Asia*, (Macmillan Business, London) (2016).
- 41 Hidayat A & Diwasasri A H A, Factors influencing attitudes and intention to purchase counterfeit luxury brands among Indonesian consumers, *International Journal of Marketing Studies*, 5 (4) (2013) 143.
- 42 Krishnan S *et al.*, Purchase intention towards counterfeiting luxuries fashion product among undergraduate student in UniKL, *American Journal of Economics*, 7 (1) (2017) 29-40.
- 43 Ha N M & Huynh L T, Attitudes and purchase intention towards counterfeiting luxurious fashion products in Vietnam, *International Journal of Economics and Finance*, 7 (11) (2015) 207.
- 44 Malhotra N K, *Marketing Research: An Applied Orientation*, (5/e, Pearson Education India) (2008).
- 45 Zhan L & He Y, Understanding luxury consumption in China: Consumer perceptions of best-known brands, *Journal of Business Research*, 65 (10) (2012) 1452-1460.
- 46 Thaichon P & Sara Q, Dark motives-counterfeit purchase framework: Internal and external motives behind counterfeit purchase via digital platforms, *Journal of Retailing and Consumer Services*, 33 (2016) 82-91.
- 47 Nordin N, *A Study On Consumers' Attitude Towards Counterfeit Products In Malaysia*, Dissertation University Malaya (2009).
- 48 Eisend M & Schuchert-Guler P, Explaining counterfeit purchases: A review and preview, *Academy of Marketing Science Review*, 12 (1) (2006).
- 49 Kohlberg L, *The Philosophy of Moral Development Moral Stages and The Idea of Justice*, Essays on Moral Development (San Francisco: Harper & Row) 1(1981).
- 50 Cordell V V, Wongtada N & Kieschnick R L, Counterfeit purchase intentions: Role of lawfulness attitudes and product traits as determinants, *Journal of Business Research*, 35 (1) (1996) 41-53.
- 51 De Matos, C A, Trindade C & Vargas C A, Consumer attitudes toward counterfeits: A review and extension, *Journal of Consumer Marketing*, 24 (1) (2007) 36-47.
- 52 Nwankwo S, Hamelin N & Khaled M, Consumer values, motivation and purchase intention for luxury goods, *Journal of Retailing and Consumer Services*, 21 (5) (2014) 735-744.
- 53 Wang F, Zhang H, Zang H & Ouyang M, Purchasing pirated software: An initial examination of Chinese consumers, *Journal of Consumer Marketing*, 22 (6) (2005) 340-351.
- 54 Albers-Miller N D, Consumer misbehaviour: Why people buy illicit goods, *Journal of Consumer Marketing*, 16 (3) (1999) 273-287.
- 55 Tavakol M & Dennick R, Making sense of Cronbach's alpha, *International Journal of Medical Education*, 2, (2011) 53-55.
- 56 Bristol T & Tamara F, Mangleburg, Not telling the whole story: Teen deception in purchasing, *Journal of the Academy of Marketing Science*, 33 (1) (2005) 79-95.
- 57 Chiu W & Ho K L, Consumers' intention to purchase counterfeit sporting goods in Singapore and Taiwan, *Asia Pacific Journal of Marketing and Logistics*, 28 (1) (2016) 23-36.
- 58 Thorsten S, Frédéric T & Elgar F, The emergence of counterfeit trade: A literature review, *European Journal of Marketing*, 43 (3) (2009) 320-349.
- 59 Gabor A & Granger C W, On the price consciousness of consumers, *Applied Statistics*, (1961) 170-188.
- 60 Sharma P & Chan R Y, Counterfeit proneness: Conceptualisation and scale development, *Journal of Marketing management*, 27 (5-6) (2011) 602-626.
- 61 Tsai S P, Impact of personal orientation on luxury-brand purchase value, *International Journal of Market Research*, 47 (4) (2005) 429-454.
- 62 Bloch P H, Bush R F & Campbell L, Consumer "accomplices" in product counterfeiting: A demand side investigation, *Journal of Consumer Marketing*, 10 (4) (1993) 27-36.
- 63 Gentry J W, Putrevu S & Shultz C J, The effects of counterfeiting on consumer search, *Journal of Consumer Behaviour*, 5 (3) (2006) 245-256.
- 64 Havocscope, Counterfeit goods market value in India, *Special 301 Report, Office of the United States Trade Representative* (2014).
- 65 Kumar R, Philip P J & Verma S, An Analysis of Demographic Determinants and Consumer Perception in Non-Deceptive Counterfeiting of Fashion Products in Delhi, *Elixir Marketing Management*, 84 (2015), 33742-33745.
- 66 Matthews D & Žiková P, The rise and fall of the anti-counterfeiting trade agreement (ACTA): Lessons from the European Union, *IIC-International Review of Intellectual Property and Competition Law*, 44 (6) (2013) 626-655.
- 67 Cochran W G, *Sampling Techniques* (New York: John Wiley and Sons) 1977.
- 68 Karmakar S & Tewari M, Using IPRs to Protect Niches? Evidence from the Indian Textile and Apparel Industry Working Paper (No. Id: 5688) (2014).
- 69 Teah M & Phau I, The influence of personality factors on attitudes towards counterfeiting of luxury brands and purchase intention, Curtin Business School, School of Marketing (2008).
- 70 Durbin J & Watson G S, Testing for serial correlation in least squares regression: I, *Biometrika*, 37 (3/4) (1950) 409-428.
- 71 O'Cass A & Siahtiri V, Are young adult Chinese status and fashion clothing brand conscious? *Journal of Fashion Marketing and Management*, 18 (3) (2014) 284-300.
- 72 Hoon Ang S, Sim C, Lim P E A & Tambyah K S, Spot the difference: Consumer responses towards counterfeits, *Journal of Consumer Marketing*, 18 (3) (2001) 219-235.