International Conference on Marketing

May 6th, 11:25 AM - 11:55 AM

# Parallel Session: Consumers' need for uniqueness, attitude and ethical behaviour towards counterfeit products in Pakistan

Faryal Salman
*Institute of Business Administration*

Farishtae Minwalla
*Greenwich University*

# Consumers' need for Uniqueness, Attitude and Ethical behaviour towards counterfeit Products in Pakistan

**Faryal Salman**

**Visiting faculty**

**Institute of Business Administration Karachi**

**0300-212-3660**

**fsalman@iba.edu.pk**


**Farishtae Minwalla**

**Greenwich University**

**0334-335-3381**

**farishtae.minwalla@gmail.com**

1

## Abstract

**Purpose:** A major motivation for this study is to measure consumer buying behaviour and attitude towards counterfeit products in Pakistan. The author asserts that the stimulus for using counterfeit products is consumer's unconventional attitude towards these fake products and the reason for not using may be consumer's avoidance of similarity. Another minor objective of this study is to measure the ethical behaviour of consumers in lieu of using counterfeits.

**Design Methodology:** The research is based on empirical evidence and cross sectional data has been collected from students studying in different universities in Karachi. The data is collected through survey methodology. Three statistical tools have been used for data analysis; (a) Cronbach's alpha; (b) Confirmatory Factor Analysis and; (c) Pearson product correlation matrix.

**Findings:** According to the findings of the study consumers who are highly ethical follow the conventional ways of life. Buying behaviour is closely linked with individual conventional and nonconventional attitudes. Consumers who believe that their purchasing counterfeit is ethical, traditionally acceptable and also acceptable by their families will purchase counterfeits. Another important finding of the study is that attitudes towards counterfeit are strongly related to ethical beliefs of consumers. Consumers who wanted to be unique and different from others had a lower inclination for counterfeit but those doing things against societal norms find no harm in consuming unethical products. Finally, ethical behavior of consumer was found to have a meaningful relation with avoidance of similarity and less significant correlation with unpopular choice; these are two important consumer traits as identified by Consumer's need for Uniqueness (Tian et al., 2001)

**Limitations:** The data for the study is collected from the university level students only considering their cognitive skills and insights about counterfeit products. Also the research is based in Karachi only which is the biggest metropolitan city of Pakistan.

**Practical Implications**: The study has investigated the reasons why consumer purchase counterfeits and their display of ethical behaviour towards such products. There are many things

which can be done to help consumers realize that what they are doing is wrong. Businesses can help educate consumers about the safety hazards in case of products such as counterfeit medicines and other substandard quality goods. They can demonstrate that by purchasing counterfeit products consumers are not actually saving money because these substandard products might be faulty in them and consumers will have to go purchase the product or item again and spend more money.

**Key words:** *counterfeit, consumer behaviour, ethical, attitude*

# 1.0 Introduction

### 1.1 Background of the study

Fake products in current economic system tend to be creating significant obliteration in the economy (Eisend et al., 2006). Additionally there is more to counterfeits than being an insignia of (un) ethical behavior; it is the lack of knowledge on the part of consumers as well as those creating the counterfeits. They are oblivion of the fact that these bogus goods not only affect the manufactures and companies but also impair the country's economy. Staake et al (2009) conducted a thorough review of literature in their study and suggested that low quality fake products tarnish the original company's reputation for quality as it is very difficult to differentiate between the two. Manufacturers of Original brands have to spend considerable amount to save their brand dilution, hiring attorney for legal actions and face issues like customer confusion (Feinberg and Rousslang, 1990; Liebowitz, 2005). Despite of counterfeit being one of the mainstream economic and societal issues and the consequences faced by the firms and brands, has gained little attention in marketing research (Marcketti &. Shelley, 2009).

As per statistics the U.S.A. economy has a projected cost of around \$200 billion yearly in regards to counterfeiting (Chaudhry et al., 2005). Congress in US has also passed "Stop Counterfeiting in Manufactured Goods Act" in 2006. Using of fake products has emerged as a major problem faced ubiquitously by developed and underdeveloped countries. Counterfeit is related to both sides the supply and demand, thus having implications for both the customers as well as producers. As reflected by some researchers that supply side means companies taking necessary actions to curb counterfeiting (Chaudhry et al., 2005) and demand pertains to customers desire and motivation for purchasing counterfeits (Huang et al., 2004; Ang et al., 2001).

### 1.2 Study Objectives

The key objective of this research paper is to analyze and develop an understanding of the consumer's attitudes and behavior towards the purchase of counterfeit products. Apart from this the study helps investigate the primary predictors of customers' perspective and behavioral

4

intentions towards counterfeits. Very scanty research has been conducted in Pakistan that examines counterfeit purchase from the view point of the consumer's. Therefore the study addresses the curiosity towards unveiling the Pakistani consumer's attitude and behavior towards purchasing fake products and their (un) ethical behavior. A minor motivation behind the study is its usefulness for the marketers. The industry leaders can develop policy regarding counterfeit goods; investigate a few moral and private traits and consumers attitudes towards using counterfeit products. Finally the research paper will help manufacturers identify the primary elements influencing client behaviour towards counterfeits and build effective anti-piracy strategies.

## 2.0    Literature review

### 2.1 Introduction

The creation and sale of a copy product which resembles and is similar to the genuine brand product is called counterfeiting (International Anti-Counterfeiting Coalition, 2005). Cordell et al. (1996) and Chaudhry et al. (2005) define counterfeiting as "any unofficial manufacturing of goods whose uniqueness and distinctive properties are protected by patent, trademarks and copyrights". Types of counterfeits could be piracy, accessories, electronics, and pharmaceutical products. Chaudhry et al. (2005) states that counterfeit sales are considered to be based on the demand side and the supply side. Haung et al. (2004) & Ang et al. (2001) mention that one major factor that drives consumers to purchase counterfeit products is 'motivation' which gives them a different option for purchases.

Across the world counterfeits are a major nuisance for the brand manufacturers (Penz & Stöttinger, 2005). International Anti-Counterfeiting Coalition, (2005) state that the counterfeiting of some products such as pharmaceuticals and other products are harmful in terms of health and safety. Counterfeiting can be anything from a pen to toys or to consumable products. The literature review of this study is based on; a) the concept of counterfeit, b) consumer's attitude towards counterfeit c) consumer's need for uniqueness; d) consumer traits; e) consumers integrity and ethical behavior and f) counterfeiting in Pakistan.

5

## 2.2 Concept of Counterfeit

Marcketti & Shelley (2009) asserts that a counterfeit product is when a manufacturer develops a lookalike product. The products are labelled as original and sold off as a genuine product. During their study conducted on university students enrolled within a fashion and apparel program it was found that the desire to purchase original and non-counterfeit products was directly proportional to the knowledge, greater concern and attitude towards counterfeit apparel goods. Similarly it has been mentioned that counterfeit is described as a replication of an original product or good which is intended to deceptively represent its content (Marcketti & Shelley, 2009 and Cordell et al., 1996). Counterfeiting focuses on two perspectives: deceptive counterfeiting and non-deceptive counterfeiting. According to Grossman & Shapiro (1988) deceptive counterfeiting is when a product is purchased without the buyer's knowledge that it is a counterfeit product. Consumers cannot easily differentiate copies from genuine merchandise. This is in the case of buying automotive parts, electronics, and pharmaceuticals. When the consumer knows that they are purchasing a counterfeit product then it is known as Non-Deceptive counterfeiting. They intentionally purchase fake products.

## 2.3 Consumer's attitude towards counterfeit products

Attitudes in simple words can be defined as "a known inclination to behave in a repetitively favorable or unfavorable manner with respect to a given object" (Schiffman and Kanuk, 1997, p. 167). Ajzen and Fishbein (1980) have found attitude to be highly correlated with ones intentions which in turn leads to the display of certain type of behavior. Attitude towards counterfeit products refer to the behavior of consumers on how variables such as price, quality, and originality have an effect on their purchasing behavior. They consider that since originals are too expensive and have an affordability issue therefore it is not unethical to purchase counterfeits (Gellerman, 1986). Matos et al. (2007) proposed an integrated model based on a survey methodology. He suggests that "intentions to buy counterfeited products are dependent on the attitudes consumers have toward counterfeits, which in turn are more influenced by perceived risk, whether consumers have bought a counterfeit before, subjective norm, integrity, price-quality inference and personal gratification". Eisend & Guler (2006) conducted a qualitative study to understand the attitudes and behavioral intentions of consumers towards counterfeit

6

products. They found out that the ' situational mood' is one reason why people buy fake products, although they know that it is illegal to do so and may result in post purchase dissatisfaction. Further, they have used Festinger's dissonance theory to support the argument that buyers of counterfeit products rationalize and legitimize the purchase of imitation goods. It has been generally understood that counterfeit products are purchased only by masses belonging to lower income group. However previous studies have found that wealthy consumers in highly developed countries also buy fake products (Gentry et al., 2006). This weakens some of the earlier arguments that price is the only decisive factor for buying counterfeits.

## 2.4 Consumer traits

Consumer traits (unpopular choice) which are also mentioned as social consequence by Vida (2007) is related to how consumer do or do not care what others think in terms of them breaking laws or purchasing counterfeit products. Supporting the same statement Ang et al. (2001) and Albers-Miller (1999) proposes that social pressure and group norms can encourage or deter consumer (mis) behavior. If an individual finds his/her friend buying illicit products then their own willingness to buy such products also increases. Gentry et al (2001) asserts that consumers buying counterfeit, if receive social acceptance from their colleagues, tend to become fearless and openly buy and use such commodities.

## 2.5 Consumers' Need for Uniqueness: avoidance of similarity and unpopular choice

When an individual applies to be different in relation to others through acquirement, nature, and consumptions of goods for the need to enhance an individual's identity it is called Consumers need for uniqueness (Tian & Bearden, 2002). Consumers seek to posses certain types of material goods to be distinctive and maintain their individuality and uniqueness (Tian et al., 2001.) Their avoidance of similarity as Vida (2007) proposes is another reason why some people prefer not to choose counterfeit products. It is also noted that such people believe that purchasing counterfeit products is illegal or immoral. Hoe et al. (2003) conducted a qualitative study using in-depth interview technique. The findings of this study are that the consumers attach more emotional rather than functional value to prestigious brands, consider counterfeit as a nexus between their self identity and their favourite designer brands and such consumers devour products not only for

7

their material benefits but also as a means of impressing others as long as they can disguise the identity of fake products from their spectators.

**2.6 Consumer's integrity and ethical behavior**

Intentional purchase of Counterfeit products reflects upon ones integrity and ethical behavior. Although it is not a criminal act and doesn't lead to any penalty, nonetheless buying such products means supporting an illegal activity (Matos et al., 2007). Sometimes consumers buy counterfeit because of financial constraints and availability issue (Fukukawa, 2002). The original genuine product are highly priced thus rendering them unaffordable and at times genuine products are not available. Cordell et al. (1996) have reported a negative relationship between attitudes towards lawfulness and willingness to purchase a known counterfeit. Another interesting dimension is significant relationship between ethics with materialism. Consumers who are more ethical in their decision making hold less materialistic values (Kozar & Marcketti, 2011). In other words the authors are implying that ethical consumers are less inclined to purchase counterfeit products.

Lee et al. (2003) suggests that those who make a purchase of a counterfeit product are committing a crime. It is the same as being involved in steeling. Pollinger (2008) uses empirical data to support that counterfeit products are not only the violation of Intellectual property right and consumer safety, but also state that the money from the sale of such goods are used to sustain terrorist activities. Demographic characteristics such as age, gender, education, income, cultural background and religiosity also impact individuals ethical behavior (Callen and Ownbey, 2003; Cheung and Prendergast, 2006; Fisher et al., 2002; Shen and Dickson, 2001; Swaidan et al., 2003). Empirical Data from past studies suggests that younger consumers are more likely to engage in unethical practises such as buying of counterfeits as compared to older consumers ( Callen and Ownbey, 2003; Cheung and Prendergast, 2006). Similarly students are found to be less ethical in decision making as compared to individuals who are industry practitioners (Cole and Smith, 1996; Cohen et al., 2001). Lastly, ethical behavior of young consumers is greatly influenced by peers and family member in case of buying unlawful products (Albers-Miller, 1999; Ang et al., 2001; Bearden et al., 1989).

8

## 2.7 Counterfeiting in Pakistan

According to rough estimates 50% of all the products available in Pakistan are either substandard, fake, adulterated or counterfeit (The Economist, 2011). Pakistan is a safe heaven for all types of counterfeit products for example bottled mineral water, cooking oils, watches, sunglasses, perfumes, apparels, auto parts, shoes, hand bags, medicines, shampoos etc. These cheap and fake look-alike products are not only hazardous for consumer's health but also a considerable indentation on national exchequer (Consumers voice, 2008). According to a survey conducted in 2008, Pakistan has experienced a loss of about Rs 21 billion due to infringement of Intellectual property rights and sale of counterfeits (Daily Times, 2012). Although the country has a literacy rate of 49% (CIA, World Fact Book, 2012) but Pakistani consumers are largely unaware of this illegal activity which is openly and explicitly carried throughout the country. In many cases consumers are also partners in crime. The recent cases of Branded lawn clothes produced by local manufactures priced as high as Rs 5000 is one such example. These copy prints of prestigious brands such as Gul Ahmad, Al karam and HSY are easily available for half the price and of cheaper quality, but many Pakistani women gladly buy them thus encouraging the manufacturers of counterfeits apparels. Consumer's stance is that affordability is the main issue due to which they buy imitations of designer Lawns (Kundi, Dawn 2012). Butt, Bhutto, and Siddiqui (2011) states that buying of counterfeit CD's are illegal in Pakistan but Pakistani consumers strongly counteract it, and favour it as if it is legitimate. Pakistani consumers have a twofold attitude towards counterfeits; firstly that they do not treat illegal activities as unethical (Butt et al., 2011). Secondly, they cheat each other and get the benefits at the expense of others. Although Country has a legal framework for the protection of Intellectual property rights and has taken preventive measures for anti-counterfeiting, but so far no significant progress is visible.

9

## 3.0  Research Methodology

### 3.1 Research Design

The study is primarily exploratory in nature and  following tools have been used for data collection;(a)desk research (b) Focus group (c) Surveys through questionnaire.

Prolific literature is available globally that reflects on consumers attitude and behavior towards counterfeit and ethical dimensions. In Pakistan so far this area of research remains largely ignored. For the purpose of this research a thorough study of literature has been conducted to develop an understanding of the motivation behind purchasing counterfeit products among Pakistani consumers and their attitude. Secondary data is collected from the data bases of various reputable and authentic research journals such as Journal of Consumer Marketing, Journal of Consumer Behavior, and Academy of Marketing Science etc.

Focus group is a very popular semi-structured interview techniques commonly used in exploratory researches that leads to free-flowing and spontaneous responses (Zikmund, 2002). Two focus group sessions were conducted for this research to understand consumer behavior imperatives towards counterfeit products. Discussion guide for the focus group consisted of unstructured questions according to the information needs, to extract impetuous responses through a colloquial conversation. The participants of both the focus group comprised of university students belonging to "SEC A&B". Students in "Group A" were part time students enrolled in evening and week end MBA program and most of them were working in corporate world. The age group was between 25-45. Participant in "Group B" comprised of undergraduate level students, aged 21-24.University going students were selected on the premises that they have more cognitive skills, are educated and more affiliated with the business industry. Also the perception and awareness they have due to education and updated knowledge.

Major finding from "Group A"  focus group consisted of the following; (a) counterfeits do not only occur in electronics but also software's and piracy, medicines, apparels, fashion, toys, and any other products with no patents and standards; (b) price and social ramification are the main factors for the purchase of counterfeit products; (c) purchase of counterfeit products can range

10

from lower class to upper class; (d) people who purchase counterfeit products have no effect on others and it's their choice to make the purchase; (e) consumers cannot tell the difference between all counterfeit products; (f) Purchasing counterfeits is wrong and unethical but it is not a crime.

Major findings from "Group B" consisted of the following things: (a) counterfeit is a copy of a original product and it could be anything; (b) price is the main factor for the purchase of counterfeit products; (c) only lower class people purchase counterfeits; (d) people who purchase counterfeits they do so because they can't afford the original; (e) consumers can tell the difference between counterfeits and originals due to their price; (f) Purchasing counterfeits is not a crime (g) mostly fake goods are bought due to peer pressure.

These focus groups were helpful in developing a clear understanding of; (a) attitude towards counterfeits; (b) types of counterfeits available; (c) factors involved in purchase of counterfeits; (d) income level involved in purchase of counterfeits; (e) ethical or unethical dimensions involved in the purchase of counterfeits.

### 3.2 Sampling

The samples of respondent were chosen from university students; previous researches have showed that university students are used in data collection in many consumer behavior researches (Shuptrine, 1975). The data collection was personally administered. Sample size was 300 respondents, selected from three major universities of Karachi. Out of 300 questionnaires 260 were returned. 10 were incomplete and thus the response rate was 83.33%

### 3.3 Research Instrument

Two exploratory research techniques (mentioned above) used for preliminary data collection helped in the formulation of a questionnaire for empirical data. The document consisted of a combination of structured and unstructured questions. The questionnaire was framed to measure five important constructs which were derived through literature review; (a) Ethical Behavior, an example of this construct is "Buying counterfeit products is fair," (Shoham et al., 2008); (b) Buying Behavior, an example of this concept is "I often buy  a non-original piracy product," ; (c) Attitudes toward the counterfeit product, an example is "Considering price, I prefer gray market

11

(counterfeit) goods," ( Huang et al., 2004); (d) Consumer traits (unpopular choice), an example of this concept is "When dressing, I have sometimes dared to be different in ways that others are likely to disapprove," (Tian et al., 2001); (e) Consumer Traits (Avoidance of similarity), an example of this construct is "I avoid products of brands that have already been accepted and purchased by the average consumer," (Tian al., 2001). All responses were measured on a five point Likert scale. The survey also included respondent's profile which includes data pertaining to their education, age, marital status, university and sex.

### 3.3.1 Instrument Validity

The validity of the research instrument is important to check before administrating. The questionnaires validity was assessed using non-statistical techniques. Five constructs which are, (a) ethical behavior; (b) buying behavior; (c) attitudes towards counterfeit products; (d) consumer traits (unpopular choice); and (e) consumer traits (avoidance of similarity) have been used which are based on significant findings from previous studies and focus group discussions. Face validity was achieved as a result of agreement between the professionals that this scale accurately measures what it supposed to measure. The questionnaires were also pretested before actual data collection procedure.

## 4.0 Discussion and Data Analysis

### 4.1 Reliability analysis

Cronbach, (1951) mentions the internal consistency of a test is expressed between 0 and 1. Internal consistency describes the extent to which all the items inside a test to measure the similar idea or compile and therefore are connected to the inside-relatedness of the items within the test. To prove validity of a research the internal consistency should be measured. Reliability Estimates show the quantity of measurement error. The table below shows the reliability scores for the five major constructs used in the study. Nunnally and Bernstein (1994) states that as the estimate of credibility increases, the fraction of a test score that may be resulting from mistakes should decrease.

12

| Construct | No of items | A |
|---|---|---|
| Ethical Behavior | 6 | 0.85 |
| Buying Behavior | 3 | 0.89 |
| Attitudes towards Counterfeit Products | 5 | 0.89 |
| Consumer traits (Unpopular Choice) | 7 | 0.79 |
| Consumer traits (Avoidance of Similarity) | 6 | 0.85 |

**Table 1: Reliability scores**

The Cronbach's alpha for attitude towards counterfeit products was 0.89 as compared to the reliability scores of Matos et al. (2007) of 0.7. This means that the reliability scores of the attitudes towards counterfeit products in this research is consistent with regards to previous researches. When alpha was conducted for ethical behavior it accounted for 0.85. It was also at par with previous research by Shoham et al. (2008) that reports a reliability score of 0.85. Cronbach's alpha for buying behavior in this study is 0.89. Shoham et al. (2008) reported reliability score of showed 0.95. Based on these results it can be concluded that the score of reliability from past researches have a high internal consistency in measuring ethical behavior, buying behavior, and attitudes towards counterfeit products. Past reliability scores of consumer traits unpopular choice and avoidance similarity were not available. However the results of this study show high scores for both constructs.

### 4.2 Confirmatory Factor Analysis

Confirmatory Factor Analysis is simple terms means the reduction of large choice of factors into an achievable choice of factors (Zikmund, 2002). The goal of confirmatory analysis is to test the

13

speculation by way of with regards to earlier instructional philosophies (Brannick). The variables are grouped to show the ability of the items to portray a certain construct. Separate factor analyses were formed for ethical behavior, buying behavior, attitudes towards counterfeit products, consumer traits (unpopular choice), and consumer traits (avoidance of similarity).

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy provides an index (between 0 and 1) of the proportion of variance among the variables that might be common variance (i.e., that might be indicative of underlying or latent common factors). The statistical software package suggests that a KMO near 1.0 supports a factor analysis and that anything less than 0.5 is probably not useful (Dr. Kometa). KMO is useful in terms of which item needs to be dropped in factor loading. Descriptive statistics were used through computation of mean and standard deviation. The following table 3, table 4, table 5, table 6, and table 7 consists of the Confirmatory Factor Analysis of the five constructs: Ethical behavior; Buying Behavior; Attitudes toward s counterfeit products; consumer traits (Unpopular choice); and consumer traits (avoidance of similarity).

**TABLE 2 : Confirmatory Factor Analysis for Ethical Behavior**

| Items | | Factor Loading |
|---|---|---|
| Buying counterfeit products is fair | | 0.77 |
| Buying counterfeit product is just | | 0.81 |
| Buying counterfeit products is culturally acceptable | | 0.78 |
| Buying counterfeit products is traditionally acceptable | | 0.77 |
| Buying counterfeit products is morally right | | 0.75 |
| If I buy counterfeit products, it is acceptable to my family | | 0.70 |
| α | 0.84 | |
| M | 2.70 | |
| SD | 0.80 | |
| KMO | 0.76 | |

In the above table the variable Ethical Behavior was measured through six items. The alpha measures the reliability of instrument which came to 0.84. The mean and standard deviation was 2.7 and 0.80 respectively. KMO was 0.76.

14

**TABLE 3 : Confirmatory Factor Analysis for Buying Behavior**

| Items | | Factor Loading |
|---|---|---|
| I often buy a non-original piracy products | | 0.91 |
| As compared to other people I buy piracy products | | 0.90 |
| Of my purchase of software's ,CD's & movies non original constitute a large share | | 0.92 |
| α | 0.89 | |
| M | 2.64 | |
| SD | 1.15 | |
| KMO | 0.74 | |

When it comes to the construct of Buying Behavior three items were loaded into the factor analysis and all of them were accepted. The Cronbach's alpha for reliability 0.89. Mean and standard deviation consisted of 2.64 and 1.15 respectively. KMO was 0.74.

**TABLE 4: Confirmatory Analysis for Attitudes towards Counterfeit Products**

| Items | | Factor Loading |
|---|---|---|
| Considering price, I prefer gray market(counterfeit) goods | | 0.87 |
| I like shopping for gray market(counterfeit) goods | | 0.86 |
| Buying gray market goods generally benefits the consumer | | 0.80 |
| There's nothing wrong with purchasing gray market goods. | | 0.85 |
| Generally speaking, buying gray market goods is a better choice | | 0.74 |
| α | .887 | |
| M | 2.65 | |
| SD | 0.94 | |
| KMO | 0.85 | |

Attitude towards counterfeit products is measured through five statements. The reliability alpha was 0.887. The mean, standard deviation, and the KMO was 2.65, 0.94, and 0.85 respectively.

15

**TABLE 5: Confirmatory Analysis for Consumer Traits (Unpopular Choice)**

| Items | | Factor Loading |
|---|---|---|
| When dressing, I have sometimes dared to be different in ways that others are likely to disapprove. | | 0.64 |
| I enjoy challenging and prevailing taste of people I know by buying something they wouldn't seem to accept. | | 0.70 |
| When I dress differently, I'm often aware that others think I'm peculiar, but I don't care. | | 0.84 |
| A | 0.79 | |
| M | 2.76 | |
| SD | 0.76 | |
| KMO | 0.55 | |

Table 5 is a tabular presentation of consumer traits (unpopular choice) items. Seven factors were loaded and from those seven only 3 were accepted and rest was rejected due to their factor loading being lower then 3.0. The reliability alpha was 0.79. Mean score for this variable was 2.76 with a 0.76 standard deviation. KMO was 0.55.

**TABLE 6: Confirmatory Analysis for Consumer Traits (Avoidance of Similarity)**

| Items | | Factor Loading |
|---|---|---|
| I avoid products of brands that have already been accepted and purchased by the average consumer. | | 0.73 |
| When a product I own becomes popular among the general population, I begin using it less. | | 0.74 |
| I often try to avoid products or brands that I know are bought by the general population. | | 0.82 |
| When products or brands I like become extremely popular, I lose interest in them. | | 0.64 |
| I will not buy a food product, if doubts are raised about it by my peers and family. | | 0.74 |
| As a rule, I dislike products or brands that are customarily purchased by everyone. | | 0.81 |
| α | 0.79 | |
| M | 3.14 | |
| SD | 0.72 | |
| KMO | 0.84 | |

16

Depicted above is the tabular presentation of consumer traits (avoidance of similarity) items. The reliability alpha was 0.79. Mean score for this variable was 3.14 with a 0.72 standard deviation. KMO was 0.84.

## Pearson Correlation Matrix

**TABLE 7: PEARSON PRODUCT CORRELATION MATRIX**

|  | Ethical behavior | Buying behavior | Attitudes towards counterfeit products | Consumer trait (unpopular choice) | Consumer trait (avoidance similarity) |
|---|---|---|---|---|---|
| **Ethical behavior** | 1.00 | | | | |
| **Buying behavior** | 0.61** | 1.00 | | | |
| **Attitude towards counterfeit products** | 0.70** | 0.70** | 1.00 | | |
| **Consumer trait(unpopular choice)** | 0.51** | 0.65** | 0.65** | 1 | |
| **Consumer trait (avoidance similarity)** | 0.11 | 0.06 | 0.13 | 0.23** | 1 |

**Correlation is significant at .01 levels

The Pearson's correlation is used to discover a correlation between no less than continuous factors. The worth for a Pearson's might fall between 0.00 (where there is no correlation) and 1.00 (absolute best correlation). Different components corresponding to team size should resolve whether or not the correlation is important. In most cases, correlations about 0.8 are thought to be high. To examine relationship between participants responses regarding the five constructs used in the study a correlation analysis among the variables were performed.

17

The correlation coefficient calculated between ethical behavior and buying behavior is 0.61 and the level that is considered significant is 0.01. It is inferred that ethical consumers avoid buying counterfeit products. The correlation between ethical behavior and attitude towards counterfeit products is found to be 0.70 which is considered to be significant since it is above .01. People who are highly ethical have a negative attitude towards counterfeit products. The correlation scores between ethical behavior and consumer traits (unpopular choice) are 0.51. There is a positive correlation between unconventional behavior of individuals as they do not care about what others think about them if they are using counterfeit products. The correlation coefficient calculated between ethical behavior and consumer traits (avoidance of similarity) is 0.11. This is a weak relationship implying that those who purchase products to be different from others are also the ethical ones. Counterfeit goods are normally of a lesser monitory value as compared to the original ones and thus overcomes the affordability issue. They are within the reach of the masses as opposed to high value prestigious brands that are priced exorbitantly. However, ethics may not be the decisive factor for buying or not buying fake products. Scores for correlation coefficient between buying behavior and attitude towards counterfeit products is 0.70. This suggests that there is strong correlations between these two variables and those who do not buy counterfeits have a negative attitude towards fake products. Buying behavior and consumer traits (unpopular choice) have a correlation score of 0.65. We can therefore infer that those who do not care for what other think about themselves may resort to buying counterfeit products. Correlation between the buying behavior and consumer traits (avoidance of similarity) is very weedy with a score of 0.06. Consumers interested in being exclusive avoid products that may be used by average people. It is very likely that they have any inclination in buying counterfeits which are readily available in every nook and corner especially in cases of fashion goods etc. Attitude towards counterfeit products and consumer traits (unpopular choice) has a correlation score of 0.65. This points towards the fact that eccentric consumers may have a favourable attitude towards counterfeit. Attitude towards counterfeit products and consumer traits (avoidance of similarity) reports a weak relationship with a score of 0.13. There is not enough proof to support that consumers who avoid similar kind of products have either a negative or a positive attitude counterfeit products. The two consumer traits; unpopular choice and avoidance of similarity have a score of 0.23 which demonstrates some association between the two concepts. This shows that

18

those who are towards being different will also avoid having products that others have and are interested in maintaining their uniqueness.

**Demographics**
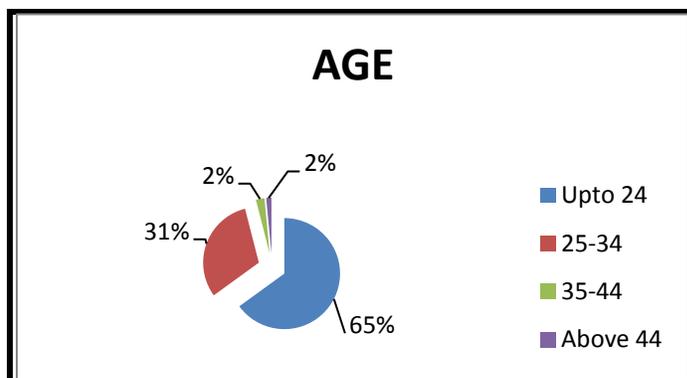
**Table 8: Age of Respondents**
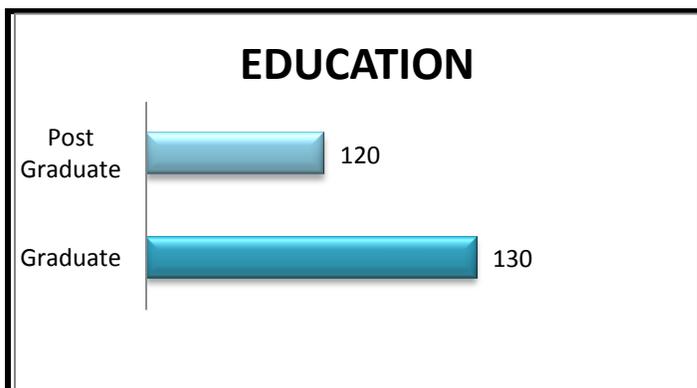


**Table 9: Education of Respondents**



**Table 9: Marital Status**
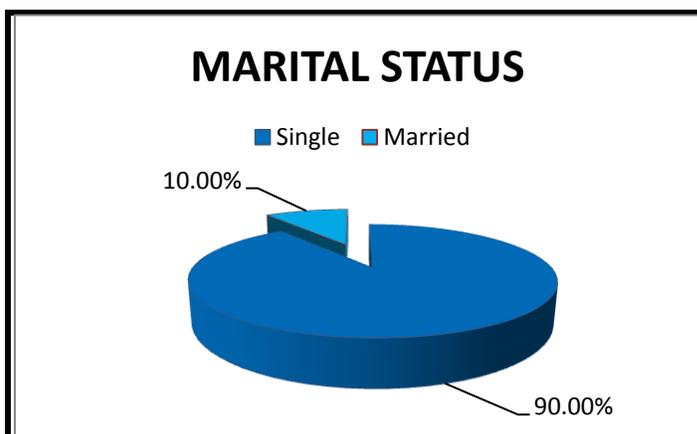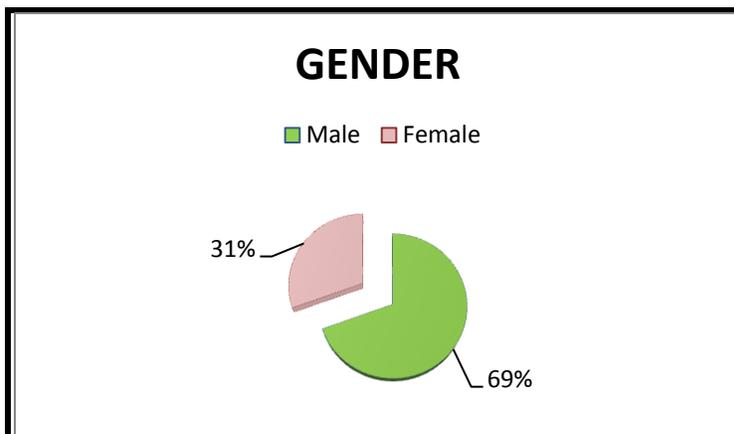


19

**Table 10: Gender**



**GENDER**

Male   Female

31%

69%

## 5.0 Conclusions and Future Research

This study seeks to generate some insights into Pakistani consumers' ethical behavior, their buying behavior towards counterfeit products, general attitude towards knock offs and investigate the relationship between these three concepts and consumer traits of unpopular choice and similarity avoidance. During the course of literature review and secondary data analysis, we identified several variables that define the consumers need for uniqueness, the reasons for consumer (mis) behavior and use of counterfeit products and the factors describing (un)ethical behavior of consumers and what causes consumers to behave in an odd fashion.   The key findings of the study are:

(a) Consumers who are highly ethical follow the conventional ways of life.
(b) Buying behavior is closely linked with individual conventional and nonconventional attitudes.
(c) Consumers who believe that their purchasing counterfeit is ethical and acceptable by their friends and families will not mind purchasing counterfeits.
(d)  Attitudes towards counterfeit are strongly related to ethical beliefs of consumers.
(e) Consumers who wanted to be unique in terms of similarity avoidance may not want to use counterfeits because the imitation products in many cases are of reduced price and blot their individuality. Consumers who are interested in being unique by being the odd one out had a higher attitude towards counterfeits and less towards ethical behavior.

20

The research suggests that Pakistanis consumer behavior is based on their self image rather than their ethical beliefs. As mentioned by Butt et al. (2011) in their research that Pakistani consumers are very "*Image conscious and hold double standards*". Positive correlations between attitude towards counterfeit and ethical beliefs means that consumers who believe that buying counterfeit is ethical will have a favorable attitude towards copy products. Their public opinions may be entirely different from the private behavior. Hoe et al. (2003) asserts that market for these counterfeit exist because consumers desire copy products and associate them with their self identities. Sparks and Shepherd (1992) have suggested the role of self identity in determining purchase intentions. Consumers who aspire to link high handed brands with their self image but find originals too expensive may resort to using counterfeit. However, further research is desired to support this argument because this study doesn't takes price factor into account as prime indicator of using counterfeits. The study also suggests the importance of the role of family and friends in using knock-offs. This is especially relevant for Pakistani consumers because being part of Collectivistic society (Hofsted, 1980) they are highly influenced by the opinions of their peers, colleagues and family members. A positive (negative) word of mouth towards counterfeit may stimulate or deter the purchase. However, further investigation is desired to seek the influence of cultural factors on attitude towards counterfeits. The study has also proposed a Pearson product correlation matrix. On the basis of correlation scores of different variables undertaken in this study future research can be conducted by developing and testing hypothesis. Previous studies have identified that young, single males are more prone to using knock offs like pirated software's (Tan, 2002). Future studies can identify the relationship between demographic profile of individuals and their ethical behavior, attitude towards counterfeits and buying behavior towards unethical products. Also the findings from this study may be helpful in understanding the influence of gender, age , education and marital status on consumers need for uniqueness.

21

# References:

Ajzen, I. and Fishbein, M. (1980). Understanding Attitudes and Predicting Social Behavior, Prentice-Hall, Englewood Cliffs,NJ.

Ang, S.H., Cheng, P.S., Lim, E.A.C. and Tambyah, S.K. (2001). Spot the difference: consumer responses towards counterfeits. *Journal of Consumer Marketing,* 18 (3), 219-35.

Albers-Miller, N. D. (1999). Consumer misbehavior: Why people buy illicit goods. *Journal of Consumer Marketing,* 16 (3), 273–87.

Bearden, W.O., Netemeyer, R.G. and Teel, J.E. (1989). Measurement of consumer susceptibility to interpersonal influence, *Journal of Consumer Research*, 15(4),473-81.

Brannick.T.M. Confirmatory Factor Analysis. Retrieved , January 26th,2012. http://luna.cas.usf.edu/~mbrannic/files/pmet/cfa.htm

Butt.F, Bhutto.A .N and Siddiqui.A.N. (January 2011). Investigating the Ethical Beliefs of Pakistani Consumers: An Exploratory Approach. *International Review of Business Research Papers*, 7(1),350 – 363.

Callen, K.S. and Ownbey, S.F. (2003). Associations between demographics and perceptions ofunethical consumer behavior. *International Journal of Consumer Studies,* 27(2),99-110.

Chaudhry, P., Cordell, V. and Zimmerman, A. (2005). Modeling anti-counterfeiting strategies in response to protecting intellectual property rights in a global environment. *Marketing Review*, 5 (1),59-72.

Cheung, W.L. and Prendergast, G. (2006). Buyers' perceptions of pirated products in China. *Marketing Intelligence & Planning*, 24(5), 446-62.

Pakistan. CIA World Fact Book. Retrieved, April 14th,2012. *https://www.cia.gov/library/publications/the-world-factbook/.*

Cohen, J.R., Pant, L.W. and Sharp, D.J. (2001). An examination of differences in ethical decision making between Canadian Business students and accounting professionals. *Journal of Business Ethics*, 30, 319-36.

Cole, B.C. and Smith, D.L. (1996). Perceptions of business ethics: students vs business people, *Journal of Business Ethics*,15, 889-96.

22

Consumers Voice. (2008). Issue 4. Retrieved, April 14th, 2012 http://www.crc.org.pk/newsletters/consumer_voice_4.pdf

Cordell, V., Wongtada, N., & Kieschnick, L. (1996). Counterfeit purchase intentions: Role of lawfulness attitudes and product traits as determinants." *Journal of Business Research*, 35, 41-53.

Cronbach L. (1951). Coefficient alpha and the internal structure of tests. *Psychomerika*. 16,297-334.

Eisend,M and Guler.S.P. (2006). Explaining Counterfeit Purchases: A Review and Preview. *Academy of Marketing Science Review 12.*

Feinberg, R. and Rousslang, D.J. (1990). The economic effects of intellectual property right infringements. *The Journal of Business*,63(1),79-90.

Fisher, J., Woodbine, G. and Fullerton, S. (2002). A cross-cultural assessment of attitudes regarding perceived breaches of ethical conduct by both parties in the business consumer dyad. *Journal of Consumer Behaviour*,2(4), 333-53.

Fukukawa, K. (2002). Developing a framework for ethically questionable behavior in consumption. *Journal of Business Ethics*, 41, 99–119.

Gellerman, S. W. (1986). Why 'good' managers make bad ethical choices. *Harvard Business Review*, 65 (4), 86–90.

Gentry, J., Putrevu, S., Shultz, C., & Commuri, S. (2001). How now Ralph Lauren? The separation of brand and product in a counterfeit culture. *Advances in Consumer research,* 28, 258–265.

Gentry, James W., Sanjay Putrevu, and Clifford J. Shultz, II. (2006). The Effects of Counterfeiting on Consumer Search." *Journal of Consumer Behaviour,* 5,1-12.

Grossman. M.G., & Shapiro. C. (1988). Foreign Counterfeiting of Status Goods.*The Quarterly Journal of Economic,s* 103 (1), 79-100.

Hair, J.F. Jr, Anderson, R.E., Tatham, R.L. and Black, W.C. (1998). Multivariate Data Analysis, Prentice-Hall, Upper Saddle River, NJ.

Hofstede, G. (1980), *Culture's Consequences: International Differences in Work-Related Values*., CA: Sage, Beverly Hills.

Huang, J.H., Lee, B.C.Y. and Ho, S.H. (2004). Consumer attitude toward gray market goods. *International Marketing Review 21* (6), 598-614.

International Anti-Counterfeiting Coalition. (2008a). Get real: the truth about counterfeiting. Retrieved 10th February, 2012 <https://iacc.org/about-counterfeiting/>

Kometa.S. How to perform and interpret factor analysis using SPSS. Retrieved,26th January, 2012 http://www.ncl.ac.uk/iss/statistics/docs/factoranalysis.php Date: January 26, 2012.

23

Kozar.M.J., Marcketti.B.S.(2011). Examining ethics and materialism with purchase of counterfeits. *Social Responsibility Journal*, 7(3), 393 – 404.

Kundi, A. (2012, March 25). Of designer lawn brands and their cheap counterfeits, *Dawn*

50 percent of the products in Pakistan are adulterated substandard or counterfeit (2012). The Economist Pakistan. Retrieved,13th April, 2012 http://www.economistpakistan.com/Page-Detail.php?id=485.

Lee.H, Hogg.G, and  Hart.S. (2003). Fakin' It: Counterfeiting and Consumer Contradictions." In *European Advances in Consumer Research* 6, Eds. Darach Turley and Stephen Brown. Provo, UT: Association for Consumer Research, 60-67.

Liebowitz, S.J. (2005), "Economists' topsy-turvy view of piracy", Review of Economic Research on Copyright Issues, Vol. 2 No. 1, pp. 5-17.

Maloo, Manny C. and William P. Darrow (2001). Potential Liabilities of U.S. Airlines: Management Concerns for Cost and Consequences of Code Sharing Alliances in Civil Aviation. *American Business Review*, 19, 121-129.

Marcketti.B.S., Shelley.C.M. (2009). Consumer concern, knowledge and attitude towards counterfeit apparel products. *International Journal of Consumer Studies* 33 (3), 327-333.

Matos.A.C., TrindadeItuassu.C., & Rossi.V.A.C. (2007). Consumer attitudes toward counterfeits: a review and extension. *Journal of Consumer Marketing,* 24 (1), 36–47.

National kitty bearing huge revenue loss. (April 2012). Daily Times.

Nunnally J, Bernstein L.(1994). Psychometric theory. New York: McGraw-Hill Higher, INC.

Paul.S., and Shepherd.P. (1992). Self-identity and the theory of planned behavior: Assessing the role of identification with "green consumerism. *Social Psychology Quarterly*, 55, 388-399.

Penz.E., & Stöttinger.B. (2005). Forget the "Real" Thing–Take the Copy! An Explanatory Model for the Volitional Purchase of Counterfeit Products. *Advances in consumer research, 32.*

Pollinger, Z. A. (2008). Counterfeit goods and their potential financing of international terrorism. *The Michigan Journal of Business*, 1(1), 85–102.

Shen, D. and Dickson, M. (2001). Consumers' acceptance of unethical clothing consumption activities: influences of cultural identification, ethnicity, and Machiavellianism. *Clothing and Textiles Research Journal.* 19 (2),76-87.

Swaidan, Z., Vitell, S.J. and Rawwas, M. (2003). Consumer ethics: determinants of ethical beliefs of African-Americans. *Journal of Business Ethics*, Vol. 46, 175-86.

Shuptrine, F.K. (1975). On the validity of Using students as subjects in consumer behavior investigations. *Journal of Business*, 48 (3),271-82.

Schiffman, L.G. and Kanuk, L.L. (1997). Consumer Behavior. (8th ed). Englewood Cliffs, NJ.

 Prentice Hall.

Shoham.A., Ruvio. A., Davidow, M. (2008). (Un) Ethical consumer behavior: Robin Hoods or plain hoods?. *Journal of Consumer Marketing*, *25* ( 4), 200 – 210.

Staake.T, Thiesse.F., Fleisch.E. (2009). The emergence of counterfeit trade: a literature review. *European Journal of Marketing*, 43(3),320 – 349.

Tan, Benjamin. 2002. "Understanding Consumer Ethical Decision Making With Respect to Purchase of Pirated Software." *Journal of Consumer Marketing,* 19 (2), 96-111.

Tavakol.M., Dennick.R. (2011). Making sense of Cronbach's alpha. *International Journal of Medical Education, 2,* 53-55.

Tian.T.k., Bearden.O.W and  Hunter.L.G.(2001). Consumers' need for uniqueness: Scale development and validation. *Journal of Consumer Research,* 28 (1), 50-66.

Tian.T.K, Bearden.O.W. (2002). Distinguishing consumers' need for uniqueness from individuation and general need for uniqueness, in Arch G. Woodside, Ellen M. Moore (ed.) *Essays by Distinguished Marketing Scholars of the Society for Marketing Advances (Advances in Business Marketing and Purchasing, Volume 11)*, Emerald Group Publishing Limited, pp.171-198.

Tim.P. (2005). Knockoff: The Deadly Trade in Counterfeit Goods, Sterling, VA; Kogan Page Ltd.

Vida.I. (2007). Determinants of Consumer Willingness to Purchase Non-Deceptive Counterfeit Products and the European Union. *Journal Transitions,* 5 (3), 253-270.

Zikmund, G.W., (2002). Business Research Methods.(7ed).Oklahoma: South-Western Education Publishing.