Examining Ownership of Counterfeits: A Chinese Perspective

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Based on the theory of planned behaviour, the study explores the relationship between ownership and behavioural intentions towards counterfeits of luxury brands. Based on a sample of 202 Chinese respondents, the findings have revealed differences between ownership of counterfeits and behavioural intentions. As such, the study presents implications for practitioners and policy makers alike.

Background

Counterfeiting is one of the most significant economic phenomena in recent times (Bian & Moutinho, 2011). The International Anti Counterfeiting Coalition has estimated that counterfeiting is a $600 billion problem (Wilcox et al., 2009). Many research have suggested that by supporting counterfeits, consumers are helping to support criminal syndicates, terrorism, and illegal activities and contributes to unemployment (Lowe, 2006). Furthermore, the repercussions of counterfeiting are substantial for international and local luxury brands (Chow, 2000; Trainer 2002). The counterfeit industry has also directly affected the attractiveness for foreign investors to enter the market, as they are afraid of detrimental effects of counterfeiting on their brand equity.

The catalytic growth of counterfeiting can be attributed to the increase in world trade and emerging new markets, fast paced technology advancements, and also the increase in goods that are worth counterfeiting (Cottman, 1992; Wee et al., 1995; Bloch et. al, 1998; Counterfeiting: Tricks and trends, 2003). Furthermore, past research has deemed consumer demand for such goods to be the reason behind the counterfeiting problem (Bian & Veloutsou, 2009; Gentry et al., 2001; Phau & Teah, 2009). In addition, luxury brands are easily counterfeited, as it is easy to sell and incur low manufacturing costs (Shultz & Saporito, 1996; Gentry et al., 2006). Moreover, consumer demand is also increasing due to the pursuit of status goods and the desire of being in tune with fashions and fads (Chang, 1998; Eisend & Schuchert-Güler, 2006).

While, many studies conducted in the past have focused on behavioural intentions (Wee et al., 1995; Cordell et al., 1996; Wilke & Zaichkowsky 1999; Nia & Zaichkowsky, 2000; Gentry et al., 2001; Penz & Stottinger, 2005; Phau & Teah, 2009), this study strives to understand the differences between owners and non-owners of counterfeits in terms of their attitudes and behavioural intentions towards purchasing counterfeits of luxury brands. As such, the study would allow practitioners and policy makers to formulate more effective strategies to diminish the counterfeiting problem in China (Bloch et al., 1993; Ang et al., 2001).

Relevant Literature and Hypotheses Development

Counterfeits are reproductions of a trademarked brand (Cordell et al., 1996), which are closely similar or identical to genuine articles, including packaging, labelling and trademarks, to intentionally pass off as the original product (Kay, 1990; Ang et al., 2001; Chow, 2002).

Research has identified two types of consumers of counterfeit products. The first is a victim, who unknowingly and unintentionally purchases counterfeit goods due to it being so closely similar to the genuine articles (Grossman & Shapiro, 1988; Bloch et. al., 1993; Mitchell & Papavassiliou, 1997; Tom et al., 1998). However, the second is a willing participant or consumer of counterfeit products, wherein they sought out counterfeit products even when they knew that the products were illegal (Bloch et al., 1993; Cordell et al., 1996; Prendergast et al., 2002).

Attitudes towards Counterfeiting

Counterfeit products diminish the symbolic value of authentic luxury products and dilute the brand equity (Zhou & Hui, 2003). As counterfeits are cheaper alternatives of more expensive genuine products, there might not be a noticeable difference in perceived quality (Gentry et al. 2006), which will result in the erosion of genuine luxury brand equity (Grossman & Shapiro, 1988; Jacobs et al., 2001; Zhou & Hui, 2003). According to Tom et al. (1998), consumers are more inclined to purchase products with a fashion component attached, such as is the case for luxury
products. Consumers are willing to pay for the visual attributes and functions without paying for the associate quality (Grossman & Shapiro, 1988; Cordell et al., 1996). Consumers are also expected to prefer counterfeit products with a famous brand name attached that would present some meaning to the consumer (Cordell et al., 1996). This reinforces the concept that only brand names that are well known or worth counterfeiting are targeted for illegal production (Eisend & Schuchert-Güler, 2006).

Past research have examined the economic, quality, and legal or ethical factors that shape and influence attitudes of consumers (Cordell et al., 1996; Ang et al., 2001; Wang et al., 2005). Ultimately, the functional benefits are important when purchasing counterfeits of luxury brands. However, much more so is the desire to own the prestige and status symbol that the trademarked brand suggests (Cordell et al., 1996; Chadha, 2007). More commonly price is also reflective of consumer attitudes towards the value of counterfeit products. Counterfeits of luxury brands are intentionally capitalizing on the fact that their products are positioned at a lower and more competitive price (Gentry et al., 2006). On the same note, there is a compelling and addictive attraction basing on the attributes that consumers would want to purchase a luxury branded product, but would be unwilling to foot the high price tag associated with it (Cordell et al., 1996). The general perception is that the low financial risks provide the added benefit for consumers to purchase counterfeit goods, as prices of counterfeits are relatively advantageous. In addition, because counterfeits are often at a lower price, the expectation of quality would not be equivalent to that of the genuine. As long as the basic functional requirements are met or the visibility and symbolic value is achieved, consumers will be satisfied (Eisend & Schuchert-Güler, 2006).

In view of the Chinese consumers, attitudes towards counterfeits of luxury brands can be influenced by a number of antecedents. The literature largely supports two groups, namely social factors including the likes of normative and informational susceptibility towards social influence and collectivism; and personality factors such as value consciousness, integrity, personal gratification, novelty seeking, and status consumption. The following hypotheses will be a comparison between owners and non-owners of counterfeit of luxury brands.

**Antecedents - Social Factors**

Social influence refers to the effect that others have on an individual consumer’s behaviour (Ang et al., 2001). Two common forms of consumer susceptibility to social influences are information susceptibility and normative susceptibility (Bearden et al., 1989; Wang et al., 2005). Information susceptibility is when purchase decision is based on the expert opinion of others (Ang et al., 2001; Wang et al., 2005). If peers or reference groups were to have expert knowledge on the differences between originals and counterfeits (such as in product quality), the negative consequences of being perceived to purchase counterfeits will therefore have an effect on consumers’ perception towards counterfeits of luxury brands. Therefore, consumers would have a negative attitude towards counterfeits of luxury brands. On the other hand, normative susceptibility concerns purchase decisions that are based on the expectations of what would impress others (Ang et al., 2001; Wang et al., 2005; Penz & Stöttinger, 2005). As self-image plays a huge role, purchasing counterfeits of luxury brands does not enhance or portray a good impression. Therefore, consumer attitudes towards counterfeits of luxury brands would be unfavourable.

Collectivism has been discussed as one of the factors in Asian societies to positively influence consumer attitudes towards pirated products and counterfeits (Swinyard et al., 1990; Wang et al., 2005). It is therefore likely that Chinese consumers would have favourable attitudes towards counterfeits of luxury brands.

**Antecedents - Personality Factors**

Most purchasers of genuine luxury brands pursue value for brand, prestige and image benefits, but maybe reluctant to pay such a high price for it (Bloch et al., 1993). For a lower price and a slightly substandard quality, counterfeits are still considered value for money (Bloch et al., 1993; Lichtenstein et al., 1990; Ang et al., 2001; Wang et al., 2005). Because counterfeits are at a cheaper price, but provides similar functional benefits as the original, it is evaluated favourably. For consumers who are value conscious, they would have positive attitudes towards counterfeits of luxury brands.

In accordance to Kohlberg’s (1976) moral competence theory, consumer’s behaviours are affected by their personal sense of justice. The influence of basic values like integrity will affect the judgement towards succumbing to unethical activities (Steenhaut & van Kenhove, 2006). Integrity is determined by personal ethical standards and obedience towards law. If consumers view integrity as crucial, the chances of them viewing counterfeits of luxury brands in a positive light would be much smaller (Ang et al., 2001; Wang et al. 2005).

Personal gratification is the need for a sense of accomplishment, social recognition, and the desire to enjoy the finer things in life (Ang et al., 2001; Wang et al., 2005). Consumers with high sense of personal gratification would be more conscious of the appearance and visibility of fashion products. They are probably less prone to accept goods of slightly inferior quality. Consumers with a high sense of personal gratification will value the genuine versions of luxury products hence they will have a negative attitude towards counterfeits of luxury brands.

Novelty seeking is the curiosity of individuals to seek variety and difference (Hawkins et al., 1980; Wang et al., 2005). A consumer who is inclined to try new products would probably have positive attitudes towards counterfeits
of luxury brands. Novelty seeking consumers are particularly inclined towards products with low purchase risk. Hence the low cost of counterfeit products are well suited to satisfying their curiosity and the need for experimentation (Wee et al., 1995).

Status consumption has long been defined as the purchase, use, display and consumption of goods and services as a means of gaining status (Veblen, 1899; Scitovsky, 1992; Eastman et al., 1997). Status commands respect, consideration and envy from others and represents the goals of a culture (Csikszentmihalyi & Rochberf-Halton, 1981, pg. 29). Status consumers seek to possess brands that exude brand symbols that reflect their self-identity posts numerous implications for their attitudes towards counterfeits of luxury brands (Hoe et al., 2003). As status consumers are more conscious of the display of accomplishment, their attitudes towards counterfeits of luxury brands would be unfavourable. In the case of Chinese consumers, many have newfound wealth and would be anxious to display their wealth to gain the impression of success, wealth and accomplishment (Shipman, 2004). Furthermore, the importance of ‘face’ to the Chinese accentuates the proneness to succumbing to status consumption (Li & Su, 2006).

Based on the above discussion, a comparison will be made between non-buyers and buyers for the following hypotheses:

H1a Normative and information susceptibility have a negative influence on consumer attitudes towards counterfeits of luxury brands.

H1b Collectivism has a positive influence on consumer attitudes towards counterfeits of luxury brands.

H1c Value consciousness has a positive influence on consumer attitudes towards counterfeits of luxury brands.

H1d Novelty seeking has a positive influence on consumer attitudes towards counterfeits of luxury brands.

H1e Integrity has a negative influence on consumer attitudes towards counterfeits of luxury brands.

H1f Personal gratification has a negative influence on consumer attitudes towards counterfeits of luxury brands.

H1g Status consumption has a negative influence on consumer attitudes towards counterfeits of luxury brands.

Purchase Intention – Theory of Planned Behaviour

According to the theory of planned behaviour (TPB), the purchase behaviour is determined by the purchase intention, which is in turn determined by attitudes (Fishbein & Ajzen, 1975). Attitudes towards behaviour instead of towards the product are noted to be a better predictor of behaviour (Fishbein, 1967; Fishbein & Ajzen, 1975; Penz & Stöttinger, 2005).

Unethical decision making such as purchasing of counterfeits is explained largely by the attitudes, regardless of product class (Wee et al., 1995; Chang, 1998; Ang et al., 2001). The more favourable consumer attitudes towards counterfeiting are, the higher the chances that they will purchase counterfeit brands. Similarly, the more unfavourable consumer attitudes towards counterfeiting are, the less likely are the chances of purchase (Wee et al., 1995). It is therefore postulated that:

H2 There is a significant relationship between attitude and purchase intention towards counterfeits of luxury brands for owners and non-owners.

In addition, social and personality antecedents have long been established to have an influence on consumer decision making (Miniard & Cohen, 1983) towards purchase intention. It is therefore postulated that:

H3 There is a significant relationship between social and personality factors (information susceptibility, normative susceptibility, collectivism, value consciousness, novelty seeking, integrity, personal gratification and status consumption) and purchase intention towards counterfeits of luxury brands for owners and non-owners.

Methodology

Data Collection

Data were collected via a mall intercept at a major shopping complex in the city of Shanghai, greater China. Shoppers were approached to participate in a self-administered questionnaire. Every fifth individual that crossed a designated spot outside the main entrance of the mall was approached to participate. Out of the number of shoppers asked, 14% of the shoppers agreed to take part in the survey. This method of data collection is an improvement on ecological validity as most previous research focused on student samples (Wang et al., 2005; Nia & Zaichkowsky, 2000).

Survey Instrument

The survey instrument was developed in English and translated into Chinese by a professional native speaker. It was then back translated and checked for inconsistencies by another professional translator. The five sections consisted of established scales from various sources (Bearden et al., 1989; Wang et al., 2005; Lichtenstein et al., 1990; Rokeach, 1973; Vinson et al., 1977; Wee et al., 1995; Eastman et al., 1997) and demographics. All items were measured on a seven point Likert scale with 1 representing “strongly disagree” and 7 representing “strongly agree”.
Findings and Discussion

Samples

270 questionnaires were collected and of these 68 responses were discarded due to incompletion or if respondents were not Chinese nationals. The remaining 202 usable responses were analysed with SPSS software version 18. The sample distribution between owners and non-owners is shown in Table 1. The percentage of owners was higher than non-owners, which is representative of high counterfeiting rates in China (Traphagan & Griffith, 1998; Wang et al., 2005).

Attitudes Towards Counterfeits of Luxury Brands

An exploratory factor analysis was conducted on the original 10-item attitudes towards counterfeits of luxury brands scale. Through varimax rotation, two factors emerged and were named “perceptions of counterfeits” and “social consequences”. In total, they were reduced to 7 items with an acceptable range of reliabilities as reflected in Table 2.

Table 2. Sample Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Non Owners (N= 53; 26.2%)</th>
<th>Owners (N=149; 73.8%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>64.2%</td>
<td>54.5%</td>
</tr>
<tr>
<td>Female</td>
<td>35.8%</td>
<td>43.6%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 21</td>
<td>9.4%</td>
<td>10.3%</td>
</tr>
<tr>
<td>21-35</td>
<td>71.7%</td>
<td>73.3%</td>
</tr>
<tr>
<td>36-45</td>
<td>13.2%</td>
<td>14.4%</td>
</tr>
<tr>
<td>46 and above</td>
<td>5.7%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Annual income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $50,000</td>
<td>52.9%</td>
<td>59.2%</td>
</tr>
<tr>
<td>$50,000 - $100,00</td>
<td>25.5%</td>
<td>27.5%</td>
</tr>
<tr>
<td>$100,001 - $150,000</td>
<td>11.8%</td>
<td>4.2%</td>
</tr>
<tr>
<td>$150,001 and above</td>
<td>9.8%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Influence of Social and Personality Factors on “Attitudes towards Counterfeits of Luxury Brands”

Stepwise regression was conducted between “personality and social factors” and attitudes towards counterfeits of luxury brands to test $H_{ia}$ to $H_{ig}$. The results in Table 3 show that for non-owners, there is a positive relationship between status consumption and attitudes towards counterfeits of luxury brands (p<.000, β=.589). Whereas, it is found that there is a negative relationship between integrity and attitudes towards counterfeits of luxury brands (p<.008, β=-.319). Both factors account for a cumulative $R^2$ of .365.
For owners of counterfeits, status consumption shows a significant positive relationship towards attitudes towards counterfeits of luxury brands ($R^2 = .285$, $p<.000$, $\beta=.861$). The two other factors, novelty seeking ($p<.017$, $\beta=-.299$) and information susceptibility ($p<.023$, $\beta=-.193$) both show a negative relationship towards attitudes towards counterfeits of luxury brands.

Based on the above results, H1a, 1e and 1g are accepted and H1b, 1c, 1f are rejected. In a similar vein, novelty seeking was postulated as a positive influence while the results showed otherwise. As such, H1d is also rejected.

### Table 3. Stepwise Regression of Social and Personality Factors towards Attitudes towards Counterfeits of Luxury Brands

<table>
<thead>
<tr>
<th>B-Values</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Owners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status Consumption</td>
<td>1.029</td>
<td>.201</td>
<td>.589</td>
<td>5.112</td>
</tr>
<tr>
<td>Integrity</td>
<td>-.944</td>
<td>.341</td>
<td>-.319</td>
<td>-2.772</td>
</tr>
<tr>
<td><strong>Owners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status Consumption</td>
<td>1.232</td>
<td>.174</td>
<td>.861</td>
<td>7.071</td>
</tr>
<tr>
<td>Novelty Seeking</td>
<td>-.450</td>
<td>.186</td>
<td>-.299</td>
<td>-2.413</td>
</tr>
<tr>
<td>Information Susceptibility</td>
<td>-.314</td>
<td>.137</td>
<td>-.193</td>
<td>-2.298</td>
</tr>
</tbody>
</table>

### Relationship between Attitudes towards Counterfeits of Luxury Brands and Purchase Intention

Regression analysis was conducted between attitudes and purchase intention towards counterfeits of luxury brands. It is shown that for both non-owners ($R^2=.352$, $p<.000$, $\beta=.940$) and owners ($R^2=.365$, $p<.000$, $\beta=.815$) of counterfeits attitudes play a significant role in influencing purchase intention. These findings are therefore in support of $H_2$.

### Influence of Social and Personality Factors on Purchase Intention

Stepwise regression was conducted between social and personality factors and purchase intention of counterfeits of luxury brands. As reflected in Table 4, status consumption, normative susceptibility, and novelty seeking emerged to have significant relationships with purchase intention. For non-owners normative susceptibility emerged as the most significant factor influencing purchase intention ($R^2=.304$, $p<.002$, $\beta=.606$). Status consumption ($p<.004$, $\beta=.487$) is found to have a positive relationship towards purchase intention, whereas novelty seeking ($p<.010$, $\beta=-.489$) is showed to have a negative relationship towards purchase intention. Whereas for owners, it is revealed that status consumption ($R^2=.365$, $p<.000$, $\beta=.609$) has a positive relationship towards purchase intention.

Based on the results, there is no significant relationship between personal gratification, collectivism and information susceptibility, personal gratification, value consciousness and purchase intention. As such, $H_3$ is partially supported.

### Table 4. Stepwise Regression of Social and Personality Factors towards Purchase Intentions

<table>
<thead>
<tr>
<th>B-Values</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Owners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normative Susceptibility</td>
<td>.848</td>
<td>.254</td>
<td>.606</td>
<td>3.346</td>
</tr>
<tr>
<td>Status Consumption</td>
<td>.858</td>
<td>.283</td>
<td>.487</td>
<td>3.034</td>
</tr>
<tr>
<td><strong>Owners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Novelty Seeking</td>
<td>-.846</td>
<td>.316</td>
<td>-.489</td>
<td>-2.674</td>
</tr>
<tr>
<td>Status Consumption</td>
<td>.747</td>
<td>.088</td>
<td>.609</td>
<td>8.440</td>
</tr>
</tbody>
</table>

### Discussion and Implications

Status consumption is shown to influence both non-owners and owners of counterfeits of luxury brands in terms of their attitudes towards counterfeits of luxury brands. For both groups of consumers, if they are status conscious, the more likely the will have positive attitudes towards counterfeits of luxury brands. This emphasizes on the importance of managing the image of status for both groups of consumers (Perez et al., 2010). Brand managers will need to reiterate the fact that counterfeits of luxury brands will reduce your status rather than enhance your image and status if you were to purchase a counterfeit.

In accordance to past research, integrity is found to be a deterrent towards ownership of counterfeits as well as it will negatively influence attitudes towards counterfeits. As such, this is a note for brand managers and policy makers to educate consumers from the grassroots level about the impact and negative consequences of counterfeits on a country or the industry. Furthermore, educational programs can be introduced to enhance an understanding on the ethical and moral obligations of consumers in terms of purchasing counterfeits. For owners of counterfeits of luxury brands, it is found that novelty seeking and information susceptibility negatively influences attitudes towards counterfeits of luxury brands. This could be that counterfeits in China are often the same brands and they are a reflection of what is in trend at the moment. As such, if consumers are avid novelty seekers, they will find that the counterfeit market would have fewer options to offer. Interestingly, information susceptibility is also found to negatively influence attitudes towards counterfeits of luxury brands. This could well suggest if consumers rely on expert opinion of others to purchase products, they will have negative attitudes towards counterfeits. Hence, it may be a
worthy cause to consistently emphasize the inferior attributes of counterfeits and how it may affect a consumer personally (i.e. cause personal or bodily harm).

Consistent with past research, attitudes towards counterfeits of luxury brands have a positively relationship towards purchase intentions (Phau & Teah, 2009; Phau, et al., 2009). As such, it is important to manage consumer attitudes and to emphasize on the negative aspects of counterfeit products in order to dissuade or deter consumers from evaluating counterfeits in a positive light. At present, the counterfeit industry has improved to the extent whereby it is hard to differentiate between the original and the counterfeits due to the advancement in technology. Grade systems are given to various levels of quality of counterfeits to entice consumers to purchase. Hence, advertisers and brand managers can publicize the differences in quality and attributes between the original and the counterfeit in order for consumers to have positive attitudes towards the original.

Similarly, the results reflect that status consumption influences purchase intention of counterfeits of luxury brands. Luxury brand owners should emphasize the prestige and status symbol that the brand connotes. One of the important aspects to dissuade counterfeiting would be to emphasize on the concepts of face or “mianzi” that the Lastly, it is interesting to note that non-owners who are susceptible to normative influence have a higher inclination to purchase counterfeits. Hence it could suggest that while non-owners do not own counterfeits, they may actually purchase counterfeits.

**Concluding Comments**

In summary, it is evident that there are differences between non-owners and owners of counterfeits in terms of their attitudes and purchase intentions towards counterfeits of luxury brands. As such, it poses even greater importance for brand managers and policy makers to understand the differences between these groups of consumers. It is found that status consumption consistently influences attitudes and purchase intentions for both groups of consumers. While the study has examined the differences between non-owners and owners, it could well be that the non-owners purchase counterfeits but may not necessarily own a counterfeit, hence this provides an area for future research.

There are a number of limitations worthy of improvement and future research. The study was conducted using mall intercept method, which may limit the populations that could be reached. Those who may purchase may not be regular shoppers at a shopping mall but may be in wholesale markets where counterfeit products are largely sold. As the study is a snapshot of the Chinese consumers in the coastal areas of the newly rich, extensions to populations of other areas in China of different socioeconomic groups and to other countries may produce different results. The addition of materialism and ‘face consumption’ constructs can be further investigated to test for their influences on Chinese consumers.

Another possibility is to focus on foreigners who travel or reside in China as buyers of counterfeit luxury brands. Further exploration using qualitative approaches to examine consumer purchase behavior of counterfeit products may provide deeper insights.

**References**


Advances in Consumer Research (pp. 247 – 252). The Association for Consumer Research, Provo, UT.


