

# Consumer Willingness toward Counterfeit Products in Pakistan: An Exploratory Study

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## Abstract

The research explores the consumer willingness toward counterfeit products. The considered variables status consumption, novelty seeking, perceived risk and integrity. Attitude of consumers toward counterfeit products possess the positive relationship toward willingness of consumer to purchase counterfeit product but the perceived risk possess the negative relationship with consumer's attitude. The status consumption and integrity also possess the negative relationship with the attitude toward counterfeit product. Novelty seeking holds the positive relationship with attitude.

**Keywords:** Attitude toward counterfeit products, willingness to purchase counterfeit products, Perceived risk, status consumption, Integrity, and Novelty seeking.

## Introduction

Counterfeiting of branded products has been growing since 1970 (Bian and Velouton, 2005) after that storm of counterfeit products taking control over markets with high growth rate of counterfeiting from last decades (Phau and Teah, 2009). The most counterfeiting products are clothing, wallets, mobile devices, watches, and hand bags they are producing counterfeit product and introduced with similar names. The ratio of purchasing the counterfeit product willingly is one third of whole population because its 29% of consumers didn't see any harms and risks and due to the right prices relative quality (Bian and veloutsou, 2005). Un-recognized and un-licensed CSP (Counterfeit Smart phones) are manufacturing in china. CSP have no network entry permits and quality certification from the Government. CSP market has been growing since 2007 because china Govt. removed the policy on Approbation of Mobile phone manufacturing (Liao & Hsieh, 2012)

CSPs are copies of leading, famous, and innovated branded mobile phones for example Samsung, Nokia, HTC, and I Phone. CSP manufactures are violating copy rights while producing CSPs to meet the increasing demand. CSP are also provide some additional Functionalities to customers like dual SIM cards support, hand held TV, long battery time, replaceable battery in matched to original branded phones. CSP are very famous in Pakistan market. Use of internet on mobile phones is common phenomenon and peoples use genuine branded phones for this purpose. Branded Companies have merged computer services and cell phone functionalities into one. These companies have embedded the high quality functionalities e.g., High Resolution screen and touch panel, high speed processor performance, latest camera technology, maximum memory support, speedily accelerated LCD and many more functionalities in smart phones.

Laptops are presently measuring as the heavy and useless device for the peoples because they can net surfing, use of social networking sites e.g., Face book, Twitter send, and receive emails, see the live streaming video on the small and portable mobile phones anywhere and anytime. Keeping the smart phone has developed the choice in the current age of mobile phones with the fashion when people deliberately change their timeworn mobile phones. Consumer has wish of buying mobile phones however his mobile phone in worthy condition or the unique functionalities embedded in handsets are not required. Branded mobile phones are expensive than feature mobile phone. In developing countries consumers are price sensitive (Gentry et al, 2001). CSP are counterfeit branded mobile phones are available on cheap prices for these consumer who don't possess the power to purchase a genuine branded mobile phone such as HTC, I phone, Nokia. Hence CSP have potential to capture market share and grow in Pakistan. Consumer is agreeing compensate their disproportionate income just for the symbolization of status (Belk, 1995). People are trying effort to be status symbol by utilizing the counterfeit products (Gentry et al, 2001). In addition consumers are satisfied by the ownership of the "Brand emblem" not the "Product". (Liao & Hsieh, 2012)

CSP are effortlessly distinguished as non-branded mobile phone due to adequate awareness about counterfeit products in general public. So, buying a CSP cannot express the soul of brand and status symbolization by owing the luxury brands (Liao & Hsieh, 2012). CSP can disgrace the goodwill of the owner. By purchasing CSP may be judge directly and indirectly as the non- cultural and possibly will illegal operation. CSP are different from the other counterfeit products for example branded cloths, luxury goods, and bags brands. CSP mobile phones are not produced under the standards of the IMEI code and government authority did not

examined the IMEI code of CSP which leads the unbalanced performance of CSP while consumer use it. In a news report show cases of body damages made by mobile phone explosions, hang in calling, distortion and financial cost incurred due to a single SMS sent 10,000 times because of inefficiency and inaccuracy of CSP embedded mobile software (Liao & Hsieh, 2012). CSP may be cause of unbearable service expenses which is incurs for instance users un-willing transmission of internet traffic, automatically call making, downloading data without users intentions (Liao & Hsieh, 2012).

Consumers feel the anxiety and psychological pressure while using CSP. CSP mobile release electromagnetic waves ten times more than a branded Mobile phone (CTS. News, 2009). Health Department of Taiwan investigated that a hand set contain the Specific Absorption rate which is up to 2 w/KG of consumer's body (Zhu, 2009). But the counterfeit smart phones are much cheaper than genuine corresponding items. Counterfeit products are harmful economy and health since its making the cause of restricts the development of genuine mobile phones by disrespect the goodwill of the Intellectual Property Rights holders (Liao & Hsieh, 2012). Importing, production and selling of CSP mobile phone are banned in Egypt, India, Taiwan, and Pakistan but the prohibition because the counterfeit smart phones leaving very bad impact on International mobile brands and markets by their existence and increasing growth rate (Liao & Hsieh, 2012). That's why CSP is very serious issue that must be investigated. Intellectual property owner can decrease the counterfeit products sale by investigation the factors why a consumer is like to purchase the CSP (Liao & Hsieh, 2012). Some studies have alarmed about the consumer behavior of exploring relationship among factors of willingness of consumer toward counterfeit products in Pakistan.

Purchasing counterfeit products like CSP and variable could impact on purchase intention of consumer and his willingness about buying of CSP. This study aims to reveal the impacting variable on willingness of consumer about the buying the Counterfeit products like Counterfeit smart phones by seeing the Model which consist on the constructions of Status consumption, Novelty Seeking, Perceived Risk and Integrity, Attitude Toward Counterfeit Products. All stages in this research are relevant to examine the connection between each hypothesis in the conceptual model. The result will let us know the enhanced understanding of the factors which effecting the willingness of consumer about purchases the counterfeit product.

## **Literature Review**

### **Willingness to Buy Counterfeit Product**

Concept of willingness to buy a counterfeit product as surrogate of buying determination and reinforced, willingness to repurchase of counterfeit products indicates the buying behavior (Phau et al, 2009). The strength required to develop a behavior leave impact on relationship between willingness to buy, attitude and behavior of buyer (Bagozzi et al, 1990) and have greater effectiveness to understand the consumer's brain than other behavioral measures (Day, 1969).

There are extreme correlation between willingness to buy and actual behavior (Zeithaml et al, 1996) (Ajzen and Fishbein, 1980) (Oliver and beaden, 1985) and this association empirically verified on products of ICT (Yang and Jolly, 2009) and services industries e.g., online banking and green product (Ramayah et al, 2002). So, the willingness of a consumer to buy a particular counterfeit product can forecast the buying of original product (Liao & Hsieh, 2012).

### **Novelty Seeking (NS)**

Novelty means the uniqueness, newness and new experience (Cropmpton, 1979; Petrick, 2002). NS is refer as the key element of motivation and how to act and get awareness of uniqueness, the novelty seeking judged as the internal motivation power of individual for acquire the novel info (Pearson, 1970; Hirschman, 1980). In 1980 Mr. Hirschman categories the novelty seeking in Actualized NS and inherited NS. The previous author observed the Novel motivation as the internal wish of a consumer to find the Novel stimuli and gain the Novel stimuli represents the actual behavior of consumer and in addition a consumer who desire to change, types and level of Novel stimulation may lead a consumer to seek info about the product for the increasing his satisfaction and performance. This can lead a customer to adopt the actual and inexperienced products (Pearson, 1970; Hirschman, 1980). Counterfeit products are providing the consumers changed experiences in the shape of same counterfeited branded products which have the same brand logo and looking of original products at inexpensive prices (Liao & Hsieh, 2012). Therefore counterfeit products satisfying the consumer's curiosity and motivating the consumer to satisfy their internal desire to reveal of creative products and explore Novel (Liao & Hsieh, 2012).

### **Integrity (I)**

Integrity shows a person's how much he or she is respect law. And it represents Individual's fundamental thinking about ethics and trustworthiness (Mayer et al, 1995; Wang et al, 2005). Integrity impacts on person's decision in direction to supporting or participating in unethical practices (Steenhaut and van Kenhoye, 2006).

The consumer who obeys the law and ethics he or she will not possess the favorable attitude in direction to counterfeit and also have the less willingness to purchase a counterfeit product (Cordell et al, 1996). However, purchase a counterfeit product don't consider as an illegal action. Purchasing a counterfeit product is promoting the manufacturing of counterfeiting business and its growth (Liao & Hsieh, 2012). A consumer obeys the law and ethics would never anticipate such illegal and non-normative activities (Liao & Hsieh, 2012). Buyers, who willingly buy a counterfeit and have the favorable behavior in direction to purchase counterfeit product shows his/ her behavior as unlawful (Ang et al, 2001). So, the consumer and his attitude toward purchase a counterfeit product supporting the unlawfulness and non-normative actions to violate the Intellectual Property Right.

#### **Status Consumption (SC):**

SC is refer as the motivational practices by which a person try to develop and improve his or her social standings by using such branded products which reflect the person's status to his/ her surroundings and peoples around him/ her (Eastman et al, 1999). SC is not only buy the high status products to display holder's richness and wealth (Eastman et al, 1999; O'Cass and McEwen, 2004). SC Consumers have desire to be measured as they belongs to an elite class (Wee et Al, 1995) and such consumers are happily ready to pay premium and extra prices against those products which perceived as status symbols and represents the prestige (Chao and Schor, 1998). There is significant relationship between SC and luxury brands for example HTC, I phone, Blackberry which reflects the person's social standing, functional attributes and his fashion abilities (Shukla, 2010). CSP phone are easily recognized as the fake or non-genuine smart phone by the general public due to his increasing knowledge about counterfeit products, as well CSP have poor functional performance as compare to genuine products, and the CSP buyer cannot accepted by society who use the fake products to show his social standing (Liao & Hsieh, 2012). SC consumers would never use counterfeit products to damage his or her social standings and confers his or her lower status to around people significant (Liao & Hsieh, 2012).

#### **Attitude toward Counterfeit Products (ATC)**

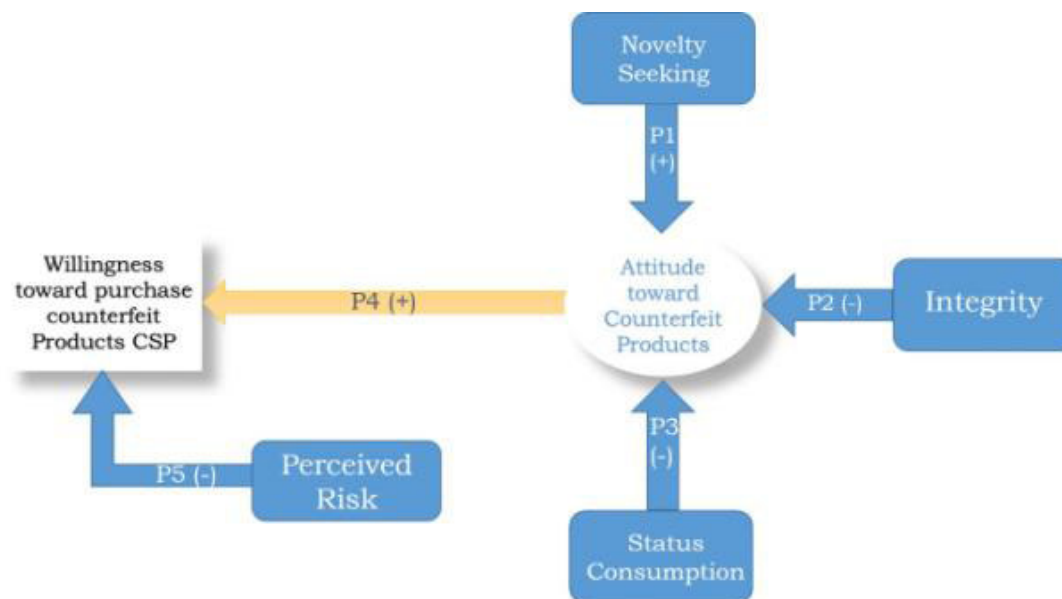
Attitude is a 'knowledgeable tendency to response to a situation in a positive or negative way' (Huang et al. 2004). According to (Bagozzi et al, 2002) the world wide used definitions of attitude conceptualize of it's an assessment such as spiritual predisposition that is communicated by assessing a specific object with some degree of positive or negative. (Ramayah et al.2002) exposed that customer are probable to prompt more approving attitudes toward counterfeit goods when they observe that they are being checked by real producers. (Penz and Stottinger, 2005) pointed out that customer defend their actions of purchasing fake merchandises by maintaining that unlawful manufacturers have minor shares than real manufacturers and hence do not feel being ripped-off.

In the same way, (Voon et al, 2011) initiate that attitude exercised important affirmative effects on readiness to pay for hygienic food among customer in a Pakistan and mostly point out that struggles to encourage consumption growth should emphasis on effecting purchaser attitudes. Therefore, altering attitudes toward counterfeits can be worked as a resources to decrease readiness to buy counterfeit products by examining customer' innovation looking, reliability, and status looking for inspirations. Attitude in the direction of some entity is a good forecaster of actions associated to the entity over a wide series of circumstances and in specific; it is mostly termed as a forecaster of customers' goals and behaviors (Fishbein and Ajzen 1974; Huang et al. 2004). Wide readings (e.g., Kohlberg 1976; Emler and Reicher 1987; Cole 1989; Wee et al. 1995) initiate that attitudes toward counterfeit branded products are definitely linked to buy intent of a fake merchandise. It is low prices, easy to available as associated to the reliable ones that people would be ready to buy non genuine products (Gentry et al. 2001). Manufacturers of counterfeit branded products offer a realistic dream for customers who cannot pay for the genuine branded products but want to achieve a position image and happiness linked with possessing such products.

#### **Perceived Risk (PR)**

Perceived risk is the extent to which the customer touches the ambiguity and significances linked with their activities and play a significant part in customer decision-making (Stone and Grønhaug 1993; Pavlou 2003; Kwun and Oh 2004; Hunter-Jones et al. 2007; Liao et al. 2010). In actual, perceived risk looks when a person is involved in the circumstances where the results are ambiguous and are concerned about the significances of an inappropriate choice (Fraedrich and Ferrell 1992; Liao et al. 2010). The widespread outcomes of preceding readings exposed that perceived risk adversely affected the readiness to perform an uncertain behavior (Keil et al. 2000; Nicolaou and McKnight 2006). Customer's proceeds activities to lesser the perceived risk linked with a buy by transferring or suspending their buying, purchasing famous products and looking information or confirmation from a reliable foundation (Yeung and Morris, 2001). The consumers of CSP have exposed some uneven presentations such as unanticipated stoppage and breakdown and even battery burst. These difficulties make customers nervous. The possibilities of using these CSPs are the possible losses mainly give rise to the faults and breakdowns of the counterfeit branded smart phones.

## Conceptual Framework



### Propositions Development for Future Studies

P1: Novelty Seeking possesses the positive relationship with Attitude toward Counterfeit Products.

P2: Integrity Possess negative relationship with attitude toward Counterfeit products.

P3: Status Consumption Possess negative relationship with attitude toward Counterfeit products.

P4: Attitude Toward Counterfeit Products Possess positive relationship with willingness of consumer to Purchase counterfeit products.

P5: Perceived risk possess the negative relationship with Willingness of Buyer to Purchase Counterfeit products.

### Conclusion

It is conclude that novelty seeking has strong relationship with integrity and novelty seeking have strong negative relationship with perceived risk and with willingness to purchase. Status consumption has the strong relationship with attitude toward counterfeit product and relationship with willingness to purchase. Integrity have the strong negative relationship with willingness to purchase. Attitude toward counterfeit have the relationship with willingness to purchase. This detailed study clearly shows relation in Pakistan.

Purchasing counterfeit products like CSP and variable could impact on purchase intention of consumer and his willingness about buying of CSP. This study aims to reveal the impacting variable on willingness of consumer about the buying the Counterfeit products like Counterfeit smart phones by seeing the Model which consist on the constructions of Status consumption, Novelty Seeking, Perceived Risk and Integrity, Attitude Toward Counterfeit Products. All stages in this research are relevant to examine the connection between each hypothesis in the conceptual model. The result will let us know the enhanced understanding of the factors which effecting the willingness of consumer about purchases the counterfeit product.

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