The Impact of Consumer Buying Behavior towards Counterfeit Products

Muhammad Ahsan

Department of Management Science
FAST-NUCES-Karachi
muhammadahsan@nu.edu.pk

Abstract

In recent the demand for fake products has grown and manufacturers have begun to work on these products to increase their profit. There are numerous factors involved that influence the consumers buying behavior for counterfeit products. This study aims to develop and test the model to understand the role of factors responsible for consumers' counterfeit purchase intentions. The data was collected through a questionnaire adopted from previous literature. The sample size includes a total of 255 female students of different universities in Karachi. The study examined the relationship of Perceived Behavioral control and Attitude for Counterfeits with Behavioral Intention and found meaningful correlations between all the variables. The results of both hypothesis 1 and hypothesis 2 were found to be accepted. This study is a contribution to understand the role of counterfeiting among the consumers in Pakistan. Thus the study results aim to valuable insight for policymakers and brands to effectively address and mitigate the proliferation *of counterfeit products in the market.*

Keyword: Household income, Demographics, *Counterfeit, Behavioral Intention*

Introduction

Counterfeit is a major global issue that affects the global world. The consumption of counterfeit products are the part of everyday life in both developed and underdeveloped countries. The literature suggests that concept of Counterfeit is not a new phenomenon. The concept of imitation exist since the emergence of the market (Marín-Palacios, et al., 2024) As per report of OECD and EUIPO (2019) China is reported at the top in producing counterfeit

products. Counterfeit products often called knockoffs; imitation, duplicate or fake products are counterfeit products. The demand for the fake products has grown and manufacturers have begun to work on them to increase their profit. These products are an exact copy of the original product, and a slight difference cannot be discovered by ordinary people who have no experience of the original brand). False products are therefore those which have the same characteristics or are slightly different from the original or branded products. The products that have a sense of originality are called luxurious or prestigious products, and they believe that their dimensions, such as uniqueness, exclusiveness, expression, and quality can be characterized. They also looked at a large background of falsified goods. Over the years the quality of counterfeit luxury products has improved to differentiate with genuine luxury brands the quality of fake products. The advancement of technology and involvement after COVID-19 also has influenced the consumer behavior. The study of Huang et al. (2023) proves that the usage of advanced e-commerce platforms has turned counterfeit products difficult to distinguish between real or fake. The survey from Michigan State University (2023) reveals that almost 70 % of consumers were attracted through online purchasing for the counterfeit products during the last one year.

Consumers use counterfeits to achieve economic benefits according to the literature (Yoo & Lee, 2009). The perceived value of the customer has four different types of value: economic, operational, individual value and social value. Counterfeit products have been there for a long time, but for the owners of the 1970s they have become a real problem. We know that copies and other fake goods are made and sold in an unethical way; the customer is ready to make them, consume them and distributes them. According to consumer demand theory, consumers try to maximize their utility while making decisions for buying (Varian, 1999). The quantity demand of any product or service is a function of price, income, and preferences (Varian, 1999). Based on the theory of planned behavior the literature posits that behavior is an unpredicted phenomenon specifically when the purpose of the consumer is to perform any decision for purchasing this theory is used to forecast leisure intention and behavior (Ajzen, I. 2002).Therefore, most of the time despite having awareness of deceptive products the consumer consciously intends to buy counterfeit products due to several factors like design, color, price or other characteristics perceived in the favor of the consumer (Marín-Palacios, C et al., 2024). The research on consumer behavior suggests that social influence is also another great factor in driving human behavior toward counterfeits. The study of Cheung and Prendergast (2022) highlights that social media has turned a powerful

platform for the promotion of counterfeit products.

Counterfeiting is a great issue in the consumer market worldwide, and during the last few years, counterfeit products have doubled, and these counterfeits are turning into signals of social status, especially among youngsters. due to limited access to original luxury products (Kononova et al. 2023). Seeing the seriousness of the problem, the researchers have started diverting their attention to this topic (Feng et al., 2023). Much research was carried out in the field of falsified products, and these products affected the behaviour of consumers, but fewer researchers paid attention to creating a clear picture of these products, particularly in Pakistan. In several cases, buying decisions are not based on needs but on personal desires and social recognition. Most consumers, especially females, buy products to improve their self-esteem and physical appearance. These needs mostly encourage consumers to buy counterfeit goods. Further, as discussed earlier, these products are sold cheaper than genuine (Sujani & Kristianto, 2024) with similar designs and colors. However, they can be dangerous in use. The research on consumer behaviour posits that analysis of consumer behaviour related to behaviour intent exists but is less explored (Marín-Palacios et al., 2024). Furthermore, based on the research made on counterfeiting in Pakistan, very little is investigated yet. Therefore, this study is an effort to discover the direct and indirect impact of behavioral intention through perceived behavioral control and attitude toward counterfeits on behavioral intention.

Literature Review

Perceived Behavioral control

Based on your previous buying behaviour, future buying can be predicted for a consumer. For marketers, this can be useful in predicting their business behaviour as defined by Oulette and Woods (1998), who reported past behaviour as a good predictor for future behaviour. Perceived behavioral control refers to an individual's evaluation of their ability to perform a behavior, influenced by their experiences, resources, and abilities (Li et al., 2023). As a core component of the Theory of Planned Behavior, perceived behavioral control bridges the gap between consumers' intentions and their actions, offering a clear explanation of challenges in decision-making (Conner, 2020). When applied to counterfeit purchases, consumers' perceived control

depends on factors such as availability and affordability. Easy accessibility to counterfeit products reduces feelings of regret, potentially increasing consumers' inclination toward counterfeit buying. Thus, consumer perception of control plays a pivotal role in shaping attitudes and purchasing behavior for counterfeit products.

Attitude for Counterfeits

Going through the details for counterfeits there are several types including deceptive counterfeits, grey market, piracy, imitation, and custom-made copies (Patiro, & Sihombing, 2014). When it comes to the consumer behavior of buying counterfeit the consumers usually focus on the reliability, quality, and value of the product. Due to their convenience for buying like price, and similarity to the original the consumer ignores the guilt of buying de4ceptive or any other type of counterfeit (Augusto et al., 2007) . The study of Kononova et al. (2023) found that the buying behavior of consumers has increased globally by 74% online through online during the past few years knowingly.

 Behavioral Intention

The purchase intentions are related to past, present, and future behavior, and the likelihood of people repeating similar purchases. There are generally two primary factors motivating consumer interest in purchasing luxury brand counterfeits: significantly lower pricing versus genuine equivalents, as well as the perceived prestige affiliated with these esteemed names (Wiedmann et al., 2017). Consumers purchase counterfeit goods as they aspire to belong to prestigious social circles. Studies have shown that individuals expect counterfeit luxury products to convey a similar social status as authentic items from renowned brands, allowing users to project an image of affluence regardless of whether the products are counterfeits or not. The significantly lower price point of counterfeits makes them an attractive option for status-seeking individuals who are otherwise unable or unwilling to purchase authentic luxury goods, which often carry price tags that are out of reach for most. Researchers have found that counterfeit products satisfy consumers' desire for prestige at a fraction of the cost of authentic items, making counterfeits a preferable choice for those wishing to project an elevated social standing on a limited budget.
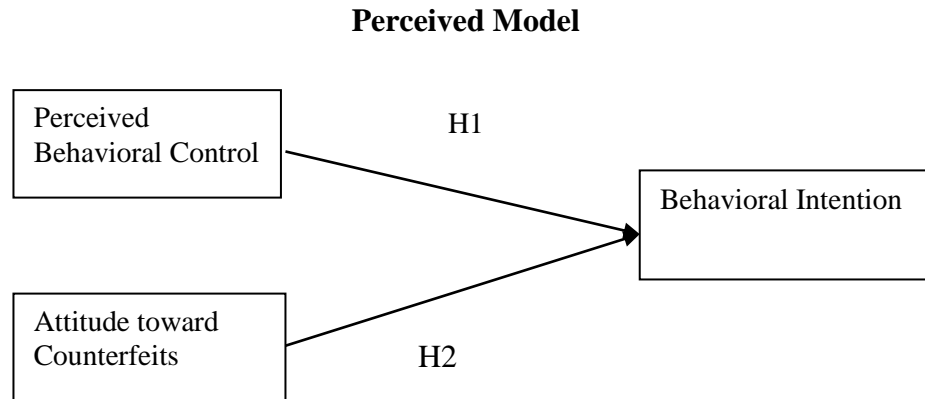
Perceived Model

Figure 1. Perceived Model

Hypothesis

H1. Perceived Behavioral Control has positive impact on Behavioral Intention

H2. Attitude toward Counterfeits has positive impact on Behavioral Intention.

Methodology

This part carries the details of quantitative analysis using descriptive analysis to investigate the consumer attitude and behavior for counterfeit products among the youth based on the Theory of Planned Behavior. The data analysis is made on SPSS including the descriptive and regression analysis.

Demography and Data Collection

The demographic analysis is used to analyze he the characteristics of respondents. This study used the females of age from 20 years to onward studying at different university located in Karachi as demographic factor through convenience sampling. Total number of observant was 255 out of 300 questionnaires spread for data collection.

Instruments

Perceived Behavioral Control was adopted from the study of Van den Putte et al. (2005) as an independent variable with four items. Attitude for counterfeit was adopted from De Matos et al. (2007) as another independent variable and   Behavioral Intention as dependent variable for

counterfeit was adopted from De Matos et al. (2007) on Likert scale 1 to 5 from strongly disagree to strongly agree.

Reliability Test

In research it necessary to check the reliability of instruments used for analysis the research confirms the range between 0.6 as minimum acceptable range of Chronbach alpha as a reliable acceptable range for the instrument used for analysis.

Table 1

Reliability Analysis

Sr.	Variables	Chronbach Alpha	No of items
1	Perceived Behavioral Control	0.77	04
2	Attitude for counterfeit	0.71	04
3	Behavioral Intention	0.74	04

Descriptive Statistics

Descriptive analysis is used to measure the normality of collected data. There are four element that are considered more important for normality analysis including Mean, Standard deviation, Skewness and Kurtosis.

Table 2

Descriptive Statistics

Variables	Mean	Std. Dev	Skewness	Kurtosis
PBC	2.2	0.89	0.71	0.52
AC	2.1	0.79	0.63	0.56
BI	2.1	0.79	0.76	0.55

PBC= Perceived Behavioral Control,   **AC**= Attitude for counterfeit, **BI**= Behavioral Intention

Correlation Analysis

This section describes the relationship of variable with each other. The results of correlation of variable are found positively correlate with each other in this analysis and are significant at 0.01 level.

Table 3

Descriptive Statistics

Variables		PBC	AC	BI
PBC	Pearson Correlation	1		
	Sig (2 tailed)	255		
	N			
AC	Pearson Correlation	0.79	1	
	Sig (2 tailed)	255	255	
	N	0.88		
BI	Pearson Correlation	0.79	0.76	1
	Sig (2 tailed)	255	255	255
	N	0.89	0.86	

Hypothesis Testing

For check hypothesis a liner regression test is used. Each hypothesis is regressed and tested separately. According to regression test literature on research the thumb rule for acceptance of hypothesis based on F test value is equals or greater than (+- 4) where as T test value is equals or greater than (+-2). If the values are less than discussed values the hypothesis stands rejected. The beta describes the relationship between DV and IV. It means the changes in unit in IV will change the unit in DV either negative or positive. R square explains in the results the percentage change in DV due to IVs in the model.

Table 4

Hypothesis Testing

Hypothesis	R2	F .Test	T .Test	Beta	Sig	
PBC ➔ BI	0.71	2.6	2.8	0.90	0.00	Accepted
AC ➔ BI	0.79	2.9	2.7	0.92	0.00	Accepted

PBC= Perceived Behavioral Control,   **AC**= Attitude for counterfeit, **BI**= Behavioral Intention

The significant relationships were obtained between the independent variables is found between the relationships of IV and DV of hypothesis 1 Perceived Behavioral Control and Behavioral Intention accepted and relationship of IV and DV of hypothesis 2 Attitude toward Counterfeits and Behavioral Intention are also found positive.

Conclusion & Discussion

Counterfeits, commonly referred to as imitations, fakes, or knock-offs, have become a significant component of global markets, spanning a wide range of products from everyday household items to high-end luxury goods. The demand for these products has been growing rapidly, particularly among younger consumers, with a notable surge among females. This trend is largely driven by the persuasive appeal of social media, as well as broader social and cultural influences. Research indicates that the market demand for counterfeit products remains robust. Two primary factors motivate consumers to purchase counterfeit luxury brands: their significantly lower prices compared to authentic luxury items and the perceived quality and appeal of these counterfeit products, which often mimic the attributes of genuine brands (Wiedmann et al., 2017).

Further, it was observed that there is a significant relationship between the past behaviors of consumers and the buying behavior of counterfeit products. The result supports the theoretical foundation of the study. Based on the fact that consumers are often deceived by counterfeits suggested through media campaigns and advertisements. Due to several factors that influence them they usually buy counterfeits knowingly. There is a need to understand the psychological and influencer mechanisms when consuming to avoid counterfeits during decision-making for buying products. According to Wikipedia the buying behavior for counterfeit is more common

among the younger demographics e.g. 52% of consumers of counterfeits are of age between 15-24 years in 2022.

The findings also suggest that the increased demand for counterfeit products among young consumers may result from weak enforcement of piracy laws in developing countries. This lack of stringent regulation creates an environment where counterfeits can thrive, catering to the economic and social needs of consumers. Addressing this issue requires a multifaceted approach that not only strengthens the enforcement of intellectual property laws but also targets the underlying motivations driving counterfeit purchases.

Key factors such as price sensitivity perceived behavioral control, and consumer attitudes play a crucial role in shaping counterfeit demand. Authorities must ensure that laws against counterfeiting are effectively implemented and enforced to deter both suppliers and consumers. This can include imposing stricter penalties on counterfeit producers, raising public awareness about the ethical and economic consequences of purchasing counterfeit goods, and improving surveillance to reduce the availability of such products.

In addition to legal measures, fostering consumer trust and loyalty toward authentic and locally produced goods is essential. Efforts should be made to enhance the quality and affordability of locally manufactured products, offering viable alternatives to counterfeits. Policymakers and businesses must collaborate to provide incentives, subsidies, or pricing strategies that make genuine products more accessible to price-sensitive segments of the population.

Limitations & Future Directions

Research has several limitations, including gender, age, income level and education etc. In addition, the study has focused on the Theory of Planned Behavior which mainly includes general actions by consumers and marketing models that suit the behavior of counterfeit goods. In future other theories related to consumer behavior can also be explored for the generalization of results. Similarly, this study focused on female young students for data collection for counterfeit products; however, counterfeiting is a problem of every age and gender nowadays,

especially in developing countries due to excessive trade in China globally. Further, the study is limited to one city it could be extended to other parts and industries as well. Qualitative type of research can also have extensive details based on culture and factors different in different cultures.

References

Ajzen, I. (2002). Perceived behavioral control, self-efficacy, locus of control, and the theory of planned behavior 1. *Journal of applied social psychology*, *32*(4), 665-683.

Augusto de Matos, C., Trindade Ituassu, C., & Vargas Rossi, C. A. (2007). Consumer attitudes toward counterfeits: a review and extension. *Journal of consumer Marketing*, *24*(1), 36-47.

Conner, M. (2020). Theory of planned behavior. *Handbook of sport psychology*, 1-18.

Cheung, M., & Prendergast, G. (2022). Social influence and consumer behavior towards counterfeit goods:The role of social media. *International Journal of Consumer Studies, 46*(4), 398-409.

Feng, W., Yang, M. X., & Irina, Y. Y. (2023). From devil to angel: How being envied for luxury brand Social media word of mouth discourages counterfeit purchases. *Journal of Business Research*, *165*.

Huang, J., Patel, R., & Singh, V. (2023). E-commerce and counterfeiting: Exploring the impact of Technology on consumer choices. *Marketing Science, 42*(1), 98-117.

Kononova, A., Huddleston, P., Moldagaliyeva, M., Lee, H., & Alhabash, S. (2024). Influence of cultural Values and hierarchical social norms on buying counterfeits online: a 17-country study. *Frontiers in Psychology*, *15*, 1394660.

Kononova, A., Alhabash, S., Huddleston, P., Moldagaliyeva, M., & Lee, H. (2023). Researchers investigate counterfeiting attitudes and behaviors: Global survey. *Michigan State University*.

Lee, S. H., & Yoo, B. H. (2009). A review of the determinants of counterfeiting and piracy and the proposition for future research. *Journal of Policy Studies*, *24*(1), 1-38.

Li, X., Dai, J., Zhu, X., Li, J., He, J., Huang, Y., & Shen, Q. (2023). Mechanism of attitude, subjective norms, and perceived behavioral control influence the green development behavior of construction enterprises. *Humanities and Social Sciences Communications*, *10*(1), 1-13.

Marín-Palacios, C., Botey-Fullat, M., & Márquez, J. A. (2024). A world of counterfeits: Knowledge to decide. *Journal of Consumer Behaviour*.

Norum, P. S., & Cuno, A. (2011). Analysis of the demand for counterfeit goods. *Journal of Fashion Marketing and Management: An International Journal*, *15*(1), 27-40.

OECD and EUIPO (2019), Trends in trade in counterfeit and pirated goods, illicit trade, *OECD publishing, Paris*.

Patiro, S. P. S., & Sihombing, S. (2014). Predicting intention to purchase counterfeit products: extending the theory of planned behavior. *International Research Journal of Business Studies*, *7*(2), 109-120.

Ouellette, J. A., & Wood, W. (1998). Habit and intention in everyday life: The multiple processes by which past behavior predicts future behavior. *Psychological bulletin*, *124*(1), 54.

Sujani, D., & Kristianto, A. H. (2024). Analysis of Factors that Influence Interest in Buying Counterfeit Products among West Kalimantan Students through Social Cognitive Theory. *ProBisnis: Journal Manajemen*, *15*(3), 356-363.

Varian, H. R. (1999). *Markets for information goods* (Vol. 99). Tóquio: Institute for Monetary and Economic Studies, Bank of Japan.

Van Den Putte, B., Yzer, M. C., & Brunsting, S. (2005). Social influences on smoking cessation: a comparison of the effect of six social influence variables. *Preventive medicine*, *41*(1), 186-193.

Wiedmann, K. P., Hennigs, N., & Klarmann, C. (2017). Luxury consumption in the trade-off between genuine and counterfeit goods: What are the consumers' underlying motives and value-based drivers?. *Advances in Luxury Brand Management*, 85-122.