Do Consumer Innovativeness and Consumer Materialism Drive Purchase of Counterfeit Brands?

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ARTICLE DETAILS

ABSTRACT

Counterfeiting is a serious problem in Asian countries. Despite its prevalence, prior research has paid limited attention to examining how consumer personality and product-related factors affect counterfeit consumption in those countries. The current research investigates how consumer innovativeness, materialism, and price-quality inference impact purchase intentions of counterfeits (PIC) directly and through attitude towards counterfeits (ATC). Structural equation modelling (SEM) was used to analyse data collected from a convenience sample of 310 consumers. The results show that while consumer innovativeness and materialism positively affect ATC and PIC, price-quality inference negatively influences ATC and PIC. This research contributes to counterfeit consumption research by uncovering the role of personality- and product-related factors. These findings would be useful for manufacturers and marketers of original brands in devising appropriate strategies to combat the purchase of counterfeit brands.

JEL Classification:
L15, L19

DOI: 10.47067/ramss.v6i2.313

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1. Introduction

Counterfeiting has grown tremendously (Ndofirepi et al., 2022) and has become a serious economic issue (Davidson et al., 2019). Counterfeiting is defined as “any unauthorized manufacturing of goods whose special characteristics are protected as intellectual property (IP) rights (trademarks, patents, and copyrights).” (Cordell et al., 1996, p. 41) This phenomenon has grown up to 10,000% during the past two decades (Norum & Cuno, 2011). The worldwide trade of counterfeit products has reached around 5% to 7% of global trade (IACC, 2008). Furthermore, the sale of counterfeits will be around $4.2 trillion by 2022 (ICC, 2017). It is critical as counterfeiting hurts original brands by damaging their image, decreasing sales, and disrupting consumer loyalty (Tunçel, 2021). Thus, scholars declare counterfeiting as the crime of the 21st century (Wilcox et al., 2009).
Although both the demand and supply sides have contributed to this tremendous growth (Astray, 2011; Garas et al., 2022), scholars have paid greater attention to the supply side (Bian et al., 2011). This is surprising as consumer demand is one of the major drivers of counterfeiting (Randhawa et al., 2015). Therefore, it is crucial to understand what motivates consumers to purchase counterfeits. Understanding consumer demand for counterfeit products is critical as it would help to curtail the supply of these products (Norum & Cuno, 2011). However, despite this, research examining consumer purchases of counterfeits is still limited. Indeed, most of the prior research on counterfeiting focused on its legal aspects (e.g., Lai & Zaichkowsky1999; Wilke & Zaichkowsky, 1999; Stone, 2001), combating strategies (e.g., Green & Smith 2002), and effects of counterfeiting (e.g., Prasad & Mahajan 2003).

Against this background, the current research examines whether consumer personality and product-related factors affect consumer ATC and PIC. This research draws on the attitude-intention model to investigate the influence of personality- and product-related factors on purchasing counterfeit brands. Specifically, it examines the effect of consumer materialism, consumer innovativeness, and price-quality inference on ATC and PIC. It also investigates whether ATC mediates the effect of consumer materialism, consumer innovativeness, and price-quality inference on PIC. The current research addresses De Matos et al.’s (2007) calls for understanding the determinants of attitudes toward counterfeits. Grossman and Shapiro (1988) have proposed two types of counterfeiting: deceptive and non-deceptive. Deceptive counterfeiting involves the purchase of counterfeits unknowingly. In contrast, non-deceptive counterfeiting involves the purchase of counterfeits knowingly. This study considers only non-deceptive counterfeiting because this context helps to investigate the true perceptions of consumers about counterfeit brands. Furthermore, non-deceptive counterfeiting would enable us to capture consumers’ ATC and PIC.

The rest of the organization of our study is as follows. The next section provides a review of relevant literature. Then, the research design is described, followed by the analysis and results section. Finally, it presents the discussion & conclusion, research limitations, and directions for future research.

2. Literature Review and Conceptual Development
2.1 Counterfeit Brand and Counterfeiting

Counterfeiting involves producing products using packages, labels, and logos similar to the original brands (Hanzee & Taghipourian, 2012). The House of Commons Canada (2007) defined counterfeit as the “illegal and unlawful duplication and imitation of goods confined by intellectual property rights.” Thus, counterfeits are products that are copycat versions of original products. These counterfeits usually are of low quality and low price. However, Clark (1999) argues that counterfeits are not always low-quality. He identified two types of counterfeits based on quality: genuine value and street value counterfeits. Whereas the former counterfeits are of high quality, the latter are of low quality. Additionally, counterfeiting may be non-deceptive or deceptive (Grossman & Shapiro, 1988). The situation where consumers fail to differentiate between counterfeits and genuine products is called deceptive counterfeiting (Vida, 2007). In contrast, non-deceptive counterfeiting is when customers knowingly and willingly buy counterfeits (Nia & Zaichkowsky, 2000).

Prior research on counterfeit purchases has identified several consumer-side factors that can impact consumer intentions to buy counterfeit products. For example, Garas et al. (2023) demonstrated that while susceptibility to social influence, neutralisation, and attitude favourably
drive consumer purchase intention of counterfeits, perceived risk significantly negatively impacts the purchase intention of counterfeits. Similarly, another study revealed that face consciousness negatively affects the intention to purchase luxury counterfeit brands, as face consciousness accentuates the risk of embarrassment (Jiang et al., 2023). Feng (2023) also found that the perception of being envied by the luxury brand through social media word of mouth can influence the purchase of counterfeits. However, past research has paid little attention examine the impact of materialism, price-quality inference, and consumer innovativeness on attitude and purchase intention towards counterfeits.

2.2 Purchase Intention

Purchase intention is consumers’ willingness to or probability of buying a product (Dodds et al., 1991). Purchase intentions are argued to drive actual behavior (Ajzen, 1991). The theory of reasoned action (TRA) assumes that intentions are shaped by attitudes toward behavior and subjective norms (Ajzen & Fishbein, 1980). Whereas attitude toward a behavior is “the extent to which a person has a desired or undesired assessment of the behavior in question” (Ajzen & Fishbein, 1980), subjective norms represent social norms. Individuals form intentions to behave in a certain way if they have a positive attitude toward that behavior, and subjective norms also support this behavior. In 1985, Ajzen extended TRA and added perceived behavioral control (PBC) as the third determinant of behavioral intentions. This PBC refers to an individual’s perception of the ease or difficulty in executing a specific behavior (Ajzen, 1991).

2.3 Attitude toward counterfeit brands

Consumer attitudes are the evaluative feelings toward some object, person, or situation. In other words, attitude is a favorable or unfavorable response toward a specific situation, object, or event (Huang et al., 2004). Several factors, such as economic, ethical, quality, and legal, determine attitude (Ang et al., 2001). If people have a positive attitude toward any object, then it shapes their behavior. Likewise, consumers’ favorable attitude toward counterfeits may determine their purchase intentions. Thus, drawing on TRA, we propose the following hypothesis:

H1: If consumers have a favorable attitude towards counterfeit brands, they will have higher counterfeit brand purchase intention.

2.4 Price-Quality Inference

Consumers usually infer product quality based on price (Chapman & Wahlers, 1999). This tendency to make an association between the quality of a product and its price is called price-quality inference. Since counterfeits are without warranties and are of low price (Huang et al., 2004), consumers use these factors to differentiate between counterfeits and genuine. The price helps consumers to make purchase decisions. It is particularly important when little information is available to judge product quality (Tellis & Gaeth, 1990). The counterfeits are perceived as low quality because they are generally sold at low prices (Huang et al., 2004). Quality is the primary determinant of purchase, so consumers may be reluctant to purchase counterfeits when the inference about quality is based on price. Past research has shown that price-quality significantly predicts consumers’ opinions about counterfeits. Dematos et al. (2007) have found that price-quality inference negatively affects consumers’ purchase intentions of counterfeits. Therefore, we propose the following hypotheses:

H2a: Consumer price-quality inference negatively affects purchase intention towards counterfeit brands.

H2b: Consumer price-quality inference negatively affects attitudes toward counterfeit brands.
**H2c**: Consumer attitude towards counterfeit brands mediates the effect of consumer price-quality inference on purchase intention towards counterfeit brands.

### 2.5 Consumer Innovativeness

Many researchers have demonstrated the significant role of consumer innovativeness in understanding consumers’ eagerness to adopt and accept novel products or services (Kumar & Uzkurt, 2010). Roger (1983) defined innovativeness as “the degree to which one member of society adopts unique ideas comparatively more often than the others”. Venkatraman and Price (1990) propose two types of consumer innovativeness: cognitive and sensory. While cognitive innovativeness tends to seek contentment through new thought-evoking experiences, sensory innovativeness refers to seeking contentment through involvement in internal experiences. Consumer innovators are more prone to purchase products online than non-innovators (Goldsmith (2001). Im et al. (2003) found a positive impact of consumer innovativeness on adopting new technological apps. Also, Hirunyawipada and Paswan (2006) found a positive effect of domain-specific innovativeness on adopting high-tech products. Since counterfeits may be new products, consumer innovativeness is expected to influence their adoption. Thus, we propose the following hypotheses:

- **H3a**: Consumer innovativeness positively affects purchase intention towards counterfeit brands.
- **H3b**: Consumer innovativeness positively affects attitude towards counterfeit brands.
- **H3c**: Consumer attitude towards counterfeit brands mediates the effect of consumer innovativeness on purchase intention towards counterfeit brands.

### 2.6 Consumer Materialism

Materialism refers to the value consumers place on worldly possessions (Belk, 1985). Materialistic people consider worldly possessions and acquisitions essential for satisfaction and well-being (Richins & Dawson, 1992). For them, the quality and quantity of possessions are the criteria to evaluate themselves and others. Belk (1985) suggests that materialistic people are possessive, envious, and non-generous. Materialistic people purchase products mainly to show others; genuine products and counterfeits serve this purpose (Yoo & Lee, 2005). They consider counterfeit brands as a source of fulfilling their materialistic needs at a very low cost (Zhou & Hui, 2003). Also, research demonstrates that materialism positively affects the purchase intentions of counterfeits (Furnham & Halldor, 2007). Thus, the following hypotheses are proposed:

- **H4a**: Consumer materialism positively affects purchase intention towards counterfeit brands.
- **H4b**: Consumer materialism positively affects attitudes toward counterfeit brands.
- **H4c**: Consumer attitude towards counterfeit brands mediates the effect of consumer materialism on purchase intention towards counterfeit brands.

Figure 1 shows conceptual model of current study.

![Fig.1. Conceptual Framework](image-url)
3. Research methodology

3.1 Sample Design and Data Collection

Our research uses a quantitative approach for testing different hypotheses of this study. For this study, Pakistani consumers aged between 18 and 29 years (i.e., emerging adults) are considered the population. Pakistani consumers are chosen because around 65% of consumer goods traded in Pakistan are counterfeits. Counterfeit versions of sunglasses, apparel, electronics equipment, perfumes, home appliances, cosmetics, pesticides, baby toys, cigarettes, detergents, and soft drinks are openly traded in local markets. Due to this, the government suffers from a loss of around Rs.12 billion (Khawaja, 2012). Emerging adults are the appropriate population for the current study as people of this age group are the primary buyers of counterfeit products (Gentry et al., 2001; Gupta et al., 2004). Furthermore, some past studies on counterfeiting have considered consumers of this age group (e.g., Wilcox et al., 2009).

Since university students fall in this age group, we distributed 500 questionnaires to students of various universities in Pakistan by using convenience sampling, a type of non-probability sampling. After removing questionnaires with missing responses, we retained 310 questionnaires that were complete in all aspects. Of the 310 students, 206 (65.5%) were males, and 104 (33.5%) were females. Concerning marital status, 275 (88.7%) students were single, and only 35 (11.7%) were married. Furthermore, 126 (40.6%) respondents belonged to rural areas, and 184 (59.4%) were residents of urban areas. Finally, of the 310 respondents, 76 (24.5%) were between 18 and 20, 136 (43.9%) were between 21 and 23, 80 (25.8%) were between 24 and 26, and only 18 (5.8%) were age greater than 27 but less than 29.

3.2 Measures

A structured questionnaire was used to collect student data to test the proposed hypotheses. This study adapted measures for all constructs from previous studies: materialism (Sirgy et al., 1998), price quality inference (Lichtenstein et al., 1993; Huang et al., 2004), consumer innovativeness (Doughfous et al., 1999), attitude toward counterfeits (Huang et al., 2004), and purchase intentions (Shukla, 2010). A seven-point Likert scale was used for measuring all the constructs.

4. Analysis and results

4.1 Reliability Analysis

For testing reliability, we calculated Cronbach’s alpha for each construct. The Cronbach alpha coefficient ranged from 0.613 to 0.884 (see Table 1). It shows that all measures are reliable (Nunnally & Bernstein, 1994).

Table 1: Values of Cronbach alpha coefficient

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materialism</td>
<td>7</td>
<td>0.613</td>
</tr>
<tr>
<td>Price quality inference</td>
<td>4</td>
<td>0.712</td>
</tr>
<tr>
<td>Consumer innovativeness</td>
<td>7</td>
<td>0.726</td>
</tr>
<tr>
<td>Attitude toward counterfeits</td>
<td>5</td>
<td>0.763</td>
</tr>
<tr>
<td>Purchase Intentions</td>
<td>8</td>
<td>0.884</td>
</tr>
</tbody>
</table>
4.2 Measurement Model

The measurement model results suggest that the hypothesized model fits well with observed data (i.e., CMIN/DF = 1.83, GFI = .89, CFI = .91, TLI = .90, RMSEA = .06).

4.3 Regression Analysis

To test the hypotheses, we used multiple regression analysis (see Table 2).

Table 2: Regression Co-efficient obtained through SEM

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATC □ PIC</td>
<td>.693</td>
<td>.000</td>
</tr>
<tr>
<td>Price-quality inference □ ATC</td>
<td>-.230</td>
<td>.000</td>
</tr>
<tr>
<td>Price-quality inference □ PIC</td>
<td>-.133</td>
<td>.020</td>
</tr>
<tr>
<td>Consumer innovativeness □ ATC</td>
<td>.139</td>
<td>.014</td>
</tr>
<tr>
<td>Consumer innovativeness □ PIC</td>
<td>.161</td>
<td>.005</td>
</tr>
<tr>
<td>Materialism □ ATC</td>
<td>.332</td>
<td>.000</td>
</tr>
<tr>
<td>Materialism □ PIC</td>
<td>.396</td>
<td>.000</td>
</tr>
</tbody>
</table>

Note: ATC: Attitude toward counterfeit; PIC: Purchase intention of counterfeit

The regression coefficient value between ATC and PIC is significant (i.e., β = .693, α = .00 < .05). This shows that ATC positively impacts PIC. Therefore, we accept H1. The regression coefficient value between price-quality inference and PIC is significant (i.e., β= -.133, α = .02 < .05). This shows that price-quality inference negatively influences PIC. Likewise, the regression coefficient between price-quality inference and ATC is significant (i.e., β = -.230, α = .00 < 0.05), indicating a negative impact of price-quality inference ATC. Thus, we accept H2a and H2b.

The regression coefficient value between consumer innovativeness and ATC is significant (i.e., β = .139, α = .014 < .05). This shows that consumer innovativeness positively influences ATC. Likewise, the regression coefficient between consumer innovativeness and PIC is significant (i.e., β = .161, α = .005 < .05), indicating a significant positive impact on PIC. Thus, we accept H3a and H3b.

The regression coefficient between materialism and ATC is significant (i.e., β = .332, α = .00 < .05). This shows that materialism positively influences ATC. Likewise, the regression coefficient between materialism and PIC of counterfeits is significant (i.e., β = .396, α = .00 < .05), indicating a significant positive impact of consumer innovativeness on PIC. Thus, we accept H4a and H4b.

4.4 Analysis of Mediation Using Causal Step Approach

We used a causal-step approach to mediation to test the mediation of consumer ATC between the relationship between independent and dependent variables. This process calculates several regression lines to check mediation. Each table below shows mediation analysis for the relationship between each independent variable and PIC.
Table 3: Regression analysis for ATC, PQI and PIC

<table>
<thead>
<tr>
<th>NO.</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Beta</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Price Quality Inference</td>
<td>PIC</td>
<td>-.133</td>
<td>.020</td>
</tr>
<tr>
<td>2</td>
<td>Price Quality Inference</td>
<td>ATC</td>
<td>-.230</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Price Quality Inference, ATC</td>
<td>PIC</td>
<td>.028</td>
<td>.700</td>
</tr>
</tbody>
</table>

**Note:** PQI = Price-quality inference; PIC = Purchase intention

Table 3 shows that price-quality inference significantly affects PIC. Also, price-quality inference is a significant predictor of ATC. Similarly, ATC is a significant predictor of PIC when the effect of price-quality inference is controlled. Moreover, the absolute value of the regression coefficient for price-quality inference and PIC has decreased substantially (i.e., β1 = -.133, β2 = .028). Thus, we conclude that ATC mediates the relationship between price-quality inference and PIC. Therefore, we accept H2c at a 5% level of significance.

Table 4: Regression analysis for ATC, CS and PI

<table>
<thead>
<tr>
<th>NO.</th>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Beta</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consumer Innovativeness</td>
<td>PIC</td>
<td>.161</td>
<td>.005</td>
</tr>
<tr>
<td>2</td>
<td>Consumer Innovativeness</td>
<td>ATC</td>
<td>.139</td>
<td>.014</td>
</tr>
<tr>
<td>3</td>
<td>Consumer Innovativeness, ATC</td>
<td>PIC</td>
<td>.065</td>
<td>.684</td>
</tr>
</tbody>
</table>

**Note:** CI = Consumer innovativeness; PIC = Purchase intention

Table 4 shows that consumer innovativeness significantly affects PIC. Also, consumer innovativeness is a significant predictor of ATC. Similarly, ATC is a significant predictor of PIC when the effect of consumer innovativeness is controlled. Moreover, the absolute value of regression coefficient for consumer innovativeness and PIC has decreased substantially (i.e., β1 = .161, β2 = .065). Thus, we conclude that ATC mediates the relationship between consumer innovativeness and PIC. Therefore, we accept H3c at a 5% level of significance.

Table 5: Regression analysis for ATC, M and PIC

<table>
<thead>
<tr>
<th>NO.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Materialism</td>
<td>PIC</td>
<td>.396</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Materialism</td>
<td>ATC</td>
<td>.332</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Materialism, ATC</td>
<td>PIC</td>
<td>.178</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>.655</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Note:** M= Materialism; PIC = Purchase intention

Table 5 shows that materialism significantly affects PIC. Also, materialism is a significant predictor of ATC. Similarly, ATC is a significant predictor of PIC when the effect of materialism is controlled. Moreover, the absolute value of regression co-efficient for materialism and PIC has
decreased substantially (i.e., $\beta_1 = .693$, $\beta_2 = .178$). Thus, we conclude that ATC mediates the relationship between materialism and PIC. Therefore, we accept H4c at a 5% level of significance.

5. Discussion and conclusion

This research aims to determine the antecedents of PIC. In this regard, the present study found that price-quality inference negatively influences ATC and PIC. It suggests that the higher the inference of quality drawn based on price, the lower the PIC and negative ATC. These results are opposite to findings revealed by Phau et al. (2008). However, this finding aligns with the results obtained by Celso et al. (2007).

In contrast, materialism and consumer innovativeness have a positive impact on both ATC and PIC. Many past studies have shown that consumer innovativeness impacts consumers’ product adoption (e.g., Goldsmith, 2001; Hirunyawipada & Paswan, 2006). However, there is little research linking consumer innovativeness and the purchase behavior of counterfeits.

Consumers high on innovativeness chose counterfeits to satisfy their need for innovativeness. It was also found that consumer materialism positively impacts ATC and PIC. It suggests that materialistic consumers consider counterfeit brands as a source of fulfilling their materialistic needs at a meager cost (Hou, 1995). Such finding aligns with prior research (e.g., Furnham & Halldor, 2007; Wee et al., 1995).

Furthermore, it was found that consumers’ positive ATC is the primary factor behind PIC. These findings reveal that positive ATC results in a willingness to buy these counterfeit brands. Similar findings were obtained in prior research (e.g., Phau & Teah, 2009; Penz & Stottinger, 2005; De Matos et al., 2007; Huang et al., 2004). Lastly, this study demonstrated that ATC provides mechanisms through which price-quality inference, materialism, and consumer innovativeness influence PIC.

6. Limitations and future research

This study has some limitations. First, this study considered university students. Although this sample is appropriate, this hurts the generalizability of our study. Therefore, future research should consider other consumers in a shopping environment. Second, our study considers only emerging adults (people with age 18 to 29). This group of people is the major buyer of counterfeits; however, other segments also buy counterfeits. Thus, it might be essential to consider other age groups (e.g., adolescents, older adults). Furthermore, it would be interesting to see the moderating role of age in research on consumer purchase of counterfeits. Third, this study captures consumers’ general purchase behavior concerning the purchase of counterfeits. Considering a particular context would reveal context-specific findings. For instance, the same research may be conducted for fashion products, such as apparel, bags, and cosmetics.

7. Managerial Implications

This research has important implications for practice. The marketers of genuine brands should emphasize the quality of their products or services. They should justify high prices by indicating the high quality of their products or services. Furthermore, marketers should demonstrate in advertisements that counterfeits are not innovative products. Instead, these are duplicate versions of original products, and such versions may become a cause of embarrassment for them. This research might be helpful for policymakers to control sales of counterfeits by influencing consumer
behavior.

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