

# **Gordon Institute of Business Science**

University of Pretoria

Consumer intentions of purchasing authentic luxury  
brands versus counterfeits in South Africa

**Natasha Shunmugam**

**23125439**

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

09 November 2015

## **Abstract**

The research paper investigates consumer intentions of purchasing authentic luxury brands versus counterfeit products in South Africa. The total sample in this study was 138 which consisted of both male and female participants. The sample consisted of individuals who lived in the Gauteng province and worked in various private-sector segments. The online survey measured different psychological factors that would influence consumer purchase intentions for either authentic luxury brands or counterfeits. The data collected from the survey was analysed using STATA version 14 software. The results show evidence that past behaviour, economic and hedonic factors will play a role in consumer intentions to purchase authentic luxury branded products versus counterfeits in South Africa.

## **Keywords**

Counterfeit, Luxury, Non-Deceptive, Purchase Intentions, SEM

## Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Natasha Shunmugam

09 November 2015

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# Chapter 1 Introduction to the Research Problem

## 1.1 Introduction

Chapter 1 discusses literature around consumer intentions of purchasing authentic luxury brands versus counterfeits. Background information on this topic will be discussed and the chapter will conclude with an outline of the following chapters of this research document.

## 1.2 Background

Luxury brands continue to enjoy significant earnings and strong brand equities. Their popularity among consumers and the super profits that can be made from the sales of these goods make them prime targets for counterfeiting (Phau & Teah, 2009). Due to economic gains, replicated products of authentic luxury brands is estimated to be 10% of worldwide trade and have become a serious problem, especially for luxury brands (Townsend, 2013).

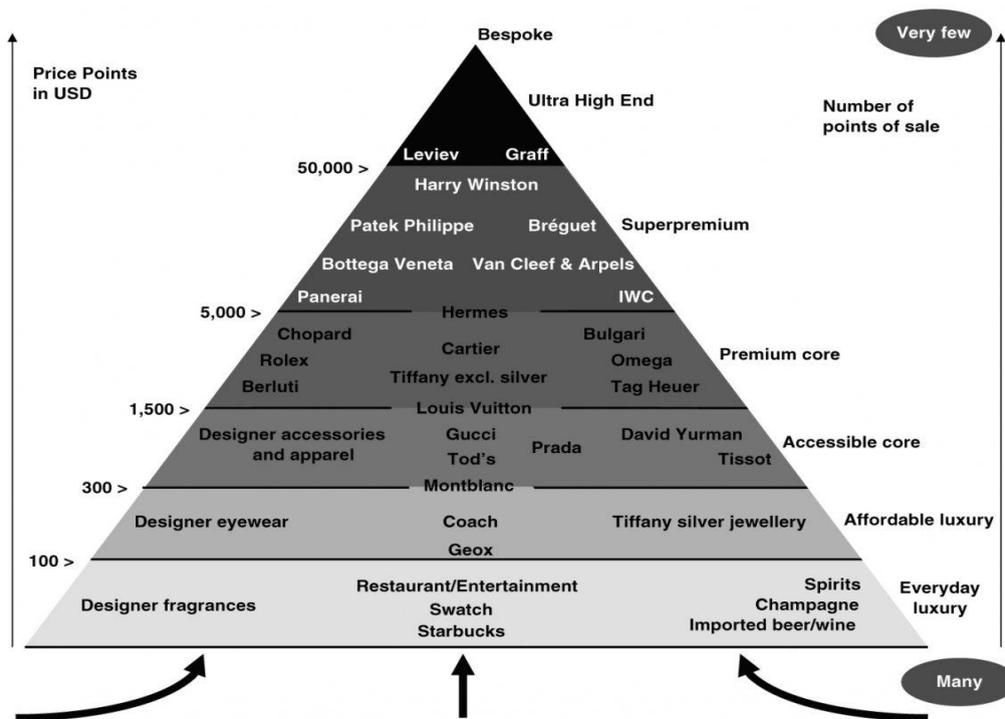
In 2014, the worldwide market for luxury brands was estimated to be approximately \$850 billion, showing a 7% growth from the year before – the growth can be attributed to touristic spending and the mobilisation of individuals between countries (Bain & Company, 2014). The United States remains the largest consumer of luxury goods, followed by China, France, Italy and Japan (Bain & Company, 2014).

According to Bain and Company (2014), trademark owners lose revenues of approximately \$600 billion a year due to counterfeit products being available in the market. The rate of counterfeiting has grown by an estimated 1,700% over the past decade. Apart from the loss of revenues, counterfeiting of strong brands leads to an erosion of the brand image in the market, which cannot be quantified monetarily. Counterfeit product purchases will increase when the brand equity of the original product starts to signify an image or lifestyle rather than the actual functionality (Gentry, Putrevu & Shultz, 2006).

Luxury brands report significant devaluation of brand equity and as a result, these companies lose approximately ten percent of their top-line sales due to counterfeiting (Gentry, Putrevu & Shultz, 2006). When the luxury brand is popular and extensively advertised as depicting a specific social status or image, it is more likely to be a target for manufacturers to counterfeit and push into the market.

Hence, these counterfeit brands will be more popular and easily accessible in the market (Nia & Zaichkowsky, 2000). Consumers' perception of brands can be illustrated by a pyramid that shows the hierarchy of brands from most accessible to high-end. The higher up in the hierarchy the brand is situated, the more likely it is to be targeted for counterfeiting.

**Figure 1: Luxury Power Ranking Diagram illustrating consumer access to luxury branded products**



Source: Reis (2015)

### 1.3 Counterfeiting

Product counterfeiting emerged many millennia ago; the first counterfeits appeared in Asian countries approximately 5,000 years ago (Chaudry & Zimmerman, 2009). Counterfeit products became a serious issue for manufacturers of authentic products around the late 1970's (Bian & Moutinho, 2011). The illicit trade will always be present in the market due to suppliers making super profits from the sale of these goods and consumers who want to gain affiliation with luxury brands by purchasing counterfeits (Yao, 2014).

Counterfeit goods can be simply defined as any goods which bear identical

resemblance to the authentic original trademarked product which is difficult to differentiate between the replicated and authentic product (Sonderholm, 2010). Manufactures of counterfeit products act so in an illegal manner and infringes the rights of the company that owns the trademark of that product (Sonderholm, 2010). Counterfeit products are produced and sold illegally and consumers are willing to purchase these products making the practice acceptable in society (Chaudhry & Stumpf, 2011). There have been numerous efforts by local authorities and intellectual property (IP) rights holders around the world to stop or slow down the growth of counterfeiting.

Globally, local authorities have focused most of their efforts on the manufacturers' side (supply) of counterfeiting, and minimum focus has been placed on the consumers' side (demand) of purchasing counterfeit goods. The demand side is considered a key driver of the counterfeit market. Bamossy and Scammon (1985) attribute consumer demands to the high increase in counterfeits over the years. To have a holistic understanding of the counterfeiting phenomenon, marketers need to understand the critical factors that drive the demand for counterfeit goods, which in turn creates the need for manufacturers to supply this lucrative market (Bian & Moutinho, 2011). Consumers are demanding more counterfeit branded products due to their aspiring attitudes, social media, and pressures in society to differentiate oneself. The masses want to buy the latest brands but cannot easily afford the original, resulting in the demand for counterfeiting (Bian & Moutinho, 2011).

In order to curb consumer demand for counterfeit goods, local authorities are required to have a deeper understanding of what drives the consumer purchasing decision between an original branded product and a counterfeit. That is, they need a deeper understanding of the psychological constructs that drive counterfeit purchases (Penz & Stottinger, 2005). Price is a factor that has been well-researched and which has proven to be a key factor in counterfeiting. However, price is not the only determining factor (Penz & Stottinger, 2005). There is a need to understand the person-related or psychological context of shopper behaviour.

### **1.3.1 Deceptive counterfeiting**

The practice of engaging in the act of purchasing counterfeits can be categorised as either deceptive or non-deceptive counterfeiting (Wilcox, Kim & Sen, 2009). Deceptive counterfeiting occurs when a consumer is unaware that he/she is purchasing counterfeited items from a supplier/manufacture, or when a supplier/manufacture is posing as the originator company and the consumer is unaware of it (Wilcox et al.,

2009). A product is sold to the consumer on the basis that he/she believes the purchase is an original product, and the purchase behaviour is exactly the same as if the consumer was purchasing the original product.

### **1.3.2 Non-deceptive counterfeiting**

The non-deceptive form of counterfeiting has a high prevalence in the luxury branded counterfeit market. A consumer engages in non-deceptive counterfeiting when that person is fully aware that the products being bought are definitely a counterfeit of the authentic luxury brand and makes a conscious decision to purchase that product although it is an illegal act (Eisend & Schuchert-Guler, 2006).

The resellers or manufacturers do not market their products as authentic luxury brands rather explicitly markets their products as counterfeits at the fraction of the cost (Nia & Zaichkowsky, 2000). Consumers are often able to distinguish between the counterfeit and original luxury branded product due to the quality, price and distribution channel, which in most cases includes informal markets frequently visited by consumers (Penz & Stottinger, 2005). This research study focuses on non-deceptive counterfeit purchases. It aims to gain better insight into the purchase intentions of consumers who are fully aware of their counterfeit purchase decision, as well as into what drives these consumers to make such purchases.

## **1.4 Research problem**

The phenomenon of counterfeiting has been present for a long time, yet manufacturers have considered counterfeiting as a serious problem only since the 1970s, when marketers acknowledged that this activity has an impact on their brands and ultimately the revenue (Nill & Shultz, 1996). The increase in counterfeits can be linked to the rise of global mobility and trade (Cottman, 1992). Counterfeits create many problems. These range from threatening legitimate business owners to slowing down innovation, which is considered a critical component of the sustainability of the brand and the organisation. This ultimately has an impact on national growth at a macro level (Wilke & Zaichkowsky, 1999).

The aim of this study is to investigate consumer intentions of purchasing authentic luxury brands versus counterfeit products in South Africa. The study will focus on the past behaviour of the consumers and their previous purchases of luxury branded items and counterfeit items. In addition to these constructs, additional independent variables will be taken into account, such as consumer attitudes and personal characteristics,

which have an effect on the consumer's intention to purchase counterfeit goods versus authentic luxury branded products (Yoo & Lee, 2009).

To combat this phenomenon, local authorities and global organisations are required to understand the key drivers of consumption and the consumer intentions behind these purchases in different countries. In South Africa, the counterfeit industry is estimated to be worth approximately R362 billion (Montandon, 2015). Furthermore, it is considered one of the fastest-growing counterfeit markets globally. Even though the Counterfeit Goods Act No 37 was proclaimed in 1997, and came into force in South Africa on 1 January 1998, it has not been effective in decreasing the surge of counterfeit products (Montandon, 2015).

South Africa is one of the BRICS nations. BRICS countries are those that have been nominated as emerging economies, based on various indices. The indices that are used to evaluate South Africa as an emerging market are population size, infrastructure, economy, health and education and technology (Montandon, 2015). Due to the rise of the middle-class fostered by urbanisation, these indicators make South Africa an attractive opportunity for foreign direct investments and the entry of global brands.

South Africa has the largest GDP in Africa, as well as the most established retail market, with the highest consumer spend on the continent (Montandon, 2015). The country has stable macro-economic, political and inflation conditions, making it attractive to luxury brands to enter this market.

According to McKinsey (2012), the approximate annual consumption of authentic luxury brands in emerging market economies will increase from US\$12 trillion in 2010 to US\$30 trillion in 2025, making emerging economies an attractive investment for foreign luxury brands. The emerging markets and their consumption will total approximately 50% of the total global consumption of authentic luxury brands by the year 2025.

Due to recessionary conditions experienced in the European markets and a subsequent decline in sales, manufacturers of luxury branded items have sought geographical expansion to compensate for this gap in sales (Atwal & Bryson, 2014). This expansion involves moving into emerging markets such as South Africa and China (Atwal & Bryson, 2014). As the demand increases, emerging markets show positive potential in growing sales for luxury branded items and more countries become exposed to international luxury branded items (Atwal & Bryson, 2014).

China is an emerging market that has done well with the emergence of luxury brands in the market. A report by Bain and Company, (2014) states that the Chinese have overtaken the Americans in the consumption of luxury goods, and that Chinese luxury good consumption accounts for a staggering 25% of global luxury branded items consumption, making this an attractive market (Bain & Company, 2014).

It is predicted that China's economy will become the largest consumer of authentic luxury brands in the next decade. However, the biggest threat – despite the positive indicators for luxury brands in China – is the high prevalence of counterfeits and the lack of regulations in the country to protect the original branded product (Atwal & Bryson, 2014).

Similar to China's success in the growth of luxury brand sales, such sales in Africa grew by almost 35% between 2008 and 2013. This percentage is forecasted to increase by a further 33% over the next five years, making Africa, more specifically South Africa, an attractive market for foreign luxury brands (Euromonitor, 2013). Established luxury brand manufacturer Louis Vuitton suggests that their sales in Africa will increase by 11% in the next 5 to 10 years, demonstrating the appetite of the African consumer for luxury branded products (Euromonitor, 2013). Along with this great opportunity lies a huge risk for authentic luxury brand manufacturers entering the emerging market such as Africa and more specifically South Africa, which is plagued by problems similar to those in China with regards to the high counterfeits being present in the market.

Africa is used as a hub for counterfeit manufacturing as the products geographic location of manufacture can be concealed when exporting to different countries, (Haman, 2010). Meissner (2010) supports this notion and attributes counterfeits being based in South Africa to the extensive trade routes to China via sea transportation, ease of access through borders due to the lack of security, and the presence of corruption, which results in manipulation of local regulations.

South Africa has numerous ports that are important for trade between different countries. These ports may be one of the key factors as to why South Africa attracts manufacturers of counterfeits to enter the market and establish production (Haman, 2009). It is noticeable that counterfeiting activities are present and products readily available in all nine of South Africa's provinces. The highest prevalence of counterfeit products can be found in Gauteng, KwaZulu-Natal and the Western Cape (Naidu, 2005). The key factor that drives the higher prevalence in KwaZulu-Natal and the

Western Cape is access to international ports. In Gauteng province, OR Tambo International airport is a gateway for inbound and outbound consignments of counterfeit goods from and to different countries (SAFACT, 2009).

The research findings will be specific to the South African market and will allow multinationals that operate in the country to have a better understanding of the South African consumer. This study intends to provide academics and practitioners alike with information to build a clearer consumer profile for the South African luxury brand market with regard to the variables that drive counterfeit purchases.

## **1.5 Research objectives**

As previously stated, the objective of the research study is to understand the consumer's intention to purchase authentic luxury products versus counterfeit products in South Africa. The secondary objectives of the research project were based on the framework of Yoo and Lee (2009).

The secondary objectives include:

- To understand if past purchases affect consumer purchase intentions of either counterfeits or original branded products.
- To understand if positive attitudes towards the hedonic benefits of counterfeit products affect consumer purchase intentions.
- To understand if positive attitudes towards the economic benefit of counterfeit products affect consumer purchase intentions.
- To understand if the consumers' degree of materialism affects their purchase intentions.
- To understand if perceived future social class affects the consumer intention to purchase originals.
- To understand if self-image affects the consumer decision to purchase original brands.
- To understand if past purchases of originals have a negative association with purchasing counterfeits.
- To understand if past purchases of counterfeits have a positive association with purchasing originals.

## **1.5 Summary and layout of study**

Chapter 1 described the background to what is the research problem and indicated the clear need for this research study. The next Chapter will provide the theoretical overview, which illustrates the argument within academic literature to show the need for the study within the South African context, and the supporting or conflicting theory. In Chapter 3 eleven research questions will be defined and ultimately tested and presented in Chapter 5. Chapter 4 details on the research methodology, unit of analysis, the target population, sample size, sampling method and the research instrument. The results of the survey will be presented in Chapter 5. In this chapter the descriptive quantitative results will be shown and statistical results per hypothesis will be validated or rejected. Thereafter, Chapter 6 will provide a clear discussion of the results obtained from this research study. To conclude this research, Chapter 7 outlines the key findings and provides suggestions to managers to improve business practice in South Africa. Lastly, this chapter will include the limitations of the research and any future recommendations to students who would want to pursue research in this specific field of study.

## Chapter 2 Literature Review

The chapter provides an academic argument in the form of different literature in order to provide a deeper understanding of consumer intention to purchase counterfeits or authentic luxury products. Yoo and Lee (2009) developed a conceptual framework to test consumer intentions to purchase authentic luxury brands or counterfeits. This chapter sheds light on the academic literature to review the factors that influence consumer intention to purchase counterfeits or original products. The antecedents that will be reviewed in this chapter are: past purchase behaviour of originals/counterfeits; attitudes towards the economic benefits of counterfeit purchases; attitudes towards the hedonic benefits of counterfeits purchases; materialism; perceived future social status; self-image, and the relationship between purchase intention of originals and counterfeits (Yoo & Lee, 2009).

### 2.1 Luxury brands

Berry (1994) suggested that consumers have long since engaged in the purchase of luxury goods. Some of the earliest luxury purchase behaviour was recorded in Ancient Egypt thousands of years ago, where luxury items were considered to be any precious metals, jewellery and pottery that had unique markings on them (Berry, 1994). Luxury goods have been documented on numerous occasions in human history and have been associated with an array of different purchasing behaviours from consumers when it is associated to specific purchases (Dubois, Czellar & Laurent, 2005). Individuals will purchase authentic luxury goods in order to enjoy the intrinsic benefits which is derived from an increase in self-esteem due to the social status attached to that luxury product (Wang & Griskevicius, 2014).

Keller, Heckler and Houston (1998) define an authentic product as a memory that a customer holds with regard to the perception of that specific product, linked to a nostalgic moment the customer shares with the brand. Consumer perception is a key factor in determining the customer's lifetime value to the specific brand (Fournier, 1998). In order to drive companies' growth and profitability, it is important to benefit from a long-term relationship with customers and their continuous purchases this can be described as the customer lifetime value (Haenlein, 2015).

In emerging economies such as South Africa, young consumers of luxury brands have a high customer lifetime value. If these young customers are influenced negatively into purchasing counterfeits, the manufacturers of original branded products lose profits and

future sales (Haenlein, 2015).

Throughout history there have been many definitions of luxury and its perceived value to individuals. Therefore, there is not one single definition of luxury in academic literature (Hieke, 2010). Luxury product brands are generally associated with superior quality and which is considered expensive by most consumers (Turunen & Laaksonen, 2011). With such a general perception many brands can fit the definition and thus luxury is very subjective, based on the consumer socio-economic standpoint. For this reason luxury must be further specified into specific categories.

Chevalier and Mazzalovo (2008) specified six criteria in order to determine whether a brand classifies as luxury, as follows: the brand must be well-known internationally; unique; show excellent craftsmanship; and have strong innovative and artistic content.

## **2.2 Brands**

Brand names and image have a substantial influence on consumer purchase behaviour. The notion of brand image and its influence on consumers was first introduced by Gardner and Levy in 1955. By the late 1980s brand image had become a key focus of consumer behaviour research in order to understand the effects brand image had with consumer purchase intentions (Dobni & Zinkhan, 1990). Brand image consists of three components, namely, product features and benefits, brand personality, and symbolism of the brand.

Brand image and brand identity are sometimes used interchangeably, as they are both derived from the associative network theory (Aaker, 1996). However, they have different meanings to consumers. The image of a brand a company portrays can be described as how a brand is perceived by consumers and it ultimately relates to the consumer's brand preference (Dolich, 1969). A products brand identity can be described as a unique set of brand qualities that marketers try to create or maintain which can easily be identified by consumers (Aaker, 1996).

Marketers who communicate a clear brand image to the consumer manage to establish a brand position, protect their market share from competitors, and eventually build long-term brand equity (Aaker & Keller, 1990).

When consumers start buying products from specific brands and do not consider price as a key factor in the purchase decision, this is called brand loyalty. Brand loyalty is achieved through an established brand identity created by the company (Aaker, 1996).

Marketers who create a strong brand allow consumers to have positive attitudes and beliefs about the brand, which promotes repeat sales and increases the customer lifetime value of that consumer (Keller, 1993). Yoo and Lee (2000) explain in their research that once this is achieved it reduces the likelihood of consumers switching to other brands.

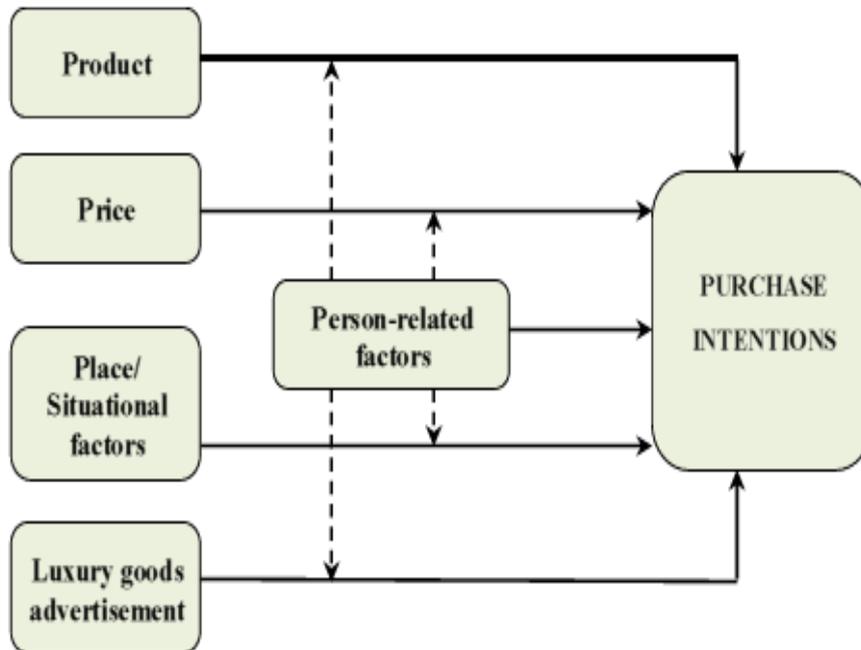
A consumer is thought to have high brand awareness when he/she can recognise the product through specific characteristics such as colour pantones, logo or unique symbols or markings that is specific to that (Keller, 2003). This is extremely powerful as it means that the symbolism of the brand is very strong, easily recognisable and established in the mind of the consumer. If consumers would consider products in a certain category and there is a strong brand recall, the consumer will remember that specific brand that represents the category, for example, Sunlight Liquid is generally used to describe dishwashing liquid regardless of the brand used (Aaker, 1996).

### **2.3 Factors that influence purchase decisions**

The marketing mix is a set of tactical marketing tools that focuses on the "four Ps", namely, product, price, promotion and place. This framework is used extensively by marketers to understand consumer consumption (Kotler & Armstrong, 2012). In addition to the four Ps, Stravinskiene, Dovaliene and Ambrazeviciute (2013) included the advertisement of branded goods (promotion), situational factors (place) and personal factors, all of which provide a deeper insight into consumer purchase intentions (see Figure 2). The theoretical framework based on the principles of the marketing mix specifies variables that may affect a consumer purchasing luxury counterfeit products versus original products.

A figure follows on the next page depicting these attributes visually.

**Figure 2: Key attributes that affect consumer purchase intent for counterfeits**



**Source: Stravinskiene, Dovaliene and Ambrazeviciute (2013)**

### 2.3.1 Purchase intentions

The probability of a consumer purchasing a specific product in a repetitive manner can be described as intention (Stravinskiene, Dovaliene and Ambrazeviciute, 2013). Purchase intentions relate to past, present and future behaviour and the probability that a person will repeat similar purchases (Witlark, Geurts & Swenson, 1993). The factors described by Stravinskiene, Dovaliene and Ambrazeviciute (2013) in their theoretical framework suggest that if marketers consider these variables it can ultimately lead to understanding the purchase intentions of their consumer segment and predicting buying decisions. Such understanding can be helpful in putting marketing and business strategies together.

The variables in the theoretical framework can be easily manipulated to drive certain purchase behaviour or purchase intention of a consumer. The factor that is unpredictable is the person-related factors, and it is generally difficult to gauge the influence this has on all the other variables. Person-related factors are affected by social, cultural and situational particulars of a consumer (Pau & Teah, 2009). Even if all the variables in the model are favourable, the person-related factors will ultimately influence the consumer purchase intention. This factor is not clearly understood by marketers and falls more into the realm of consumer psychology.

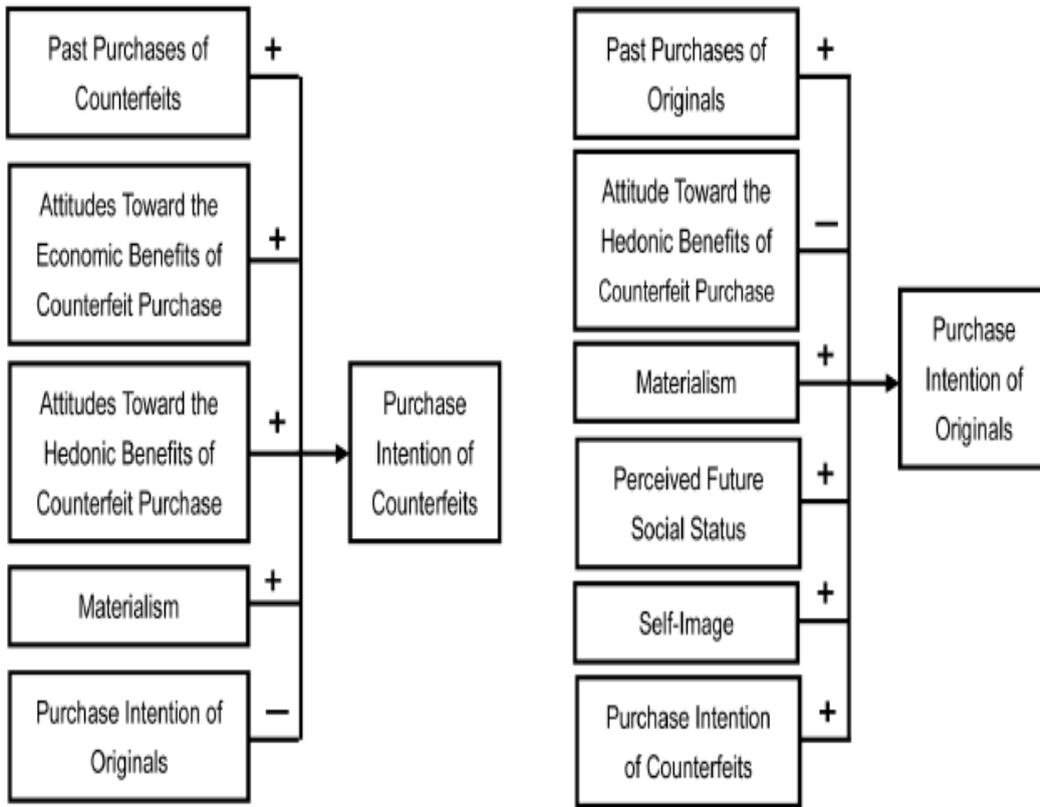
### 2.3.2 Person-related factors

The person-related factor in the theoretical model above is a moderator. A moderator relationship exist where a variable affects the direction and/or strength of the relation between an independent or predictor variable such as product, price, place and advertisement, as depicted in Figure 2 (Bryman & Cramer, 2001). The moderator is extremely important in the ultimate purchase intention of the consumer as it will place a higher weighting on the independent factors based on the consumer's beliefs and value system. Person-related factors have various dimensions which form part of the consumer's personal characteristics. Even if all the independent predictor variables are favourable in the mix the person-related factor will ultimately moderate the consumer purchase intention – this is applicable to counterfeit as well as authentic luxury brand products (Bryman & Cramer, 2001). For this reason it is important to consider the research framework of Yoo and Lee (2009). This is deemed important and relevant to understanding the psychological drivers/person-related factors of consumer purchase intention apart from the traditional marketing mix.

Yoo and Lee (2009) in their research study take into variables in a psychological context which the marketing mix does not incorporate, these constructs include the (1) economic benefits, (2) hedonic benefits, (3) the demographic and (4) psychographic state of an individual; none of which Stravinskiene, Dovaliene and Ambrazeviciute (2013) illustrates in Figure 2 above. Supporting Yoo and Lee (2009) in the need to understand the psychological context of consumer intention, is research conducted by Fernandes (2013) who shows that buyers of counterfeit goods are profiled as individuals who possess characteristics of self-ambiguity and who place high value on the opinion of others, but at the same time have little regard for ethical issues. This research aims to investigate the consumer intentions of purchasing authentic luxury brands versus counterfeits in South Africa, based on the psychological context described by Yoo and Lee (2009) in their research framework (see Figure 3).

A figure follows on the next page depicting this research framework visually.

**Figure 3: Research framework**



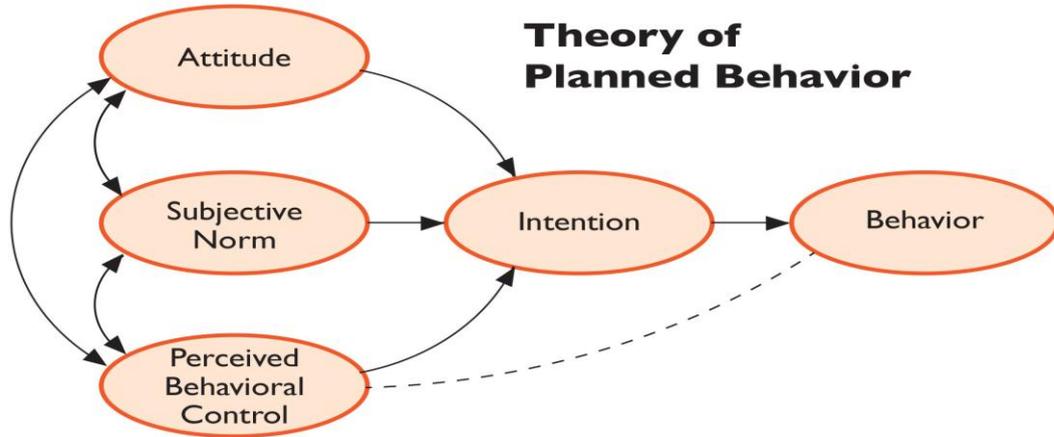
## 2.4 Past behaviour

A consumer's future purchases can be predicted based on their past purchase behaviour. This can be valuable to marketers in order to predict the purchasing behaviours of a specific market segment (Bamberg, Ajzen & Schmidt, 2003). This notion is supported by research conducted by Oulette and Woods (1998), which confirmed past behaviours as strong predictors of future behaviour. Fishbein and Ajzen (1975) proposed the theory of planned behavior (TRB), which has been developed to link beliefs and behaviour. According to the TRB model, the strongest predictor of an individual behaviour is intention, as intention represents a person's cognitive readiness to perform certain behaviour and is therefore a powerful predictor in understanding behavioural trends of individuals (Ajzen, 1991).

The individual's intention to perform a specific behaviour and the performance of that specific behaviour is a joint function of intentions and perceived behavioural control (Fishbein & Ajzen, 1975). Figure 4 below depicts that attitudes towards an act can

positively reinforce a behaviour thus predicting a consumer's purchase decision (Ajzen 1991).

**Figure 4**



**Source: Ajzen (1991)**

Based on the theory discussed it can be inferred that repetition of a behaviour will form a habit. The frequency of the same behaviour is also important in the propensity that that same individual will perform the same action. This notion can be applied to consumer behaviours and attitudes towards counterfeit and luxury branded items (Schmidt, 2003).

Once a consumer has purchased a counterfeit product in the past the more likely that same consumer will purchase counterfeits in the future, this behaviour is repeated frequently if the consumer gains a positive experience from this action thus reinforcing the behaviour a counterfeit product, that same consumer is likely to purchase counterfeit products in the future. Counterfeit products are seen to be as novelty products due to the inexpensive nature, thus attributing to the frequency of the purchase behaviour of the consumer (Schmidt, 2003). Studies conducted by Seetharaman, Ainslie and Chintagunta (1999) showed that once a behaviour has resulted in a habit of action, that consumer will not be prone to changing to an authentic brand even if there is aggressive marketing activity. Such entrenched behaviour therefore makes it even harder for local authorities to curb the surge of demand for counterfeits that in turn drives supply.

In summary, it can be supported by academic literature that past purchase behaviour of counterfeit luxury branded goods will ultimately lead to future purchase of counterfeit

luxury branded goods, and that past purchase of authentic luxury brands will result in future purchase of authentic luxury branded products (Yoo & Lee, 2009).

#### **2.4.1 Consumer attitudes**

Attitudes are formed based on the beliefs a person holds after performing a certain behaviour/action – the outcome of that behaviour being either positive or negative will ultimately create an attitude (Fishbein & Ajzen, 1975). Attitude and the individual's personal characteristics are strong predictors of a person's ethical behaviour, which in turn is a good indicator of whether a consumer would purchase counterfeit luxury brands or not (Leonard, Cronon & Kreie, 2004).

Attitudes play a critical role in consumer intention to purchase a counterfeit or original branded product (Yoo & Lee, 2009). Having a better understanding of how attitude has an influence on the purchase decision will allow marketers to more accurately profile the consumers in their target markets (Yoo & Lee, 2009).

Positive attitudes formed by a consumer towards counterfeits will most likely increase the propensity to purchase counterfeit products repeatedly. These positive attitudes towards counterfeits can be classified into two segments, namely, economic and hedonic benefits. These benefits build and create a consumer's positive attitude towards an action, making it more likely for the same person to repeat that action in the future (Yoo & Lee, 2009).

Economic benefits are those factors that are related to price, which is considered one of the main factors that influence consumers to purchase counterfeit luxury goods versus the authentic goods (Albers-Miller, 1999; Wiedmann, Henning & Siebels, 2007). The primary benefit of a counterfeit luxury brand item is seen as symbolic rather than functional, therefore the positive attitude derived from the price is that consumers perceive this as a saving and a "good deal" (price and quality ratio) for the increase in social status it brings them (Hoon Ang et al., 2001). The more aesthetically authentic the counterfeit product looks, the more difficult it is for individuals in society to differentiate. As a result, the consumer's desire to continue purchasing counterfeits due to symbolism, not functionality, is reinforced, adding to the positive attitude associated with the behaviour (Wilcox et al., 2009).

Chakraborty, Allred and Sukhdial, (1997), the findings showed that individuals purchase counterfeit luxury branded products due to three motives: competition, wealth and status symbol. These motives are hedonic benefits that appeal to an individual's

self-image in society. The purchase of a counterfeit product is appealing due to the close resemblance it has to the original product, for a fraction of the cost. Hedonic benefits arouse an experience that is similar to the purchase experience of procuring original brands, evoking a positive attitude reinforcing the behaviour (Okada, 2005).

When consumers want to fulfil their hedonic desires they can be easily swayed to purchase counterfeits, regardless of the quality of the product. These consumers will not feel socially embarrassed if found to be using counterfeits, especially because of their pure hedonistic reasons for purchase (Phau & Teah, 2009).

#### **2.4.2 Materialism**

The fields of marketing and psychology have been intrigued with the concept of materialism and the impact it has on consumer purchasing decisions. Materialism is described as the importance people attach to material tangible goods (Solomon, 2009). Both counterfeits and authentic luxury products bring about a similar effect which complements the consumer's physical vanity, and owning a product from a specific brand enhances self- image and societal status based on the consumer's perception of symbolism of the product (Solomon, 2009).

These consumers have a strong belief that accumulating goods provide a sense of personal gratification, satisfaction and joy while society perceives material possessions as symbols of success, indulgence and luxury (Long & Schiffman, 2000). Social status can be attributed to economic power and the individual's standing in society, namely, upper class, middle class or lower class (Sorokin, 1959). Self-image also plays a significant role in consumer intent to purchase counterfeit goods (Sirgy & Danes, 1982).

Materialistic consumers have three common characteristics- they place high value on their accumulated assets, explicitly enjoy showing off their possessions to others; they tend to demonstrate selfish behaviour; and they have a strong desire to accumulate wealth as a display of their social status (Schiffman, Kanuk, Kumar & Wisenblit, 2010). Both counterfeit and original luxury products can satisfy consumers who are materialistic as the desired effect is the same and provides the same gratification as an authentic luxury branded product (Penz & Stottinger, 2005).

Consumers who purchase counterfeit products based on their materialistic character traits tend to make purchases based on social recognition and the social status that the counterfeit product brings, without the high costs associated with the product. Consumers, who purchase authentic luxury products based on their materialistic

character traits, purchase the product for what the exclusive brand represents and the brand promise associated with it (Penz & Stottinger, 2005). Individual characteristics can be significant predictors of consumers' purchase behaviour and the ethical standpoint of that specific consumer, which will drive behaviour to either purchase a counterfeit or an original branded product (Triandewi & Tjiptono, 2013).

### **2.4.3 Perceived future social status**

The notion of status has its origins in ancient society and has been well documented across all societies throughout the ages. Historically status was determined by the family a person was born into and the surname that person carried which reflected the origins of that tribe (Botton, 2004). By the 18th century, the term "status" had evolved and individuals' status developed according to their achievements and the wealth attributed to those achievements.

A differing view on status is set out in the Theory of the Leisure Class (1899), in which economist and sociologist Thorstein Veblen argued that the accumulation of wealth is not a true indicator of status. In his opinion, status is indicated by the evidence to society of wealth, which can be true or false. As this status signal is a perception of how society views the individual, it is merely evidence or signs of wealth and not a true account of wealth accumulation. It therefore lends itself to conspicuous consumption (Botton, 2004).

People consume luxury brands so as to signal to society evidence of their wealth and ultimately their status (Richins, 1994), the tendency to excessively purchase and exhibit expensive branded products can be described as conspicuous consumption (Veblen, 1899), where these luxury brands are used to communicate to society the level of prestige of an individual (Mazzocco et al., 2012).

Therefore, social status is an important factor that influences consumer purchase intentions and affects buying behaviour especially towards branded luxury items whose marketing campaigns signal prestige. Social status and prestige underpins the psychology of consumers participating in non-deceptive counterfeit purchases (Rucker, Dubois & Galinsky, 2011).

A person that has an ambition to have a higher future socio-economic standing will be less likely to consider price in the present when making purchase decisions, these individuals aspire to live like the wealthy and will not purchase counterfeit products as this is not in line with their core values (Yoo & Lee, 2009).

#### **2.4.4 Self-image**

Consumers will purchase products that resonate with their self-image and the brand identity that is conveyed through the marketing strategy of that product (Solomon, 2009). Consumers will buy products that match their personal characteristics or characteristics they aspire too, to impress others in society by relaying their position in society via the product image (Solomon, 2009). Luxury brands are advertised and marketing to depict an exclusive lifestyle which most people aspire to or dream they can attain. Unfortunately the lifestyle depicted by luxury brands is not attainable by most due to the high prices associated in purchasing these products.

Luxury branded products depicts an image of wealth and individualism, and signal high social status. Therefore, individuals who can afford these products will purchase these brands to signal a specific self-image to society, while the masses that cannot afford to purchase these brands but want to portray the same self-image will purchase counterfeit luxury brands (Yoo & Lee, 2009).

Self-concept is a theory that explains a person's self-esteem and the value which a person views him/herself. The theory of self-concept includes self-image, which can be described as the perceptions one has about him/her. This theory is important as it is the basis of a person's motivation to portray the "ideal" self in a social context (Goldsmith et al., 1999).

When a consumer uses a specific brand a person can express him/herself, and therefore purchase intentions will be linked to the brand personality or image (Hem & Iversen, 2002). It is the symbolism of the product rather than the functionality of the product that allows the consumer to build a self-image and be associated with a certain lifestyle which the brand represents. Since a brand is mostly symbolic, consumers who cannot afford the original branded product tend to use counterfeit luxury brands to demonstrate the same image as the original (Malhotra, 1988). Mintel (2001) found that more and more consumers believe that designer brands will improve their self-image therefore will drive customer purchase intention.

#### **2.4.5 Purchase intentions of originals and counterfeits**

Yoo and Lee (2009) found an interesting relationship with consumer intentions with regards to originals and counterfeits. Consumers who buy counterfeits have positive propensity to purchase original products in the future when their economic changes to be able to afford the original brand, while consumers who purchase originals have a negative propensity to purchase counterfeits, as they perceive the counterfeit product

as inferior based on their experience of the original brand (Yoo & Lee, 2009). Consumers who purchase counterfeits understand the risk of their self-image being damaged as a result of the embarrassment they would feel if they were out in society for purchasing counterfeits. Therefore, once they can financially afford originals they intend to buy them. According to Nia and Zaichkowsy (2000), original brand equity is not damaged by consumers buying counterfeits. On the contrary, the original brand gains more awareness as those consumers aspire to buy the originals.

## **2.5 Summary**

In this chapter the theoretic construct of each element was discussed. Academic literature in this chapter showed that consumer purchase intention can be affected by different variables, ranging from the marketing mix to the psychology context. The psychology context or person-related factors are important in the consumer intention to purchase counterfeit luxury products or originals.

The literature shows that the constructs of consumer past behaviour, consumer attitudes towards economic and hedonic benefits, materialism, perceived future social status and self-image affect consumer purchase intentions to purchase counterfeit luxury brands or originals. The construct of past behaviour examines past purchase decisions and their impact on future purchase decisions, while positive attitudes towards economic and hedonic benefits describe the reasons why consumers would purchase counterfeits and its appeal in a societal context. In the construct of materialism, the literature shows that materialistic consumers share three common traits which link to self-image and future social status.

Perceived future status construct is linked to the achievements of the individual and the accumulation of wealth through their achievements giving the individual a certain social status in society. The construct of self-image explains through the theory of self-concept the alignment of a person's self image and their associations with products that uplift their self-esteem. The final construct explores the reciprocal nature of the relationship between consumer intention between counterfeits and original products. Consumers that purchases counterfeit luxury branded products are more likely to purchase authentic products in the future, while consumers that purchase authentic products are less likely to purchase counterfeits.

## **Chapter 3 Research Questions**

The objective of this study is to understand the purchase intentions of the South African consumer and what drives their behavior to purchase either authentic luxury brands or counterfeits of that brand. This was done using the framework by Yoo and Lee (2009), depicted in Figure 3 (see page 14).

### **3.1 Research Question 1**

What is the relationship between past purchase behaviour and the intention to purchase counterfeits?

H1: Past purchases of counterfeits are positively associated with consumer intention to buy counterfeits.

### **3.2 Research Question 2**

What is the relationship between past purchase behaviour and the intention to purchase originals?

H2: Past purchases of originals are positively associated with consumer intention to buy originals.

### **3.3 Research Question 3**

What is the relationship between attitudes towards the economic benefits and the intention to purchase counterfeits?

H3: Attitudes towards the economic benefits of counterfeit purchases are positively associated with consumer purchase intention of counterfeits.

### **3.4 Research Question 4**

What is the relationship between attitudes towards the hedonic benefits and the intention to purchase counterfeits?

H4: Attitudes towards the hedonic benefits of counterfeit purchase are positively associated with consumer purchase intention of counterfeits.

### **3.5 Research Question 5**

What is the relationship between attitudes towards the hedonic benefits and the intention to purchase counterfeits?

H5: Attitudes towards the hedonic benefits of counterfeit purchases are negatively associated with consumer purchase intention of originals.

### **3.6 Research Question 6**

What is the relationship between materialism and consumer intention to buy counterfeits?

H6: Materialism is positively associated with consumer intention to buy counterfeits.

### **3.7 Research Question 7**

What is the relationship between materialism and consumer intention to buy originals?

H7: Materialism is positively associated with consumer intention to buy originals.

### **3.8 Research Question 8**

What is the relationship between perceived future social class and consumer intention to buy originals?

H8: Perceived future social class is positively associated with consumer intention to buy originals.

### **3.9 Research Question 9**

What is the relationship between self-image and consumer intention to buy originals?

H9: Self-image is positively associated with consumer intention to buy originals.

### **3.10 Research Question 10**

Is there a relationship between consumer intentions to buy counterfeits and intention to buy originals?

H10: Consumer intention to buy counterfeits has a positive impact on the purchase intention of originals.

### **3.11 Research Question 11**

What is the reciprocal relationship between consumer intention to purchase originals and consumer intention to purchase counterfeits?

H11: Consumer intention to buy originals has a negative impact on consumer intention to buy counterfeits products.

### **3.12 Summary**

The hypotheses listed above were developed into a research questionnaire. The hypotheses were furthermore tested in the data analysis using SPSS software. The insights gained from this research will add value to a business perspective and an academic perspective.

## Chapter 4 Research Methodology

### 4.1 Introduction

This chapter details the methodology used and the definitions of the unit of analysis, the population, the sample size and the sampling method for the research conducted. It also clearly shows the research instrument used and the variables that were tested. Furthermore, the chapter provides details of the statistical program used, data collection, and data analysis. This chapter clearly outlines the limitations of the research and identifies future research gaps.

### 4.2 Research design

The research design is the strategy of the study, which is coherently put together to address the problem the researcher identifies to investigate. It is the roadmap for the collection, measurement and analysis of data (Saunders and Lewis, 2012).

This study examines the relationship between consumer purchase intentions and past purchase behaviour of originals/counterfeits, attitudes towards the economic benefits of counterfeit purchases, attitudes towards the hedonic benefits of counterfeit purchase, materialism, perceived future social status, self-image, and the relationship between purchase intention of originals and counterfeits (Yoo & Lee, 2009).

According to Saunders and Lewis (2012), there are different types of studies. Exploratory studies seek greater insight into new topics which have not been extensively researched. They assess topics in a new light, and the design is aimed at asking new questions on the topic (Saunders & Lewis, 2012). A research design which provides an accurate account of individuals and situations can be described as a descriptive study, while a research design aimed at finding causal relationships between variables can be linked to an explanatory study, which focuses on examining the situation or problem (Saunders & Lewis, 2012).

In exploratory studies, the most common means of conducting research is by conducting interviews with a sample population, or interviewing individuals who are experts in the field being investigated, and searching academic literature in order to assess the topic and shed new light on previous research (Saunders & Lewis, 2012).

Explanatory study methods include statistical surveys, attitude surveys, historical analysis, observation and case studies. Such studies are more focused on mining data and understanding the data that is provided (Saunders & Lewis, 2012).

The research method that will be used to understand the consumers' intentions to purchase counterfeit goods in South Africa is a descriptive study approach. Descriptive research methods utilise questionnaire surveys, sampling and interviews (Saunders & Lewis, 2012).

### **4.3 Sample size**

A sample can be described as a sub-group of the population that the researcher wants to investigate (Saunders & Lewis, 2012).

According to labour statistics in South Africa (Stats SA, 2003), the working age is between 14 and 60-plus. These are the individuals who have access to funds, as they are part of the economic sector and earn a salary. Since the age group of 18 years is the official school-leaving age, any ages that fall below this range will therefore be excluded from the study, assuming that they are not part of the work or labour force.

The total sample in this study was 138, which comprised both male and female participants. The sample consisted of individuals who lived in the Gauteng province only and worked in various private-sector industries.

### **4.4 Research instrument**

The main research instrument was an online questionnaire (Annexure 1), created on Survey Monkey. Respondents took approximately 15 minutes to complete the online survey. The surveys were emailed to respondents via lists provided by various organisations' human resource departments. The survey tested dependent and predictor variables from Yoo and Lee's (2009) research framework, which was the basis of this research study Figure 3 (see page 14).

The measurements of the eight constructs are considered next.

#### **4.4.1 Consumer demographics**

In the demographic construct of the survey, four aspects were tested, namely:

1. Gender
2. Age
3. Salary range
4. Race.

The demographic segmentation tested presents an additional dimension to the Yoo and Lee (2009) research framework, which provides additional insights to consumer intentions and their purchases linked to specific demographics. Individuals answering the questionnaire had a choice to not answer that specific question if that person felt uncomfortable.

**Table 1: Measurement of the demographic construct**

Demographic	
Gender	Male or Female
Age	18-60+
Salary range	</>R10 000-above R35000
Race	White, Black, Asian, Coloured or Other

#### 4.4.2 Frequently purchased brands

Individuals were asked to indicate on the online survey if they have ever bought original or counterfeit products within the specified categories of clothing apparel, sunglasses, handbags and watches/jewellery. Individuals were asked to name the brands of originals or counterfeits they have purchased (see Table 2).

**Table 2: Types of original or counterfeit brands purchased by the respondents**

1. Name the luxury brands that you have purchased recently in the clothing segment (apparel), handbags, sunglasses and jewellery/watches.
2. Name the counterfeit brands that you have purchased recently in the clothing segment (apparel), handbags, sunglasses and jewellery/watches.

#### 4.4.3 Predictors for consumer intentions of originals and counterfeits

**Table 3: Purchase intention of original and counterfeits**

Purchase Intention of Originals
How much would you like to purchase x originals in the future? (Five-item Frequency scale)
Where x=a group of selected brands for each of handbags, apparel, sunglasses, and watches/jewellery

Purchase Intention of Counterfeits
How much would you like to purchase x counterfeits in the future? (Five-item Frequency scale)
Where x=a group of selected brands for each of handbags, apparel, sunglasses, and watches/jewellery.

#### 4.4.4 Attitudes

Table 4 shows the construct of attitudes towards the economic benefits of counterfeits, which was measured by six items. This construct was derived from Yoo and Lee's (2009) original study and is considered a predictor variable of consumer intentions.

**Table 4: Measure of positive attitudes towards buying counterfeits by economic benefits**

<b>Positive Attitudes towards Buying Counterfeits by Economic Benefits</b>
1. I buy counterfeit products if I think genuine designer products are too expensive.
2. I buy counterfeit products if I cannot afford to buy designer products.
3. I buy counterfeit products without hesitation if I have a chance to buy the counterfeits.
4. I buy counterfeit products, instead of the designer products, if I prefer specific brands.
5. I boast about counterfeit products as if they are the genuine brand products.
6. I usually purchase counterfeits when it is difficult to distinguish between the counterfeits and the genuine products

Below, in Table 5, with a five-item measure, is the construct of attitudes towards the hedonic benefits of counterfeits. The scale of positive attitudes towards buying counterfeits by economic benefits and the scale of positive attitudes towards buying counterfeits by hedonic benefits measures how positively the consumer considers counterfeits and their associated attitudes.

**Table 5: Measure of positive attitudes towards buying counterfeits by hedonic benefits**

<b>Positive Attitudes towards Buying Counterfeits by Hedonic Benefits</b>
1. I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of the counterfeiters.
2. I buy counterfeit products because counterfeiters are "little guys" who fight big business.
3. Buying counterfeit products demonstrates that I am a wise shopper.
4. I like buying counterfeit products because it is like playing a practical joke on the manufacturer of the non-counterfeit products.
5. I would buy counterfeit products even if I could easily afford to buy non-counterfeit products.

#### 4.4.5 Materialism

The construct of materialism was taken from the study conducted by Richins and Dawson (1992). It shows an 18-item scale of materialism and is represented below in Table 6.

**Table 6: Measure of materialism**

<b>Materialism</b>
1. I admire people who own expensive homes, cars, and clothes.
2. Some of the most important achievements in life include acquiring material possessions.
3. I do not place much emphasis on the amount of material objects people own as a sign of success.
4. The things I own say a lot about how well I am doing in life.
5. I like to own things that impress people.
6. I do not pay much attention to the material objects other people own.
7. I usually buy only the things I need.
8. I try to keep my life simple, as far as possessions are concerned.
9. The things I own are not all that important to me.
10. I enjoy spending money on things that are not practical.
11. Buying things gives me a lot of pleasure.
12. I like a lot of luxury in my life.
13. I put less emphasis on material thing than most people I know.
14. I have all the things I really need to enjoy life.
15. My life would be better if I owned certain things I do not have.
16. I would not be any happier if I owned nicer things.
17. I would be happier if I could afford to buy more things.
18. It sometimes bothers me quite a bit that I cannot afford to buy all the things I would like.

#### 4.4.6 Perceived future social class

Perception of future social class was measured on a nine-point, single-item measure. The respondents were asked to rank where they saw themselves from a social class standpoint in the future. This question appealed to their future aspirations and ambitions in life (see Table 7).

**Table 7: Measure of Perception of Future Social Class**

<b>Perception of Future Social Class (nine-point single-item measure)</b>
How would you rank your future socio-economic class?
Upper-Upper (= 9), Upper-Middle, Upper-Low, Middle-Upper, Middle-Middle, Middle-Low, Low-Upper, Low-Middle, Low-Low (= 1)

#### **4.4.7 Self-image**

Ahn et al.,'s (2001) 19-item scale of self-image attributes was used to measure perception of self-image. The results are illustrated in Table 8 below.

**Table 8: Measure of self-image**

<b>Self-Image</b>
1. Modesty / not modesty
2. Intelligent / not intelligent
3. Mature / not mature
4. Sophisticated / not sophisticated
5. Neat / not neat
6. Sexy / not sexy
7. Feminine / not feminine
8. Classic / not classic
9. Intense / not intense
10. Bold / not bold
11. Gorgeous / not gorgeous
12. Simple / not simple
13. Fashionable / not fashionable
14. Comfortable / not comfortable
15. Individuality / not individuality
16. Active / not active
17. Cute / not cute
18. Sporty / not sporty
19. Young / not young

## 4.5 Rating scale

Kline (2011) suggested that people are able to reasonably distinguish between scale values, thereby minimising respondent errors, when 5 to 10 points are used. All the established scales used five-point Likert scales.

A bipolar scale was used and each selection on the scale was represented by a score: 1 being “strongly disagree” and 5 being “strongly agree”, as illustrated in Table 9. A Likert frequency scale was used to understand how often the respondent purchased counterfeit or original brands that were named by the respondents in the questionnaire. This is represented by Table 10, and the score ranged from 1 to 5; 1 being “always” and 5 being “never”.

The scale scores were then calculated and analysed for interpretation.

**Table 9: Likert scale: bipolar responses**

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

**Table 10 Likert scale: frequency measure of purchases**

Always	Very Often	Sometimes	Rarely	Never
1	2	3	4	5

## 4.6 Data collection

The data was collected using a web-based questionnaire created on Survey Monkey. The questionnaire was self-completed by the respondents, who received it on email. When respondents received the email from Survey Monkey with the questionnaire for the research study, they were able to answer the questions anonymously, and there was no time limit allocated on how long they had to answer it. Once a survey had been completed the researcher was able to monitor the results instantaneously via the online Survey Monkey tool. This data could then be imported with all the respondents' answers into Excel.

## 4.7 Target population

A population can be described as a complete collection of individuals or groups, animate or inanimate (Saunders & Lewis, 2012). In the research being conducted, the

population can be described as consumers who purchase counterfeit luxury branded items as well as original luxury branded items. Since there is no complete list of all of these consumers, no sampling frame exists.

#### **4.8 Sampling method**

Due to the lack of an existing sampling frame, the sampling method adopted in this study is the non-probability sampling method. The non-probability technique used in the research is convenience sampling (Saunders & Lewis, 2012). Convenience sampling is the most appropriate data collection method. This type of method was chosen as the study did not have a complete register of a population (Saunders & Lewis, 2012).

#### **4.9 Unit of analysis**

The unit of analysis is the intention to purchase counterfeit and original luxury brands.

#### **4.10 Data analysis**

Data was analysed in the STATA version 14 software, with tables and figures provided. The justification for the use of SPSS is that it is self-weighting and easy to use. As per accepted practice in any social sciences, data was analysed at 95 percent Confidence Interval, where descriptive statistics and multivariate analyses were run (Norušis, 2012). Various pre-coded, five-point Likert scale responses were thematically analysed according to measurements of the eight constructs investigated in this study. The eight constructs are as follows:

1. Purchase intention of originals
2. Purchase intention of counterfeits
3. Attitudes
4. Economic benefits
5. Hedonic benefits
6. Materialism
7. Perception of future social class
8. Self-image.

When using Likert-type scales for internal consistency reliability for any scales or subscales one may be using, it is imperative to calculate and report Cronbach's alpha coefficient (Gliem & Gliem, 2003). Cronbach's alpha is a measure of internal consistency; that is, how closely related a set of items are as a group. It is considered

to be a measure of scale reliability. Cronbach's alpha reliability coefficient normally ranges between 0 and 1.0 (Gliem & Gliem, 2003). The closer Cronbach's alpha coefficient is to 1.0, the greater the internal consistency of the items in the scale. The rule of thumb is that any coefficient below 0.5 is unacceptable (George & Mallery, 2003).

Analysis was done in three parts, namely univariate (descriptive), bivariate (correlations) and multivariate (structural equation modelling). Descriptive statistics provide trends of the demographics as well as all the Likert scale questions. Structural equation modelling was conducted in order to establish the linkages among the various consumer attributes.

#### **4.11 Ethical considerations**

Sanders and Lewis (2012) described research ethics as the appropriateness of the researcher's behaviour in conducting his/her research, and the considerations that the researcher undertakes to consider the rights of those who become research subjects of the research study. In light of the research study being a sensitive area where individuals are less likely to convey their participation of illicit trade, it was important to guarantee the individual respondents that their identity would be anonymous (Saunders & Lewis, 2012). None of the respondents were coerced or incentivised for their participation in this research study.

#### **4.12 Validity and reliability**

Research must be validated in order to test whether the findings correctly portray the evidence collected and methods used, while reliability is the extent to which the data collection method provides consistent outcomes when tested more than once (Saunders & Lewis, 2012). There are principle factors that may affect the validity of the research outcomes, including:

- Subject selection
- History
- Testing
- Mortality
- Ambiguity about causal direction.

## 4.13 Summary

Chapter 4 outlines the methodology used in the research study. An online survey tool, Survey Monkey, was used to make contact with the respondents and collect data via email from a database provided by the human resource department from various private sector organisations. The data was analysed using STATA version 14 software to test the hypotheses outlined in Chapter 3. The sample size, sampling method and data collection used for this research study were all discussed in this chapter. In the following chapter the results will be presented.

## Chapter 5 Results

In Chapter 5 the results of the survey are presented, along with the data clustered around the research questions and hypotheses outlined in Chapter 3. The presentation of the results was done in four parts, as follows;

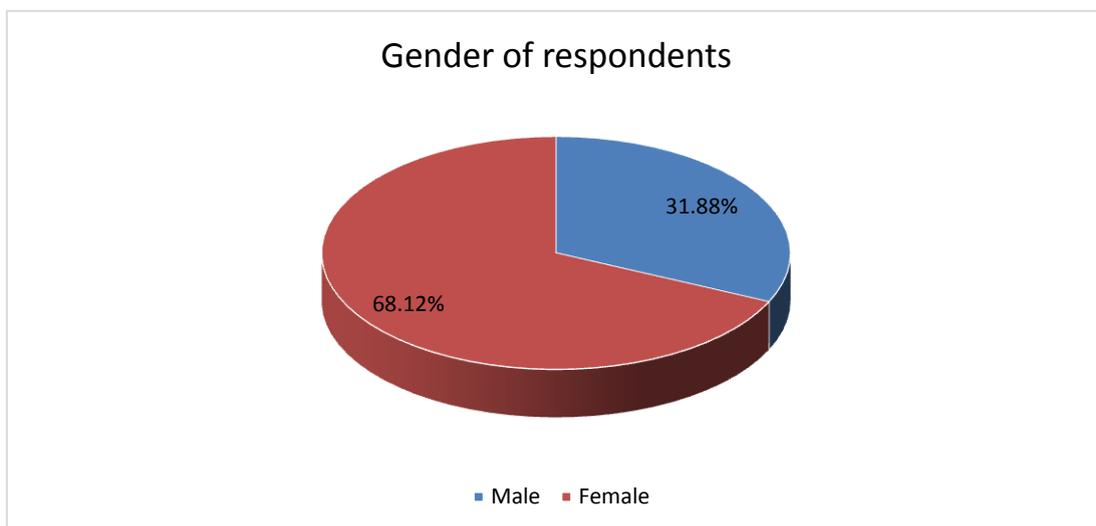
- Univariate (descriptive)
- Bivariate (correlations)
- Multivariate (structural equation modelling)
- Hypothesis validation.

Descriptive statistics provide trends of the demographics as well as all the Likert scale questions. Structural equation modelling was conducted in order to establish the linkages among the various consumer attributes. The following sections provide the results of the demographical questionnaire, followed by a summary of descriptive results indicating mean scores and standard deviations.

### 5.1 Descriptive statistics

The demographic information collected from the respondents included age, gender and household income. The following section provides the results on these.

**Graph 1: Gender of respondents**



The total survey respondents for this study numbered 138 – a sample large enough to analyse and provide representative results (Gliem and Gliem, 2003). Graph 1 shows the distribution of respondents by gender, with 94 females representing 68.12% and 44

males representing 31.88%. This study did not set out to test male and female differences, and hence the gender distribution does not affect the analysis.

**Table 11: Age of respondents**

<b>What is your age?</b>			
<b>Age group</b>	<b>Male (n=43)</b>	<b>Female (n=92)</b>	<b>Total (N=135)</b>
18-20	4.65	10.87	8.89
21-29	27.91	23.91	25.19
30-39	37.21	36.96	37.04
40-49	18.60	15.22	16.30
50-59	6.98	10.87	9.63
60 or older	4.65	2.17	2.96
Total	100.00	100.00	100.00

Table 11 shows the proportion of respondents' age bands by gender. The results show that 33% of the total respondents were aged below 30 years. Those aged between 30 and 39 years constituted 36 to 37% across male and female respondents. At least 24% of respondents could be classified as aged between 40 and 59 years old, while those aged 60 years and above were the least (less than 5%). These results show that the age distribution between males and females was similar in pattern.

**Table 12: Household income**

<b>What is your income?</b>			
<b>Income group</b>	<b>Male (n=44)</b>	<b>Female (n=94)</b>	<b>Total (N=138)</b>
<R10 000	6.82	10.64	9.42
> R15 000	20.45	13.83	15.94
>R20 000	18.18	31.91	27.54
Above R35 000	31.82	26.60	28.26
Prefer not to answer	22.73	17.02	18.84
Total	100.00	100.00	100.00

According to Table 12, 9% of the total respondents reported household incomes of less than R10 000. A further 15.9% of respondents said their household earnings were above R15 000, while 27.5% reported an income of more than R20 000 per month. Lastly, 28.3% of total respondents reported that they earned above R35 000 per month. A significant proportion of survey respondents preferred not to answer.

**Table 13: Respondents' race group**

What race are you?			
Racial group	Male (n=44)	Female (n=94)	Total (N=138)
Asian	25.00	17.20	19.71
Black	27.27	25.81	26.28
Coloured	9.09	18.28	15.33
White	36.36	36.56	36.50
Other	2.27	2.15	2.19
All	100.00	100.00	100.00

Table 13 indicates that most of the respondents in this study were Whites (36.5%), with similar proportions between males (36.4%) and females (36.6%). These were followed by Blacks (26.3%), with almost similar proportions between males (27.3%) and females (25.8%). Thirdly, Asians constituted 19.7%, with a larger proportion of males (25%) than females (17.2%). Coloureds constituted 15.3%, with twice as many females (18.3%) as males (9.1%). The minority of respondents were other (less than 5%).

## 5.2 Past purchases

**Table 14: Have you ever purchased counterfeit luxury branded clothing?**

	Male	Female	Total
Yes	52.27	51.06	51.45
No	47.73	48.94	48.55
Total	100.00	100.00	100.00

Table 14 indicates that roughly half of both male (52.3%) and female (51.1%) respondents had, at some point, purchased counterfeit luxury branded clothing. Table 15 below indicates the brands of counterfeit clothing that the respondents had purchased, Guess being the most popular among both males and females.

**Table 15: Specify the brand(s) of counterfeit clothing**

	Male		Female		Total
	Frequency	Percent	Frequency	Percent	Total
Adidas	2	66.7	1	33.3	3
Guess	11	37.9	18	62.1	29
Polo	7	53.8	6	46.2	13
Nike	3	25.0	9	75.0	12
Gucci	4	66.7	2	33.3	6

Versace	2	100.0	0	-	2
Levi's Jean	5	62.5	3	37.5	8
Lacoste, Daniel Hector	3	60.0	2	40.0	5
Hugo Boss, GAP & DKNY	3	100.0	0	-	3
Zara and Woolworths, Lee, Hemisphere	4	100.0	0	-	4
Legit, Ralph Lauren	2	66.7	1	33.3	3
Tommy Hilfiger, Carducci	3	100.0	0	-	3
Pringle	2	50.0	2	50.0	4
Puma	3	50.0	3	50.0	6
Oakley, Steve Madden, Tiger	4	80.0	1	20.0	5
Fossil watch	0	-	2	100.0	2
Armani, Jeep, Aldo shoes, Chanel dress, Diesel jeans	0	-	5	100.0	5
Billabong, Bad Girl, Timberland, Jordan	0	-	4	100.0	4
Calvin Klein, Converse, All stars	0	-	3	100.0	3
Jeep and Cotton On clothes	0	-	2	100.0	2
Mango, Jenni Button, Nine West	0	-	3	100.0	3
Pegasus 29 "tekkies"	0	-	1	100.0	1
Quicksilver, Steve Madden, Coach		-	3	100.0	3
Total	54	41.9	72	55.8	129

**Table 16: Have you ever purchased counterfeit luxury branded sunglasses?**

	Male	Female	Total
Yes	38.64	21.74	27.21
No	61.36	78.26	72.79
Total	100.00	100.00	100.00

Table 16 indicates that the majority of both male (61.3%) and female (78.3%) respondents had never purchased counterfeit luxury branded sunglasses. Males were more likely to have purchased counterfeit luxury branded sunglasses (38.6%) than females (21.7%). Overall, seven out of ten respondents had never purchased

counterfeit luxury branded sunglasses. The following are the brand(s) of counterfeit sunglasses that had ever been purchased.

**Table 17: Brand(s) of counterfeit sunglasses that you have purchased**

Male sunglasses		Female sunglasses	
Name	Freq	Name	Freq.
Gucci	2	Adidas	1
Guess	4	Armani	2
Ray Ban	6	Rayban	6
Police	1	Cartier	1
Prada	1	Diesel	1
Oakley	1	Guess	2
Diesel	1	Diesel	1
Guess	2	Police	2
Total	18	Oakley	1

**Table 18: Have you ever purchased counterfeit luxury branded handbags?**

	Male	Female	Total
<b>Yes</b>	20.93	35.96	31.06
<b>No</b>	79.07	64.04	68.94
Total	100.00	100.00	100.00

Table 18 indicates that the majority of both male (79.1%) and female (64.1%) respondents had never purchased counterfeit luxury branded handbags. Females were more likely to have purchased counterfeit luxury branded handbags (36%) compared to males (21%). Overall, almost seven out of ten respondents (68.9%) had never purchased counterfeit luxury branded sunglasses compared to 31% who had.

The following are the brand(s) of counterfeit sunglasses that had ever been purchased.

**Table 19: Have you ever purchased counterfeit luxury branded watches or jewellery?**

	Male	Female	Total
<b>Yes</b>	13.95	15.38	14.93
<b>No</b>	86.05	84.62	85.07
Total	100.00	100.00	100.00

Table 19 indicates that the vast majority of both male (86.1%) and female (84.6%) respondents had never purchased counterfeit luxury branded watches/jewellery. Females were slightly more likely to have purchased counterfeit luxury watches/jewellery (15.4%) than males (13.9%). Overall, almost 9 out of 10 respondents (85.1%) had never purchased counterfeit luxury branded watches or jewellery compared to very few (14.9%) who had.

### 5.2.1 Purchase intention of counterfeits

The respondents were asked how often they would like to purchase specified counterfeits in the future. The items referred to were a group of selected brands for each handbags, apparel, sunglasses, and watches/jewellery.

**Table 20: How often would you like to purchase counterfeits?**

	Male		Female		Total	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
Never	21	51.2	45	48.4	66	49.3
Rarely	7	17.1	16	17.2	23	17.2
Sometimes	12	29.3	31	33.3	43	32.1
Very Often	1	2.4	1	1.1	2	1.5
Total	41	100.0	93	100.0	134	100.0

Table 20 indicates that almost half (49%) of the respondents would never opt to purchase counterfeit handbags, apparel, sunglasses, and watches/jewellery in the future. Males were more likely (51.25%) than females (48.4%) to indicate that they would never buy such counterfeits. Three out of ten respondents (32.1%) indicated that they could sometimes buy counterfeits, with females (33.3%) more likely to do so than males (29.3%). While <20% of both male and female respondents indicated that they would rarely buy counterfeits in the future, almost none indicated that they would often do so (<3%).

### 5.2.2 Purchase intention of originals

On a five-item scale, respondents were asked how often they would like to purchase originals in the future. The originals referred to a group of selected brands for each handbags, apparel, sunglasses, and watches/jewellery.

**Table 21: How often they would like to purchase originals in the future?**

	Male		Female		All respondents	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
Always	7	15.91	30	31.91	37	26.81
Never	1	2.27	5	5.32	6	4.35
Rarely	3	6.82	7	7.45	10	7.25
Sometimes	19	43.18	35	37.23	54	39.13
Very Often	14	31.82	17	18.09	31	22.46
Total	44	100.00	94	100.00	138	100.00

Table 21 indicates that 26.8% of respondents would always like to purchase originals in the future. Females (31.9%) were twice as likely to purchase originals in the future as males (15.9%). Further results indicate that 22% of total respondents would very often purchase originals in the future, with males (31.8%) almost twice as likely to do so compared to females (18.1%). Almost four out of ten respondents (39.1%) would sometimes purchase originals in the future, with males more likely (43.2%) than females (37.2%). Very few respondents (11.5%) indicated they would rarely or never purchase originals in the future, with females more likely (12.5%) to do so compared to males (9%).

### 5.2.3 Consumer attitude towards economic benefits of counterfeits

The survey used a five-item Likert scale to solicit positive attitudes towards buying counterfeits by economic benefits. The following sections provide mean scores of the participants' responses to the questions.

**Table 22: Attitudes towards buying counterfeits by economic benefits**

	Male (n=44)		Female (n=92)		All respondents
	Mean	Std. Dev	Mean	Std. Dev.	
I buy counterfeit products if I think genuine designer products are too expensive.	3.11	1.63	3.36	1.54	3.24
I buy counterfeit products if I cannot afford to buy designer products.	3.30	1.47	3.22	1.51	3.26
I buy counterfeit products without hesitation if I have the chance to buy the counterfeits.	3.36	1.54	3.50	1.38	3.43

I buy counterfeit products instead of the designer products, if I prefer the specific brands.	3.36	1.64	3.47	1.50	3.41
I boast about counterfeit products as if they are the genuine brand products.	3.95	1.38	3.86	1.37	3.91
I usually purchase counterfeits when it is difficult to distinguish between counterfeits and genuine products.	3.00	1.73	3.30	1.68	3.15
<b>Sub scale mean scores</b>	<b>3.35</b>	<b>1.57</b>	<b>3.46</b>	<b>1.47</b>	<b>3.40</b>

The results in Table 22 indicate that respondents were most likely to agree (mean score=3.91) that they boast about counterfeit products as if they are the genuine brand products. They were more likely to be neutral but inclined towards agreement on the following aspects: I buy counterfeit products without hesitation if I have the chance to buy the counterfeits (mean score=3.4); I buy counterfeit products instead of the designer products if I prefer the specific brands (mean score=3.4).

Further results showed tendencies of neutrality with slight agreement tendencies on the following: I buy counterfeit products if I think genuine designer products are too expensive (mean score=3.2); I buy counterfeit products if I cannot afford to buy designer products (mean score=3.3). Lastly, the respondents were neutral (not sure) on the following aspect: I usually purchase counterfeits when it is difficult to distinguish between counterfeits and genuine products (mean score=3.1).

**Table 23: Reliability test scale**

<b>Reliability test scale = mean (unstandardized)</b>	<b>items</b>
Average inter- item covariance:	1.382
Number of items in the scale:	6
Scale reliability coefficient:	0.899

The Cronbach's alpha coefficient for internal consistency reliability is very high (0.899), indicating that the data is reliable (Gliem & Gliem, 2003). This is consistent with the literature discussed in Chapter 4 of the research study.

## 5.2.4 Consumer attitude towards hedonic benefits of counterfeits

**Table 24: Positive attitudes towards buying counterfeits by hedonic benefits**

	Male (n=44)		Female (n=94)		All
	Mean	Std. Dev.	Mean	Std. Dev.	
I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of counterfeits.	3.89	1.48	3.66	1.46	3.77
I buy counterfeits products because counterfeits are “little guys” who fight big business.	3.91	1.44	3.82	1.28	3.86
Buying counterfeit products demonstrates that I am a wise shopper.	3.63	1.51	3.71	1.40	3.67
I like buying counterfeit products because it is like playing a practical joke on the manufacturer of the non-counterfeit products.	3.80	1.49	3.89	1.40	3.84
I would buy counterfeit products even if I could easily afford to buy non-counterfeit products.	3.43	1.58	3.63	1.46	3.53
<b>Sub scale scores</b>	<b>3.73</b>	<b>1.50</b>	<b>3.74</b>	<b>1.40</b>	<b>3.74</b>

Table 24 indicates general agreement (mean score=3.7) over positive attitudes towards buying counterfeits by hedonic benefits. The highest mean scores were on the following two aspects: I buy counterfeits products because counterfeits are “little guys” who fight big business (3.86); and I like buying counterfeit products because it is like playing a practical joke on the manufacturer of the non-counterfeit products (mean score=3.84). There were insignificant differences between male and female respondents.

This is followed by the question of “I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of counterfeits” (mean score=3.77), which males more likely to do so than females with regards to this specific aspect. Further results showed that respondents agreed that buying counterfeit products demonstrates that they were wise shoppers (mean score=3.67), with females more likely to do so than males. Lastly, they agreed that they would buy counterfeit products even if they could easily afford to buy non-counterfeit products (mean score=3.5), with females more likely to do so than males.

**Table 25: Test scale**

Test scale = mean 2(unstandardised)	(items)
Average inter-item covariance:	1.275
Number of items in the scale:	5
Scale reliability coefficient:	0.873

The Cronbach's alpha coefficient for internal consistency reliability is very high (0.873), indicating that the data is reliable.

### 5.2.5 Materialism

**Table 26: Materialism**

	Male (n=44)		Female (n=94)		All
	Mean	Std. Dev	Mean	Std. Dev	
I admire people who own expensive homes, cars, and clothes.	2.41	1.21	2.49	1.31	2.45
Some of the most important achievements in life include acquiring material possessions.	3.21	1.59	3.23	1.54	<b>3.22</b>
I do not place much emphasis on the amount of material objects people own as a sign of success.*	2.80	1.30	2.68	1.33	2.74
The things I own say a lot about how well I am doing in life.	2.50	1.41	2.51	1.33	2.51
I like to own things that impress people.	3.07	1.45	3.30	1.40	<b>3.18</b>
I do not pay much attention to the material objects other people own.*	2.25	1.24	2.20	1.27	2.23
I usually buy only the things I need.*	2.39	1.38	2.14	1.36	2.26
I try to keep my life simple, as far as possessions are concerned.*	2.23	1.27	1.96	1.21	2.09
The things I own are not all that important to me.*	2.79	1.08	2.63	1.23	2.71
I enjoy spending money on things that are not practical.	2.74	1.26	2.87	1.30	2.81
Buying things gives me a lot of pleasure.	2.62	1.40	2.53	1.49	2.58
I like a lot of luxury in my life.	2.30	1.17	2.36	1.27	2.33
I put less emphasis on material thing than most people I know.*	2.32	1.16	2.32	1.24	2.32
I have all the things I really need to enjoy life.*	2.45	1.23	2.33	1.33	2.39
My life would be better if I owned certain things I do not have.	2.43	1.52	2.57	1.45	2.50

I would not be any happier if I owned nicer things.*	2.60	1.21	2.42	1.21	2.51
I would be happier if I could afford to buy more things.	2.52	1.50	2.28	1.36	2.40
It sometimes bothers me quite a bit that I cannot afford to buy all the things I would like.	2.27	1.35	2.54	1.22	2.41
<b>Sub scale scores</b>	<b>2.55</b>	<b>1.32</b>	<b>2.52</b>	<b>1.33</b>	<b>2.53</b>

\*Reverse coded

Table 26 indicates that the respondents generally disagreed or were neutral on aspects of materialism (overall mean score=2.5). The relative highest scores were on two aspects: some of the most important achievements in life include acquiring material possessions (mean score=3.22); and I like to own things that impress people (mean score=3.18). These scores indicate that the respondents disagreed with the statements; they actually did not value material acquisition to impress people.

The second relatively highly ranked aspects (though negative) were: I enjoy spending money on things that are not practical (mean score=2.8); I do not place much emphasis on the amount of material objects people own as a sign of success (mean score=2.8); and the things I own are not all that important to me (mean score=2.8).

The third relatively high aspects (mean score=2.5) (they were not agreement with) were: buying things gives me a lot of pleasure; I would not be any happier if I owned nicer things. They further did not agree that the things they own say a lot about how well they are doing in life; that their life would be better if they owned certain things they do not have; and that they admire people who own expensive homes, cars and clothes. All these statements indicate that they were not materialistic in nature.

Further results indicate that they were not bothered that they could not afford to buy all the things they would like (mean score=2.4), and that they did not have all the things they need in life (mean score=2.3). There is an indication that they seem to put more emphasis on material things, and would be happier even if they could not afford to buy more. Lastly, there is an indication that the respondents felt they did pay much attention to material objects, as much as they did not try to keep their life simple as far as possessions are concerned.

**Table 27: Reliability test: materialism**

<b>Test scale = mean (unstandardized items)</b>	
Average inter item covariance:	0.014
Number of items in the scale:	18
Scale reliability coefficient:	0.614

The Cronbach's alpha coefficient for internal consistency reliability is not as high as in other sub scales (0.61), however this, the data is reliable (Gliem & Gliem, 2003).

### 5.2.6 Future Socio-economic class

On a nine-point scale, the respondents were asked how they would rank their future socio-economic class. The responses ranged from upper-upper (= 9) to low-low (= 1).

**Table 28: How would do you see your future socio-economic class?**

<b>How would do you see your future socio-economic class?</b>			
	<b>Male</b>	<b>Female</b>	<b>Total</b>
Low-Upper	2.27	4.26	3.62
Middle-Low	-	1.06	0.72
Middle-Middle	18.18	31.91	27.54
Middle-Upper	18.18	13.83	15.22
Upper-Lower	4.55	1.06	2.17
Upper-Middle	36.36	23.40	27.54
Upper	20.45	24.47	23.19
Total	100	100	100

Table 28 indicates that the respondents' perception of future social class was mostly optimistic, towards upper class. Around half (50.6%) of the respondents saw themselves in the upper middle to upper class in the near future, with males (56.7%) more likely to be optimistic than females (47.8%). Further results indicate that 46% of all respondents perceived themselves in the middle class in the near future, with females (46%) more likely to perceive themselves as belonging to the middle class than males (40.7%) in the near future. Very few respondents were pessimistic about their future-< (5%), with females more likely to indicate low social class.

## 5.2.7 Self-image

Table 29: Self-image

Self-Image (N=138)							
Attribute	Male	Female	Total	Attribute	Male	Female	Total
Modest	22.46	50.72	73.19	Not Modest	9.42	17.39	26.81
Intelligent	31.16	67.39	98.55	Not Intelligent	0.72	0.72	1.45
Mature	30.08	68.42	98.50	Not Mature	1.50	-	1.50
Sophisticated	27.82	56.39	84.21	Not Sophisticated	3.76	12.03	15.79
Neat	24.64	63.04	87.68	Not Neat	7.25	5.07	12.32
Sexy	22.06	43.38	65.44	Not Sexy	10.29	24.26	34.56
Feminine	3.65	47.45	51.09	Not Feminine	27.74	21.17	48.91
Classic	26.81	58.70	85.51	Not Classic	5.07	9.42	14.49
Intense	23.19	39.86	63.04	Not Intense	8.70	28.26	36.96
Bold	21.74	42.75	64.49	Not Bold	10.14	25.36	35.51
Gorgeous	13.04	36.96	50.00	Not Gorgeous	18.84	31.16	50.00
Simple	15.94	51.45	67.39	Not Simple	13.77	13.77	27.54
Fashionable	18.12	42.75	60.87	Not Fashionable	13.77	25.36	39.13
Comfortable	28.99	64.49	93.48	Not Comfortable	1.45	1.45	2.90
Individuality	23.91	55.80	79.71	Not Individuality	7.97	12.32	20.29
Active	24.64	47.10	71.74	Not Active	7.25	21.01	28.26
Cute	18.84	44.93	63.77	Not Cute	13.04	23.19	36.23
Sporty	20.29	29.71	50.00	Not Sporty	10.87	38.41	49.28
Young	21.01	52.90	73.91	Not Young	10.87	15.22	26.09

The majority of all respondents (nine out of ten) perceived themselves as intelligent (98.6%), mature (98.5%) and comfortable (93.5%). Very few – less than 2% – perceived themselves in a negative manner as regards these aspects. The second majority group (eight out of 10) perceived themselves as sophisticated (84.2%), neat (87.7%) and classic (85.5%). Very few – less than 20% – perceived themselves otherwise (negatively). The third majority group (seven out of 10) perceived themselves as young (73.9%), active (71.7%) and modest (73.1%), as well as having individuality (79.7%) attributes. Conversely, three out of ten respondents perceived themselves in a negative manner on these three attributes.

Further results indicate that the respondents perceived themselves as cute (63.7%), sexy (65.4%) and fashionable (60.8%). They also saw themselves as simple (67.4%), bold (64.5%) and intense (63.0%). These results imply that about three to four out of ten respondents had negative perception on these six attributes of self-image. Lastly, the respondents viewed themselves as sporty (50%), gorgeous (50%) and feminine (51.1%), implying that half of the respondents did not. Notably, both females and males perceived themselves most as mature, intelligent and comfortable. Very few males perceived themselves as feminine (3.6%) compared to females (47.5%).

**Table 30: Reliability test: materialism**

Test scale = mean (unstandardised items)	
Average inter item covariance:	0.071
Number of items in the scale:	18
Scale reliability coefficient:	0.579

The Cronbach's alpha coefficient for internal consistency reliability is not as high as in other sub scales (0.58), indicating lower levels of reliability.

## 5.2.8 Construct inter-correlations and reliability

**Table 31: Item inter correlations**

	1	2	3	4	5	6	7	8
1. Past Purchases	1							
2. Purchase Intention of Counterfeits	-0.13	1						
3. Purchase Intention of	0.05	-0.339*	1					

Originals								
4. Positive Attitudes (Counterfeits by Economic Benefits )	0.11 4	- <b>0.555*</b>	<b>0.772</b> *	1				
5. Positive Attitudes (Counterfeits by Hedonic Benefits )	0.10 5	- <b>0.583*</b>	<b>0.634</b> *	<b>0.844</b> *	1			
6. Materialisms	- 0.06 9	0.154* *	0.136	0.138	0.102	1		
7. Perception of Future Social Class	- 0.01 2	- 0.192*	0.024	0.096	0.086 2	- 0.311*	1	
8. Self-image	0.12 0	- 0.228*	0.133	0.103	-0.024	0.321*	- 0.193*	1

Statistically significant at \*5% level; \*\*10% level.

Positive attitudes towards buying counterfeits by hedonic benefits showed significant strong correlation ( $r > 0.5$ ) with other measured variables (constructs). This attribute is negatively associated to purchase intention of counterfeits ( $r = 0.583$ ), results are statistically significant at 5% level. There seems to be another strong association between buying counterfeits by hedonic benefits and purchase intention of originals ( $r = 0.634$ ), and with positive attitudes towards buying of counterfeits by economic benefits ( $r = 0.844$ ).

Secondly, there are strong correlations between positive attitudes towards buying of counterfeits by economic benefits and two other attributes: purchase intention of counterfeits ( $r = -0.55$ )-negative, and purchase intention of originals ( $r = 0.77$ )-positive.

Thirdly, there is a negative moderate correlation ( $r = 0.339$ ) between purchase intention of originals and purchase intention of counterfeits. The rest of the correlations are weak ( $< 0.3$ ), although some are significant.

## 5.3 Multivariate analysis

### 5.3.1 Measurement model assessment

The assessment of a reflective measurement model entails investigating the combined reliabilities for each latent variable's measured indicators, in other words, internal consistency reliability, the reliabilities of each individual measure indicator as well as the measures' convergent and discriminant validities (Hair, Sarstedt, Ringle & Mena, 2012). Internal consistency reliability refers to the extent to which a set of variables is consistent in terms of measuring what it is intended to measure (Hair et al., 2009).

**Table 32: Internal consistency reliability**

Criteria	Rule of thumb
Internal consistency reliability	Composite reliability coefficient should be > 0.60. However values of 0.60 to 0.70 are also regarded as satisfactory
Indicator reliability	-Indicators loadings should be >0.70 -Indicators with loadings between 0.40 and 0.70 <i>should be removed</i> only on the motivation that their removal increases the composite reliability i.e. significant

While convergent validity concerns the extent to which the measured variables of a construct either converge or share a high proportion of variance in common, discriminant validity examines the degree to which a construct is indeed distinct from other constructs (Hair et al., 2009). Hair et al., (2011) provided some rules of thumb for evaluating models in PLS SEM. The Fornell-Larcker criterion and cross loadings are available for testing discriminant validity. Fornell and Larcker (1981) theorised that a latent variable shares more variance with its respective measured variables than with any other latent variable.

**Table 33: Convergent validity**

Criteria	Rule of thumb
Convergent validity	Composite reliability coefficient should be > 0.60 However values of 0.60 to 0.70 are also regarded as satisfactory
Discriminant validity	-The AVE of each latent construct should be higher than the construct's highest squared correlation with any other latent construct (Fornell-Larcker criterion) -An indicator's loadings should be higher than all of its cross loadings (i.e. cross loadings)

The following section presents the results of the assessment of the measurement model in line with the criteria set out in Chapter 4. The reliability and validity test results are submitted for each of the constructs.

### 5.3.2 Consumer attitude towards economic benefits of counterfeits

Table 34 shows the composite reliability coefficient and AVE for the Buying Counterfeits by Economic Benefits construct. With a composite reliability coefficient of 0.832, the construct displayed an acceptable level of internal consistency (>0.6 is considered acceptable). According to the AVE result, the construct explains just over 34.2 % of its indicators' variance.

**Table 34: Internal consistency and convergent validity tests - buying counterfeits by economic benefits**

Criterion	Measure	Result
Internal consistency reliability	Composite reliability coefficient	0.832
Convergent validity	AVE	0.342

Three items, 1 and 4, reported loadings less than 0.7, while factors 2, 3 and 5 had loadings of that conformed to the rule of thumb (indicators loadings should be >0.70). In spite of the elimination guidelines provided by Hair et al., (2011), none of the items were eliminated. The justification for this choice was that the established scale that has been validated considerably in literature needs all the elements in order to be constructed (Hair et al., 2011). They were also significant except item 1.

**Table 35: Indicator reliability test for buying counterfeits by economic benefits**

		Outer loadings	CI-low	CI-upper	Significant
1	I buy counterfeit products if I think genuine designer products are too expensive.	0.496	0.451	0.523	No
2	I buy counterfeit products if I cannot afford to buy designer products.	<b>0.701</b>	0.499	0.512	Yes
3	I buy counterfeit products without hesitation if I have the chance to buy the counterfeits.	<b>0.776</b>	0.550	0.612	No
4	I buy counterfeit products instead of the designer products, if I prefer the specific brands.	0.532	0.311	0.382	Yes

5	I boast about counterfeit products as if they are the genuine brand products.	<b>0.797</b>	0.647	0.751	No
6	I usually purchase counterfeits when it is difficult to distinguish between counterfeits and genuine products.	0.597	0.347	0.451	Yes

**Table 36: Discriminant validity test for buying counterfeits by economic benefits**

$\sqrt{\text{AVE}}$	Counterfeits by Economic Benefits
Counterfeits economic benefits	0.48
Counterfeits hedonic benefits	-0.22
Materialisms	0.359
Future social class	-0.02
Self-image	-0.28
Past purchases	0.081

Table 36 shows that the construct for Buying Counterfeits by Economic Benefits shares the most variance with itself than any of the other constructs. Its indicators' loadings were higher than all of its cross loadings.

### 5.3.3 Consumer attitude towards hedonic benefits of counterfeits

The Buying Counterfeits by Hedonic Benefits construct reported acceptable internal consistency, with a composite reliability coefficient of 0.893. The AVE score was very low at 0.475, indicating that Buying Counterfeits by Hedonic Benefits construct explains 47.5% of its indicators' variance.

**Table 37: Internal consistency and convergent validity tests for attitudes towards buying counterfeits by hedonic benefits**

Criterion	Measure	Result
Internal consistency reliability	Composite reliability coefficient	0.893
Convergent validity	AVE	0.475

Two items, 2, 4 and 5, reported loadings less than 0.7, while factors 1 and 3 had loadings of 0.79 and 0.67 respectively. Items 1, 2 and 4 were the only ones whose loadings were significant. No factor was discarded since literature has evidence that for these construct, all variables must be included. The table below provides results for the Discriminant validity test the construct.

**Table 38: Discriminant validity test for attitudes towards buying counterfeits by hedonic benefits**

	$\sqrt{\text{AVE}}$	Outer loadings	CI-low	CI-upper	Sig
1	I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of counterfeits.	<b>0.796</b>	0.745	0.801	Yes
2	I buy counterfeits products because counterfeits are "little guys" who fight big business.	0.422	0.399	0.450	Yes
3	Buying counterfeit products demonstrates that I am a wise shopper.	<b>0.676</b>	0.650	0.691	No
4	I like buying counterfeit products because it is like playing a practical joke on the manufacturer of the non-counterfeit products.	0.401	0.395	0.420	Yes
5	I would buy counterfeit products even if I could easily afford to buy non-counterfeit products.	0.459	0.340	0.494	No

**Table 39: Discriminate validity test for buying counterfeits by hedonic benefits**

$\sqrt{\text{AVE}}$	Counterfeits by Hedonic Benefits
Counterfeits Economic Benefits	0.032
Counterfeits Hedonic Benefits	0.568
Materialisms	0.006
Future Social Class	-0.321
Self-Image	0.413
Past purchases	0.044

Table 39 shows that the construct counterfeits by Hedonic Benefits shares the most variance with itself than any of the other constructs.

### 5.3.4 Materialism

The composite reliability coefficient of 0.889 for consumers' need for uniqueness indicates good internal consistency of the constructs' measures. The AVE of 0.378 indicates that materialism construct only explains around 38% of its indicators' variance in the equation.

**Table 40: Internal consistency and convergent validity tests for materialism**

Criterion	Measure	Result
Internal consistency	Composite reliability coefficient	0.889
Convergent validity	AVE	0.378

According to the results presented below, ten of the 18 measured variables for materialism conformed to the rule of thumb for indicator reliability. Even though the other indicators had loadings below 0.50, none of the indicators were removed since materialism is established as a factor in literature. Items 1, 4, 7, 8, 9, 12, 13, 15, 17, and 18 had factor loadings that were acceptable – conformed to the rule of thumb for indicator reliability. Although factors 2, 3, 5, 6, 11, 14, and 16 had factor loadings that did not conform to the rule of thumb, they were not removed in the model since they were proven to be crucial in this construct.

**Table 41: Indicator reliability test for consumers' materialism**

	Outer loadings	CI-low	CI-upper	Significant
1	0.696	0.646	0.746	Yes
2	0.401	0.351	0.451	No
3	0.476	0.426	0.526	No
4	0.632	0.582	0.682	Yes
5	0.397	0.347	0.447	No
6	0.372	0.322	0.422	No
7	0.858	0.808	0.908	Yes
8	0.888	0.838	0.938	Yes
9	0.649	0.599	0.699	Yes
10	0.439	0.389	0.489	No
11	0.408	0.358	0.458	No
12	0.552	0.502	0.602	Yes
13	0.890	0.840	0.940	Yes
14	0.331	0.281	0.381	No
15	0.915	0.865	0.965	Yes
16	0.462	0.412	0.512	No
17	0.696	0.646	0.746	Yes
18	0.701	0.651	0.751	Yes

The table below shows that the construct materialism shares the most variance with itself than any of the other constructs.

**Table 42: Discriminant validity test for materialism**

$\sqrt{\text{AVE}}$	Materialism
Counterfeits Economic Benefits	0.314
Counterfeits Hedonic Benefits	0.517
Materialisms	0.776
Future Social Class	-0.145
Self-Image	0.567
Past purchases	0.446

### 5.3.5 Self-image

**Table 43: Internal consistency and convergent validity tests for self-image**

Criterion	Measure	Result
Internal consistency reliability	Composite reliability coefficient	0.618
Convergent validity	AVE	0.502

Although the composite reliability coefficient and AVE scores are the lowest (0.618), the self-image construct showed healthy internal consistency and correspondence to its indicators. The AVE of 0.502 indicates that self-image construct only explains around 50,2% of its indicators' variance.

According to the results presented below, six of the 19 measured variables for self-image conformed to the rule of thumb for indicator reliability. These had loadings higher than the threshold of 0.70. The other indicators reported loadings <0.70 but between 0.4 and 0.7 and were not eliminated since it has been validated in literature that all the variables are critical in self-image construct.

**Table 44: Indicator reliability tests for self-image**

	Attribute	Outer loadings	CI-low	CI-upper	Significant
1	Intense	0.530	0.480	0.580	No
2	Feminine	0.641	0.591	0.680	No
3	Sexy	0.552	0.502	0.602	No
4	Simple	0.391	0.341	0.441	No
5	Individuality	0.405	0.355	0.455	No
6	Bold	0.634	0.584	0.684	No
7	Sporty	0.435	0.385	0.455	No
8	Gorgeous	0.437	0.387	0.450	No

9	Fashionable	0.732	0.682	0.782	No
10	Neat	0.537	0.487	0.587	Yes
11	Young	0.641	0.580	0.678	Yes
12	Modest	0.673	0.591	0.691	No
13	Cute	0.416	0.397	0.560	No
14	Active	0.772	0.722	0.792	No
15	Sophisticated	0.738	0.688	0.778	Yes
16	Mature	0.764	0.684	0.794	Yes
17	Classic	0.601	0.595	0.651	Yes
18	Comfortable	0.712	0.682	0.742	Yes
19	Intelligent	0.727	0.697	0.777	Yes

The table below shows that the construct for self-image shares the most variance with itself than any of the other constructs.

**Table 45: Discriminant validity test for self-image**

$\sqrt{\text{AVE}}$	Self-image
Counterfeits economic benefits	0.433
Counterfeits hedonic benefits	0.167
Materialisms	0.016
Future social class	_-0.447
Self-image	0.767
Past purchases	-0.321

### 5.3.6 Perception of future social class

**Table 46: Internal consistency and convergent validity tests for perception of future social class**

Criterion	Measure	Result
Internal consistency reliability	Composite reliability coefficient	0.747
Convergent validity	AVE	0.423

The composite reliability coefficient (0.747) of the Perception of Future Social Class construct has adequate internal consistency and correspondence to its indicators. The AVE of 0.423 indicates that this construct explains around 42.3% of its indicators' variance.

**Table 47: Indicator reliability test for perception of future social class**

	Attribute	Outer loadings	CI-low	CI-upper	Significant
1	Low-Upper	0.512	0.462	0.522	No
2	Middle-Low	0.457	0.407	0.467	No
3	Middle-Middle	0.567	0.517	0.577	No
4	Middle-Upper	0.533	0.483	0.543	Yes
5	Upper-Lower	0.705	0.655	0.715	Yes
6	Upper-Middle	0.734	0.684	0.744	Yes

According to the results presented above, two of the nine measured variables for future social class conformed to the rule of thumb for indicator reliability. These two (5 and 6) had loadings higher than the threshold of 0.70.

The other indicators reported loadings <0.70 but between 0.4 and 0.7 and were not eliminated since it has been validated in literature that all the variables are critical in this construct.

## 5.4 Path analysis

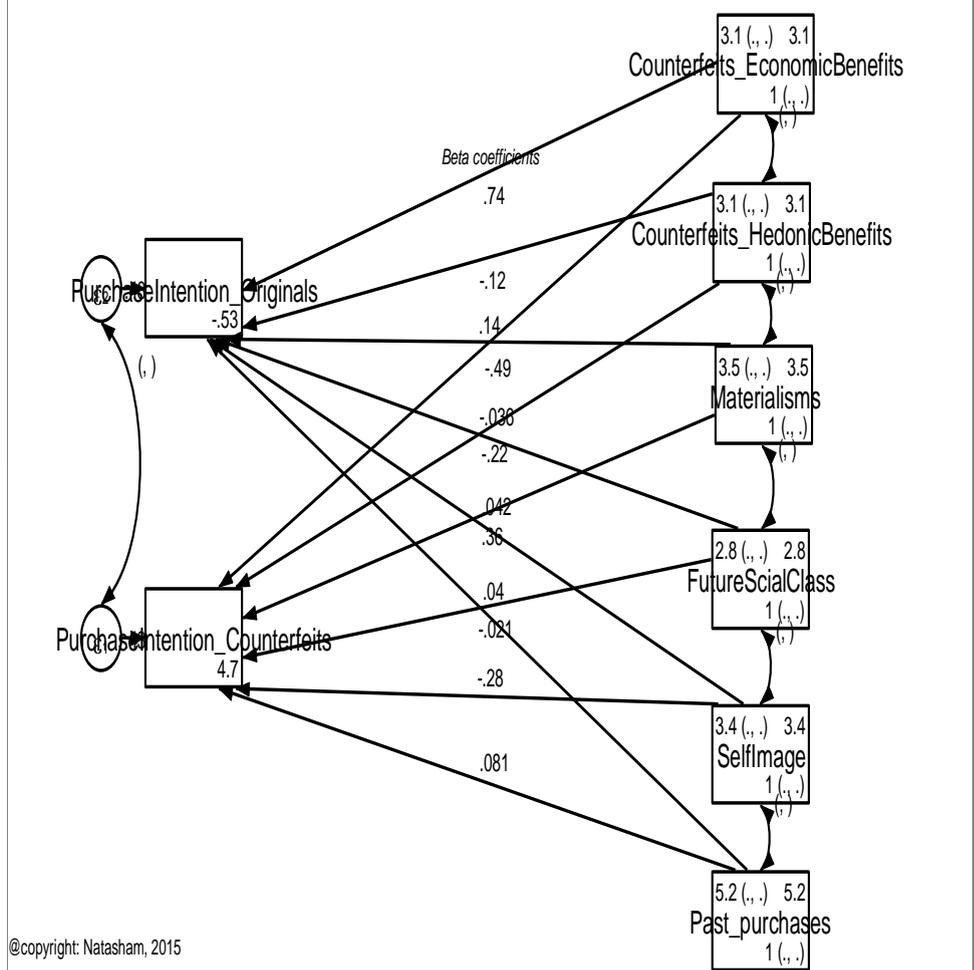
Simultaneous path analysis to test the research hypotheses was conducted using structural equation modelling in STATA software. Before the structural model is assessed, it is first specified by notating the hypothesised relationships diagrammatically. In the structural model, the latent variables are distinguished between exogenous and endogenous latent variables or constructs.

The main criteria for assessing the structural model are the coefficient of determination ( $R^2$ ) and the level of significance of the path coefficients (Hair et al., 2011). The coefficient of determination ( $R^2$ ) indicates the extent to which the variance of an endogenous construct can be caused or explained by its relationship to another construct and as such, high  $R^2$  values are desirable (Hair et al., 2012).

Exogenous constructs do not have any structural path relationships directed at them (Hair et al., 2011). Conversely, constructs that are explained by other constructs through structural path relationships are referred to as endogenous constructs (Hair et al., 2011). As such, economic benefits, hedonic benefits, materialism, future social class, self-image, and past purchases are endogenous constructs as illustrated by the diagram below.

**Figure 4: Path analysis**

**SEM: Consumer Intentions of purchasing luxury brands versus counterfeits**



chi2=139.1(baseline vs. saturated); p=093

Purchase intentions original reported a high R<sup>2</sup> value of 0.54 relative to the benchmark of 0.2. Since the rule of thumb for R<sup>2</sup> in the context of consumer behaviour studies is not comprehensive, it is difficult to grade the scores for the exogenous factors (i) economic benefits, (ii) hedonic benefits, (iii) materialism, (iv) self-image, (v) past purchases and future social class. The standard errors for the analysis are minimal (0.62-0.98). Therefore, it cannot be concluded that the model fits the data. The relationship path for purchase intentions for buying counterfeits reported the highest path coefficient of 4, 68 while that for purchase intentions for originals reported the highest path coefficient of 0.528. Note the curved arrows denoting correlation between the pairs.

**5.4.1 Structural equation model**

The structural equation model (SEM) technique was used to investigate the

relationships between these constructs of intention to buy counterfeits and latent variables. Supporting evidence was found for some of the hypotheses. The observed information matrix (OIM) assumptions for the model are homoscedasticity of the variances of the errors and independence of the observations. Independence implies that the observations are uncorrelated. Homoscedasticity means that the variances of the errors are the same from observation to observation (Gliem & Gliem, 2003). The goodness of fit statistics indicate a large chi-square (baseline vs. saturated  $\chi^2=139$ ) and significance ( $p<0.1$ ) at 95% Confidence Interval.

**Table 48: Path model estimates: completely standardised solution (intention to buy counterfeits<)**

Standardised	OIM Coef.	Std.err	z	P>z	[95% Conf.]	
Structural Equation Model						
<b>Purchase Intention Counterfeits</b>	<					
Counterfeits Economic Benefits	-0.48	0.13	-3.9	0.0012*	-0.735	-0.243
Counterfeits Hedonic Benefits	- 0.22	0.13	-1.76	0.078**	-0.468	0.024
Materialisms	0.36	0.08	4.53	0.002*	0.203	0.515
Future Social Class	-0.02	0.08	-0.26	0.797	-0.181	0.139
Self-Image	-0.28	0.08	-3.42	0.001*	-0.438	-0.119
Past purchases	0.081	0.07	1.12	0.265	-0.061	0.224
_cons	4.681	0.61	7.64	0.106	3.479	5.881
var(e.Purchase Intention counterfeits)	0.44	0.12	0.55	0.099**		

Log likelihood = -619.472

No. of obs=89

\*5% statistical significant

\*\*10% statistical significant

The observed information matrix coefficient (OIM) is used to test the strength of the relationships. A consumer's attitudes towards the economic benefits are negatively associated to purchase intention to buy counterfeits (-0.48;  $p<0.05$ ). Results are statistically significant at 5% level. Secondly, a consumer's attitudes towards the hedonic benefits are negatively associated to purchase intention to buy counterfeits (-0.22;  $p<0.1$ ). Results are statistically significant at 10% level. This means that those who value counterfeits' economic and hedonic benefits are more likely to have intentions to buy counterfeits. Further results indicate that consumers' intention to buy

originals is positively associated with materialism (0.35;  $p < 0.05$ ). This means that those who put more emphasis on material things are more likely to have purchase intentions to counterfeits. Perceived future social class is negatively associated with consumer intention to buy counterfeits (-0.02;  $p > 0.1$ ), contrary to the literature.

The results, though not significant at both 5% and 10% levels, do provide useful information. A consumer's self-image is negatively associated with consumer intention to buy counterfeits (0.13;  $p > 0.1$ ), results are not statistically significant. Past purchase behaviour of original goods positively affects purchase intention of counterfeits (0.081;  $p > 0.1$ ). Results are statistically significant at 5 and 10%.

Firstly, the SEM suggests that a consumer's attitudes towards the economic benefits are negatively associated to purchase intention to buy counterfeits. Secondly, those who put greater emphasis on material things are more likely to have purchase intentions to buy counterfeits. Thirdly, past purchase behaviour of original goods positively affects purchase intention of original. Lastly, a consumer's self-image is negatively associated with consumer intention to buy counterfeits.

#### 5.4.2 Intention to buy originals

**Table 49: Path model estimates: completely standardised solution (intention to buy originals<)**

Standardised	OIM Coef.	Std. err	z	P>z	[95% Conf. Interv	
Structural Equation Model						
<b>Purchase Intention Originals</b>	<-					
Counterfeits Economic Benefits	0.75	0.12	6.13	0.04	0.512	0.993
Counterfeits Hedonic Benefits	-0.12	0.13	-0.9	0.169	( 0.375 )	0.139
Materialisms	0.14	0.08	1.69	0.091	( 0.022 )	0.306
Future Social Class	-0.03	0.08	-0.34	0.737	( 0.191 )	0.135
Self-Image	0.13	0.08	0.41	0.681	( 0.132 )	0.201
Past purchases	0.04	0.07	0.57	0.57	( 0.103 )	0.187
_cons	-0.60	0.60	-0.99	0.321	( 1.781 )	0.584
var(e. Purchase Intention Originals)	0.46	0.06	0.36	0.599		

Log likelihood = -753.38\*5% statistical significant

\*\*10% statistical significant

Examining the measurement component of the output, the observed variables load

reasonably well onto their corresponding latent constructs. The results indicate that a consumer's attitudes towards the economic benefits are positively associated to purchase intention to buy originals (0.75;  $p < 0.05$ ). Results are statistically significant at 5% level). This means that those who value counterfeits' economic benefits are more likely to have intentions to buy originals. Materialism plays a critical role in the decision-making process of buying counterfeits or originals. Consumers' intention to buy originals is positively associated with materialism (0.14;  $p < 0.1$ ). This means that those who put greater emphasis on material things are more likely to have purchase intentions to buy originals.

A consumer's attitudes towards the hedonic benefits of a product are negatively associated with the purchase intention of originals (-0.12;  $p > 0.1$ ). However, the results are not statistically significant at 10% level. Perceived future social class is negatively associated with consumer intention to buy originals (-0.03;  $p > 0.1$ ), contrary to the literature. The results, though not significant at both 5% and 10% levels, do provide useful information. A consumer's self-image is positively associated with consumer intention to buy originals (0.13;  $p > 0.1$ ). Results are not statistically significant. Past purchase behaviour of original goods positively affects purchase intention of original (0.04;  $p < 0.1$ ). Results are statistically significant at 5 and 10%.

Firstly, the SEM suggests that a consumer's attitudes towards the economic benefits are positively associated to purchase intention to buy originals. Secondly, those who put greater emphasis on material things are more likely to have purchase intentions to buy originals. Thirdly, past purchase behaviour of original goods positively affects purchase intention of original.

**Table 50: Equation model of fit**

Dependent variables	fitted	Variance predicted	residual	R-squared	mc	mc2
Observed						
Purchase Intentions counterfeits	2.46	1.32	1.14	0.54	0.73	0.54
Overall				0.54		

mc = correlation between depvar and its prediction

mc2 =  $mc^2$  is the Bentler-Raykov squared multiple correlation coefficient

The correlation between dependant variable (Purchase Intentions for counterfeits) and its prediction is 0.73, a very high correlation. R-squared shows that the explanatory

power of the model is 54%, which is statistically recommendable. This implies that the model is fit and relevant.

**Table 51: Equation model fit**

Dependent variables	fitted	Variance predicted	residual	R-squared	mc	mc2
Observed						
Purchase Intentions original	0.88	0.49	0.38	0.57	.75	.56
Overall				0.56		

mc = correlation between depvar and its prediction

mc2 = mc<sup>2</sup> is the Bentler-Raykov squared multiple correlation coefficient

The positive correlation between dependant variable (Purchase Intentions original) and its prediction is 0.75 (very high). R-squared shows that the explanatory power of the model is 57%, which is statistically recommendable. The Bentler-Raykov squared multiple correlation coefficient is also high. This implies that the model fits the data well.

## 5.5 Hypothesis testing

Consumer purchases can be predicted based on past behaviour. A trend can be formed to understand a consumer better by understanding past purchases of luxury branded items or counterfeits to predict future purchases (Bamberg, Ajzen & Schmidt, 2003). In order to investigate the intentions of consumers to purchase counterfeit luxury branded items in an emerging economy such as South Africa, several hypotheses based on research objectives were tested.

### 5.5.1 Past behaviour

Past behaviour generates an inertial habit with repeated behaviour and predicts future behaviour better than does cognitive evaluations of alternatives (Bamberg, Ajzen & Schmidt, 2003). The following section tests the hypothesis, is consumers' past purchase behaviour of counterfeit goods positively associated with their intention to purchase counterfeits?

**Hypothesis 1:** Past purchases of counterfeits are positively associated with consumer intention to buy counterfeits.

**Table 52: Past purchase behaviour of counterfeits goods positively affect consumer intention to buy counterfeits**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Past purchases of counterfeits	135	3.31	0.13	1.51	3.053	3.569
<b>Consumer intention of counterfeits</b>	135	3.28	0.13	1.57	3.015	3.548
<i>Diff</i>	135	0.03	0.21	2.43	-0.384	0.443

$$t = 0.1418 \quad \Pr(T > t) = 0.0437$$

The null hypothesis [Ho: mean (diff) = 0] states that past purchase behaviour of original goods does not positively affect purchase intention of counterfeits. The alternative hypothesis [Ha: mean (diff) > 0] states otherwise. The mean difference between the two attributes is minimal but positive (0.03)-greater than 0, hence we reject the null hypothesis. The corresponding two-tailed p-value is <0.5. Results are statistically significantly at 5% level. Consequently there is adequate evidence that consumers' past purchase behaviour of counterfeit goods is positively associated with their intention to purchase counterfeits.

**Hypothesis 2:** Past purchases of originals are positively associated with consumer intention to buy originals.

This hypothesis looks at consumers' past purchase behaviour of original goods and if it is positively associated with the consumers' future intention to purchase originals.

**Table 53: Past purchases of originals positively affect purchase intention of originals**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
Past purchases of originals	134	3.24	0.13	1.55	2.974	3.504
Purchase intention of originals.	134	2.86	0.08	0.93	2.700	3.017
Diff	134	0.38	0.13	1.46	0.131	0.630

$$t = 2.0615 \quad \Pr(T > t) = 0.006$$

The null hypothesis [Ho: mean (diff) = 0] states that past purchases of originals do not positively affect purchase intention of originals. The alternative hypothesis [Ha: mean (diff) > 0] is that past purchases of originals positively do affect purchase intention of

originals. The mean difference between the two attributes is 0.38-greater than 0, hence we reject the null hypothesis. The corresponding two-tailed p-value is <0.5, results which are statistically significant at 5% level. There is adequate evidence to conclude that consumers' past purchase behaviour of original goods is positively associated with their intention to purchase original luxury brands.

### 5.5.2 Attitudes towards buying counterfeits

Having a better understanding of how attitude attributes influence the purchase decision will allow marketers to profile consumers more accurately in their target markets (Yoo & Lee, 2009).

**Hypothesis 3:** Attitudes towards the economic benefits of counterfeit purchases are positively associated with consumer purchase intention of counterfeits.

**Table 54: Buying counterfeits by economic benefits positively affects purchase intention of counterfeits**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Buying counterfeits by economic benefits	127	3.48	0.11	1.24	3.263	3.698
Purchase intention of counterfeits.	127	2.82	0.08	0.93	2.656	2.982
Diff	127	0.66	0.17	1.93	0.323	1.000

$$t = 3.8658 \quad \Pr(T > t) = 0.01$$

The null hypothesis [Ho: mean (diff) = 0] states that attitudes towards buying counterfeits by economic benefits has no effect on purchase intention of counterfeits. The alternative hypothesis [Ha: mean (diff) > 0] states otherwise. The mean difference between the two attributes is 0.66-greater than 0, hence we reject the null hypothesis. The corresponding two-tailed p-value is <0.5, results that are statistically significant at 5% level.

Consequently, there was sufficient evidence to suggest that attitudes towards buying counterfeits by economic benefits positively affect purchase intention of counterfeits. This was also demonstrated by the study conducted by Yoo and Lee (2009) that a person who exhibits positive attitudes towards counterfeit goods will be more likely to purchase counterfeit goods. Furthermore, a consumer experiences an economic positive attitude when he/she purchases a product that looks similar to original branded

products but at a much lower cost (Bian & Moutinho, 2011).

**Hypothesis 4:** Attitudes towards the hedonic benefits of counterfeit purchase are positively associated with consumer purchase intention of counterfeits.

**Table 55: Attitudes towards buying counterfeits by hedonic benefits positively affect purchase intention of counterfeits**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Buying counterfeits by hedonic benefits	132	3.71	0.11	1.21	3.503	3.921
Purchase intention of counterfeits.	132	2.84	0.08	0.91	2.683	2.998
Diff	132	0.87	0.17	1.90	0.543	1.199

$t = 5.2576$        $\Pr(T > t) = 0.021$

The null hypothesis [ $H_0$ : mean (diff) = 0] states that attitudes towards buying counterfeits by hedonic benefits do not positively affect purchase intention of counterfeits. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise. The mean difference between buying counterfeits by hedonic benefits and purchase intention of counterfeits is 0.87-greater than 0, hence we reject the null hypothesis. The corresponding two-tailed p-value is <0.5, results which are statistically significant at 5% level.

These results show that there is sufficient evidence to suggest that a consumer's attitudes towards the hedonic benefits of a product are positively associated with the purchase intention of counterfeits. A hedonic benefit that evokes a positive attitude in a consumer is generally associated with the consumer buying a counterfeit to improve their self-image towards others and enhance their societal welfare (Nia & Zaichkowsky, 2000).

**Hypothesis 5:** Attitudes towards the hedonic benefits of counterfeit purchase are negatively associated with consumer purchase intention of originals.

**Table 56: Attitudes towards buying counterfeits by hedonic benefits negatively affect purchase intention of originals**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Buying counterfeits by hedonic	133					

benefits		3.77	0.11	1.22	3.557	3.977
Purchase intention of originals.	133	3.29	0.14	1.57	3.025	3.562
<b>diff</b>	133	0.47	0.11	1.29	0.252	0.696

$$t = 4.220 \quad \Pr (T > t) = 0.073$$

The null hypothesis [Ho: mean (diff) = 0] states that attitudes towards buying counterfeits by hedonic benefits do not positively affect purchase intention of originals. The alternative hypothesis [Ha: mean (diff) > 0] states otherwise. The mean difference between buying counterfeits by hedonic benefits and purchase intention of originals is 0.47-greater than 0, hence we reject the null hypothesis. The corresponding two-tailed p-value is <0.1 provides results which are statistically significantly at 10% level. These results indicate that there is sufficient evidence to suggest that a consumer's attitudes towards the hedonic benefits of a product are negatively associated with the purchase intention of originals.

### 5.5.3 Individual characteristics

Among many other individual characteristics, we examined the impact of materialism, perception of future social status, and self-image on purchase intention of counterfeits and originals. Individual characteristics can be significant predictors of consumers' purchase behaviour and the ethical standpoint of that specific consumer, which will drive behaviour to either purchase a counterfeit or an original branded product (Triandewi & Tjiptono, 2013).

### 5.5.4 Consumers individual characteristic traits

There are three individual characteristics that play a critical role in the decision-making process of buying counterfeits or originals (Yoo & Lee, 2009).

**Hypothesis 6:** Materialism is positively associated with consumer intention to buy counterfeits.

**Table 57: Materialism positively affects purchase intention of counterfeits**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Materialism	113	2.58	0.07	0.76	2.442	2.727
Purchase intention of	113	2.89	0.09	0.94	2.719	3.069

counterfeits						
Diff	113	-0.31	0.10	1.10	-0.515	-0.104

$t = -2.986$

$\Pr (T < t) = 0.0017$

The null hypothesis [ $H_0$ : mean (diff) = 0] states that materialism does not positively affect purchase intention of counterfeits. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise, that it does. The mean difference between Materialism and purchase intention of counterfeits is negative (-0.31), hence we accept the null hypothesis. The corresponding two-tailed p-value is <0.05, results which are statistically significant at 5% level. Consequently, there is not enough evidence to suggest that consumers' intentions to buy counterfeits can be attributed to materialism. Materialism can be associated with the importance people attach to material possessions that are inanimate. However, these results show that materialism does not positively affect purchase intention of counterfeits.

**Hypothesis 7:** Materialism is positively associated with consumer intention to buy originals.

**Table 58: Materialism positively affects purchase intention of originals**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.]	[Interval]
Materialism	114	2.61	0.07	0.76	2.473	2.755
Purchase intention of originals.	114	3.50	0.15	1.56	3.210	3.790
diff	114	-0.89	0.14	1.54	-1.173	-0.599

$t = -6.1251$

$\Pr (T < t) = 0.031$

The null hypothesis [ $H_0$ : mean (diff) = 0] states that materialism does not positively affect purchase intention of originals. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise – that it does positively affect purchase intention of originals. The mean difference between materialism and purchase intention of originals is negative (-0.89). Hence we fail to reject the null hypothesis. The corresponding two-tailed p-value is <0.05, results which are statistically significant at 5% level. There is not enough evidence to suggest that consumers' intention to buy originals can be attributed to materialism. These results are (in) consistent with literature, consumers will have the identical appearance whether they wear a counterfeit or an original (Yoo & Lee, 2009).

**Hypothesis 8:** Perceived future social class is positively associated with consumer

intention to buy originals.

**Table 59: Perception of future social class positively affects purchase intention of originals**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
Perception of future social class	135	4.82	0.15	1.75	4.524	5.121
Purchase intention of originals	135	3.28	0.13	1.57	3.015	3.548
diff	135	1.54	0.20	2.32	1.145	1.936

$$t = 7.7041 \quad \Pr(T > t) = 0.105$$

The null hypothesis [ $H_0$ : mean (diff) = 0] states that perception of future social class does not positively affect purchase intention of originals. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise – that it does positively affect purchase intention to buy originals. The mean difference between perception of future social class and purchase intention of originals is positive (1.54), hence we reject the null hypothesis. The corresponding two-tailed p-value is <0.1, results which are statistically significant at 10% level. Consequently there is enough evidence to suggest that perception of future social class does positively affect purchase intention to buy originals.

**Hypothesis 9:** Self-image is positively associated with consumer intention to buy originals.

**Table 60: Self-image positively affects purchase intention of buying originals**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Self-Image	114	1.10	0.03	0.30	1.041	1.152
Purchase intention of originals.	114	3.25	0.14	1.54	2.969	3.540
<i>Diff</i>	114	-2.16	0.14	1.48	-2.433	-1.882

$$t = -15.5162 \quad \Pr(T < t) = 0.0017$$

Consumers purchase products whose image matches their self-image to impress others (Yoo & Lee, 2009). The null hypothesis [ $H_0$ : mean (diff) = 0] states that self-image does not positively affect purchase intention of originals. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise – that it does positively affect purchase intention of originals. The mean difference between self-image and purchase intention of originals is negative (-0.2.16), hence we fail to reject the null hypothesis. The corresponding two-tailed p-value is <0.05, results which are statistically significant

at 5% level. Consequently, there is not enough evidence to suggest that self-image positively affects purchase intention of originals. A consumer's self-image is positively associated with their intention to buy originals. Status consciousness and high self-image positively affect purchase intention of originals because genuine products convey the image of affluence, wealth and social class, which equal high self-image (Wee, Tan & Cheek, 1995).

### 5.5.5 Relationship between past purchase of counterfeits and future purchase of originals

The reciprocal relationship or feedback-loop between the two types of intention: the intent to buy the counterfeits and the intent to buy the originals is examined. Counterfeit experiences are expected to cause consumers to develop greater preference of genuine luxury fashion products through perceived risks involved with counterfeits (Yoo & Lee, 2009).

**Hypothesis 10:** Consumer intention to buy counterfeits has a positive impact on their purchase intention of original products.

**Table 61: Purchase intention of counterfeits positively affects purchase intention of originals**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Purchase intention of counterfeits	131	2.85	0.08	0.94	2.693	3.017
Purchase intention of originals	131	3.23	0.14	1.56	2.959	3.499
diff	131	-0.37	0.18	2.08	-0.733	-0.015

$$t = -2.76 \quad \Pr(T < t) = 0.0206$$

The null hypothesis [ $H_0$ : mean (diff) = 0] states that purchase intention of counterfeits does not positively affect purchase intention of buying originals. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise – that consumer intentions to buy counterfeits do have a positive impact on their purchase intention of original products. The mean difference between purchase intention of counterfeits and purchase intention of originals is negative (-0.37), hence we fail to reject the null hypothesis. The corresponding two-tailed p-value is <0.05, results which are statistically significantly at 5% level. There is not enough evidence to suggest that consumer intention to buy counterfeits has a positive impact on their purchase intention of original products.

**Hypothesis 11:** Consumer intention to buy originals has a negative impact on consumer intention to buy counterfeits products.

**Table 62: Purchase intention of originals negatively affects purchase intention of counterfeits**

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	[Interval]
Purchase intention of originals.	131	3.23	0.14	1.56	2.959	3.499
Purchase intention of counterfeits	131	2.85	0.08	0.94	2.693	3.017
diff	131	0.37	0.18	2.08	0.015	0.733

$$t = 2.161 \quad \Pr (|T| > |t|) = 0.0413$$

The null hypothesis [ $H_0$ : mean (diff) = 0] states that purchase intention of originals does not negatively affect purchase intention of counterfeits. The alternative hypothesis [ $H_a$ : mean (diff) > 0] states otherwise: consumer intention to buy originals does have a negative impact on purchase intention of counterfeits. The mean difference between purchase intention of original and purchase intention of counterfeit is positive (0.37), hence we reject the null hypothesis.

The corresponding two-tailed p-value is <0.05, results which are statistically significant at 5% level. Consequently, there is enough evidence to suggest that consumer intention to buy originals has a negative impact on consumer intention to buy counterfeits. These results are (in) consistent with the literature.

## 5.6 Summary

In this Chapter, the results of the analysis of the data were presented by way of the methodology explained in Chapter 4. The chapter illustrated the results of the demographic profiles of the respondents as well as the results obtained for the hypotheses testing. Chapter 6 will discuss the results obtained in this chapter in line with the theoretical background discussed in Chapter 2 of this research study.

## Chapter 6 Discussion of results

The main findings of this study indicate that:

1. There is a positive relationship between consumers' past purchase behaviour and their intention to purchase counterfeits.
2. Past purchase behaviour of originals has a positive relationship with intention to purchase original luxury brands in the future.
3. Attitudes towards buying counterfeits by economic benefits positively affect purchase intention of counterfeits.
4. A consumer's attitudes towards the hedonic benefits of a product are positively associated with the purchase intention of counterfeits.
5. A consumer's attitudes towards the hedonic benefits of a product are negatively associated with the purchase intention of originals.
6. There is not enough evidence to suggest that consumers' intentions to buy counterfeits can be attributed to materialism.
7. There is not enough evidence to suggest that consumers' intention to buy originals can be attributed to materialism.
8. There is enough evidence from hypothesis testing to suggest that perception of future social class does positively affect purchase intention to buy originals.
9. There is not enough evidence to suggest that self-image positively affects purchase intention of originals.
10. There is not enough evidence to suggest that consumer intention to buy counterfeits has a positive impact on their purchase intention of original products.
11. There is enough evidence to suggest that consumer intention to buy originals has a negative impact on consumer intention to buy counterfeits.

The rest of this chapter will discuss these findings and their consistency with current literature as discussed in Chapter 2 of this research study.

### 6.1 Past behaviour

Past behaviour has been found to be a more significant predictor of future behaviour than the effects of intentions and perceptions of behavioural control (Bagozzi, 1981; Ouellette & Wood, 1998).

**Hypothesis 1: Past purchases of counterfeits are positively associated with consumer intention to buy counterfeits.**

Results obtained in this research study indicate that there is adequate evidence to prove that consumers' past purchase of counterfeit goods is positively associated with their intention to purchase counterfeits.

Table 5 indicated that roughly half of both male (52.3%) and female (51.1%) respondents had, at some point, purchased counterfeit luxury branded clothing. The majority of male (61.3%) and female (78.3%) respondents had never purchased counterfeit luxury branded sunglasses. Furthermore, the majority of male (79.1%) and female (64.1%) respondents had never purchased counterfeit luxury branded handbags. Lastly, the vast majority of both male (86.1%) and female (84.6%) respondents had never purchased counterfeit luxury branded watches/jewellery. The number of counterfeit sunglasses purchases was very low, compared to clothing and handbags. This finding is interesting in a South African context, as counterfeit sunglasses are easily accessible to consumers given that the distribution channels include informal trade on busy road intersections where there is substantial visibility to the public.

This may suggest that South African consumers perceive original branded sunglasses as less expensive than an individual item such as a handbag, and for this reason would rather buy the original branded product. An alternative explanation could be that consumers place a higher value on the benefits of original branded sunglasses as these are considered more than simply fashion items and serve an important function to protect the eyes.

The results are consistent with the literature discussed in Chapter 2 of this research study, and support the notion that past behaviours have a significant influence on future consumer purchase intentions. If the consumer had a positive experience purchasing counterfeit products in the past, he or she is more likely to purchase counterfeits in the future (Fishbein & Ajzen, 1975).

It can be inferred that repetition of certain behaviour will form a habit. The frequency of that behaviour is also important in the propensity of that individual to perform the same action again. This notion can be applied to consumers' behaviours and attitudes toward counterfeit and luxury branded items (Schmidt, 2003). In particular, the strong brand equity of luxury fashion brands, which has been established over many years, provides stable image and prestige, which leads consumers to repeatedly purchase counterfeits of that specific brand (Yoo & Lee, 2009).

**Hypothesis 2: Past purchases of originals are positively associated with consumer intention to buy originals.**

From the results in Chapter 5 there is adequate evidence to conclude that consumers' past purchase behaviour of original goods is positively associated with their intention to purchase original luxury brands. These results are consistent with the findings of Yoo and Lee (2009). When consumers begin buying products from specific brands and do not consider price as a key factor in the purchase decision, this is called brand loyalty (Aaker, 1996). Brand loyalty is achieved through a strong brand identity and how the brand associates with an individual (Aaker, 1996). When consumers form a repetitive purchase of original brands it is more likely that they will purchase originals in the future. The ethical considerations which individuals place around laws and regulations may further influence this purchase behaviour, as well as reinforce it (Phau & Teaj, 2009).

## **6.2 Attitudes toward buying counterfeits**

A better understanding of how attitude influences purchase decision allows marketers to profile consumers in their target markets more accurately (Yoo & Lee, 2009).

**Hypothesis 3: Attitudes toward the economic benefits of counterfeit purchases are positively associated with consumer purchase intention of counterfeits.**

The economic benefits of counterfeits are expected to be positively linked to purchase intention of counterfeits and negatively linked to purchase intention of originals (Yoo & Lee, 2009). There are strong correlations between positive attitudes toward buying of counterfeits by economic benefits and two other attributes: purchase intention of counterfeits ( $r=-0.55$ )-negative, and purchase intention of originals ( $r=0.77$ )-positive.

From the results there was sufficient evidence to suggest that attitudes toward buying counterfeits by economic benefits positively affect purchase intention of counterfeits. This was also demonstrated in a study conducted by Yoo and Lee (2009), which showed that a person who exhibits positive attitudes toward counterfeit goods will be more likely to purchase counterfeit goods. Furthermore, a consumer experiences a positive economic attitude when he/she purchases a product that looks similar to the original branded product but which comes at a much lower cost (Bian & Moutinho, 2011).

The primary benefit of a counterfeit luxury brand is seen as symbolic rather than

functional. Therefore, the positive attitude derived from the price is that consumers perceive this as a saving and a “good deal” (price and quality ratio) for the increase in social status which it brings them (Ang, 2001).

**Hypothesis 4: Attitudes toward the hedonic benefits of counterfeit purchase are positively associated with consumer purchase intention of counterfeits.**

Consumers view the brand name, label, and identifying design characteristics such as logo, colour, pattern and accessories are valuable in and of themselves (Yoo & Lee, 2009). Such hedonic benefits value a product for its own sake (Babin, Darden & Griffin 1994). Correlation results indicate that positive attitudes toward buying counterfeits by hedonic benefits have a significantly strong correlation ( $r>0.5$ ) with past purchases and purchase intention for counterfeits.

This attribute is negatively associated to purchase intention of counterfeits. The results show that there is sufficient evidence to suggest that a consumer’s attitudes towards the hedonic benefits of a product are positively associated with purchase intention of counterfeits. Hedonic benefits bring about a positive experience such as that of purchasing an original product. A positive attitude is therefore created, reinforcing future purchase intentions of counterfeits (Okada, 2005).

Table 56 indicates general agreement (mean score=3.7) in positive attitudes toward buying counterfeits by hedonic benefits. Literature states that a hedonic benefit which evokes a positive attitude in a consumer is generally associated with the consumer buying a counterfeit to improve their self-image and enhance their societal welfare (Nia & Zaichkowsky, 2000). When a consumer wants to fulfil their hedonic desire he/she can be easily swayed to purchase the counterfeit product. These consumers do not feel socially embarrassed when others find out that they own counterfeits (Phau & Teah, 2009).

**Hypothesis 5: Attitudes toward the hedonic benefits of counterfeit purchase are negatively associated with consumer purchase intention of originals.**

There seems to be a strong association between buying counterfeits by hedonic benefits and the purchase intention of originals ( $r=0.634$ ), as well as with positive attitudes towards the buying of counterfeits by economic benefits ( $r=0.844$ ). Testing hypothesis results revealed sufficient evidence to suggest that a consumer’s attitudes toward the hedonic benefits of a product are negatively associated with purchase intention of originals. Table 11 indicates that 88.4% of respondents would like to

purchase originals in the future. Therefore, the hedonic benefits of counterfeits are expected to be positively linked to purchase intention of counterfeits and negatively linked to purchase intention of originals

### **6.3 Individual characteristics**

According to Yoo and Lee (2009), there are three individual characteristics that play a critical role in the decision-making process of buying counterfeits or originals, namely (1) materialism, (2) a consumer's perceived future status in society, and (3) an individual's self-image.

**Hypothesis 6: Materialism is positively associated with consumer intention to buy counterfeits.**

Materialism can be associated with the importance people attach to inanimate material possessions (Chaundry & Stumpf, 2011). While there is not enough evidence to suggest that consumers' intentions to buy counterfeits can be attributed to materialism, the results did show that materialism does not positively affect purchase intention of counterfeits. This may be the case in the South African market due to the high GINI coefficient prevalent in South Africa where income inequality is extremely high (Muchie, 2014). The majority of the population at the bottom of the pyramid need to fulfil their primary needs first, such as food, access to water and electricity, placing more emphasis on this rather than inanimate material possession. However, this may change as the economy progresses and society moves up Maslow's hierarchy of needs, and we may find that in future, consumers place greater emphasis on materialism. There is a high crime rate in South Africa (Leibold, Mengistu & Pindur, 2015). This is unique to this society, and may also play a role in individuals not placing a high importance on materialism as shown in the results of this research study.

**Hypothesis 7: Materialism is positively associated with consumer intention to buy originals.**

Descriptive results in this research study indicate that the respondents do not value material acquisition to impress people. Table 11 indicates that 89.4% of respondents would always like to purchase originals in the future. The results indicate that there is not enough evidence to suggest that consumers' intentions to buy originals can be attributed to materialism. Yoo and Lee's (2009) study revealed a similar result around materialism, as insignificant antecedents of purchase intention of originals were found.

Material possessions are symbols of luxury and success, and portray to society a sense of indulgence (Schiffman et al., 2010). Social status can be attributed to economic power and the individual's standing in society, namely upper class, middle class or lower class (Sorokin, 1959). Therefore, it is interesting that the data showed that South Africa consumers do not place a high value on materialism. However, the hypothesis below supports that consumers have aspirations to a higher social class, which implies accumulation of wealth and hierarchy in society.

## **6.4 Perception of future social class**

**Hypothesis 8: Perceived future social class is positively associated with consumer intention to buy originals.**

When a consumer believes their future social status to be high, they will become less price sensitive and select genuine fashion products the prices of which are, for instance, ten times more expensive than those of corresponding counterfeits. That way, perceived future social status is positively linked to the intention of buying the genuine products (Yoo & Lee, 2009).

Table 46 indicates that the respondents' perception of future social class was mostly optimistic, towards upper class. Almost half of the respondents (50.6%) saw themselves in the upper middle to upper class in the near future. The results showed that South Africans in an emerging market have aspirations moving up through the market pyramid and see themselves as being in a better position economically when compared to previous generations.

There is enough evidence from the hypothesis testing to suggest that the perception of future social class positively affects purchase intention to buy originals. The results are consistent with the literature: if a consumer perceives and has ambition that their social status in the future will be higher (upward social mobility), that consumer is likely to be less price sensitive and buy genuine products based on their future aspirations (Yoo & Lee, 2009). Therefore, social status is an important factor influencing consumer purchase intentions and affecting buying behaviour; especially far as branded luxury items (whose marketing campaigns signal prestige) are concerned. In the context of the South African market and the results obtained, this could signal opportunities for foreign luxury brands to enter the market.

**Hypothesis 9: Self-image is positively associated with consumer intention to buy originals.**

From the research study there is enough evidence to suggest that self-image does not positively affect purchase intention of originals. A consumer's self-image is not positively associated with consumer intention to buy originals in the South African market, whereas, in Yoo and Lee's (2009) study the results showed that self-image is linked to purchase intention of originals (at least as far as the South Korean market was concerned).

This is contrary to some literature which stated that consciousness and high self-image positively affect purchase intention of originals (Wee, Tan & Cheok 1995). In this research study, the majority of respondents (9 out of ten) perceived themselves as intelligent (98.6%), mature (98.5%) and comfortable (93.5%). They perceived themselves as sporty (50%), gorgeous (50%) and feminine (52.9%) to a lesser extent. The respondents therefore had a general positive outlook on their self-image.

Self-image concerns itself with issues such as, "how I am seen by others" (Sirgy & Danes 1982). The literature showed that, in order to impress others, consumers purchase products the brand image of which matches their self-image (Solomon, 2009). Marketing campaigns generally appeal to consumers' self-image. Thus, in a South African context, they may relate to brand identity. Based on the results of this study, self-image will not drive a consumer's intention to purchase an original brand.

## **6.5 Reciprocal causation between purchase intentions of counterfeits and originals**

**Hypothesis 10: Consumer intention to buy counterfeits has a positive impact on the purchase intention of original products.**

There is a negative moderate correlation ( $r=0.339$ ) between purchase intention of originals and purchase intention of counterfeits. The rest of the correlations are weak ( $<0.3$ ), though some are significant. There is no evidence to suggest that consumer intention to buy counterfeits has a positive impact on their purchase intentions of buying original products. This result is inconsistent with the literature, as Ritson (2007) shows that consumers who purchase counterfeits have a strong desire to purchase authentic brands. This finding is in support of the theory of planned behaviour of repetitive purchases and shows that South African consumers who generally have a specific buying pattern will continue to purchase what they are used to and do not have a strong desire to purchase authentic luxury brands.

**Hypothesis 11: Consumer intention to buy originals has a negative impact on consumer intention to buy counterfeit products.**

The null hypothesis stating that purchase intention of originals does not negatively affect purchase intention of counterfeits was rejected. There is enough evidence to suggest that consumer intention to buy originals has a negative impact on consumer intention to buy counterfeits, therefore consumers after purchasing originals will be less likely to purchase counterfeits. These results are consistent with the literature by Yoo and Lee (2009). Nia and Zaichkowsky (2000) study found that consumers who purchase original products have little desire to purchase counterfeits as these consumers have a strong belief that counterfeits are inferior quality, and owning the authentic product and brand provides them with recognition in society.

## **6.6 Summary**

The aim of the research study was to investigate consumer intentions to purchase counterfeit versus original luxury branded items in South Africa the results obtained provides deeper insights of what factors influence the purchase intention of south African consumers when choosing between authentic luxury brands versus counterfeits.

## Chapter 7 Conclusion

In this chapter the research study concludes with the theoretical and managerial implications from the research findings, along with limitations of this study and further recommendations for future studies in this field.

Chapter 1 of this research study identified the research problem, which examines the Consumer intentions of purchasing authentic luxury brands versus counterfeits in South Africa.

### 7.1 Principle findings

The research study has theoretical implications in reference to the understanding of consumer intentions regarding the purchasing of authentic luxury brands versus counterfeits in the South African market. There is adequate evidence to show that consumers' past purchase behaviour has a strong relationship with future purchase intentions therefore consumers who have purchased counterfeits in the past is most likely to purchase counterfeits in the future (Yoo and Lee, 2009). This study furthermore concludes that consumers' past purchase behaviour of original goods is positively associated with their intention to purchase original luxury brands. In South Africa past purchase behaviour of consumers are significant predictors of future purchase decisions based on the evidence in this study. This study also shows that attitudes toward buying counterfeits by economic benefits positively affect purchase intention of counterfeits; hence the low price of the replicated authentic brand makes counterfeit products attractive to South African consumers. Moreover, there is sufficient evidence to suggest that a consumer's attitudes towards the hedonic benefits of a product are positively associated with purchase intention of counterfeits which is consistent with literature whereas consumers hedonic benefit of a product are negatively associated with purchase intention of originals which supports literature that consumers who buy authentic products by these products based on their utilitarian benefits and not hedonic benefit (Solomon, 2009). In this study there was not enough evidence that shows that materialism plays a role in consumer intentions of purchasing counterfeits or authentic products, this is interesting in the South African market as Solomon (2009) demonstrates that counterfeits and authentic luxury products bring about a similar effect which complements the consumer's physical vanity, and owning a product from a specific brand enhances self- image and societal status based on the consumer's perception of symbolism of the product. Future social status and class positively affect purchase intention of originals and is consistent with literature in chapter 2 of this study.

There is not enough evidence to support that self image will influence consumer intention to purchase counterfeits or authentic luxury brands, this is contradictory to the literature as self-image was shown by Yoo and Lee (2009) to be positively associated to consumer purchase intentions of purchasing counterfeits or authentic luxury products.

Lastly, the study shows there is no little evidence to support the reciprocal relationship with regards to the consumer purchase intentions of counterfeits and originals. There is only enough evidence to support that consumers that purchase originals will not purchase counterfeits, whereas there is no evidence to support that consumers that purchase counterfeits will purchase originals in the South African market.

## **7.2 Implications for management**

### **7.2.1 Past Behaviour**

The practical implication of these results is that marketers should invest their marketing activities in consumers who are loyal to their brand, as these consumers will have a long customer lifetime value. This belief is based on the results of this research study, as consumers' past purchase behaviour is a strong predictor of their future purchase behaviour, at least as far as the South African market is concerned. In order for marketers to increase their market share in their category in light of this evidence, focus should be placed on brand activations, thereby allowing consumers to interact with the brand and ultimately make their first purchase. In most of the luxury brand segments, price is often an issue. Therefore it makes sense for marketers to create different brands at a lower price while still keeping the prestige and status elements intact, as this will allow consumers to engage with the brand. In light of the evidence found it was interesting that there was no evidence to support self image as a factor that drives consumer intentions, this can be attributed to South Africans not identifying to the marketing and advertising campaigns used by authentic luxury branded companies. Most of the advertising and brand architecture is based on westernised and European markets. Managers must take note of this, as this can infer that South African consumers do not identify with the marketing campaigns to their self-image and should investigate using local campaigns that appeal to the self-image of the South African consumer.

Consumers who had a positive experience purchasing counterfeits will most likely purchase counterfeits in the future, based on the results obtained and the supportive literature. In order to curb the surge of the demand for counterfeited goods, local authorities and private companies need to enforce stricter laws and penalties on

consumers who purchase counterfeit products. If a consumer experiences “pain” with their purchase, they will be less likely to purchase counterfeits in the future. Companies which are heavily counterfeited in South Africa, such as Guess and Polo, would do well to invest in campaigns together with government to raise awareness of the consequences of counterfeiting. The study supports that consumers who purchase counterfeits will not necessarily purchase originals, this can be a threat to the originator company brand equity as discussed in Chapter 2, therefore marketers that enter the South African market must be aware that counterfeiting will not result in increased share of voice in the market of their original product but can result in erosion of brand equity and loss of profits.

### **7.2.2 Consumer attitudes**

Results from the study indicate there was sufficient evidence suggesting that attitudes toward the buying of counterfeits by economic benefits positively affect purchase intention of counterfeits. One of the key factors making counterfeits attractive to consumers is the low price charged for replicated luxury brands which bring about the same satisfaction for the consumer. The research found that more respondents purchased counterfeit apparel (clothing) compared to sunglasses, handbags and watches/jewellery. Therefore, marketers of clothing brands should develop campaigns around promoting the value and quality of the clothing brand with regards to their durability from a cost perspective. Counterfeit products are poor in quality and are considered “novelty” products, therefore the frequency of purchase is much higher – hence the cumulative costs will ultimately aggregate to the price of the authentic product. The results is furthermore a positive indication for foreign brands to enter the market as they less at risk of consumers purchasing counterfeits of these products.

The results of this research study show that there is sufficient evidence to suggest that a consumer’s attitudes towards the hedonic benefits of a product are positively associated with purchase intention of counterfeits. In order to create a negative consumer experience around the purchasing of counterfeits, therefore reducing the hedonic benefit, the distribution channels of counterfeiting must be targeted by local authorities and police. Distribution channels such as flea markets and informal traders who participate in the illicit trade must be heavily fined by local authorities.

### **7.2.3 Individual characteristics**

The respondents’ perception of future social class was mostly optimistic, towards upper class and support that these consumers will most likely purchase authentic products

when their socio-economic standing is improved. Around half of the respondents (50.6%) saw themselves in the upper middle to upper class in the near future. This is an important finding for South Africa as an emerging market, and a positive signal to manufacturers of luxury branded products to invest in this market in future. South Africans have a higher perceived future social status, and aspire to move up the market pyramid, which presents to marketers a possible opportunity to up-sell to these customers as their economic status changes.

### **7.3 Limitations and suggestions for future research**

The limitations of the study included conducting the study in one province (Gauteng). To gain deeper insights, future research on this topic should focus on more than one province to thoroughly investigate whether there is any impact of purchase intentions to buy counterfeit products based on geographic location. Future research should avoid using income in the survey, as this is a sensitive demographic question and respondents may not want to answer the entire questionnaire because of this. A further limitation is that the data base of the sample was limited to a few corporate companies in Gauteng to represent the target population. Future research can focus on other recruiting strategies to gain a larger sample. The issue of generalisability due to the sampling method used (quota sampling) is not the most effective sampling method.

### **7.4 Summary**

The findings covered above have answered the research questions set out by the researcher based on current literature on this topic. The findings and results of this study furthermore provide academics with suggestions for future research and make relevant recommendations to luxury brands managers with regards to the behaviour of consumers around the purchasing of counterfeit versus authentic branded luxury products in South Africa.

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## **Appendix A - Survey Questionnaire**

### **INFORMED CONSENT FORM**

Thank you for agreeing to participate in this study, which will take place during the month of August 2015. This form details the purpose of this study, a description of the involvement required and your rights as a participant.

The purpose of this study is:

The main aim of the study is to investigate the intentions of consumers to purchase counterfeits of luxury branded items in an emerging economy such as South Africa. The study will be focusing on the past behavior of the consumer their previous purchases of luxury branded items and counterfeit items, in addition to this additional variables will also be taken into account such as consumer attitudes, personal characteristics which may have an effect on the consumers intention to purchase counterfeit luxury good ( Yoo and Lee, 2009).

The benefits of the research will be:

The study has great significance as there is very limited research that investigates the demand side of counterfeiting especially in emerging markets such as South Africa (Penz and Strottinger, 2005). The research will provide insights to organisations on consumer behaviour in South Africa in order to adjust their marketing strategies accordingly.

Your participation:

Your participation in this study will consist of you taking an online questionnaire which will take approximately 15 minutes to complete. You will be asked a series of questions related to the research topic. You are required to answer all the questions in order to gain a deeper insight on the research topic. All your information will remain anonymous and will be only used for the purpose of this study. Data gathered and insights obtained by you and other participants will be used in writing of a quantitative research report. If you have any concerns, please contact my supervisor or myself on the details provided below.

By answering the online questionnaire below I acknowledge that I have read and understand the above information

Researcher Name: Natasha Shunmugam

Phone: 084 984 7077

Email: 438073@mygibs.co.za

Supervisor Name: Dr Mignon Reyneke

Phone: 011 771 4000

Email: mignon.reyneke@gmail.com

**1. Are you male or female?**

- Male
- Female

**2. What is your age?**

- 18-20
- 21-29
- 30-39
- 40-49
- 50-59
- 60 or older

**3. Income Range**

- <R10 000
- >R15 000
- >R20 000
- Above R35 000
- Prefer not to answer

**4. What Race do you belong to ?**

- White
- Black
- Asian
- Coloured
- Other

Some other race (please specify)

5. Name the luxury brands that you have purchased recently in the clothing segment

6. Have you ever purchased counterfeit luxury branded clothing ?

7. If you have selected Yes above please specify the brand(s) of counterfeit clothing you have purchased.

8. Name the luxury brands of sunglasses that you have purchased recently

9. Have you ever purchased counterfeit luxury branded sunglasses? Please select an answer.

10. If you answered Yes above , please specify the brand(s) of counterfeit sunglasses that you have purchased.

11. Name the luxury branded handbags that you have purchased recently.

12. Have you ever purchased counterfeit luxury branded handbags? Please select an answer.

13. If you answered Yes above , please specify the brand(s) of counterfeit handbag that you have purchased.

14. Name the luxury branded watches or jewellery that you have purchased.

15. Have you ever purchased counterfeit luxury branded watches or jewellery? Please select an answer.

16. If you answered Yes above, please specify the brand(s) of counterfeit watches or jewellery you have purchased.

17. How often would you like to purchase "X" originals in the Future? Where "X" represents a group of selected brands for each of the clothing , sunglasses, watch , jewellery and handbag brands that was indicated in the previous questions above.

Always	Very Often	Sometimes	Rarely	Never
<input type="radio"/>				

18. How often would you like to purchase "X" counterfeits in the future? Where "X" represents a group of selected brands for the clothing , sunglasses , watch ,jewellery and handbag brands that was indicated in the previous questions above.

Always	Very Often	Sometimes	Rarely	Never
<input type="radio"/>				

19. I buy counterfeit products if I think genuine designer products are too expensive ( Select one please).

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

20. I buy counterfeit products if I cannot afford to buy designer products.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

21. I buy counterfeit products without hesitation if I have the chance to buy the counterfeits

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

22. I buy counterfeit products , instead of the designer products, if I prefer the specific brands.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

23. I boast about counterfeit products as if they are the genuine brand products.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

24. I usually purchase counterfeits when it is difficult to distinguish between counterfeits and genuine products.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

25. I like counterfeit goods because they demonstrate imitative abilities and ingenuity on the part of counterfeits.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

26. I buy counterfeits products because counterfeits are "little guys" who fight big business.

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

27. **Buying counterfeit products demonstrates that I am a wise shopper.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

28. **I like buying counterfeit products because it is like playing a practical joke on the manufacturer of the non-counterfeit products.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

29. **I would buy counterfeit products even if I could easily afford to buy non-counterfeit products.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

30. **I admire people who own expensive home, cars and clothes.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

31. **Some of the most important achievements in life include acquiring material possessions.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

32. **I do not place much emphasis on the amount of material objects people own as a sign of success.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

33. **The things I own say a lot about how well I am doing in this life.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

34. **I like to own things that impress people.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

35. **I do not pay much attention to the material objects other people own.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

36. **I usually buy the things I need.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree  
                       

37. **I try to keep my life simple, as far as possessions are concerned.**

Strongly Disagree      Disagree      Neutral      Agree      Strongly agree

**38. The things I own are not at all that important to me.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**39. I enjoy spending money on things that are not practical.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**40. Buying things give me a lot of pleasure.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**41. I like a lot of luxury in my life.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**42. I put less emphasis on material things than most people I know.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**43. I have all the things I really need to enjoy my life.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**44. My life would be better if I owned certain things I do not have.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**45. I would not be happier if I owned nicer things.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**46. I would be happier if I could afford to buy more nicer things.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**47. It sometimes bothers me quite a bit that I cannot afford to buy all the things I would like.**

Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<input type="radio"/>				

**48. How would do you see your future socio-economic class? Please select an answer.**

- Upper
- Upper-Middle
- Upper-Lower
- Middle-Upper
- Middle-Middle
- Middle-Low
- Low-Upper
- Low-Middle
- Low-Low

**49. Please select the attribute that you perceive yourself to be.**

- Modest
- Not Modest

**50. Please select the attribute that you perceive yourself to be.**

- Intelligent
- Not Intelligent

**51. Please select the attribute that you perceive yourself to be.**

- Classic
- Not Classic

**57. Please select the attribute that you perceive yourself to be.**

- Intense
- Not Intense

**58. Please select the attribute that you perceive yourself to be.**

- Bold
- Not Bold

**59. Please select the attribute that you perceive yourself to be.**

- Gorgeous
- Not Gorgeous

**60. Please select the attribute that you perceive yourself to be.**

- Simple
- Not Simple

**61. Please select the attribute that you perceive yourself to be.**

- Mature
- Not Mature

**52. Please select the attribute that you perceive yourself to be.**

- Sophisticated
- Not Sophisticated

**53. Please select the attribute that you perceive yourself to be.**

- Neat
- Not Neat

**54. Please select the attribute that you perceive yourself to be.**

- Sexy
- Not Sexy

**55. Please select the attribute that you perceive yourself to be.**

- Feminine
- Not Feminine

**56. Please select the attribute that you perceive yourself to be.**

- Fashionable
- Not Fashionable

**62. Please select the attribute that you perceive yourself to be.**

- Comfortable
- Not Comfortable

**63. Please select the attribute that you perceive yourself to be.**

- Individuality
- Not Individuality

**64. Please select the attribute that you perceive yourself to be.**

- Active
- Not Active

**65. Please select the attribute that you perceive yourself to be.**

- Cute
- Not Cute

**66. Please select the attribute that you perceive yourself to be.**

- Sporty
- Not Sporty

**67. Please select the attribute that you perceive yourself to be.**

- Young
- Not Young



Done

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