Consumer’s purchase intention towards Counterfeit Mobile Phones

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Abstract: Instead of all efforts of the companies, the demand for counterfeit products is rapidly increasing. Counterfeit is the most important asset for the success of any organization. Knowing and understanding the consumer is the challenging aspect for any organization. Increasing demand for the counterfeit make more worthwhile than ever before. Why people buy counterfeit and what will be the impact in future. The purpose behind this research is to develop a sense about counterfeit mobile (CMP) phenomena, that through what factors it’s expanding in Pakistanis purchasing behavior. Data was collected from 150 peoples through questionnaires. We performed factor analysis and structural model to test the measurement and structural models. The finding indicated that, price personal gratification, previous experience and social influence are the factors those positively affects consumer attitude towards purchasing CMP. Brand images and other factors that directly influence consumer purchase intention towards CMP. Limitation of this paper is that the respondents were more qualified than population. Through this research, the genuine mobile phone producers can enhance their target consumer attitude toward their own products by focusing those all variables that influence consumer purchasing behavior towards CMP. In this paper the study was focused on a single phenomena of counterfeiting, CMP. In a country where people use cell phones more than others third world countries.

Keywords: Counterfeit, purchasing intentions, consumer attitude, counterfeit mobile phone, Pakistan

I. Introduction

Counterfeiting is a phenomenon that has become an emerging problem in all over the world. China is the main source of the counterfeit. About 5% of all products of the world are counterfeit, according to the International Anticounterfeiting coalition (IACC, 2005) and the International anti-counterfeiting Intellectual property Institute (IPI, 2003). Growth rate in counterfeiting is 15% annually. Its growth was started in 1970’s (Banana Veloutsou, 2005). There are so many definitions for the word of counterfeit, But here we use only one given by Cordell et al. (1996) and also use by chaudary et al. (2005).

“Any unauthorized manufacturing of goods whose special characteristics are protected by intellectual property rights (trade Mark, patents and copy rights) constitutes product counterfeiting”. Counterfeited products have flooded the market in past few decades and have increased rapidly at very large rate. Purchase intention for counterfeit products is one of the leading causes of current and future increasing growth of counterfeit. Generally counterfeits are divided into two categories - deceptive and non-deceptive (Grossman and Shapiro, 1988) In case of deceptive counterfeiting customers are deceived by fake products which resemble the originals, whereas in case of non-deceptive counterfeiting consumers knowingly purchase counterfeit products (Bossy and Scamming, 1985; Bleach et al., 1993).

Approximately one third of the buyer knowingly buys counterfeit products at right price and quality, 29% among them are satisfied. With the help of economy development and competition the production of counterfeiting is increasing, no one can deceive the buyer due to existence of winning collaborators. Due to existing of winning collaborators who buy counterfeits, no one can deceive the buyer due to victim of scan. And there is an organizational scheme to flood the market with counterfeit goods (Lax, 2009).

Manufacturer of counterfeits in recent economy get more attraction because they find little risk in large revenue, there are no law and order and no concept of penalty for producing counterfeit products. The success of luxury brand counterfeiting depends upon the price of genuine product (Bleach et al., 1993). The affiliations that go hand in hand with counterfeiting high quality brands as well as the potential for means production through manufacturing operations (Nil and Shultz, 1996).

If consumers are not attracted by branded products than counterfeiting can only be controlled by both supply and demand side, taking into account that how a company make difference between genuine and counterfeit products (Chauhdry et al., 2005) and the motivations that make a counterfeit an interesting option for some
customers (Huang et al., 2004; Ang et al., 2001). This research is based on the variable that influence consumer’s attitude toward purchasing behavioral intention of counterfeit cell phones and for this purpose the sample is from consumer side/demand side, to investigate the effects of self-asserted product knowledge, product involvement, and consumer’s perceived brand image of counterfeit mobile phones (CMP) as well as interaction between these variables on consumer purchase intention of CMP. Perceived quality, previous experience and self-satisfaction are other independent variable these are the focus of this study. This paper is on the study of PI of counterfeit mobile phones (CMP) by developing a conceptual model and hypothesis, and taking these hypotheses by using valid scales of measurements and in the end of this paper the discussion, results and conclusion included. Counterfeiting is becoming a serious threat to genuine industries especially when consumers knowingly buy them. This research will help Nokia, Samsung, Sony Ericsson and other genuine mobile phone producers to understand;

**-Why Pakistani people switch to counterfeit mobile phones?**

- How price influence consumer’s attitude toward PI of counterfeit mobile phones (CMP)?
- Is social influence a variable that affects consumer’s attitude toward CMP?
- What is the impact of gratification on consumer’s attitude toward CMP’ PI?
- How previous experience effects consumer’s attitude toward CMP’ PI?
- What is the impact of product knowledge on consumer’s attitude toward CMP’ PI?
- Is brand image a mediator b/w product knowledge and PI of CMP?
- What is the impact of brand image on PI of CMP?

To finding out the answers of above all questions from the population sample of Bahawalpur City, is the main objective of this research.

### II. Literature Review

Purchase Intention means the behavior toward purchasing a particular product, and the basic factor that influences Purchase Intention (PI) is attitude.

Attitude is learned behavior that how a person respond to a situation in favorable or unfavorable way (Huang et al., 2004). Directly, research must rely on consumer attitude through research measures (Huang et al., 2004). Attributes of products are predicator of consumers purchase intention and attitude. we cannot observe attitude directly. According to the theory of Resided Action, attitude is positively affect behavioral intentions, which in turn is an antecedent of real behavior (Janzen and Fishbein, 1980). Intention to behave a particular act is influenced by individual and social factors. To date four primary dimensions namely quality, price, ethical and legal have been found useful in determining consumer attitude (Cordell et al., 1996; Ang et al., 2001; Gupta et al., 2004).

(Ang et al., 2001), who considered social factors and personal factors, previous consumer attitudes. The main reason for purchasing of counterfeits is price, quality, and social influence and brand image. consumer having favorable attitude towards counterfeits, by counterfeits products With Particular reference to counterfeiting, Eisend and Schuchert-Guler (2006) refers to the evidence from Schlegelmilch and Stottinger (1999) that attitude towards piracy negatively effect purchase intention if the price difference between counterfeit and original product is at least 40 percent. Price and purchase intention has negative correlation.

You and Lee (2009) in their study on intention to buy counterfeit versus genuine items over counterfeits, however, once consumers tried counterfeits and price information was provided, the preference for genuine article diminished and respondents showed a stronger integration to buy counterfeits. Several variables related to beliefs people held about counterfeit products were proposed as being influential in deciding whether to buy a counterfeited product or not. The beliefs are proposed to affect primarily the attitude towards fake branded products (Raquel et al., 2012).

#### 2.1 Attitude

Attitude towards counterfeits influencing significantly and positively the intention to purchase counterfeited products; however the correlation is not as strong as respondents who had purchased products (Raquel et al., 2012). Wang et al., (2005) found that counterfeit buyers have more positive attitude toward counterfeit than non-buyers.

In context of above discussed literature it is expected that.

H1: Consumers with more favorable (unfavorable) attitude toward counterfeits will have more favorable (unfavorable) behavioral intentions toward these products.
2.2 Previous Experience

Researchers have proved that the buyer of counterfeit is different from non-buyer and experience with counterfeit purchase. Previous experience enhances attitudes (i.e. have more positive attitude) towards counterfeit (Wanget al., 2005; Tom et al., 1998). Who have already bought and utilize the counterfeit products, have more intention to purchase counterfeit than those who didn’t experienced counterfeit. Experienced buyer views fell less risk to by counterfeit products because they are getting advantage of counterfeit over genuine products. Previous researches found that previous experience was significant and positively predicted willingness to purchase counterfeit products.

In this context it is expected that;

H2: Experienced buyers of counterfeit mobile phone have more favorable attitude towards PI of counterfeit than non-buyers.

2.3 Personal Gratification

Personal Gratification means a sense of satisfying a wish, social recognition, and to enjoy the finer things in life (Ang et al, 2001)

There are conflicting results about this aspect in the literature because Bloach et al (1993) suggest that buyer of counterfeit feel themselves financially week, less confident, less successful and lower status than non-buyer of counterfeit and the results shown by Ang et al (2001) researches, a significant influence of personal gratification on consumer attitudes toward purchase intention of counterfeit. Customer who value personal gratification have less favorable attitude toward piracy. Hypothesis is;

H3: Personal gratification will affect their attitude towards counterfeit mobile phones.

2.4 Social Influence

Surrounding of people can influence a person to buy counterfeit or non-counterfeit products. (Ang et al, 2001) friends and relatives who are experts on the differential advantages of genuine have over counterfeit and the negative response of buying counterfeit will influence consumers on the disadvantage of counterfeit. Susceptibility is the basic factor that influences consumer attitude, by social pressure. Consumer susceptibility is “the need to identify with or enhance one’s image in the opinion of significant others through the acquisition of others regarding brands, the intention to conform to the expectations of others regarding purchase decisions, and the tendency to learn about products by observing other or seeking information from others” (Bearden et al., 1989, p.474). Bearden et al. (1998) proposed that there are two forms of susceptibility, informational and normative susceptibility. Informational susceptibility occurs when consumers unknowingly buy a product category. Normative susceptibility concerns purchase decisions when we knowingly buy counterfeit by the expert opinion of others, but on the expectations of what would impress others (Ang et al., 2001).

Informational Susceptibility has negative influence on attitude toward piracy (Ang et al, 2001).

Preliminary research reveal that the presences of friends who buy illegal goods enhance the willingness to buy counterfeit products, whereas buying alone decreases the willingness to buy (Albers- Miller, 1999). Late researches have reported that negative influence of normative susceptibility on attitudes toward piracy (Ang et al., 2001; Wang et al., 2005).

From the above discussion the following hypothesis has been assumed.

H4: Social influence has a positive impact on consumer attitude towards counterfeit mobile phones.

2.5 Price

Price advantage of counterfeit to genuine product is a major factor in consumer demand for counterfeit products (Bloch et al., 1993; Schleglimik et al., 1998; stoethinger and Denz 2003). Previous researches point to that price is the major influence for the purchase of counterfeit goods. Bloch (1993, p.31) states that people buy counterfeit because they are getting advantage without paying for it. Low price is an important determinant stimulating demand for counterfeit products (Dodge et al., 1996; Albert-Miller, 1999; Predergast et al., 2002; Harvey and Walls, 2003). On the basis of the existing literature we postulate that low price affect young consumer’s attitude towards non-deceptive counterfeit mobile phones.

H5: Price positively affects the consumer’s attitude towards non-deceptive counterfeit mobile phones.

2.6 Brand Image

The image of the brand is defined as the attributes that are associated with brand name. It can also be defined as perception about particular brand. Communication of a brand image is an important marketing activity it became common place in consumer behavior research the 1980’s (Dobni and Zinkhan, 1990). Brand
Consumer’s purchase intention towards Counterfeit Mobile Phones

image is essential because it contributes to the consumer’s deciding whether or not brand is one for him/her (Dolich, 1969) and it influence consumer subsequent consumer buying behavior (Johnson and Puto, 1987; Fishbein, 1967). So in this research the brand image has taken as the brand image of a genuine product in consumer mind, not of counterfeit mobile phones. In context to this literature review we can assume that; H6: High brand image has influence on consumer attitude toward PI of the product.

III. Research Methodology

The current research is descriptive in nature. Descriptive research can be explained as describing something, some phenomenon or any particular situation. Descriptive researchers are those researchers that describe the existing situation instead of interpreting and making judgments (Creswell, 1984). The main objective of the descriptive research is verification of the developed hypothesis that reflects the current situation. This type of research provides information about the current scenario and focus on past or present for example quality of life in a community or customer attitudes towards any marketing activity (Kumar, 2005).

3.1 Sample/Data

In order to collect the data for understanding the situation about consumer attitude towards counterfeits mobile phones, a sample of 150 respondents were asked to participate in self-administered questionnaire. The population for current research is mobile phone consumers in Pakistan. The current study utilizes a non-probability sampling technique that is convenience sampling. Convenience sampling is a sampling technique that obtains and collects relevant information from sample or the unit of study that are conveniently available (Zikmund, 1997). Convenience sampling is normally used for collecting a large number of completed surveys speedily and with economy (Lymetal, 2010).

3.2 Instrument and Measures

The survey instrument of the current study address two major purposes: First is to analyze the relationship of different variables in consumer purchase intention towards counterfeit mobile phones. Second, to collect information about the different characteristics of the respondents that can be used the variations in different categories.

The survey instrument contains two sections. Section 1 includes different personal and demographic variables. This section will obtain the respondent’s information about gender, age, income, education and status. Section 2 includes the latent variables that are important in current study these variables include price, social influence, and personal gratification, attitude towards counterfeits, intention to purchase and previous experience. This section of study is developed based on past literature and already used questioners (Table 1). The scales of study were adopted from previous literature and published studies. There are total of six variables price, social influence, personal gratification, attitude toward counterfeits, intention to purchase, previous experience. The scale of price was taken from (Mir et al., 2012), scale of social influence was taken from (Janzen, 1991), scale of personal gratification was taken from (Nag teal, 2001), the scale of attitude toward counterfeits and intention to purchase was taken from (DeMatos etal, 2007), and the scale of previous experience was taken from (Oliver, 1980).

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Item</th>
<th>Reference</th>
</tr>
</thead>
</table>
| 1.  | Price          | 1. I buy non deceptive counterfeit mobile phone because the prices of mobile sets are unfair and over-priced.  
2. Without non deceptive counterfeit mobile phone, many people will not be able to enjoy mobile communication.  
3. I buy non deceptive counterfeit mobile if original brand is out of my range.  
4. Buying non deceptive counterfeit generally benefits the consumer. | (Mir et al., 2012)          |
| 2.  | Social Influence| 1. My friends and relatives approve my decision to buy counterfeit mobile phones.  
2. My family members approve my decision to buy counterfeit mobile phone.  
3. My colleagues approve my decision to buy | (Ajzen, 1991)               |
Consumer’s purchase intention towards Counterfeit Mobile Phones

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>3.</td>
<td>Personal Gratification</td>
<td>1. I always attempt to have sense of achievement when buying a counterfeit mobile phone. (Ang et al., 2001)</td>
</tr>
<tr>
<td>4.</td>
<td>Attitude toward counterfeits</td>
<td>1. I recommended to friends and relatives that they buy counterfeit mobile phones. 2. Buying counterfeit mobile phone generally benefit consumers. 3. I prefer counterfeit mobile phone. 4. There is nothing wrong with purchasing counterfeit mobile phone. 5. Generally speaking buying counterfeit mobile phone is a better choice. (De Matos et al., 2007)</td>
</tr>
<tr>
<td>5.</td>
<td>Intention to Purchase</td>
<td>1. I am intended to purchase counterfeit mobile. 2. I consider counterfeit mobile phone as a choice when buying mobile phone. (De Matos et al., 2007)</td>
</tr>
<tr>
<td>6.</td>
<td>Previous Experience</td>
<td>1. Have you ever knowingly purchase counterfeits Mobile phones in the past? (Oliver, 1980)</td>
</tr>
<tr>
<td>7</td>
<td>Brand Image</td>
<td>1. You can throw counterfeit mobile phone after a while. 2. The counterfeit mobile phone may not function well. (Bian, et al., 2009)</td>
</tr>
</tbody>
</table>

3.3 Procedure

The questionnaire was distributed among 200 hundred respondents in Bahawalpur. These respondents are selected based on the criteria above mentioned. Before giving questionnaire, the purpose of study and questions were explained to the respondents so they can easily fill the questionnaire with relevant responses. A total of 150 questionnaires were selected and rest of the questionnaires was not included in the further analysis due to incomplete or invalid responses. After collecting the completed questionnaires, these questionnaires were coded and entered into SPSS sheet for further regression analysis.

3.4 Reliability Analysis

Overall Cranach’s alphas of all variables on consumer purchase intention towards counterfeit mobile phones are acceptable and recommended value 0.50 by Nunnery (1970) and 0.60 by Moss et al. (1998), this shows that all 9 items were reliable and valid to measure to opinions of consumers towards purchase intention of counterfeit mobile phones.

Table 2: Reliability of Measurement Instrument

<table>
<thead>
<tr>
<th>Scales</th>
<th>Items</th>
<th>Cranach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>4</td>
<td>0.660</td>
</tr>
<tr>
<td>Social Influence</td>
<td>3</td>
<td>0.748</td>
</tr>
<tr>
<td>Personal Gratification</td>
<td>1</td>
<td>0.70</td>
</tr>
<tr>
<td>Attitude toward counterfeits</td>
<td>5</td>
<td>0.745</td>
</tr>
<tr>
<td>Intention to purchase</td>
<td>2</td>
<td>0.606</td>
</tr>
<tr>
<td>Previous Experience</td>
<td>1</td>
<td>0.638</td>
</tr>
<tr>
<td>Brand Image</td>
<td>5</td>
<td>0.625</td>
</tr>
</tbody>
</table>

IV. Hypothesis Testing

4.1 Price and Attitude

According to the Results of the study the variable price have a significance relationship with attitude towards counterfeit mobile phones? Specifically, the price has a significant positive relationship with (Beta=.172) and (p=.003).This means that price contribute more than 17% attitude towards counterfeit mobile phone. These results of the study of H1

4.2 Previous Experience and Attitude

The regression analysis of the counterfeit mobile phone model shows that there is a significant positive relationship of previous experience with (Beta = .125) and (p = .034). This means that the previous experience contribute more than 12 %. These results of the study validate for H2.
4.3 Social Influence and Attitude
Regression analysis of counterfeit mobile model shows that there is a significant positive relationship between Social influence and attitude toward (CMP) with (β=.401) and (p=.000). This means that Social influence contribute more than 40% to attitude towards counterfeit mobile phone. This result of the study supports H3.

4.4 Personal Gratification and Attitude
Regression analysis of counterfeit mobile model shows that there is a significant positive relationship between Personal gratification and attitude toward (CMP) with (β=.186) and (p=.015). This means that Personal gratification contribute more than 18% to attitude towards counterfeit mobile phone. This result of the study supports H4.

4.5 Attitude and Purchase Intention (CMP)
Regression analysis of counterfeit mobile model shows that there is a significant positive relationship between attitude to toward purchase intention (CMP) with (β=.358) and (p=.000). This means that attitude towards purchase intention (CMP) contribute more than 35%. This result of the study supports H5.

4.6 Brand Image and Purchase Intention (CMP)
Regression analysis of counterfeit mobile model shows that there is a significant positive relationship between brand image and attitude to toward (CMP) with (β=.248) and (p=.001). This means that brand image contribute more than 24%. This result of the study supports H6.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Model variables</th>
<th>Estimate</th>
<th>S.E</th>
<th>P</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Attitude</td>
<td>.172</td>
<td>.088</td>
<td>.003</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Attitude</td>
<td>.125</td>
<td>.047</td>
<td>.034</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Attitude</td>
<td>.401</td>
<td>.065</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>Attitude</td>
<td>.186</td>
<td>.056</td>
<td>.015</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>CPM</td>
<td>.358</td>
<td>.115</td>
<td>.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H6</td>
<td>CPM</td>
<td>.248</td>
<td>.124</td>
<td>.001</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Figure 2: Research model results
V. Discussion

Purpose of this research is to find the consumer attitude towards purchase intention (PI) of counterfeits (CMP) and what are the predictors that influence consumer attitude towards purchasing CMP. Data was gathered from the sample of 200 people from BWP, there were 150 respondents the result showed that:

Price has positive influence on consumer attitude towards PI of CMP because the most respondents showed their positive attitude toward purchasing CMP, previous studies has also supported these findings about price, low price motivates consumer to buy non-deceptive counterfeits (Stack and Fleisch, 2008) because counterfeits are substitutes for those consumers who can’t afford genuine brands (Chuchinprakarn, 2003) consumer prefer counterfeits over original brands specially when counterfeits are markedly available at lower price (Bloch et al., 1993; Gentry et al., 2006; Ergin, 2010) the results of this research showed that there is a positive impact of social influence on the consumer attitude toward purchasing behavior of CMP. Results presented by this research showed a positive relationship b/w social influence and consumer attitude toward CMP; results are highly significant, the results of the research showed that on other predictor of attitude. Personal gratification has positive influence on consumer attitude toward counterfeits. Ang et al., 2001, a consumer with the sense of satisfying a wish are pleasure, comfort and social recognition did not vary from those who give less value in their attitude toward piracy.

Previous experience has a positive relationship with consumer attitude towards purchasing counterfeits, because most the respondents who have bought CMP in past showed positive attitude towards purchasing CMP. Past studies support this result, that the buyer of counterfeit have favorable attitude toward it (de Matos et al., 2007). Above discussed predictors has a positive relationship with consumer attitude towards PI of CMP. Results of this paper show that the association b/w predictors and attitude is positive and significant. Attitude is a predictor that has effect on consumer purchasing behavior and in this research we concluded that consumers with positive attitude towards counterfeits have more intention towards purchase counterfeits. It is supported by Yoo and Lee, 2009, who found that the consumers positive attitude towards counterfeits influence their purchase intention positively. Another predictor of PI of CMP is brand image. Research results showed that brand image has positive impact on PI of CMP. Results of this paper are significant. Previous results also support these results.

By conceding these predictors those influence consumer attitude toward counterfeits, the managers of genuine products’ companies can make better decisions and strategies to attract customers toward genuine brands.

Limitations

this research paper do not covered all those factors and areas of research that affects consumer attitude toward CMP, there are so many other variables, on the base of those variables further research can be conduct to understand more briefly about counterfeit phenomenon. As personality factors, environmental factors and so many other factors those influence consumer attitude and the data was collected from one country so there is a huge area of research in future about this particular phenomenon.

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Consumer’s purchase intentions towards Counterfeit Mobile Phones


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