

### ABSTRACT

With the advent of growing economy, needs of the customers have been satisfied by producing high quality and tailor made goods. Technological revolution has increased the production and distribution of goods to each nook and corner. Industrialization also has paved the way to many firms to produce at large scale for meeting the needs of the various sections of the society. In the race of industrialization, many fraudulent practices are going on under the veil. Counterfeiting is one of them. This has been considered to be the crime of the modern era. Counterfeiting means an imitation of something that is not legal in the eyes of the law. Counterfeiting means goods of inferior quality which copy another company's brand name without his authorization. It is the infringement of law by copying the trademark, copyright, logo or patent of other brand owner. This practice is not limited only to goods but has included money, books, journals, drugs, and even religion (counterfeit Christianity). This paper will put emphasis on the reasons of counterfeit purchase and the norms they follow while forming this behavior.

**KEYWORDS:** Counterfeit, fraudulent, inferior, trademark, technology.

### Objectives

1. To find out the dominant factors affecting on the consumer while purchasing counterfeit goods.
2. To know the relationship of these factors with the purchase behavior.
3. Application of TPB model for knowing the factors creating inclination towards counterfeit.

### I. INTRODUCTION AND LITERATURE SURVEY

One study of counterfeit garments at RYK campus at Pakistan (Rana Muhammad and ghilman ahmed vol.15, 2015) demonstrated the effect of purchasing factors that influence customers buying decisions related to counterfeit garments. The most common motivational factors in the study are price, status seeking in low price, and income. The respondents under study demonstrated family, friends put major pressure for counterfeit buying. Price and income are the meaningful factors for creating purchase intention.

Most of the evidences have given consideration to supply side of the counterfeit market (jean-noel kapferer & anne michaut 2014). One researcher gave consideration to demand side of the counterfeit market. The paper added insight to the moral dimension of the luxury counterfeit. He found that travel to low labor countries was the major factor of luxury demand as supply side induces the demand.

According to (ahasanul haque, ali khatibi and sabbir rahman 2009) the most influential factors towards the pirated products were price, social influence and economy. These all factors showed significant relationship with customer perception .Next research is needed to explain the behavioral intensions of consumers towards piracy.

A study conducted (by shruti kirti chauhan and ram singh kamboj 2013) focused attention on customer perception about private label brands and national brands. A study found out good quality, price, trustworthiness, large variety led to the success of retailers for introducing the private brands to the consumer. A study made by (Mathumita Mukherjee Basu, Sumit Basu & Jung Kook Lee 2015) investigated the six variables namely, social motivation, personal gratification, perception, value, brand loyalty and ethics. Out of

these six variables, social norms and social motivations were found to be the primary factors which engage a person in counterfeiting behavior.

As per views of (Kambiz Heidarzadeh Hanzae and Saeed Jalalian 2012) price determinants are not the only factors that influenced counterfeit purchase intention. Personal and peer influence known to be more effective as well. The perception of perceived risk and loss of face in front of friends in using counterfeits could be deterrent against the use of counterfeit. The extension was given to relate the subjective norm on behavioral intention.

**II. METHODOLOGY**

A sample of 100 persons was taken for the study. A structures questionnaire was used by following the convenience sampling method. The data was described with the help of pivot table and pie chats with percentages. Further P values of all the variables were found out with the help of multiple regression analysis for knowing the significance of the variables related to the study.

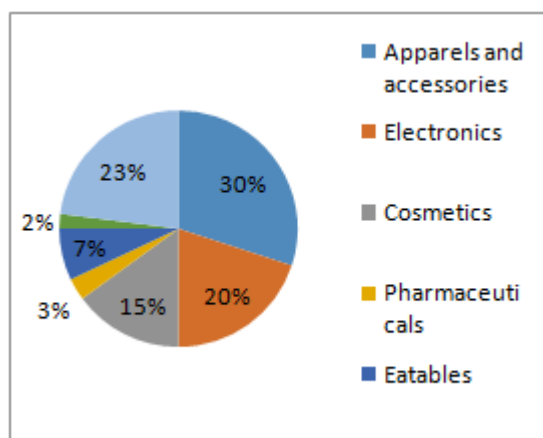
**III. RESULTS AND DISCUSSIONS**

**Demographic data of the respondents**

*Table: 1*

Age	18-38	39-59	59 and above
	67	23	10
Gender	Male	Female	
	57	43	
Profession	Student	Employed	Businessman
	48	35	17
Area	rural	urban	
	56	44	

Table 1 describe the highest percentage of the respondents were in the age of 18 to 38 followed by 23 % in between 39 to 59 and a few i.e 10 % were above the age group of 59. The majority portions of the respondents were males at 67% as compared to their female counterpart i.e 43%. From education point of view, greatest ratio was of students at 48%, whereas employed keeps account of 35% and only 17% were the businessman. The majority respondents belonged to rural area at 56% and 44% were urban respondents.



*Fig. 4.1: Item purchased most in counterfeit goods*

From purchase point of view, Consumers were highly interested in the purchase of apparels and accessories at 30% followed by clothes, electronics, and cosmetics whereas people did not prefer to take risk of health so lowest preference for eatables, pharmaceuticals and beverages.

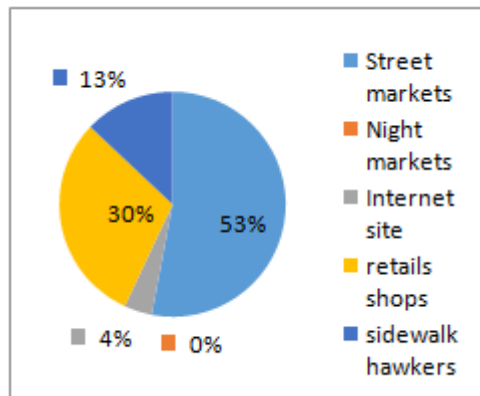


Fig. 4.2: Convenient place to shop

The Fig. shows the availability or convenience of the counterfeit goods. Street markets and retail shops had highest availability of counterfeit goods whereas night markets were not prevailing there in that area.

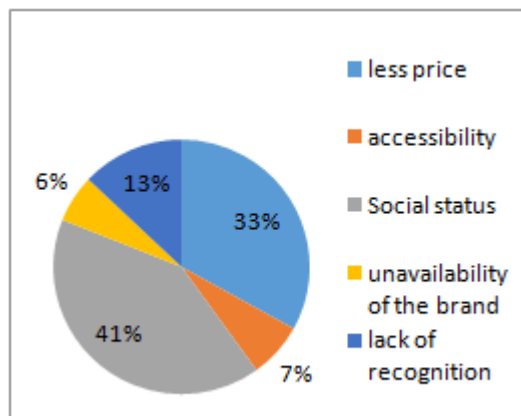


Fig. 4.3: Reason behind the purchase of counterfeit good

The biggest reason of purchase of counterfeiting goods was social status as they wanted to show off themselves as superior to others. Secondly, appearance of brand in less price with 33%. Some of the other reasons was people live in rural area and lack of recognition and less accessibility comes at 13%, 6% and 7%.

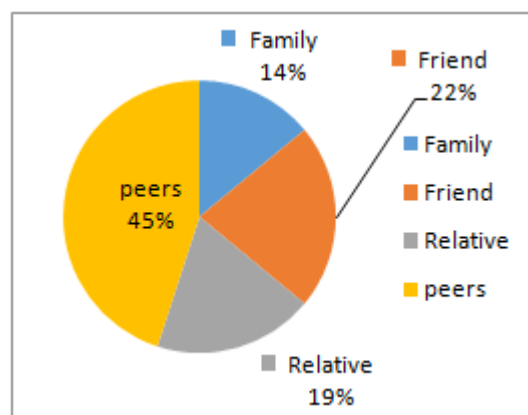


Fig.4.4: Liking of influencing the person after purchase

[Singh\* *et al.*, 6(8): August, 2017]  
 ICTM Value: 3.00

When it came to impression, highest percentage i.e 45% had a perception to impress their fellow beings and friends at 22% while 19% wanted to create image in the relatives Nonetheless, 14% had a feeling to impress family members as wife to husband and vice versa.

In the next figure, From recognition point of view, major portion of the market checked the originality of the product by seeing the logo or trademark, 37% got suspicious when a retailer stressed on originality, and 10% were indifferent whether it was original or copied.. Very few were concerned about the spellings and tagline.

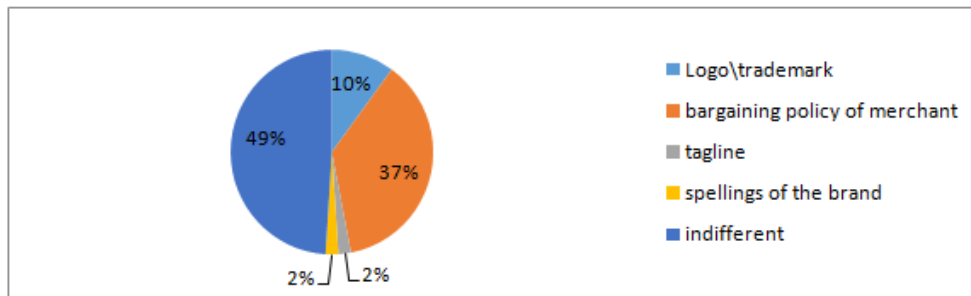


Fig 4.5: Recognition of original vs. counterfeit

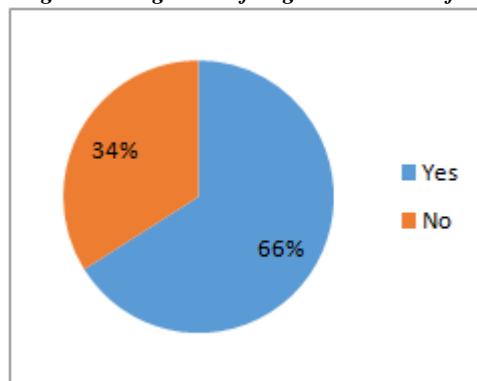


Fig 4.6: Noticing of counterfeit product

Only 66% customers found the difference between the original and counterfeit product whereas 34% did not find any difference between these two reasons being the lack of knowledge, lack of recognition and awareness and first time experience with the product.

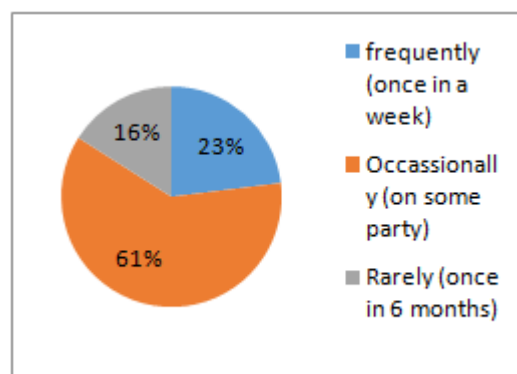


Fig 4.7: Frequency of purchase of counterfeit product

This Fig. showed the timing of buying behavior. Major portion of the market purchase counterfeit product very frequently or once in a week for satisfying their basic need as youngsters re keen to it because they need accessories on routine basis so they did not care whether it was original or not. Only 16% preferred to purchase counterfeit items once in six months.

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In the next figure, Majority of the consumers i.e 61% agreed that counterfeiting goods results in loss of sales. Almost equal percentage of customers believed that counterfeiting resulted in trademark devaluation and loss of goodwill at 20% and 19%.

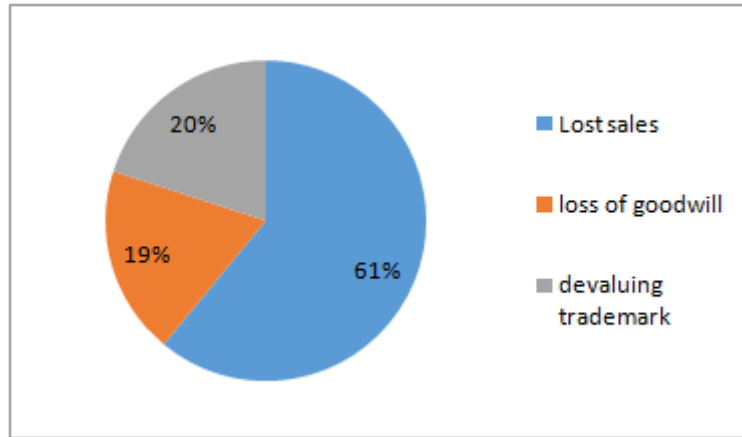


Fig 4.8: Harms to company of counterfeit purchase

One third percentage 70% of the consumers felt franchisee to be the most reliable place to shop original product. 21% preferred to get it from the company whether online or through courier services. Independent retailers and salesman came at the end at 7% and 2% due to their unreliability and no guarantee aspects.

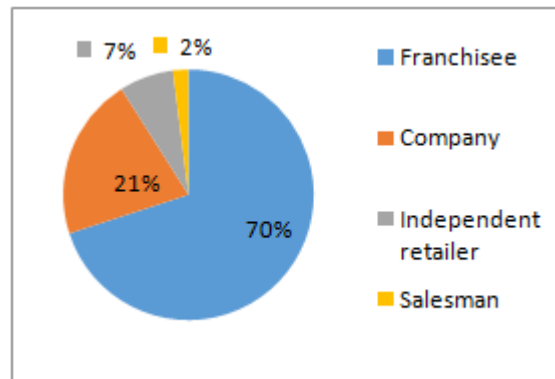


Fig 4.9: Place for purchasing Original brand

In case of counterfeit goods, More than half of the people had a most risky feeling towards electronics as people consider the case of death and physical harms due to mobiles and electronic items. On the other hand, People found no risk in the use of apparel as it did not give any physical or mental harm only status consciousness got hurt when someone noticed about the wear of counterfeit good.

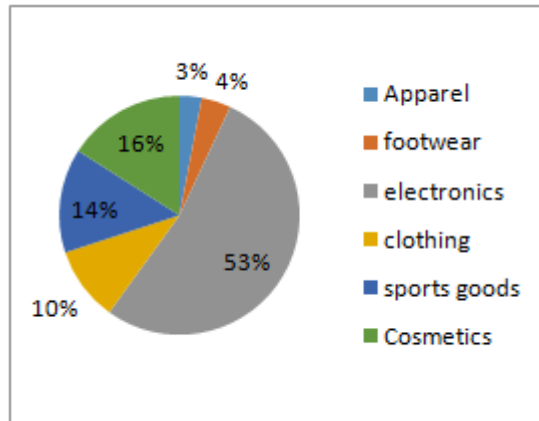


Fig. 4.10: perception about riskiness of the product

The figure above shows the highest proportion of the customers found Government action as most suitable for curbing the practice of counterfeit at 44% followed by control of trade authorities at entry points with 42%, only 4% believed in imposing penalty but rest did not believe due to bureaucracy in the system.

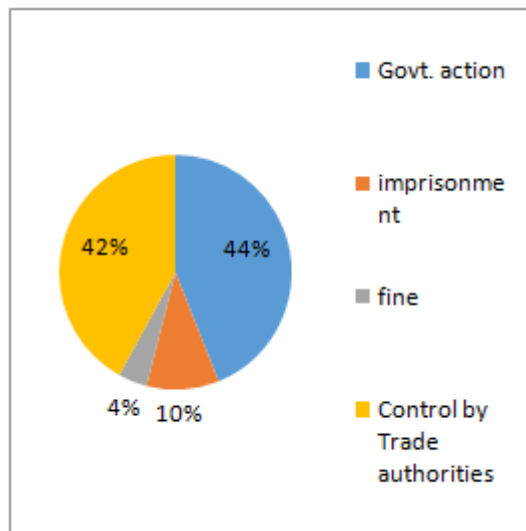


Fig. 4.11: Suitable action for forbidding counterfeit

#### IV. RELIABILITY TEST

Reliability of the data has been found out with the help of cronbach alpha. For finding out the alpha ANOVA: two factors without replication have been used for knowing the chances of error. (1-alpha value) i.e [1-.916] 17% chance of error is there but that is quiet negligible.

**Table 1**

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	1026.849	99	10.37221	11.90787	2.9538E-116	1.259499483
Columns	749.6892	11	68.15356	78.24404	1.9301E-129	1.797428498
Error	948.5608	1089	0.871038			
Total	2725.099	1199				
Alpha	1-Mserror-Msrow 0.916008					
Cronbach alpha is .916. and chances of error is 17%						

**V. OVERALL REGRESSION ACCURACY IS CHECKED BY R AND ADJUSTED R SQUARE.**

**Table 2**

Regression Statistics	
Multiple R	0.984283
R Square	0.968813
Adjusted R Square	0.964915
Standard Error	0.439384
Observations	100

The value of R is .98 that means 90% of variation is there and adjusted R square is .96 that definitely gets changed if we change one of the variables.

**Table 3**

ANOVA					
	df	SS	MS	F	Significance F
Regression	11	527.7608521	47.97826	248.5166915	0.00
Residual	88	16.98914786	0.193058		
Total	99	544.75			

As we see the F 0.00 which is much lower than the cut off at .05.

**Table 4**

	P-value	Confidence level at 95%
Intercept	0.000	
Impress	0.056	significant
Convenient	0.696	not significant
Reason	0.000	significant
Difference of C\O	0.001	significant
Notice/tell	0.000	significant
Time of buying	0.199	not significant
original buying	0.001	significant
Effect of counterfeit	0.006	significant
Preference of C /O	0.014	significant
Risky	0.713	not significant
Measure	0.626	not significant



P value is always used for knowing the significance level of the hypothesis and we know, if P value is less than .05 then we say test is significant. Here, the variable that people prefer to have counterfeit product for impressing someone is significant at .05 and most people want to impress their colleagues. Secondly, it is not convenient to purchase counterfeiting product because the street hawkers themselves are scared of open selling. Thereafter, the most obvious reason of counterfeit purchase over the original one is the fewer prices which is truly significant at .001 as people tend to purchase the low cost product. The table shows the next variable also has significant relationship with purchase of counterfeit product that people always notice that someone has worn copied product. From buying point of view, People do not frequently buy counterfeited good and it is non significant at .19%. People have preference towards the counterfeiting good over the original one as they think superior products are overpriced. Electronics is assumed to be most risky incase of counterfeited goods but it is non significant and we reject this assumption. it is true that people buy original and branded product from franchisee. People also believe that counterfeited product do effect the company by lowering their sales volume and also devalue the reputation. Control by trade authorities is not the appropriate measure for stopping the practice of counterfeiting.

## VI. IMPLEMENTATION OF TPB MODEL OF EFFECT OF INCLINATION TOWARDS COUNTERFEIT:

Attitude towards counterfeiting goods: attitude refers to what forces a person to purchase counterfeit goods. What factors make their inclination towards these pirated goods? In this paper, pricing, lack of awareness and knowledge, craving for showoff and social status amongst peers are the prominent reasons of creating buying behavior towards counterfeit goods.

Subjective norms: means what pressurize a person to perform a particular behavior or not. Here, in this paper perceived social pressure of peers, but to keep a status equal to them despite the lack of money modified the behavior for purchasing counterfeiting product.

Perceived control of behavior: It is the amount of control a person has over the event or the amount of control they believe they have. Perceived behavior control affect our decisions. Her individual's behavioral control is affected about the cost they pay and the status they get. They are willing to purchase low cost lookalike branded product for their behavioral satisfaction.

## VII. CONCLUSION

Despite all the efforts being done by the government regulation of patent corporation treaty of 1978, world intellectual property organization and copyright treaty of 1996 the network of manufacturing and distribution of copied illegal items has not come to a halt. This study has focused on the behavior of the respondents that leads them to go for committing a crime of purchasing such knock offs and pirated items. Cost and status seeking have known to be the two reasons for committing an illegal practice. If money income of the consumer is increased then this could work as a measure of curbing this practice.

### Implications for Academicians

In the current study the factors affecting the decision making process of purchase of counterfeiting has attempted to be explained. This study has attempted to define people want to have the royal feeling of high class but their constraints like income, purchasing ability, lack of knowledge and recognition has distracted them. Whereas high income would be based on the satisfaction of their social status with originality so further study could be done on whether high income group also has same perception of rationality and liking for counterfeits or whether they adopt different buying behavior towards counterfeit products.

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