

## ***Purchase Intention Of Counterfeits: An Empirical Research In Albania***

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### **Abstract**

The goal of our research is to investigate the reasons that drive women to purchase counterfeits. Starting from Penz and Stottinger's (2005) framework, we modify it in three directions. First, we consider specific products in the luxury and fashion market. Second, we add new drivers of intention to buy, of which one of the most relevant is the price difference between the original and the fake. Third, the empirical research is done in Albania, while Penz and Stottinger's study is conducted in Austria.

A convenience sample of 163 respondents was interviewed and the results have been analyzed applying SEM. Results show that consumers feel smart when they purchase counterfeits. Consumers feel more willing to purchase the fake when the price difference between the original and the fake is large, because they feel smart shoppers. Attitude towards counterfeiting and government's tolerance of counterfeiters' actions influence positively intention to buy.

### **Key words:**

Counterfeits, Albania, Luxury, Fashion, Purchase Intention

## 1. Introduction

According to Lai and Zaichkowsky (1999), counterfeits are illegally made products that resemble the genuine goods, but are of lower quality in terms of performance, reliability and/or durability. Counterfeiting is one of the oldest crimes in history and local governments have a different tolerance towards the phenomenon. Perhaps the earliest and most widespread form of counterfeiting is that of currency.

Counterfeiting can appear in two different forms, deceptive and non-deceptive. In deceptive counterfeiting the consumer is not actually aware that the product he is buying is not an original one and usually the prices of authentic and fake product are not very distant. Broader and more worrying is non-deceptive counterfeiting, in which the customer knows perfectly that the product he is buying is a fake copy of the original one (Grossman & Shapiro, 1988; Phau & Prendergast, 1998).

Initially considered two separate concepts (Grossman & Shapiro, 1988), Bosworth (2006) has suggested a spectrum of deception that runs from “super deceptive” (branded and counterfeit products appear totally identical and impossible to tell apart) to “completely non-deceptive” (all buyers are able to distinguish the counterfeit from the genuine). However, it is not only a matter of objective difference, because the degree of deceptiveness depends on consumer’s awareness, knowledge, and experience (Gentry, 2001). In case of deceptive counterfeiting, the victimized companies are losing not only sales, but also goodwill in the longer term if customers believe they have bought the real product rather than the copy (Czinkota, Ronkainen & Zvobgo; 2011).

This paper aims to understand the tangible and intangible reasons of non-deceptive counterfeiting purchases. We have focused this research on women, because they are the subjects most targeted to buy counterfeits. In fact the luxury products that are most sold as fake are bags, clothes, shoes and accessories. Our study replicates with some innovations the research of Penz and Stöttinger, (2005). We have chosen as a study site Albania, where counterfeiting is widespread. After analyzing the role of local legislations, we interviewed one representative of the Consumer Protection Agency (CPA) and two civil lawyers, residents in Tirana, about this phenomenon. The empirical research is conducted on a sample of 163

respondents in Tirana, the capital of Albania.

## 2. The Phenomenon Of Counterfeiting Worldwide

Counterfeit goods are illegal, low-priced and, often, lower quality products that typically possess high brand value (Lai & Zaichkowsky 1999). Counterfeiting is a very old phenomenon, and dates back to 27 B.C., when for the first time a wine merchant in Gaul counterfeited trademarks on wine amphorae, selling cheap local wine and pretending it to be the expensive Roman wine (Philips, 2005). Counterfeiting appears to be an emerging problem, that much that it will become the crime of the XXI century (Wilcox, Min Kim & Sen, 2009).

One good reason for taking seriously production, sale and purchase of fake products is crime (Haie-Fayle & Hübner, 2007). Revenues of the sale of counterfeits end up financing illegal organizations that may pose public security and health in serious danger. Taking fake heart medicines, travelling in a fake airplane, or applying fake sun protection crèmes give an idea of the risks that are faced if this phenomenon is not taken seriously. Counterfeiting causes undermining issues regarding global economic co-operation and development and this is a good reason for the OECD governments to fight it (OECD, 2007). Industry and consumers should become partners of the government to help fighting this criminal phenomenon, which is destroying entire businesses and genuine industries. The beginning of all must lay in the legislation of each country, mainly those that most suffer from the commerce of counterfeits.

According to a survey conducted by International Chamber of Commerce (ICC) in 2007 (ICC., BASCAP. 2007) China and Russia are perceived to be the most serious offenders of the Intellectual Property Rights (IPR) and the ones with the most unfavorable Intellectual Property Protection (IPP). This evidence is consistent with the results of a study of European Union businesses, which has ranked China as the country held accountable for two-thirds of all counterfeit products seized in the EU, Russia coming second, followed by Ukraine, Chile, and Turkey. In the same ICC survey, the businessmen interviewed declared that 50% of the countries with which they operated lacked of proper legislation to enable criminal prosecution

of IPR infringement and 63% of them did not adequately manage law enforcement agencies to fight counterfeiting. OECD statistics published in 2011 by the European Commission showed an increasing trend in the commerce of goods that infringe IPRs. Customs in 2010 registered more than 80.000 cases, the double versus 2009: more than 103 million products were detained at the EU external borders. Also online sales of counterfeits have increased a lot, with China being the main source of counterfeit products sold online.

OECD in 2011 estimated that infringements of IPR traded internationally (excluding domestic production and consumption) accounted for more than €150 billion per year (higher than the GDP of more than 150 countries). According to OECD, counterfeiting and piracy undermine innovation, which is key to economic growth. One possible remedy for this is the World Trade Organization's TRIPS Agreement, which obliges governments to enforce IPR and exact penalties for those that infringe them. Among the countries with the most secure IP environment, US is ranked at the top, followed by UK, Germany and France. They are considered leaders of the war against IP violation and counterfeiting.

The main factors, which explain why a country has an insecure IP environment, are the country's willingness to fulfill its IP obligations and the local media's disregard of the importance of combating piracy and counterfeiting. The enforcement rate, and not the lack of legislation, is regarded as a major problem in creating a pleasant IP environment, because even in countries where there are numerous laws, IP protection may not be totally insured (ICC, BASCAP, 2007). Corruption, low enforcement rates, low public awareness of the phenomenon, and lack of information on importance, quality, prices and distinctiveness of genuine products are other important reasons why counterfeiting is an increasing problem (Haie-Fayle & Hübner, 2007). Despite the war conducted from the most luxury brand marketers, ICC has estimated that the fashion and luxurious industry is losing about \$12 billion every year to combat counterfeiting. This brings to the suspect that despite all the efforts, there is a huge market for counterfeits and consumers are eager to purchase fake goods.

### 3. Literature Review

Consumers are buying branded products for the tangible and intangible attributes they transmit. According to Dornoff and Tatham (1972), the intangible reasons hidden in the purchase of a non-deceptive fake product are the self-image and the self-concept attached to its wearing, particularly for luxury goods. Since the main reason associated to the purchase of luxury goods is the image they convey and the meaning they transmit, then referring to Nia and Zaichkowsky (2000) the intangible attributes for buying counterfeit goods may be more relevant than tangible ones. In the case of deceptive fake products the situation is different since the customer is not aware of the wrong purchase he is committing: the art of copying, packaging and labeling have become so sophisticated that the consumer is not able to understand he is buying the copy. An emerging reason is also the distribution and placement factor. Nowadays fake products are being sold in supermarkets and other stores next to the original goods. This has been making it difficult for the customer to distinguish on the base of the tangible characteristics between a counterfeit and the genuine (Haie-Fayle & Hübner, 2007). The quality of deceptive goods has increased over the years, making it more difficult for consumers to identify the counterfeit (Gentry, 2006).

Since deceptive counterfeits are sold at a price slightly lower than the original product, consumers mistake it for a promotional offer or a discount (Haie-Fayle & Hübner, 2007). According to Nia and Zaichkowsky (2000), the fact that the availability of counterfeit goods has increased making them more reachable increases their demand, and correspondingly diminishes the demand of the real brands. This happens because when two products look alike, the fake and the genuine, they are usually perceived to be similar. Thus, the presence of the counterfeit brand will dominate on the real one because the former has a price advantage (Wilcox, Min Kim & Sen, 2009).

Prior studies have found that consumers who purchase counterfeit products are of lower social status (Bloch, Bush & Campbell, 1993) and have more favorable attitudes towards counterfeiting (Penz & Stöttinger, 2005).

One of the most applied theories to study consumer behavior towards counterfeits is the Theory of Planned Behavior (TPB), developed by Ajzen in 1985 as an extension of the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975). According to TRA, if people evaluate an action as positive, and if they think significant others are going to appreciate the person acts in that specific way, then the result is a higher intention and motivation to perform (Ajzen, 1985). According to TPB, consumer behavior is determined by the intention to engage in such behavior, which in turn is determined by the attitude toward the behavior and the subjective norm, as well as the perceived behavioral control (Ajzen, 1991).

#### 4. Model and Hypotheses

According to Tom et al. (1998), consumers are of two kinds. A part of consumers feel smart when they buy the counterfeit because they are spending less money than they would be spending buying the original product/brand. Maybe the consumer cannot afford to buy the genuine good, and thus decides to purchase the fake, but it may also be that for similar benefits the consumer decides to go for the fake good because he is not convinced enough to pay the price of the original product. Therefore, it is hypothesized that:

***H1: The stronger the belief of consumers that purchasing counterfeits creates a smart image, the stronger the intention to purchase counterfeits.***

Consumers' motivations for using fashion and luxury branded products are self-expression, self-image and social appearance, thanks to the transfer of value for these brands to the person using or wearing them. All these motivations require, however, interaction with other people, since it is the other that delivers meaning to the brands. Different consumer groups interpret the branded products and the person wearing them in diverse ways. People who are buying branded products may be described as self-conscious and concerned especially about the impression they would make confronted with significant others (Aaker, 1999; Hogg, Cox & Keeling, 2000; Keller, 1993). According to Nia and Zaichkowsky (2000), being worried about the others' opinion, these consumers are sensitive to interpersonal rejections. This is considered also as one of the main reasons why people doubt in buying counterfeit: the risk of

being discovered doing so may put them in an embarrassing position in society and in risk of social sanctions.

Perceived financial, performance, prosecution and social risk reduce purchase intentions of counterfeits. Moral judgments also play a crucial role in reducing purchase intentions of counterfeit products (Tan, 2002). Thus, it is predicted that:

***H2: The stronger the embarrassment potential of counterfeits, the weaker the intention to purchase counterfeits.***

In line with TPB, what significant others perceive as a positive behavior, the consumer personally tends to consider positive too. The subjective norm is defined as the consumer's perception of social pressure exerted on him regarding the purchase of counterfeit products. In this perspective, the behavior of the single consumer is linked with the beliefs that others exercise on the purchase or not of a fake-branded good. The presence of friends who also buy an illicit good enhance willingness to buy, while buying alone decreases the willingness to buy (Albers & Miller, 1999). Therefore, we hypothesize that:

***H3: The more consumers perceive a normative pressure from important others on the decision to buy counterfeits, the stronger the intention to actually purchase them.***

Ajzen (1985) suggests that the degree to which intentions lead to actual behavior depends partially on the amount of control of the individual over his behavior (Eagly & Chaiken, 1993). Some of the factors that conditions consumers' control are the availability of counterfeit products in the market, the easiness to access or purchase them, the degree of knowledge about these products. According to Ajzen (1985, 1991), in the case of counterfeits, perceived behavioral control will positively influence the intention to purchase them. Normative pressure and perceived behavioral control display a positive impact on purchase intentions, both at low and at high price level (Penz & Stöttinger, 2005). Consequently, we propose that:

***H4: The higher the perceived behavioral control of purchasing counterfeits, the stronger the intention to purchase counterfeits.***

Self-identity was suggested as additional determinant of intention by Eagly and Chaken (1993) and by Sparks and Shepherd (1992), who stated that individuals who have a rather vague

and uncertain self-concept tend to possess low self-esteem. This will make the consumer less certain of what the others actually expect from him, how others perceive his identity and how they judge his buying decisions (Brockner, 1984; Campell, Chew & Scratchley, 1991). To fight this uncertainty, the consumer will decide to purchase branded products to feel more socially secure, but the impossibility to go for this purchase will drive him to counterfeit goods that resemble the genuine ones. Especially when the behavior has become a central part of the self-concept and it is repeated, self-identity is expected to explain consumer's intention (Cook, Kerr, & Moore, 2002). Attitude towards counterfeiting and self-identity has a positive effect on purchase intentions, particularly at low price levels (Penz & Stöttinger, 2005). Therefore:

***H5: The weaker the self-identity of the consumer, the stronger the intention to buy counterfeits.***

Fashion items carrying well-known brands are more prone to counterfeiting. They imply a high cost because after some time they go out of fashion, "obliging" the trend-follower to spend considerable amounts of money to buy the recent item, if he wants to stay updated. Then, according to Weng et al. (1995), the purchase of counterfeit products is the immediate and most comfortable solution to this financial burden of staying fashionable. The only backward of this action may be the possible embarrassment caused by counterfeits (Tom et al., 1998). Brand idolization and perceived proximity reduce piracy and counterfeit purchasing (Chiou, Huang, & Lee, 2005). Counterfeits are purchased because they represent more a brand decision than a product decision (Gentry, 2001). Importance of style also has a negative influence on the purchase intentions of fake goods (Tan, 2002). The following hypotheses were posed:

***H6a: Fashion involvement has a positive impact on the degree of defending counterfeiters due to efficient production and distribution.***

***H6b: Fashion involvement has a positive impact on the embarrassment potential of counterfeit goods.***

***H6c: Fashion involvement has a negative impact on the perception that purchasing counterfeits is a smart behavior.***

According to Dodge et al. (1996), the purchase of counterfeits seriously violates the

commonly shared norms of the marketplace. Ethical considerations of what is considered to be right or wrong in the market play a crucial role in the consumption behavior, because they have a self-binding effect on the individual (DeGeorge, 1982). Although the consumer is doing something ethically wrong by purchasing a counterfeit product, he is doing so to impress significant others. However, he does not realize that the more he will feel ashamed at being detected using fake items, the more negative are the effects of this experience for him (Penz & Störringer, 2005). Additionally, consumers who themselves have strong ethical predispositions seem to have more independency on others' opinions. Consumers that buy counterfeits sometimes anticipate that they will buy the originals in the future. In this perspective, the purchase of the fake good is done only to get familiar with the idea of the original brand, to learn how to take care of it and how to carefully use it (Eisend & Schuchert-Güler, 2006). This argument, according to Gentry et al. (2006), is just a justification that consumers use to escape from their ethical dimension of purchasing counterfeit products. When people try to justify their behavior, they experience reasons for justification based on a cognitive dissonance, which occurs after a decision is made or because that decision contradicts attitudes (Festinger, 1957). Consumers experience dissonance in the form of "Faked products are of minor quality, illegal, and they do harm to consumers, companies, and economies as a whole" (Eisend & Schuchert-Güler, 2006). The following hypotheses were therefore stated:

***H7a: The higher the ethical predisposition, the more embarrassed a consumer reacts when being detected buying counterfeits.***

***H7b: A strong ethical predisposition weakens the normative pressure of important others.***

***H7c: A strong ethical predisposition strengthens the social identity of the consumer.***

Price consciousness is the mediating variable between intention and behavior. Previous research detects financial reasons to be the main incentive for the purchase of counterfeit products. "People buy counterfeits because they are getting prestige without actually paying for it", states Bloch (1993, pg. 31). Those who believe they are making a good deal when buying counterfeit products, because of the good value for money, are more willing to

purchase them. At a first glance, it seems like price is the main determinant of the purchase of counterfeits. This would imply that counterfeits are targeted only to low-income consumers, but this is not the case, because even high-income consumers in well-developed countries are interested in the purchase of fake branded items (Gentry, Putrevu, & Schultz, 2006; Prendergast, Chuen & Phau, 2002). Therefore, we assume that:

***H8: Price consciousness is mediating the effect of intention to purchase counterfeits on the actual behavior.***

Consumers who willfully buy counterfeits benefit from getting the prestige and the value that the original would transmit by paying only a fraction of the price of the genuine product (Tom et al., 1998). The issue of the price difference between the original product and its corresponding fake has not been treated widely. Not surprisingly, consumer's likelihood of buying a counterfeit brand is negatively related to the price of the genuine brand (Albers & Miller, 1999). Excessive prices of the original software are the key factor to use counterfeit products (Lau, 2006). Attitude towards counterfeiting has a negative effect on purchase intentions when the price difference is at least 40% between the counterfeit and the original price (Schlegelmilch & Stöttinger, 1999). Amount of price difference and purchase intention are negatively related, so the higher the price difference, the lower the intention to buy a counterfeit product. It is still unclear what is the level of price to which consumers respond by buying the fake item instead of the original one. This is why in this empirical research, we will use two price levels: one having a wide difference with the original price and one with only slightly cheaper from the genuine product.

***H9: The effect of the intention to purchase counterfeits on the actual behavior is moderated by the price difference between counterfeit and original product.***

## 5. Methodology

### 5.1 Measurement

Measurement is done in conformity with Penz and Stöttinger's (2005). Measured concepts and variables are the following:

- Intention: intention to engage in behavior is the proximal cause of the behavior (Fishbein & Ajzen, 1975).
- Attitudes: attitudes were measured through the use of the same scales of Penz and Stöttinger's (2005) original study. The scales are five – point multi item Likert scales, ranging from 1 “Strongly disagree”, 3 “Neutral, neither I agree nor I disagree”, to 5 “Strongly agree”.
- Subjective norm: it was measured using a Normative Interpersonal Influence Susceptibility Scale (Bearden et al., 1989).
- Perceived behavioral control: it was measured through a single item. The respondent was asked whether he would accept to purchase a counterfeit product if he was offered one.
- Self-identity: was measured through the Self Concept Clarity Scale (Campbell et al., 1996).
- Personality traits. Personality traits refer to three domains: readiness to take risks (Risk Taker (Purchase) scale developed by Raju in 1980), Fashion Involvement (Fashion Involvement Factor (FIF) scale developed by Tigert in 1976) and Ethical predisposition (13 of the 15 scenarios developed by Fullerton et al in 1996).

## 5.2 Sample and Data Collection

Based on the pertinent literature, a questionnaire was developed in order to conduct a quantitative analysis. The questionnaire was pre-tested on 6 respondents: two aged 15 – 18, two aged 19 – 21, and two aged 22 - 30.

A convenience sample of 200 women aged 15 to 30 was selected. We focused only on young women, because based on anecdotal evidence in Tirana, they can be assumed major consumers of counterfeit products. All the respondents were located in Tirana, the capital and largest city of Albania. Tirana is the more populated city of Albania, and so it is easier to find a wide diversity of consumers that purchase only original products, only counterfeit products, or both depending on the product category (for example: a fake bag but an original perfume).

The collection of questionnaires was done mainly through CAWI (40 percent of the interviews) and CAPI (60 percent of the interviews) method. Some personal interviews were taken in social places like university, city bars and neighborhood, because these places are

comfortable to respond to a questionnaire. For what concerns Internet interviews, the questionnaires were distributed mainly through social networks, mostly via Facebook being it the most widely used.

Of the 200 questionnaires distributed, 187 were returned, with a response rate of 93.5 percent. Actually, however, 24 of them were left unfinished, so the response rate fell to 87.17 percent.

Age is an important variable to understand who are the most frequent customers of counterfeits, who are the ones that spend most on counterfeits and their purchase motivations. Our sample of respondents is segmented in three age groups (Table 1):

a. 15 – 18 years old. According to InStat Albania data in 2010, approximately 89 percent of this age group follow the High School program.

b. 19 – 21 years old. The majority of them are following a University Degree, and therefore are highly concentrated in Tirana (InStat Albania). We expect these women to be well informed about luxury brands and heavy consumers of counterfeits because of their limited financial possibilities.

c. 22 – 30 years old. We expect this group to be light consumers of counterfeit products, because they have started working now, have a higher self-esteem and want to represent themselves as sophisticated luxury items consumers. They have their own salary, do not have a family yet, and so they can afford to spend some more money for themselves. They can be included in the segment called “Double Income No Kids”. According to the DINKY Market Assessment 2007, the key age group is that from 20 to 34 years old. At this age people tend to live more for the moment, to spend more for them. For these reasons, we expect these females to purchase more genuine than counterfeit products.

Table 1: Age Distribution

Answer	Response	%
15 - 18 years	53	33%
19 - 21 years	62	38%

22 – 30 years	48	29%
Total	163	100%

In terms of income, there is a relation between the monthly salary or the monthly amount of money women get, and the purchase of counterfeits. We expect that women who get less than 200€ per month are heavier consumers of counterfeits, while those that get more than 200€ per month are heavier consumers of genuine products. According to the data from InStat Albania in 2010 regarding the wages, the average wage is around 240€ per month. Here, for simplicity we have put 200€ as a borderline between higher-than-the-average and lower-than-the-average wages. The connection between the monthly salary and the purchase intent of counterfeits is based on prior studies, which have found that consumers who purchase counterfeit products are of lower social status (Bloch, Bush & Campbell 1993) and have more favorable attitudes towards counterfeiting (Penz & Stöttinger 2005)

We divided monthly income in four groups:

- a. €0-100€/month
- b. €101-200/month
- c. €201-300€/month
- d. >€301/month.

### 5.3 Interview With Ambulant Vendor

We had the opportunity to interview an ambulant vendor of luxury items, from which we got some important insights on the market of counterfeits in Tirana. It was around one o'clock in the afternoon when we were sitting at a bar near the center of Tirana. It is not strange to have ambulant merchants come near a bar table and offer items for sale: cigarettes, glasses, watches, bags, etc.

He was a teenager coming from the Republic of Macedonia. He had a bag full of items he was trying to sell to the people sitting in the bar. We asked him what items did he have in his bag and he showed several pairs of branded sunglasses, perfumes, and mobile phones. We

decided to focus on the sunglasses since he showed nearly 10 pairs of them, all luxury branded.

The seller showed Bulgari, Louis Vuitton, Armani and Dior sunglasses, and two pairs of Chanel (which he named "Sharon" not knowing the brand). When asked about the sale price, he answered that each pair sold for about 100 Euros, but the price could change depending on the number of items bought. For example, he claimed that at sunglasses shops or opticians he would sell for only 50€ each pair because they were regular customers that bought considerable amounts. The confession was striking, because that meant that if the vendor was selling counterfeit products to authorized vendors of branded sunglasses, then the latter were selling at the same price both originals and counterfeits of the same brand, deceiving all customers.

We asked him whether the items were original, and he confirmed that they were all original. Then, curious about how could it be possible that a high quality branded items could be sold so cheap we requested further information on the origin of the sunglasses and the reason why they were sold at such a low price. His explanation was "grey", that is not very clear, however he assured us that he could supply as many sunglasses as we wanted. The most likely explanation is that these sunglasses were counterfeits.

We decided to compare the details of a pair of Bulgari's the salesman was offering with a similar original pair that we had. The code in the left part of the sunglasses was longer in the original pairs and shorter in the dubious ones, but the written Bulgari at the glass was similar. The box of the sunglasses seemed less shiny than the original one, but it was very difficult to clearly distinguish the original and the fake.

This observation leads us to these conclusions that the originality of items should be questioned even at the authorized resellers, and that customers can be deceived by the ambulant vendors and the grey market if they cannot see and understand the difference between original and fake.

## 6. Data Analysis and Results

Following Penz and Stottinger (2005), we have first operated a factor analysis to reduce the number of items related to the constructs of interest, and then we applied the Structural Equation Modeling (SEM) to investigate the relationships between the constructs.

We repeated the analysis removing the variables that were not significantly correlated with the depended variable, and then we controlled the output of AMOS with all the coefficients. The model that we got has a significant Chi-square value (125,006, df=79); the level of significance (p=0,007) and the other statistics (RMSEA= 0,060 and CMIN/DF=1,582) prove the goodness-of-fit of the model. Tables 2 and 3 summarize the results of our analysis, showing only the relationships, which have been confirmed. Table 2 is related to the hypotheses, while Table 3 is related to the exogenous variables.

Table 3: Regression Weights

	Estimate	S.E.	C.R.	P	Label
Purchase_Intention <--- Smart impression	-,298	,145	-2,064	,039	par_1
Purchase_Intention <--- Normative pressure	-,376	,197	-1,908	,056	par_2
Purchase_Intention <--- High price diff.	,541	,212	2,546	,051	par_3
Purchase_Intention <--- Behavioral_Control	,441	,058	7,669	***	par_4

Table 4: Covariances

	Estimate	S.E.	C.R.	P	Label
Behavioral_Contro <--> Price sensitivity	-,457	,176	-2,603	,009	par_5
Behavioral_Contro <--> Low price diff	,116	,052	2,253	,024	par_6
High price diff <--> Behavioral_Control	,256	,065	3,942	***	par_7

	Estimate	S.E.	C.R.	P	Label
Behavioral_Contro I <--> FIF	,164	,104	1,906	,054	par_8

H1: The stronger the belief of consumers that purchasing counterfeits creates a smart image, the weaker the intention to purchase counterfeits. The coefficient, -0,298, denotes a negative relation between the two variables. This denies the first hypothesis, which proposes a positive relationship among the purchase intent and smart impression when purchasing counterfeit.

H3: The more consumers perceive a normative pressure from important others on the decision to buy counterfeits, the stronger the intention to actually purchase them. The coefficient is -0,376 and thus the stronger the normative pressure from others, the weaker the intention to purchase counterfeits.

H4: The higher the perceived behavioral control of purchasing counterfeits, the stronger the intention to purchase counterfeits. The coefficient that confirms this hypothesis is 0,441, so it is a quite strong relation.

H9: The effect of the intention to purchase counterfeits on the actual behavior is moderated by the price difference between counterfeit and original product. Intention to purchase counterfeits increases when the price difference between the original product and the fake one is large. The coefficient in this case is 0,541.

Perceived behavioral control is, in turn, positively correlated with price difference between the original and the fake product (coeff. = 0,116 in case of low price difference and 0,256 in case of high price difference), and with fashion involvement (coeff. = 0,164), while it is negatively correlated with price sensitivity (coeff. = -0.457).

The frequency tables show that 89 percent answered Yes to the question "Have you ever purchased counterfeit products". This evidence confirms that most women older than 15 have purchased counterfeit products, which shows positive reactions to fake products, and at the same time that they know they are purchasing counterfeit and are not being deceived. Items purchased being aware they are counterfeit and shown in Table 5.

Table 5. Counterfeit most purchased items

#	Answer	Response	%
1	Bags	88	54.0%
2	Sunglasses	70	42.9%
3	Clothes	65	39.9%
4	Shoes	43	26.4%
5	Perfumes	41	25.2%
6	Accessories	43	23.3%
7	Watches	38	23.3%
8	Cosmetics	27	16.6%

Bags and sunglasses are the most purchased items, and watches and cosmetics are the least chosen ones, with only 23.3 and 16.6 percent respectively.

101 out of 163 respondents have declared to have purchased more than one single counterfeit product in the past. In order to understand more on the combinations of their purchases, we ran some crosstabs, which are summarized in Table 6. The cells that are filled in deep green color represent the largest number of combinations of the two items, and those filled in light green represent the second largest number of combinations of the two items.

Table 6. Crossing of the most purchased counterfeit items

	Bags	Clothing	Perfumes	Cosmetics	Shoes	Accessories	Watches	Sunglasses
Bags	88	42	28	12	31	29	23	39
Clothing	42	65	25	16	28	21	21	32
Perfumes	28	25	41	10	16	11	12	23
Cosmetics	12	16	10	27	9	6	9	12
Shoes	31	28	16	9	41	15	16	23
Accessories	29	21	11	6	15	43	16	20

Watches	23	21	12	9	16	16	38	26
Sunglasses	39	32	23	12	23	20	26	70

As it can be seen, in most of the cases one of the items is the bag. A woman that has purchased a bag has also purchased clothing and sunglasses in most of the cases. A customer that has bought clothing has bought sunglasses also, besides the bag. Purchase of perfumes is usually combined with bags or clothing, but quite often also with sunglasses. Respondents that have bought cosmetics have declared the purchase of clothing mainly, but also bags and sunglasses. Shoes purchases have been mostly combined with bags and clothing, whereas watches have been mostly combined with sunglasses and then with bags. Lastly, those that have purchased sunglasses have also purchased bags and clothing in the majority of the cases. Concluding, from a general point of view, people who buy counterfeits usually buy more than one product category. The most clear product bundles are bag – clothing, shoes – bag and also sunglasses – bag.

## 7. Conclusions and Future Implications

The strongest influence on the intention to buy fake products comes from price difference between the original and counterfeit product and from perceived behavioral control. Consumers tend to buy counterfeit and are not limited to just one category. The most frequently purchased counterfeits are bags. This comes from the vast distribution in the market, from the lack of legal impediment and the relatively low price in comparison to the original product. As seen in the photos, a Hermés (Fig. 3) that costs minimum 5000€ can be purchased in the market for 300€, while Rayban sunglasses can be found at the ridiculous price of 3€ (Fig. 4). The fewer the obstacles to purchase counterfeits in terms of time needed to find them, geographic barriers, and so on, the more likely consumers intend to buy them.

Another strong effect was observed, when looking at the perception of being a smart shopper. Given that consumers do not actually feel smart when they purchase counterfeit, it would be appropriate for brands to exploit the affective linkages with consumers, making them love the

brand, being loyal to the brand and defenders of it. Consumers will spread the belief that purchasing counterfeit is wrong, because it damages the brand and the economy at large.

Considering the price differences between the original and the counterfeit, we noticed that consumers feel more willing to purchase the fake when the price difference between the two items is large: they think they can save money. When there is a small price difference between the original and the fake product, consumers tend to be more directed to purchasing the original product with the idea that they have to add only little money. At a very small price difference, the financial risk of making the wrong decision by buying a fake product and not the slightly more expensive original is rather high. Consumers reject the idea that the social risk of buying a fake product that does not live up to the original and is therefore detected by others is not as strong. They may in fact assume that the high price of the counterfeit is justified with a higher quality. On the other hand, if the price difference is high, the financial risk is reduced, while the social risk increases.

The attitude towards counterfeiting and the defense of counterfeiters' actions influence the intention to buy. Consumer-related drivers have a stronger effect than supplier-related factors: a result that can be attributed to the easiness of finding counterfeits in Tirana. Even if consumers stress more the fashion and price differences rather than availability of points of sales, in Tirana there are many channels to sell counterfeits:

- Points of sales placed in big commercial centers, in main streets at ground level
- Street sellers
- Ambulant vendors (mainly in bars)

Thinking of a potential communication campaign, it appears more successful to target the individuals' attitudes towards their own behavior than trying to influence the perception of counterfeiters. Self-identity and Ethical Predisposition displayed very little to no effect on the intentions to purchase counterfeits.

We can identify several avenues for future research. First, it appears useful to test the applicability of the derived model to different product categories. The prevailing literature suggests that products like software entail a differently weighted set of risk (high functional and most likely financial, lower social risk) than luxury brands. Second, additional insight

could be obtained by including a comparison of performance of fake vs. original product to increase the explanatory power of our model. Finally, as counterfeiting is a global phenomenon, it appears useful to test the model in various culture contexts.

Which measures can companies take to prevent counterfeiting?

According to Czinkota, Ronkainen and Zvobgo (2011), there are four main types of actions against counterfeiting:

- Legislative action
- Bilateral and multilateral negotiations
- Joint private sector action
- Measures taken by individual companies.

It is essential that all parties interact to gain the most effect. In addition to registering trademarks and copyrights, companies should take further steps in preventing counterfeiting in the product development sector.

According to the OECD 2007 report on the “Economic Impact of Counterfeiting and Piracy”, there are two main ways to impede the phenomenon on a national level: the first is finding ways to enhance enforcement, while the second is raising public awareness. Marketers need to find the optimal balance between establishing their own brand and inhibiting demand for counterfeits. This could be achieved through image-based advertisements that also appeal explicitly to the value-expressive motive for consuming luxury brands. Louis Vuitton in 2007 launched a “core values” advertising campaign that uses images of iconic opinion leaders (e.g., Keith Richards, Mikhail Gorbachev and Catherine Deneuve) to associate the brand with life’s personal journeys (Wilcox, Min Kim & Sen, 2008). Marketers may uncover these segments with image-driven advertising and try to inhibit counterfeit purchase.

In Malpensa Airport in Milan we noticed several billboards that aimed to fight counterfeiting by advising passengers not to purchase them (Fig. 1 and Fig. 2). There were examples of some brands that are typical victims of counterfeiting, such as Lacoste t-shirts, Chanel purses, Bulgari jewelry and Luminor Marina watches. These billboards claim that purchasing fake is against the law and damages the economy.

The second remedy is also very much stressed by one of the lawyers interviewed, who insisted that people are not aware of the phenomenon, and even if they know that the product they are purchasing is actually fake, they do not have any idea how that can harm the economy, the manufacturer and themselves. According to the lawyer, the manufacturers, in association with the municipality or the fiscal institutions, must organize informative campaigns directed to the heavy consumers of these products. Regarding the law enforcement remedy, she told us that even though the authority has wide information on this phenomenon, cannot do much to prevent or stop it, since it is quite widespread. After this interview we asked for deeper information to the Consumer Protection Agency run by the Municipality of Tirana. The employees of this office could not give any information regarding the selling of counterfeit and the deception of consumers because the agency was recently opened and they had no information in regard.

## 8. Limitations and Avenues For Future Research

This study is not without limitations. Our research regards only Tirana, the capital of Albania, which not only is a metropolitan area, but is also a place with a relatively relaxed legal environment towards counterfeits. Results could be different in areas which are a) less urban or rural, and b) less tolerant towards this phenomenon. We have interviewed only women 15 – 30 years old, whose attitudes towards fashion and luxury goods could be very specific. A more heterogeneous sample could have produced different results.

Two avenues for future research could be the application of the same model to a new industry where counterfeiting is an important phenomenon (for example electronics, food and beverage, drugs, software) and the replication of the study in a different country but integrating the cultural dimension. We believe that cultural values can make a difference on consumers' attitude and purchase intention towards counterfeits.

## 9. Appendix



“QUALITY MATTERS. FINES COST!”

FIG. 1



“DECEIVING TIME, DAMAGES FREEDOM”

FIG. 2



FIG. 3

4



FIG.

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