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## FACTORS AFFECTING CONSUMERS' ATTITUDE TOWARDS COUNTERFEIT PRODUCTS: A STUDY OF THREE SHOPPING AREAS IN BANGKOK

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**Abstract:** Currently, businesses and industries have faced the counterfeiting problem be it apparels, drugs, software or luxury branded products. Product counterfeiting causes the revenue losses and ruin brand reputation. Therefore, the researcher aims to investigate factors affecting consumers' attitude towards counterfeit products. The factors chosen to examine are value consciousness, ethical consciousness, social status, subjective norms, perceived risk, integrity and materialism. The data was collected from 450 Thai shoppers at Pantip plaza Pratunam, Chatuchak weekend market and MBK center as a target respondents, who must know and be familiar with counterfeit products. From the results, all seven independent variables have a significant relationship with consumers' attitude towards counterfeit products. Among those variables, value consciousness has the strongest influence on consumers' attitude, whereas perceived risk has the lowest influence. This study would provide valuable implication for marketers, business owners, policy makers and individuals in eliminating counterfeiting problems and creating effective strategies.

**Introduction to the study:** Recently, the spread of counterfeit products in Thailand has become a crucial problem and seems to be a common practice for purchasing and selling fake goods. The researcher decided to take this problem into consideration by aiming to examine factors influencing Thai consumers' attitude towards general counterfeit products. Tan (2002) explained counterfeit products as the production of copying that has identical combination, trademarks and labels as the genuine products but use low quality materials in the production process. In this study, there are seven factors investigated, which are value consciousness, ethical consciousness, social status, subjective norms, perceived risk, integrity and materialism. The survey technique was used to collect the data by distributing questionnaires at Chatuchak weekend market, Pantip plaza Pratunam and MBK center to 450 Thai respondents who must be familiar with counterfeit products. Additionally, the conceptual model of this study was developed based on three theoretical frameworks. The result of this research will be beneficial to the company, brands, researchers and governments which can be used to formulate or improve strategies for academic, practitioners and policy makers to help eliminate counterfeiting activities.

**Theory of independent variables:**

**Value consciousness:** Ang (2001) portrayed that value consciousness is a concern for paying lower price with a constraint for some quality. However, normal counterfeit consumers normally have lower income compared to those who are not interested in counterfeit products and normally are value conscious. Bloch (1993) stated that since counterfeit products purchasers are able to pay less, price per value perception is what they are likely to consider.

**Ethical consciousness:** Muncy and Vitell (1992)

stated that consumer ethical consciousness can be defined as the moral rules and principles that control an individual's or group's behavior. Tan (2002) has found that both moral judgment and consumer ethics have been found to reduce the positive attitude towards counterfeit products. In contrast, the strong believe that it is not ethically wrong is driven a positive attitude towards counterfeit products.

**Social status:** Ang (2001) defined social status as a social hierarchy or the position one owns based on responsibility, prestige or honor which related to social influence and the effect that others have on consumer's behaviour. Veblen (1953) studied the theory of status and believed that, by consuming luxurious products, it represents an individual's supremacy of status to themselves and to others.

**Subjective norms:** Ajzen (1991) mentioned that subjective norms is the social factors which social pressure impacts on an individual to act or not to act a particular given behavior. Bearden (1989) also said that, regarding counterfeit products, relatives and friends might perform as contributors to the consumption which depends on whether relatives and friends approve a certain behavior or not. Therefore, an individual holding a certain behavior or attitude depends on susceptibility or pressure from relatives and friends.

**Perceived risk:** Dowling and Staelin (1994) stated that the concept of perceived risk is mostly used in marketing literature which defines risk as the perception of the consumers of the uncertainty and following consequence of purchasing a product or service. Therefore, consumers judge what the possible problem that might occur and what will be the negative consequences of those problems. Then this judgment will affects most of the decision-making process.

**Integrity:** Wang (2005) mentioned that an

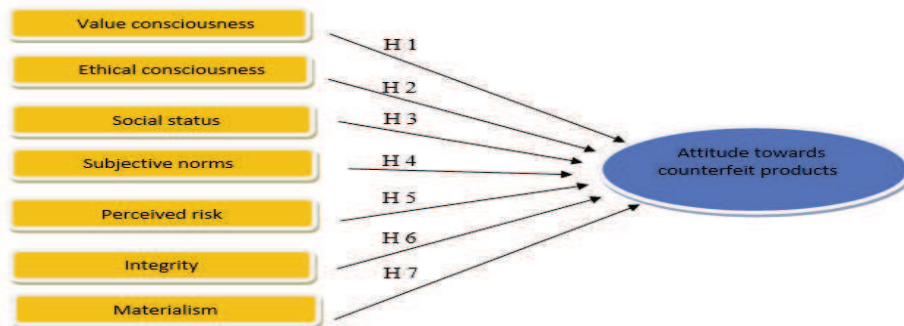
individual's obedience of the law and level of ethics can be represented by integrity. Havlena and DeSarbo (1991) gave an example that, the risks that associated with a purchase intention might include performance, safety, financial, social, psychological risks. Some previous research have proved that some consumers possess a personality trait that make them concern about the possible risks as the significant factor compare to their risk taking level.

**Materialism:** Belk (1985) defined materialism as the necessity of an individual to consider a worldly possession and goods acquirement as a way to gain happiness. In addition, O' Cass and Frost (2002)

displayed that brands have become a way of self-identification as consumers not only show concern for the product's usefulness, instead, they consume the brands' symbolic meaning in order to gain recognition to impress reference group.

**Theory of the dependent variable**

**Attitude towards counterfeit products:** Churchill (1979) defined attitude as a tendency to respond to an object, possesses the quality of readiness. Ang (2001) claimed that consumers who have a positive attitude towards counterfeit products and involve in purchasing them with producers of those goods, normally require higher standards.



**Conceptual framework**

Based on the newly constructed conceptual framework, the seven independent variables are from three theoretical frameworks. Regarding the first theoretical framework, Consumer attitudes toward counterfeits: a review and extension, Matos (2013), the researcher chose perceived risk, subjective norms and integrity to be used in this researcher's framework since those three independent variables found influenced consumers' attitude towards

counterfeit products. Second theoretical framework, Intention to purchase fake products in an Islamic country, Riquelme, Abbas and Rios (2012), value consciousness, ethical consciousness and social status were chosen. Lastly, Consumers' willingness to knowingly purchase counterfeit products, Phau, Sequeira and Dix (2009), the researcher chose materialism and integrity to be used as independent variables.

Research Hypothesis
H10: Value consciousness factor has no significant effect on consumers' attitude towards counterfeit products.
H1a: Value consciousness factor has a significant effect on consumers' attitude towards counterfeit products.
H20: Ethical consciousness factor has no significant effect on consumers' attitude towards counterfeit products.
H2a: Ethical consciousness factor has a significant effect on consumers' attitude towards counterfeit products.
H30: Social status factor has no significant effect on consumers' attitude towards counterfeit products.
H3a: Social status factor has a significant effect on consumers' attitude towards counterfeit products.
H40: Subjective norms factor has no significant effect on consumers' attitude towards counterfeit products.
H4a: Subjective norms factor has a significant effect on consumers' attitude towards counterfeit products.
H50: Perceived risk factor has no significant effect on consumers' attitude towards counterfeit products.
H5a: Perceived risk factor has a significant effect on consumers' attitude towards counterfeit products.
H60: Integrity factor has no significant effect on consumers' attitude towards counterfeit products.
H6a: Integrity factor has a significant effect on consumers' attitude towards counterfeit products.
H70: Materialism factor has no significant effect on consumers' attitude towards counterfeit products.
H7a: Materialism factor has a significant effect on consumers' attitude towards counterfeit products.

**Research methodology:** Descriptive research is the method used to conduct this research. The data are collected by distributing the questionnaire to the target population at Chatuchak weekend market, Pantip plaza Pratunam and MBK center. Regarding the previous studies, the sample size of 450 respondents was used. Hence, the researcher firstly used judgment sampling and then in the second step, quota sampling was used and convenience sampling was lastly used as the sampling procedures. The self-administered questionnaires was divided into 10 parts and used a five point Likert scale by using the level of agreement to declare respondents' statement. The researchers carried out the pretest with 50 respondents and were processed by using SPSS with Crombach's Coefficient Alpha scales to measure the reliability of each question. The results show all the questions are reliable and consistent to apply as the research instrument.

**Summary of Demographic Factors:** Statistical Package for Social Science (SPSS) version 20 is used in the analysis and the decoding of the primary data. Pearson's correlation is used to indicate the relationship between one variable to another as the method for analysis. According to the descriptive statistics, the number of female respondent accounted for 58% (261) which is greater than a number of male respondents. Most of the respondents 48.2% (217) are aged between 21 and 30 years, and the majority of the respondents were unmarried, 54.2% (244). 68.2% (307) of the respondents do not have children. The majority of the respondents were categorized into 5- 6 people sized family accounted for 38.2% (172). Furthermore, the majority of the respondents accounted for 46.4% (164) are working for government or state enterprises. Lastly, the highest percentage in terms of respondents' income was 28.4% (128), who had a monthly income between 30,001 and 40,000 THB.

**Discussion and implications:** After seven hypothesis tested through Pearson correlation, the relationships between dependent variable and independent variables have both positive and negative. Based on the first hypothesis, the researcher found that there is a statistically significant relationship between value consciousness and consumers' attitude toward counterfeit products at .773 which means that there is a high positive relationship. This can imply that the more the consumers pay attention to value consciousness, the more positive attitude they tend to have. Based on the second hypothesis, there is a statistically significant relationship between ethical consciousness and consumers' attitude towards counterfeit products at -.257 which means that there is a low negative relationship. This can imply that the

more consumers pay attention to ethical consciousness, they have more negative attitude. Based on the third hypothesis, the researcher found that there is a statistically significant relationship between social status and consumers' attitude toward counterfeit products at .544 which means that there is a medium positive relationship. This can be implied that the more consumers give importance to social status, the more consumers tend to have a positive attitude. Based on the fourth hypothesis, there is a statistically significant relationship between subjective norms and consumers' attitude toward counterfeit products at .557 which means that there is a medium positive relationship. This can be implied that the more consumers pay attention to subjective norms, the more consumers tend to have a positive attitude. Based on the fifth hypothesis, there is a statistical significant relationship between perceived risk and consumers' attitude toward counterfeit products at -.429 which means that there is a medium negative relationship. This can be implied that the more consumers were concerned about perceived risk, the more consumers tended to have a negative attitude. Based on the sixth hypothesis, there is a statistical significant relationship between integrity and consumers' attitude toward counterfeit products at .185 which means that there is a low positive relationship. This can be implied that the more consumers were concerned with integrity, the more positive attitude the consumers tended to have. Based on the last hypothesis, there is a statistical significant relationship between materialism and consumers' attitude toward counterfeit products at .557 which means that there is a medium positive relationship. This can be implied that the more consumers pay attention to materialism, the more consumers tended to have a positive attitude.

**Conclusions:** Among the selected factors, 773 is the highest correlation coefficient, displaying that value consciousness has a strong influence on consumers' attitude towards counterfeit products. Consumers concern about value they get of the price they pay the most. The second highest correlation coefficient is materialism at .577 followed by subjective norms at .557, social status at .544 and integrity at .185 respectively. Whereas, -.429 is the lowest correlation coefficient of the relationship between perceived risk and consumers' attitude towards counterfeit products and ethical consciousness at -.257. As a results, perceived risk has lowest influence on consumers' attitude towards counterfeit products. Furthermore, the researcher found that when the situations changed, factors that might affect consumers' attitude may also change as well; some factors show different results from what the researcher expected and found it interesting and needed to study further

for better results.

**Recommendations:** The findings can be used as a guideline to help in deciding what to emphasize on to get more effective results. Based on the results found, the researcher would like to recommend that the company or management team should launch advertisements or campaigns reflecting the benefits of using the original products and emphasize on threats of using fake products. Moreover, the original brand producers might try to set a lower price by applying economies of scale; hence, when the price of the original products and counterfeit ones is not much different, consumers may pay more attention in buying legal products. The management team should provide an attractive advertisement emphasize on how purchasing counterfeit products can lead to unethical behavior represented by trusted presenters. Most of the time an advertisement has a strong influence on consumer attitude. Besides, the government should support and help educating people on how important it is and why people should support the original product producers or set legal penalties for those who act against the law.

Regarding the results, since consumers consider using counterfeit products as a way to enhance their personal appearance, a good way out is to create awareness of the negative consequences of using fake products, which reflects that as a social status, this is unacceptable. Moreover, as the results show, subjective norms partially influence consumers' attitude. Therefore, not only advertisements directly attract counterfeit products consumers but they also

attract other persons around them who are affected by the consumers' attitude. Subjective norms could perform an important role in decreasing counterfeit products purchasing rates by changing consumers' attitude. Additionally, when integrity no longer helps decrease the willingness to purchase counterfeit products; governments and private companies should educate, advertise and let people learn, that buying counterfeit products causes many bad effects on economies which affects them. Lastly, creating an awareness of the true value of human beings is important. Having many things, does not make one to be respected or adored. Governments and companies themselves should advertise to let people learn that there are many other means to be accepted by the society not just owing expensive things and showing bad outcomes of materialism if consumers remain concerned about materialism too much.

**Further studies:** This study lacks product specification, therefore, further research could emphasize on specific brands or product categories in a different period of time. Demographic factors might take into consideration for further study. Culture, age, occupation, income or nationality may affect consumers' attitude. Also, more different geographic areas would be better. The number of geographic areas of this study may not provide sufficient evidence to include the whole population. Furthermore, questionnaires should be different to evaluate whether or not the type of questions have an influence on consumers' attitude or their willingness to answer the questions.

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