Exploring Counterfeit Purchase Behavior – Towards a Unified Conceptual Framework

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Using a unified conceptual framework this paper hypothesizes that counterfeit proneness influences the attitudes, ethical judgments, and subjective norms about buying a counterfeit product, which in turn affect counterfeit evaluation and purchase intentions. Findings from a study with 610 ethnic Chinese shoppers in Hong Kong support all the nine hypotheses.

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EXTENDED ABSTRACT

Introduction
Prior research on counterfeit purchase behavior shows mixed findings, possibly because it focuses on the ‘direct’ and ‘independent’ effects of attitudes, ethical judgments, and subjective norms, and ignores the role of important constructs such as counterfeit proneness and product evaluations. This paper addresses these gaps with a unified conceptual framework with counterfeit proneness as a focal construct and product evaluation as a key mediator of the process of counterfeit purchase behavior. Using a study with 610 ethnic Chinese shoppers in Hong Kong across four product categories it shows that counterfeit proneness influences the attitudes, ethical judgments, and subjective norms about buying a counterfeit product, which in turn affect the evaluation of a counterfeit product and purchase intentions.

Conceptual Framework
In this paper, we combine the economical, ethical, and socio-psychological perspectives of counterfeit purchase behavior to put forth many hypotheses. First, we propose that counterfeit proneness has a positive effect on the attitude, subjective norms, and ethical judgments about buying a counterfeit product. Next, we posit that the subjective norms and ethical judgments have a positive effect on the attitude towards buying that counterfeit product. Next, we argue that the attitude, subjective norms, and ethical judgments about buying a counterfeit product have a positive effect on the evaluation of that counterfeit product. Finally, we suggest that the evaluation of a counterfeit product has a positive effect on the purchase intentions towards it.

Methodology
We used a field-survey design with a structured questionnaire to collect data from 610 ethnic Chinese shoppers in Hong Kong to test all our hypotheses, across four product categories (luxury watches, anti-virus software, movie DVD, and backpack). We chose these four products based on their varying scores on involvement, consumption context, and purchase motivation. For example, luxury watches scored high on involvement level, public consumption, and hedonic purchase motivation; anti-virus software high on involvement level, private consumption, and utilitarian purchase motivation; movie DVD low on involvement level, and high on private consumption and hedonic purchase motivation; and finally backpack low on involvement level, and high on public consumption and utilitarian purchase motivation.

Data Analysis and Results
We first tested the measurement model using confirmatory factor analysis on all the scales with AMOS 6.0 (Anderson and Gerbing 1988; Byrne 2004), and found a good fit ($\chi^2 = 447.11$, $p < .001$; $df = 175$, $\chi^2/df = 2.55$; $CFI = .96$, $RMSEA = .036$, and $SRMR = .045$). All the fit parameters are better than the cut-off values ($RMSEA < .06$, $SRMR < .08$, $CFI > .95$) advised by Hu and Bentler (1999) and ($1 < \chi^2/df < 3$) proposed by Wheaton et al. (1977). The construct reliabilities (.84 to .93) as well as the average variance extracted (AVE) of all the constructs (.54 to .66) are quite high, hence all the constructs appear to be reliable (Bagozzi and Yi 1988). All the parameter estimates ($\lambda$) are significantly different from zero at the 5% level, showing convergent validity; and none of the confidence intervals of the correlation coefficients for each pair of scales includes 1.0, which shows discriminant validity (Anderson and Gerbing 1988).

Next, we tested the overall structural model using the pooled data from all the four product categories. The model provided a good fit to the data ($\chi^2 = 495.75$, $p < .001$, $df = 181$, $\chi^2/df = 2.74$; $CFI = .95$, $RMSEA = .044$, $SRMR = .059$). All the path coefficients were significant and in the expected directions. However, we only found evidence for partial mediation by product evaluation in the influence of subjective norms and attitude, and fully mediation in the influence of ethical judgments on purchase intentions. We also found significant differences in the strength of all the hypothesized relationships between past users and non-users of counterfeit products, as well as across the four product categories.

Discussion
Our findings have several important conceptual and managerial implications. First, we introduce a new conceptual framework that integrates diverse theoretical perspectives to explain mixed and sometimes divergent findings reported in prior research. Our findings show that it is not just individual attitudes, subjective norms, or ethical beliefs, but a combination of all these factors that influences consumers’ evaluation and purchase intentions for counterfeit products. We even validate these findings across four different product categories.

Our findings support prior research with ethnic Chinese consumers that show favorable attitudes towards counterfeit products despite strong socio-normative influences due to the collectivist nature of Chinese societies (Lee and Workman 2009; Wan et al. 2009). Hence, companies planning to market genuine brands to ethnic Chinese consumers should look the ethical or socio-normative aspects of counterfeit purchase in their communication, because these may have minimal impact on their attitudes towards counterfeit products.

Limitations and Future Research
Hong Kong, the setting for this research, is well known for widespread availability and frequent usage of counterfeit goods. Hence, future research in other parts of the world would be useful in order to compare our findings in those markets. We also restricted our sample to ethnic Chinese consumers to ensure high internal validity by controlling the influence of cultural factors, hence it would be useful to explore the influence of culture on counterfeit purchase behavior by including cultural factors such as individualism, uncertainty avoidance etc. Finally, future research may include other variables such as innovativeness, risk taking, and change seeking, to explore their influence on counterfeit purchase behavior and consumption.