

Consumer Attitude towards Counterfeit Products in Lahore Using Structural Equation Modelling

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ABSTRACT

This research aims to investigate personal and social factors that affect the attitude of consumers and also examines the association of consumers' attitude towards counterfeit products with purchase intention. A survey of 400 participants was conducted in the Public Universities of Lahore district, Pakistan. Factor Analysis (FA) and Structural Equation Modelling (SEM) were used to test the hypotheses postulated. The results show that price consciousness, information susceptibility and status consumption have a positive influence on consumers' attitude towards counterfeit products. Normative susceptibility and novelty seeking have no positive influence on consumers' attitude towards counterfeit products. Attitude towards counterfeit products was also found to have a significant relationship with purchase intention. Data were analyzed using the package, Analysis of Moment Structures (AMOS) and the Statistical Package for the Social Sciences (SPSS).

Keywords: Counterfeit, Purchase Intentions, Attitude, Lahore, Pakistan

INTRODUCTION

By definition counterfeit goods are imitations or unauthorized imitations of the original goods. The determinations of counterfeiting the products are ineffective, it seems that all product classifications are pretentious. Counterfeits can be found in almost anything, from pharmaceuticals, clothing, electrical goods, handbags, shoes, to watches and other such products. According to Furnham and Valgeirsson (2007), each year the trading of counterfeit merchandises in the markets is beyond six hundred billion US dollars in universal scales. In the world manufacturers of counterfeit are Thailand, China, Turkey, Malaysia and India, where the growth rate of counterfeiting has increased and the actual state of China mostly created counterfeit goods due to the advanced technologies. The international association of anti-counterfeiting stated that almost eighty percent of counterfeit things used in the world are produced in China. One of the underdeveloped countries is Pakistan where the counterfeit goods are willingly sold in markets. The growth rate of counterfeit goods increasing rapidly in Pakistan due to low income, almost sixty-five percent of counterfeit merchandises have been wholesaled such as clothes, footwear, medications, watches etc.

Price Consciousness

To persuading the user's behavior price show as the main role, users mostly prefer counterfeit goods when the price of original goods is higher than counterfeit products. Price considered an element that highly affects consumer purchasing behavior. The manufacturer of counterfeit goods, use lesser prices to fascinate consumers because people who

are price conscious usually not prefer too costly things. The amounts of counterfeit goods are lesser as compare to genuine products usually. Chaudhry et al. (2009) stated that only some people can pay for the original goods due to the high prices. Those consumers who cannot afford the original goods the counterfeit products which have low price create the opportunity of those buyers.

Information Susceptibility

Those consumers are informative susceptible who cannot classify the product type, and expose their self-image when the confidence from others manipulate their purchasing verdicts (Bearden et al, 1989). Ang et al. (2001) suggested that informative susceptibility rises once consumers unintentionally attain a product brand.

Normative Susceptibility

The normative susceptible consumers favour those kind of products which are usually familiar and certified by others. The relatives, colleagues or friends might help as preventer for those who want to accomplish their need towards counterfeit goods. Counterfeit users prefer more importance on features which include generally clear benefits, for example product name and desirability that would approve by their colleagues, relatives and friends. Ang et al. (2001) stated that normative susceptible consumers proceed their purchasing decisions on the basis of others views that can be astonish others.

Status Consumption

The consumers of status consumption select those merchandises that display product symbols and also represent their self-perception (Eastman et al, 1997). Phau and Teah (2009) found that consumers likely to buying products and also paid more for those products which has status because they are more conscious to display of completion. However, the consumers of highly status consumption concern greatly on the set of classification, also increase the respect from others to generally display their prosperity.

Novelty seeking

Due to the consumers' attentiveness novelty seeking increases along the varied characteristics of the products. To satisfy their own curiosity the lower prices of counterfeit things motivates consumers to increase the essential knowledge. Mostly original products has limited range of varieties whereas counterfeiters propose various designs of the products (Wee et al. 1995).

Attitude

Aaker et al. (1995) suggested that attitude is actual phenomena of people to organize the methods to differentiate their environment whether negative or positive and also switch them surely how to react their surroundings. A natured liability is the attitude of people to react satisfied or

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unsatisfied manner also attitude might be used as a prognosticator of consumers' behaviors (Huang et al, 2004).

Purchase Intention

A customer's choice towards a specific items is purchase intention of users. The choices creates some definite amount of measure such as, buyer will obtain the manufactured article and supposing to accept the things in the future (Mackenzie et al, 1986).

LITERATURE REVIEW

Saeed et al. (2016) initiated a number of factors which showed significant role in representing Pakistani consumers' purchase intention to counterfeit merchandises with three hundred and ten universities students. By using multiple regression analysis the results described that status consumption and novelty seeking was positively influenced on attitude and also intention to purchasing counterfeit goods while personal gratification was negatively influenced on the attitude and purchase intention to counterfeit goods.

Ting et al. (2016) observed that value consciousness, status consumption, and perceived risk factors were the strong factors affecting consumer attitudes. For this study, they have used the Partial Least Square (PLS) method to analyzed 109 respondents. They also examined that Normative and information susceptibility positively affected on consumer attitudes.

Rahpeima et al. (2014) showed a survey population in Iran with two hundred and seventy-six participants to know the outcome of personal gratification, price consciousness, and integrity on the attitude and purchase intention of users towards counterfeits goods. Personal gratification has a significant influence on the attitude to counterfeit products, while integrity has insignificant influence. On the other hand, attitude towards counterfeit products has a significant effect on purchase intention.

Albarq (2013) supported research on Saudi Arabian consumers' attitude in Riyadh and the impact of attitude on Saudi Arabian's behavioral intent to counterfeit products. The intentions of Saudi consumer to buy counterfeit belongings influenced the factors which consist of subjective norm, personal gratification, integrity, price-quality inference and perceived risk also attitude showed as a mediator role between those factors and behavioral intentions.

Hidayat and Diwasasri (2013) focused on the factors affecting attitude towards counterfeit products with two hundred and fifty buyers in Indonesia. The outcome of results using path coefficients revealed that social issues, status consumption, personal gratification and integrity negative influenced although value consciousness and novelty seeking influenced positively on attitudes towards the counterfeit products. Kim and Karpova (2010) surveyed in the United States on buyer attitude towards the fashion counterfeit products with three hundred and thirty-six women colleges' participants. Past purchase behavior, value consciousness, products appearance, and normative susceptibility influenced on buyer's attitude towards the fashion counterfeit products. Attitude had positively influenced on buyer purchasing intent towards the fashion counterfeit products.

Objectives

The research endeavors to understand the consumer's purchase intentions who intentionally seek out counterfeit products and indulge in the purchase.

The objectives of the study are to:

- Investigate social and personal factors affecting consumer attitude towards counterfeit products
- Examine the relationship between the consumer's attitudes and purchase intention, towards counterfeit products

Hypotheses

H1a. Information susceptibility has a positive influence on consumers' attitude towards counterfeit products.

H1b. Normative susceptibility has a positive influence on consumers' attitude towards counterfeit products.

H2a. Price consciousness has a positive influence on consumers' attitude towards counterfeit products.

H2b. Novelty seeking has a positive influence on consumers' attitude towards counterfeit products.

H2c. Status consumption has a positive influence on consumers' attitude towards counterfeit products.

H3. Consumers' attitude towards counterfeit products has a positive influence on purchase intention.

METHODOLOGY

In this study, the size of the sample is four hundred by using Yamane formula (1967) as the population size is N=177593. Data is collected through a self-administered questionnaire. Participants included female and male respondents from seven public universities of Lahore district Pakistan by using simple random sampling technique.

The overall questionnaire considered of two parts where part one involved demographics of participants and part two consists of each factor that is Information Susceptibility, Normative Susceptibility, Novelty Seeking, Price Consciousness, Status Consumption, Attitude, and Purchase Intention also five points Likert scale used in the questionnaire. Exploratory Factor Analysis (EFA) and Structural Equation Modelling (SEM) was used to check the variables dimensionality and testing of hypothesized relationship simultaneously.

Research Results and Analysis

Demographic profile

Below table 1 showed demographics profile of respondents, in which demographic variables consists of family income, gender, marital status, age, and education.

Table1: Demographic Profile of Respondents

Variable	Category	Frequency	Percent
Gender	Male	177	44.3
	Female	223	55.8
Age	18-20	69	17.3
	21-23	167	41.8
	24-26	66	16.5
	27-29	62	15.5
	30-35	36	9.0
Marital status	Single	364	91.0
	Married	30	7.5
	Others	6	1.5
Education	Undergraduate	188	47.0
	Graduate	156	39.0
	Postgraduate	50	12.5
	PhD	6	1.5
Monthly income	Below 25000	48	12.0
	26000-55000	145	36.3
	56000-75000	134	33.5
	76000-100,000	45	11.3
	Above 100,000	28	7.0

The contribution of female and male participants presented as, (223) 55.8% of female and (177) 44.3% male respondents. 21-23 years age group category showed the majority of participants that contributed (167) 41.8%. Most of the respondents were in a single group such as (364) 91.0% and undergraduate (188) 47% showed interest in our research. The family income of most of the participants showed almost 36.3% in the range of 26000-55000.

Reliability Analysis

The coefficients of Cronbach's alpha were used to check the reliability either each stately items are reliable or not. The suitable alpha values are 0.7 and above. Below table 2 showed that all variables are reliable because each alpha values were greater than 0.7.

Table2: Coefficients of Cronbach's Alpha

Construct	Cronbach's Alpha
Informative Susceptibility	0.865
Normative Susceptibility	0.761
Price Consciousness	0.804
Status Consumption	0.831
Novelty Seeking	0.823
Attitude	0.846
Purchase Intention	0.845

Exploratory Factor Analysis

Bartlett's test and KMO value used to check the factor analysis appropriateness. The Bartlett's test qualified on 0.000 in table 3 and the KMO value is 0.734 fulfill the requirement of satisfactory value that is 0.5. Therefore, these indices were reasonable for factor analysis.

Table3: Bartlett's Test and Kaiser-Meyer Olkin

Kaiser-Meyer-Olkin Measure		0.7
Bartlett's Test	App. Chi-square	5222.38
of Sphericity	Df	325
	Sig.	.000

By using Varimax Rotation Method, each of seven variables was displayed in Exploratory Factor Analysis (EFA). All Eigenvalues of each component exceeded one after performing the principal components analysis that is 4.808, 2.875, 2.761, 2.293, 2.067, 1.728 and 1.667 which explained the variance 18.494%, 11.059%, 10.621%, 8.820%, 7.949%, 6.647% and 6.412% respectively, showing that cumulatively 70% of the total variation is explained by the above mentioned seven factors. Factor loadings of all variables greater than 0.5 so there is no need to remove any indicator or variable. After extraction and rotation method the results of factor analysis revealed that four items of novelty seeking, price consciousness, purchase intention, three items of normative susceptibility, status consumption, two items of informative susceptibility and five items for attitude.

Table 4: Factor Analysis, Mean, SD

Constructs	Items	Factors Loadings	Mean	SD
Price Consciousness	PC1:Buy products due to price	0.711	4.20	0.67
	PC2: Find myself checking prices	0.778	4.04	1.75
	PC3:Low rates of products is pleasing	0.849	4.05	0.74
	PC4:Prices of original products are high	0.803	4.06	1.74
Novelty Seeking	NOVS1:Mostly try different counterfeit products	0.727	4.40	0.63
	NOVS2:Continually keep up with fashion	0.820	4.37	1.62
	NOVS3:Lots of well-known products	0.822	4.54	0.54
	NOVS4:Glad to purchase new counterfeit products	0.847	4.50	1.54
Status Consumption	SC1:Purchase a product, because it has status	0.811	3.19	1.25
	SC2:Willing to pay more if it had status	0.866	3.14	1.14
	SC3:Status of product is essential	0.844	3.23	1.24
	IS1:Look upon what others are purchasing	0.770	3.14	1.08
Informative Susceptibility	IS2:Ask around due to lack of knowledge	0.942	2.69	0.93
	IS3:Consult those users who use counterfeit	0.925	2.70	0.94
	NS1:It is important other people like that product	0.794	4.38	1.64
Normative Susceptibility	NS2:Make good impression on others	0.823	3.93	0.71
	NS3:Friends and relative admire my decision	0.813	4.11	1.74
	ATT1:Reliable as the actual product	0.794	4.94	0.97
Attitude	ATT2:Similar function as real products	0.744	4.83	1.94
	ATT3:Nothing wrong to buy counterfeit product	0.764	3.11	0.95
	ATT4:Purchase counterfeit because everyone buy it	0.693	3.31	0.97
	ATT5:Favor counterfeit product	0.812	4.94	1.93
Purchase Intention	PI1:buying counterfeit product for others	0.723	3.62	1.03
	PI2:Considering counterfeit product as an opportunity	0.764	3.32	1.07
	PI3:High intent to purchase it	0.855	4.98	1.13
	PI4:Good remarks about counterfeit product	0.858	3.00	1.17

Status Consumption	NOVS4:Glad to purchase new counterfeit products	0.847	4.50	1.54
	SC1:Purchase a product, because it has status	0.811	3.19	1.25
	SC2:Willing to pay more if it had status	0.866	3.14	1.14
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Structural Equation Modeling (SEM)

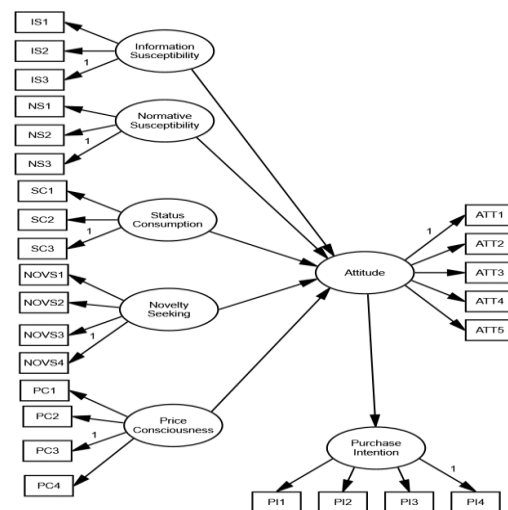


Figure 1: Structural Equation Modelling

The theoretical framework consists of seven variables after conducting the exploratory factor analysis, which presented Novelty Seeking(NS), Price Consciousness(PC), Status Consumption(SC), Normative Susceptibility (NS), Information Susceptibility(IS), Attitude (ATT) and also Purchase Intention (PI) which is measured by observed variables PC1, PC2, PC3, PC4; NS1, NS2, NS3, NS4; SC1,

SC2, SC3; IS1, IS2, IS3; NS1, NS2, NS3; ATC1, ATC2, ATC3, ATC4, ATC5; and PI1, PI2, PI3, PI4 respectively. In figure 1 Structural Equation Modelling explained that informative susceptibility, normative susceptibility, price consciousness, status consumption, and novelty seeking has a positive influence on purchase intention. A model fit indices have been done for SEM before testing the hypotheses. For this purpose CFI, TLI, RMSEA has been calculated as shown in table 5. CFI and TLI are incremental fit index so here both values are 0.934 and 0.902 respectively falling between the standard ranges indicating the model a good fit. Similarly RMSEA ranging between 0.05-0.08 is considered a good fit and here in this study the value is 0.06 showing that the fit is good also the smaller index value of χ^2/df indicates that consistency is better so here the value is 1.69 indicating the good fit. So all above the ve methods showed that the model had good d fit. The hypotheses confirmed through the structural equation modeling outcomes. The level of significance of path coefficients displayed in table 6.

Table 5: Model Fit Indices

	Model
χ^2	442.118
Df	262
χ^2/df	1.687
GFI	.901
NFI	.903
CFI	.934
TLI	.902
RMSEA	.066

Table 6: Regression Weights

	Estimate	S.E	C.R	P
Attitude <---Information Susceptibility	3.133	0.804	3.98	0.00
Attitude <---Normative Susceptibility	-0.132	0.079	-1.67	0.09
Attitude <--- Novelty Seeking	-0.038	0.080	-0.47	0.63
Attitude <--- Status Consumption	0.215	0.040	5.45	0.00
Attitude <--- Price Consciousness	0.145	0.062	2.35	0.00
Purchase <--- Attitude	0.787	0.096	8.22	0.00

Price consciousness, status consumption and information susceptibility making the significant relations because their path coefficients are 0.145, 0.215 and 3.133 simultaneously, that follow the acceptable significance value which is less than .05. Novelty seeking and normative susceptibility making insignificant relations with attitude and their path coefficients are -0.038 and -0.132. The relationship between attitude and purchase intention also found significant relationship at five percent level of significance.

CONCLUSION

Using the structural modeling the overall six hypotheses in which four hypotheses were supported and the rest were not supported. Novelty seeking and normative susceptibility hypotheses results were not supported which means that high normative susceptible consumers unfavorable towards counterfeit goods these consumers considered others opinion and make a good impression on them, they only buy those products that others expect them to buy. The consumers of novelty seeking act unfavorable towards counterfeit goods, these consumers follow variety and change, while genuinely branded merchandises differentiate the products by highlight the style, quality, design, and appearance. However, these factors have no positive influence on consumers' attitude. The result of hypothesis information susceptibility, status consumption, and price consciousness was supported and

showed a significant positive relationship with attitude. Information susceptibility consumers have little knowledge about the product they purchase counterfeit products on the basis of others opinion. Status consumption consumers are most likely to purchase counterfeit products that have status because they want to seek a certain position in society. Price consciousness consumers likely to purchase products that are on sale which usually are not expensive. They act favorably towards counterfeit products.

Table 7: Hypothesis Results

Hypothesis	Result
H1a: Information susceptibility has a positive influence on consumers Attitude towards counterfeit products.	Supported
H1b: Normative susceptibility has a positive influence on consumers Attitude towards counterfeit products.	Not Supported
H2a: Price consciousness has a positive influence on consumers Attitude towards counterfeit products.	Supported
H2b: Novelty seeking has a positive influence on consumer's Attitude towards counterfeit products.	Not Supported
H2c: Status consumption has a positive influence on consumers Attitude towards counterfeit products.	Supported
H3: Consumers' Attitude towards counterfeit products has a positive influence on purchase intention.	Supported

Recommendation

By taking different age group, occupation and income group research should be explored other line of work, also sample should be extended to another particular region for further research. Furthermore, particular product kind should be emphasized which can be indicated as counterfeit products.

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