

# Countering Counterfeits in Pakistan

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The main purpose of this study is to understand the behavioral and psychological factors that influence consumers who purchased counterfeited products in Pakistan. The study has highlighted different factors which are considered the contextual determinants of buying counterfeited products. Two steps methodology was used in this research to highlight different contextual determinants of purchase behavior of counterfeited products. The Ajzen (1991) theory of planned Behavior, the questionnaire of Lee and Ho (2004), and De Matos et al (2007) were used to collect data and analyzed it for exploratory and conformity factor analysis by using the techniques of PCA and SEM. The study has revealed that people buy counterfeited products because of peer pressure, financial constraints, ease of availability, lack of societal behaviors and lack of awareness of the associated risks. Further the financial constraints and attitude of the consumers triggered the willingness to buy the counterfeited products. The study found that counterfeit products have eaten into 10–15% of the sales of the original products in Pakistan, and that these products are mainly being counterfeited in Peshawar, Lahore, and Karachi. The paper is financed by the higher education commission of Pakistan through its NRPU program. To the best of our knowledge the paper is unique in presenting counterfeit purchase factors, which is then regressed and confirm against Ajzen's (1991) theory of planned buying behavior and based on the results a new model for future research is also proposed. To create an effective anti-counterfeiting regime, the government must devise a strong legal structure that encompasses law enforcement related to customs, civil, criminal and digital crimes. The brands manager shall work on consumers' purchase attitude, societal norms, cost of products, grey markets and communication of hazardous associated with counterfeited products. To decrease counterfeit use legislative policies need to be designed and implemented in every business activity across the country with the help of law enforcement agencies.

**Key Words:** *Counterfeits, Pakistan, Consumers, Purchasing Behaviour*

## 1. Introduction

Counterfeiting is a concept that encompasses all illegal products and services that violate intellectual property rights. In a more generic form, a counterfeit is the unauthorized copy of a product created by the original manufacturer (De Motos, Ituassu and Rossi, 2007). A conventional example of counterfeiting is pirated CDs containing software, music, movies, games and so forth. Conventionally, property rights are associated with physical items, such as medicines, software and online media; however, experts are of the view that these rights are equally applicable to intangible items, including ideas, plans, academic work and similar personal creations (Spinello, 2007). According to Kay (1990), the term *counterfeit* is defined as reproducing and transmitting copies which are identical to the genuine products in terms of the packaging, labelling, trademarks, etc. The intention behind making such products is to mislead consumers; that is, the aim is for consumers to consider the counterfeits as genuine. Counterfeiting is also done when a genuine product that has a significant brand value (regardless of copyright) is imitated in such a way that its characteristics are copied into another product. The fake product is then indistinguishable from the original but is sold at a cheaper price (Eisend and Guler, 2006). Counterfeiting is more common in products with reputable brand names and relatively simple production techniques, such as clothing, consumer electronics, cigarettes and watches (International Anti-Counterfeiting Coalition, 2002).

According to Easterbrook (1990), “Intellectual property is no less than the fruit of one’s labour that is the physical property.” As such, an individual’s physical and intellectual work are equal in the eyes of the law, and any violation of either of these is a crime against the owner or creator of the original work. The purpose of protecting intellectual property rights is to value creativity and create social wellbeing. The rationale is to give due credit, reward, recognition and monetary benefits to the creator, inventor or manufacturer of the original product. When intellectual property rights are protected, society is encouraged to be creative and innovation is nurtured.

The phenomenon of counterfeiting is affecting global business at an alarming rate. Despite the efforts made by states and organizations to combat counterfeiting, those responsible have found new ways to retaliate and reach consumers (Freedman, 1999; Ang, Cheng, Lim, & Tambyah, 2001). Over the last two to three decades, it has become evident that the global trade in counterfeit goods is increasing in line with increases in global trade overall (Kafchinski & Shelley, 2009). Due to the efforts of international organizations such as the World Trade Organization (WTO) and the World Health Organization (WHO), anti-counterfeiting policies are mainly in place and complete. However, some countries, specifically developing ones, are reluctant to combat counterfeiting – mainly because of political interventions. Counterfeiting is flourishing globally, but the rate is highest in developing countries, mainly due to weak legal systems and corrupt public officials (Green and Smith, 2002). In addition, counterfeiting is a trade issue rather than a matter of law and

order. On the other hand, consumers who purchase counterfeit goods typically do so believing that it is a “victimless crime”. Hence, due to the low risk of retribution from either consumers or the state, on top of the associated high rewards, counterfeiting is becoming a more formal area of business day by day. The industries related to counterfeiting are earning higher profits than other criminal enterprises are; furthermore, they have little fear of being apprehended.

With this in mind, both consumers and the state have a social responsibility to combat counterfeiting effectively. In this regard, the public needs to be aware of the consequences of counterfeiting. Similarly, it is the responsibility of all businesses – those that are affected and those that are not – to expose counterfeiting industries and to inform consumers, especially in the case of pharmaceuticals.

In addition to this, the culture of Pakistan and the usage of counterfeited products and dealings of it with a large scale in micro level in Pakistan economy motivates us to study this phenomena in Pakistan. Moreover, Pakistan have a diversified culture with a huge population. As the population of Pakistan is more than 220 million with difference in urban and rural population ratio. In addition to this, literacy ratio and poverty level are also not uniform throughout the country. As more than 50 per cent of Pakistani population is consist of middle class they tried to get affordable products with reasonable quality and price. Moreover, the middle class of Pakistan doesn't go to the brand but go for those goods which are in their monetary range and satisfy their needs. This behaviour of Pakistani middle class encourage counterfeiting in Pakistan due to its usage and demand, so we can say that due to poverty, educational level and low income Pakistani preferred counterfeited products instead of expansive branded products. Therefore, counterfeiting is an important issue in cultural setting of Pakistan, so this study is intending to investigate this issue in Pakistan.

Moreover, in order to curb the growing menace of counterfeit products this study will examine the buying behaviour of consumers, which are the antecedents of their psychological makeup. Therefore, the objective of this study is to understand the behavioural and psychological factors that influence consumers who use counterfeited products such examination will help to ascertain consumers' willingness to buy counterfeit products, indeed a very important factor for the marketers and brands owner.

The use of Factor analysis (hereafter, FA) and Structural Equation modelling (hereafter, SEM) on Ajzen (1991) theory of planned purchase behavior, the contextual purchase determinants has been analyzed which is then has been be put into analyses for a new empirical model with more complex relationships.

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More precisely, the study has focused on the following areas:

- i) Risk perception in purchasing of fake goods
- ii) The moral aspects of buying counterfeit goods
- iii) The influence of society
- iv) Personality factors
- v) Traders' perceptions on counterfeits
- vi) Government measures to combat counterfeits

After applying the above mentioned methodology and by collecting data through questionnaire from 295 respondents this study has revealed interesting findings. These findings has contributed in the rare literature of counterfeits in general and in Pakistan particular. Firstly, this study reveals that even though most customers know that the product they are using is counterfeited, they will still buy it on the recommendation of peers and relatives. Secondly, this study highlighted that most Pakistani users are not aware of the hazardous affects that are associated with counterfeit products. Once they have been briefed about the risks, they are willing to avoid buying counterfeit products. Another important aspect is the high price of genuine products. In particular, consumers in rural areas which are close to the poverty line are buying counterfeit and smuggled products because they do not have enough cash to pay the higher prices for the genuine products. Such an impact can be minimized with the support of a special line of products that is granted some tax concessions. Lastly, this study findings has contributed in the related literature that price is the major factor that contributes to the huge counterfeit trade in Pakistan, these finding may be associated with widespread poverty, lack of awareness, a weak regulatory regime and the availability of counterfeit products.

The rest of the study is organize as follows, the next section discuss the contextual setting of the study followed by related theories, links with small businesses and literature, section fourth throws light on data, sample, hypotheses and methodology, the second last sections present the results followed by discussion and the last section of the study provide conclusion and possible reasons of counterfeiting in Pakistan.

## **2. Context of the Study**

Pakistan is a developing economy with more than 220 million of population. According to Asian Development Bank (ADB)<sup>1</sup> 23 per cent of Pakistani population is living under the national poverty line. Moreover, the literacy level in Pakistan is 60 per cent of the total population, in which there is vast difference between rural and urban population.( Economic Survey of Pakistan, 2018-19). One of the reasons that why Pakistan is among one of the ranked country where counterfeit are consumed is due to poverty and lack of literacy (Khan

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<sup>1</sup> <https://www.adb.org/countries/pakistan/poverty>

& Saeed, 2019; Saeed & Paracha, 2019). In addition to this, Pakistan is have vicinity with China which is famous for counterfeit (Chaudary, Ahmed, Gill, & Rizwan, 2014; Pang, 2008) which is also one of the biggest trade partner of Pakistan from importing various type of goods. In Pakistan there do exist law prohibiting counterfeiting but not as much effective as it to be. Despite the presence of law in the Pakistan Panel Code prohibiting selling, manufacturing and keeping counterfeits as a crime still research studies reported that consumers consumed counterfeits (Chaudary et al., 2014; Hussain, Kofinas, & Win, 2017; Jiang, Xiao, Jalees, Naqvi, & Zaman, 2018; Shafique, Ahmad, Abbass, & Khurshid, 2015) Furthermore, the Organization of Economic Corporation and Development report (2016) Pakistan is among the top ten countries in the world where fake counterfeited goods originated and traded. Additionally, Pakistani shows less ethics by purchasing and consuming counterfeits as compare to UK consumers (Hussain et al., 2017). Therefore, this study is intending to investigate this phenomenon, the reasons of buying these counterfeited goods and recommend some guidelines for policy makers to counter counterfeiting in Pakistan.

Moreover, the middle class of Pakistan doesn't go to the brand but go for those goods which are in their money range and satisfy their needs. This behaviour of Pakistani middle class encourage counterfeiting in Pakistan due to its usage and demand, so we can say that due to poverty, educational level and low income Pakistani preferred counterfeited products instead of expansive branded products. Therefore, counterfeiting may be linked with cultural setting in Pakistan and may be it is a cultural issue. Furthermore, In Pakistan there do exist law prohibiting counterfeiting but not as much effective as it to be. Despite the presence of law in the Pakistan Panel Code prohibiting selling, manufacturing and keeping counterfeits as a crime still research studies reported that consumers consumed counterfeits (Chaudary et al., 2014; Hussain, Kofinas, & Win, 2017; Jiang, Xiao, Jalees, Naqvi, & Zaman, 2018; Shafique, Ahmad, Abbass, & Khurshid, 2015). In addition to this, the Organization of Economic Corporation and Development report (2016) Pakistan is among the top ten countries in the world where fake counterfeited goods originated and traded. Moreover, Pakistani shows less ethics by purchasing and consuming counterfeits as compare to UK consumers (Hussain et al., 2017). Therefore, this study is intending to investigate this phenomenon, to examine why Pakistani population buying counterfeit? What is the implications of counterfeits to general population & Govt. and recommend some guidelines for policy makers to counter counterfeiting in Pakistan.

### 3. Literature Review

#### 3.1.

Pakistan being a developing country have in majority medium and small business enterprises mostly consist of sole-proprietorship businesses. There are more than 3 million medium and small businesses in Pakistan, mostly run by families.<sup>2</sup> According to (Hilton et al., 2004)

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<sup>2</sup> <https://nation.com.pk/27-Nov-2020/small-and-medium-sized-enterprises>

counterfeit are usually connected with lower quality of goods but with technological advancement counterfeited products may be better in quality than its original one, and it may be available in the market before the entry of the original product and consumers cannot differentiate the copy and the original due to the expertise of copier. Moreover, today's economy is knowledge base economy, the knowledge cum creativity of the producer which modified, introduce and improve qualitative products to potential consumers. This knowledge and creativity often result counterfeit especially in developing economies like Pakistan. In addition to this, Pakistani consumer markets are also flooded with counterfeits, semi-expired and other unlawful products due to lack of law & order as well as poor consumer protection laws. So in Pakistan small business are engaging in counterfeits by producing low quality and low prices products mostly affordable by majority population. This inclination of small business in Pakistan is not only affecting Government revenues in shape of evading of sales tax and exise duty imposed by the Govt, additionally it is also detrimental to public health by providing low quality and dangerous products.

The global financial integrity report (2017) revealed shocking facts about transnational crimes and counterfeiting. Drugs, weapons, organs and human trafficking are highly profit intensive businesses and increasing day by day. Transnational crimes and counterfeiting are attracting businesses because of high returns in a short span of time. The estimated revenue generated through these illegal activities ranges from \$1.6 trillion to \$2.2 trillion per year. These illegal activities are poison pills for the indigenous industries and the economy. The illegal trade destroys the local environment and reinforces other abusive practices. Counterfeiting and transnational crimes can only be caused if the paradigm of high profits and low risks is challenged. This report provides different suggestions to government and civil society groups for enhancing financial transparency, with the objective of curbing the counterfeiting and transnational crimes.

### **3.2. Theory of Planned Behavior (TPB)**

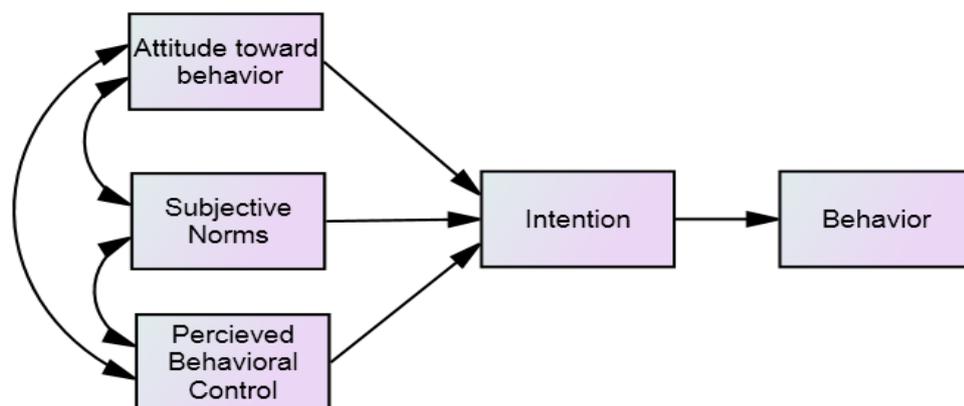
The rapport amid buying behavior and counterfeit purchase has elongated history transcending decades (Chaudhry, Zimmerman, Peters, Cordell, 2009). The counterfeiting literature get underpinning from the work of Philips 2007; Thaichon & Quach 2016; Wilcox, Kim & Sen 2009, Ting et al. 2016, Perumal & Sapihan 2017). Initially their work was based on faking currencies, followed by imitated specialty goods and then the current predominate form of counterfeiting. Notwithstanding numerous factors providing underpinning to counterfeits purchase, one of the foremost and the overriding factor is knowingly buying behavior, which is extensively endure the subject for counterfeiting research i.e. Bian & Moutinho 2011, Perumal and Sapihan 2017, Ajzen 199, Kim & Karpova 2010).

The theories of reasoned action (TRA) and planned behavior (TPB) laydown the foundation for consumer's attitude and their buying behavior. The theory of reasoned action proposed by

Martin Fishbein and Icek Ajzen in 1967, explain the relationship between human behavior and their actions and it is also known as theory of A-B. The theory of reasoned action was reassessed by Fishbein and Ajzen in 1991 and corrected for the shortcomings and TRA becomes theory of planned behavior (TPB). The theory of planned buying behavior was used to predict the buying behavior of pirated goods. E.g. (Liao et al. 2010), (Penz & Stottinger 2008), (Kim & Karpova 2010). The theory argues that intention is the first predictor of behavior and it drives the purchase behavior along with attitude and subjective norms (Ajzen 1991).

The TPB is shown in Figure 1. Revealed a correlation between attitude, subjective norms, and perceived behavioral control depending upon the intention and involve with indirect relationship with behavior, however, the intention enjoy the direct relationship with behavior. According to the TPB theory, the model of Ajzen's (1991) is open to the inclusion of other explanatory variables, which will possibly increase the explanatory power of the model, such variables include but not limited to financial control, peer pressure, habits etc. In this study apart from contextual variables, which will be identified through exploratory factor analysis and interviews, the established variables of TPB will also be used. A detail discussion of the perceived independent, control, and dependent variables of TPB are provided in the studies of by Gibbons et al. (1998), Gerrard et al. (2008), Gibbons, Houlihan and Gerrard (2009), Ohtomo and Ohnuma (2014), Ajzen 2002; Londono, Davies & Elms 2017.

Figure No 1



Source: Ajzen, I, 1991 " the theory of planned behavior organizational behavior and human decision process (50/2), 179-211

### 3.3. Price Effect

Literature illustrates different reasons to purchase counterfeits, such as fake products have affordable prices, which attract the consumers more than other characteristics of the product, such as brand, quality, etc. (Tom, Garibaldi, Zeng & Pilcher (1998) and the “self-image” of those who purchase such products etc. Dodge et al. (1996), Bloch et al. (1993) and Albers-Miller (1999) all are of the opinion that the price advantage is actually the main stimulant behind the buying pattern of the consumers. They prefer cheaper products and even compromise on quality. (Grossman & Shapiro, 1988). They even fathom that legitimate products are priced unfairly. Price has very stout effects on the value consciousness of the consumers. Consumers perceive the greater value of the products that are offered at lower prices. Therefore, counterfeited products are valued high for their lower prices. The higher the evaluation of a counterfeited product by a consumer, the higher the intentions are, to purchase that product (Nia and Zaichkowsky, 2000) and (Albers-Miller, 1999). Personality plays a role when the consumer is value conscious. Lichtenstein, Netemeyer, & Burton (1990) defined it as the concern to pay the lowest price, subject to some quality constraints. Hence, the economic constraints for a consumer sometimes affect the tolerance of “questionable” behavior by consumers (as these counterfeited products, save a lot of consumers) (Dodge et al., 1996). The same pattern of behavior is also postulated by Bloch et al. (1993) who argued that consumers go for fewer prices in comparison with the quality. However, on the other hand, consumers with legal consciousness will be less willing to buy counterfeited products (Cordell, Wongtada & Kieschnick (1996)). Price of the counterfeited products plays an important role in the consumer buying decision, but there are some other determinants which have substantial impacts on consumers. These determinants are categorized as psychographic, demographic and product attributes. These determinants have different impacts on the buying decisions, which vary according to the nature of the product. It was found that among the non-price determinants, the ‘Product Attribute’ was the most significant one, which included quality, performance, image, and durability of the product (Chow, Soo, and Kim, 1995).

### 3.4. Societal Pressure

With the above mentioned facts, consumer susceptibility (to social influences) also matters. Being a member of a society, a consumer is influenced and gets informed by society. Consumer may face pressures and can break the rules sometimes. Bearden et al. (1989) suggested two types of consumer susceptibility, information susceptibility and normative susceptibility. The former suggests that the consumer has no sound knowledge and therefore buys products based on the opinions of experts. The later is not concerned with the level of knowledge, rather it is concerned with perception regarding the buying behavior of the consumer.



A very critical issue in fighting against counterfeits is the social acceptability of pirated products. A society where the inhabitants don't shy away with the use of replica or counterfeits, it is an uphill task to eradicate such attitude. The marketers should create awareness regarding the harmful effects of counterfeiting in a society, either through advertisement or publicity. Timely communication is essential if a society is becoming immune to the counterfeits. Because once the psyche and or trend is developed it becomes quite challenging to address and tackle the issue. Thus bringing awareness yields little results once the counterfeit market matures or in other words counterfeit purchases becomes habitual. (Shoham, Ruvio and Davidow, 2008).

### **3.5. Consumer's Integrity**

Perhaps, consumers with high integrity will prefer legitimate products in comparison with those who don't have high integrity as personal gratification concerns the need for a sense of accomplishment and social recognition. Hence, people who want personal gratification will avoid fake products because of inferior quality in comparison with genuine products (Bloch et al., 1993). Consumer ethics have been viewed by Hume (2005) who collected, the results by distributing two hundred questionnaires in South Texas. He concluded that consumer ethics and their locus of control are the significant factors and must be considered while evaluating the counterfeited products. The author suggested that higher the consumer ethics, lower will be the propensity of the consumer to purchase counterfeited products.

### **3.6. Developing Economies & Buying Power of Consumers**

Grossman & Shapiro (1988) found in their study that the counterfeits are mostly developed and bought in those countries and nations where the skeleton of the economy is quite frail with the legal system being not much dominant. (Compared to the US). Therefore counterfeiting is evident in China, Taiwan, and Singapore, etc. (Gentray et al., 2001). Island and Guler (2006) found that not only the product, but cultural context, and the personality of the consumer also determine the purchase of the counterfeited products. Counterfeiting sustains in societies where demand for such products exists. Therefore, the role of government becomes essential. The government should allocate resources to curb illegal counterfeiting activities (Harvey, 1988). Along with the government, organizations should also understand the importance of restricting such activities and should make strategies to resist them.

### **3.7. Age Factor**

The propensity of buying counterfeited products is more in the category of low spenders and age category of 19 to 24 years because the majority falling in this category are students or people with low income. The low purchasing power is the main obstruction for purchasing a

branded product. On the contrary, people with high income and even mature; falling in the age range of 25 to 34 with more disposable income are also involved in the purchase of counterfeited products. The main reason is the price of these products. Moreover, the majority of people knowingly acquire fake products and are well aware that such products are unethical (Prendergast, Chuen & Pahu, 2002).

### **3.8. Gray Markets & Brand Consciousness**

Parallel importation is a phenomenon commonly known as grey marketing. Although it is not illegal, it is equally problematic for a system. In grey markets, authentic products are sold out through an unauthorized distribution channel, even without the permission of the manufacturer. The main causes of the expansion of grey markets are the lowest price as well as the unavailability of the product through an authorized distribution system, despite its high demand (Chen Hsiu-Li, 2007). The brand marketers can increase the brand loyalty of their registered products amid the people, by communicating the issues related to after-sales services and warranty to them (Wah and Gerard, 2006). Technological aids can be taken to cease the trade of counterfeited products. Besides magnetic or microchip tags, the disappearing and reappearing inks can differentiate between the branded and the counterfeited products. Holographic images, as well as digitalised fingerprints of the labels, can also be used (Chow, Soo, and Kim, 1995). Counterfeited products are generally accepted in some consumer products e.g. clothing because in this way consumers have a huge variety. It means there are certain categories in which the general public wants to buy a counterfeited product (Wah and Gerard, 2006). The counterfeits of luxury brands are demanded and used by people more. In general, the counterfeits of luxury brands have a significant impact on the purchase decision as compared to the counterfeits of non-luxury brands. People want to create an association with the luxury brands by buying their pirated copies. In this way, they actually try to improve their social status (Ian and Min, 2009).

## **4. Data & Methodology**

### **4.1. Questionnaire & Variables of Interest**

The study has adopted a qualitative & quantitative research design. A questionnaire for data collection was collected by taking an in-depth support from the literature review. The questionnaire has quantified the behavioral and psychological aspects of the consumer buying decision of the counterfeited products. The questionnaire responses were verified through Key informant interviews.

The main variables influencing the counterfeits' buying behavior were taken from the research work of De Matos et al, (2007) and Huang, Lee and Ho (2004). The variables from the Questionnaire of De Matos et al (2007) were categorized into nine separate heads i.e.

previous experience from purchased counterfeit, price and quality inference, risk averseness, attitude towards counterfeited products, subjective norms, perceived risk, integrity, personal gratification, and behavioral intention. While Five variables were extracted from Huang, Lee and Ho (2004) i.e. Attitude, Subjective norms, Financial Control, Behavioural Control, and willingness to purchase. Each category of variables, are conceptualized through different sub-questions except the previous experience of a counterfeit. Few demographic variables were also added to the survey which include; age, gender, city, name etc.

#### **4.2. Population, Sampling & Sample Size**

The domestic consumer market of Pakistan was selected as the population of the study. Furthermore, the research relates to the buying behavior of the general public, therefore the sample frame is impossible to be adopted for any probability sampling. However, the respondents from different demographic categories are selected through convenience sampling. The sample is collected from major cities of Pakistan.

According to literature two methods were used to determine sample size i.e. The rule of thumb suggested by Hair et al. (2013) and the historical evidence method of (Zikmund & Babin 2010). Another method is also very popular, which check the compatibility of each test with certain degree of freedom and for best computation each test assume the assumption of minimum number of observation. In the method of Hair et al (2013), a minimum of five observations for each item of the questionnaire was considered a good measure of sample adequacy; this method is commonly used in PCA and other data reduction methods. The historical evidence method of Zikmund & Babin (2010) suggested for the past evidence of adoptable sample size. In such cases most of the research work has taken the sample size of between 200-400 e.g. Ha and Lennon (2006), Sondhi (2017), Xi and Cheng (2017).

A sample size selection is also associated with population suitability and allocated resources; however, model fit is also an important factor determining the requirements of appropriate sample size. In this study, sample appropriateness is subjected to factor analysis. As explained by Tabachnick and Fidell (1996), a sample size required for a finer factor analysis should be comprised of more than 250 respondents. A smaller sample size incorporates problems regarding the correlation coefficients among the variables. In consideration Tabachnick and Fidell (1996) point, a sample size of 250-300 respondents has been distributed in the major cities.

Consistent with different theoretical suggestions, a sample of 550 was planned and 295 responses were received on both questionnaires.

### **4.3. Data collection**

Since two questionnaires from different sources were planned to utilize, so prior to fieldwork, the content validity of both questionnaire was taken from two experts of the field. Both of the questionnaires were ranked on liker scale ranging from 1 to 5 on response level, where 5 indicated strongly agreed consent of the respondent and 1 indicated strongly disagreed consent of the respondents. The respondents were approached in different cities of Pakistan through Mall-Intercept techniques and large shopping malls and selling points were used to trace the consumers. The sample frame of the study was based on major business activities, population and use of counterfeited products and was divided into a cluster of 10 major sample cities of Pakistan, which was further classified according to the constraints of access and resources. This study has considered the metropolitan cities of Pakistan such as, Rawalpindi, Islamabad, Lahore, Quetta, Karachi and Peshawar.

### **4.4. Procedure**

The method of principal component factor analysis (PCA) was used to determine the psychological and behavioral factors affecting the buying behavior of Pakistanis' consumers. In PCA, the techniques of MSA (Measure of Sample Adequacy), Anti-image, Commonalities, Eigenvalues, and the rotated matrix were used. While, the model of planned behavior of Ajzen (1991) was modified and the PCA factors were added to produce a new model for future empirical testing. The aforementioned model was checked through path diagram by using the structural equation modeling.

### **3.5. Variables & Hypotheses (Conformity Factor Analysis)**

#### **1. Purchase Behavior & Attitude**

The counterfeits purchase behavior is the consumers' experience of buying counterfeits products, while dealing with anti-counterfeiting law, availability of grey markets and ease of purchase Londono et al. (2017) and Cheng et al. (2011). The theory of purchase behavior has posits a positive relationship between behavior control and attitude towards behavior. If the buying behavior is aided by the prevailing conditions, it will increase the counterfeits purchase and it is called formation of favorable attitudes. Hence, the theoretical relationship between attitude and buying behavior constitute a positive relationship hypothesis between the two cited variables.

**H1: Perceived behavioral control positively influences consumer attitudes towards counterfeited products.**

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## 2. Subjective Norms & Attitude

In many societies, the social and specifically the peer influence is very strong in buying behaviors. In different countries, Anti-Counterfeiting laws are failing to address the scourge of counterfeits because of the strong social norms. (Phau & Teah, 2009) and Cant et al (2014).

Every individual consumer belongs to a social group, which greatly influence their buying behavior and purchase intention. These reference groups are constituted from family, role model, status and peers (Perreau, 2014). The social norms constituted by the social groups may or may not consider the counterfeited products as ethical purchase. A society that considered the purchase of counterfeit not unethical will definitely aided to the scourge of counterfeits products, hence the role of family, peers and other opinion leaders are critical to cut down the counterfeiting. Kish-Gephart, Harrison and Trevino (2010), (Chew & Leng 2014). Thus, societal norms are acting as potent weapon against the counterfeiting (Ahmed, 2016). On theoretical grounds, counterfeiting is a social issue and subjective norms linked the buying behavior depending upon what the society think of the counterfeit products as ethical or unethical practice, leaving a strong positive relationship between the two variables. (cant et al (2014), and Chiu and Leng (2016).

**H2: Subjective norm positively influences attitudes towards counterfeit Products.**

## 3. Perceived financial control

Is counterfeited product cheaper than original? Or original products are too costly? Lead to the concept of Perceived financial control, which is the financial capacity of consumers to buy a counterfeited product. Adhikari & Biswakarma 2017; Cheng et al. 2011. The purchase of counterfeited products transcend in different social classes, created the financial capacity as major factor in determining the purchase of counterfeited products (Cheng et al. 2011). It is the cost factor which mostly drives the buying behavior of the forge but less costly products. Where, the grey markets attract the customers for non-tax paid original and counterfeited products bearing less cost tags. An understanding of the financial capacity of consumers in different regions and social classes is so important to brand owners to curb the menace of counterfeiting. Based on the literature review, it is obvious that perceived financial control can positively impact the consumer attitude towards counterfeited products, Hence the following hypothesis was framed;

**H3: Perceived financial control positively impacts on consumer attitudes towards counterfeit products.**

#### **4. Attitude towards counterfeits**

Buying counterfeits have strong nexus with attitude, specifically, how one perceived the local laws as determinants of buying counterfeited products. According to Cordell et al, 1996, and Ang et al 2001, “ consumers who have lower ethical standards are expected to feel less guilty when buying a counterfeit”. According to Chiu et al 2014, attitude is an erudite outlook which leads to a favorable or unfavorable towards buying a product. Attitude towards buying counterfeited product was attributed to the product’s features, outlook, price and society norms and a favorable foretaste can lead to purchase of counterfeit products. So, based on information, law, behavior, the attitude trigger to purchase counterfeited products and this is the point where the brand manager can play a role to avoid counterfeit purchases (Gerrard et al. 2008). Hence, a positive relationship existed between counterfeit purchase and intention.

**H4: A positive Attitudes towards counterfeits influence consumers’ willingness to purchase counterfeit products.**

#### **5. Willingness to purchase counterfeits**

Intention to purchase is a decision making based on the reasons to purchase a specific brand. Which is mostly associated with consumer psyche, needs, capacity, access and perceptions? whereas willingness to purchase is the maximum amount an individual is willing to hand over to seller while purchasing a product. Such a purchases are influenced by brands, quality, price sensitivity and marketing. The purchase of counterfeited products follows non intentional route and indicated for the readiness of the purchasers, as observed by Gibbson et al 2009.

### **5. Results of the Study**

#### **5.1. Methodology adopted for the study**

Mixed method approach has been followed in this study, for checking the consumer attitude towards counterfeit products and consumer purchasing willingness quantitative methodology has been used. The results of this methods is given in Table 1 and Table 2. Moreover, Qualitative analysis is also performed in order to provide a framework for discussion regarding the customers’ perception and behavior of counterfeited products in Pakistan, the data for the study was collected through questionnaire by asking 575 respondents, to rate their perceptions on both questionnaires. Factor analysis was conducted for the dimensions of the responses to identify whether underlying dimensions could summarize the results in a substantial meaningful fashion. The results of qualitative analysis is given in section 5.4. onwards.

## 5.2. Regression Analysis

The regression weights of the mentioned path diagram is provided in Table 1. The regression weights of different latent variables are significant and hence different paths show a positive and significant relationship. In the current model, a positive relationship are existed between financial control and attitude and between attitudes. So, it is manifest now to review warily the different social classes where the product has to be launched to chip the prices properly. Otherwise the financial capacity of the native buyers will satisfied their demands from counterfeited products or under-stock markets. The study has accepted following proposition.

***H3: Perceived financial control positively impacts on consumer attitudes towards counterfeit products.***

Attitude is the base for a counterfeit purchase. The attitude looked at the cost, brand image, social norms, integrity and behaviors while making a purchase decision (Ajzen 1991). This is an important point for brand managers to ease the attitude variables through its determinants and hold greater shares for their branded products. These findings are in line with Gerrard et al. 2008 and the following hypothesis hold true.

***H4: A positive Attitudes towards counterfeits influence consumers' willingness to purchase counterfeit products.***

**Table 1 Regression Weights: (Group number 1 - Default model)**

	Factors		Estimate	S.E.	C.R.	P	Label
F4	<---	F1	-.978	.733	-1.334	.182	W1
F4	<---	F2	.939	.445	2.110	.035	W2
F4	<---	F3	-.130	.344	-.377	.706	W3
F5	<---	F4	.815	.336	2.425	.015	W4
S	<---	F1	1.000				
R	<---	F1	-.978	.733	-1.334	.182	W1
Q	<---	F1	.939	.445	2.110	.035	W2
I	<---	F2	1.000				
H	<---	F2	-.130	.344	-.377	.706	W3
G	<---	F2	.815	.336	2.425	.015	W4
F	<---	F2	.143	.337	.423	.672	W5
M	<---	F3	1.000				
L	<---	F3	5.009	14.057	.356	.722	W6
K	<---	F3	-3.525	10.330	-.341	.733	W7
J	<---	F3	9.015	25.538	.353	.724	W8
A	<---	F4	1.000				
B	<---	F4	.599	.448	1.336	.182	W9
C	<---	F4	-.371	.420	-.884	.377	W10
D	<---	F4	1.090	.563	1.936	.053	W11
W	<---	F5	1.000				

V	<---	F5	-1.136	.610	-1.863	.062	W12
U	<---	F5	.016	.470	.034	.973	W13
TT	<---	F5	.258	.487	.530	.596	W14
E	<---	F4	-.569	.436	-1.306	.191	W19
X	<---	F5	.168	.458	.366	.714	W20

### 5.3. Analysis Of Model Fitness

Model fitness or model validity has several indications in empirical analysis. One of the most obvious one is the validity of function with relevant independent variables. In case of SEM there are several indicators which showed for the model fitness with different level of acceptability. Once the model is declared fit then unique path relationship were checked for the hypothesized relationships. However, the fit does not show for any relationship between or among endogenous and exogenous variables. Literature derived notion of goodness of fit from the difference between observed and model variables and for the reason the researcher used Chi-Square test. The Chi-Square test finds out the difference between observed covariance matrix and the modeled covariance matrix. An insignificant difference indicated for model fitness. However, there is limitation to the theory in terms of number of observations under analysis. Four types of measures are used to find the fitness of the model; these include non-centrality of fit measures, information theory, difference between observed and modeled functions, and discrepancy functions.

#### Chi-square

Here, the CMIN is the chi-Square test and it indicated for discrepancy function. A higher P-value provided in Table 2, showing model acceptability i.e. the observed covariance matrix is equal to the modeled covariance matrix. Chi-Square bears criticism when the model is complex, the sample size is large or the multivariate normality is violated. But luckily, we got the model fit with CMIN

#### 5.3.1. Root Mean Square Residual

The RMR or root mean square residual is a rough measure to the model fitness. The RMR indicating the average Covariance residuals, which is the measure of the differences observed and modeled covariance matrix. The upper bound for RMR is ideal at 0.08 and a lower value is appreciable and corresponded to model fitness. In our result we slightly missed the required levels however, at some precision the results are slightly at upper limits.

#### 5.3.2. Comparative fit index (CFI)

The Comparative Fit index is the discrepancy function based on non-centrality measure of model fitness. The other variants of CFI are; IFI, NFI, BBI, TLI and RFI, all these are based

on a ratio between the discrepancy of the target model to the discrepancy of the independence model. The test examines between the proposed model and an independent model and how much the targeted model is better than the independent model. A CFI value of 1 is considered a best fit model. In the following analysis the CFI value is equal to 1 and hence indicated for the model fitness. All other measures of NFI, RFI, IFI, and TLI are in order with CFI and indicated for model fitness.

### 5.3.3. Information Theory Goodness of Fit Measures

The information theory of a measure of goodness of fit is widely used to observe the validity of different proposed models. The AIC, BIC, BCC, CAIC and SBC are the different methods proposed in the literature. These tests produce the optimality of different methods applied on in a different situation and a lower value of these tests will show for the best fit of the model. These models are only meaningful when two different models were run and these values are compared with each other, lower values will hint for the fit model. Like Chi-Square model, AIC and all of its variants compare the observed and modeled covariance matrix. A lower or close to zero value showed for a best fit. In the analysis below the AIC, BCC, BIC and CAIC value of the independent model is lower than the default model, showed that our model is penalized for complexity and independent model drew a suitable fit in comparison.

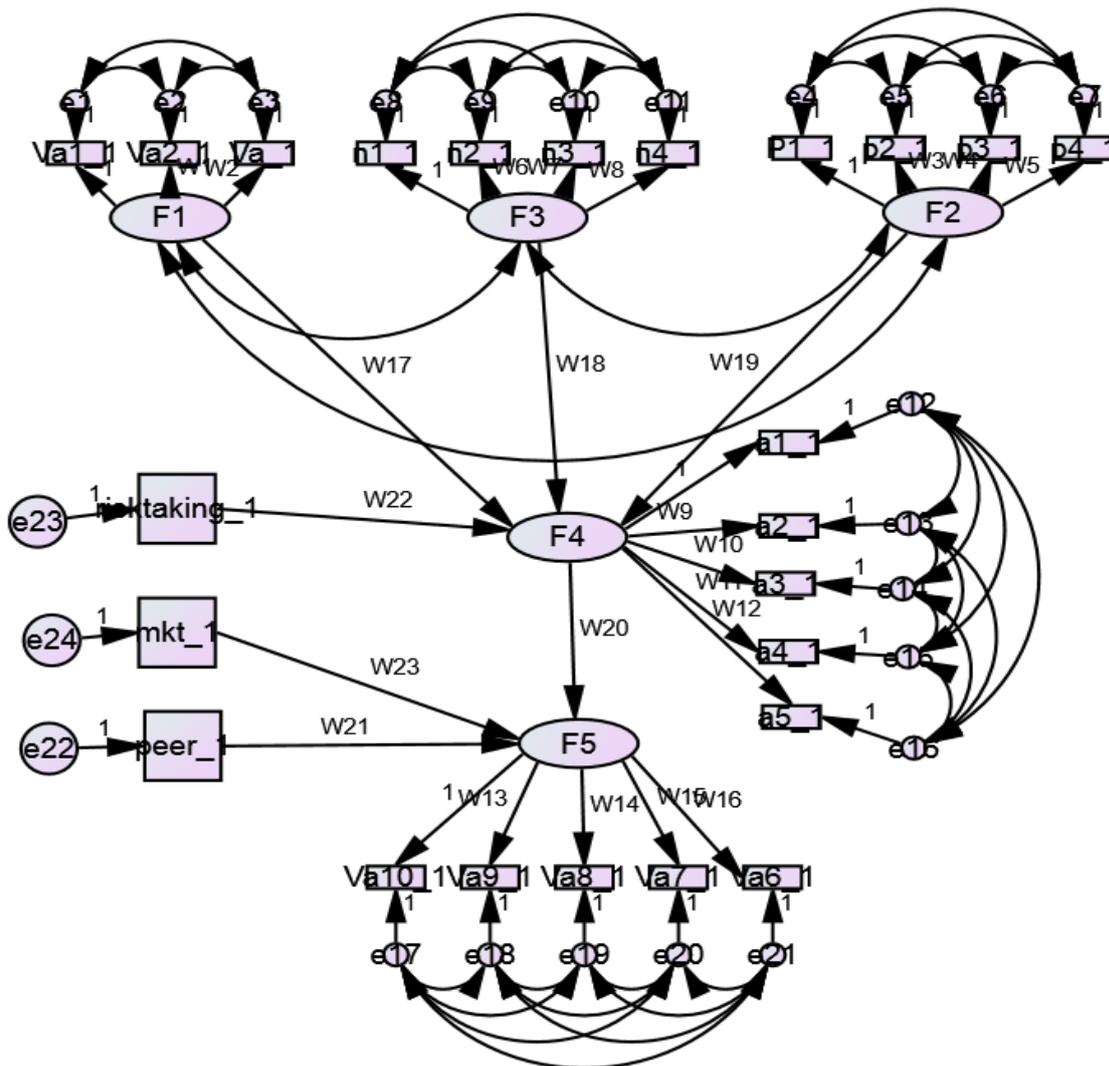
**Table 2 Model Fit Summary**

		CMIN				RMR, GFI				
Model	NPA R	CMIN	DF	P	CMIN/D F	Model	RMR	GFI	AGFI	PGFI
Default model	78	146.32	153	0.63 7	0.956	Default model	0.088	0.957	0.936	0.634
Saturated model	231	0	0			Saturated model	0	1		
Independence model	21	211.85 3	210	0.45 1	1.009	Independence model	0.108	0.939	0.933	0.854
		Baseline Comparisons				AIC				
Model	NFI Delta 1	RFI rho1	IFI Delta 2	TLI rho2	CFI	Model	AIC	BCC	BIC	CAIC
Default model	0.309	0.052	1.114	5.948	1	Default model	302.32	314.93 7	589.90 4	667.90 4
Saturated model	1		1		1	Saturated model	462	499.36 8	1313.6 9	1544.6 9
Independence model	0	0	0	0	0	Independence model	253.85 3	257.25	331.28	352.28

### 5.3.4. A Need for a Representative Model

The revealing analysis on model fitness lent us inkling that although the Ajzen (1991) theory of planned behavior and the suggested design of the study remain reliable with some measures showed model fitness. But, yet the AIC family techniques and the comparative Fit family models keying for a better fit model, considering circumstantial variables as independent and mediating the attitude and persuading the willingness to buy counterfeits. The exploratory factor analysis suggested for six separate factors altering the buying behaviors in Pakistan. However, three of them are already ingrained in the doctrine of planned behavior, however, the variables of Peer pressure, Access to Gray market and hazardous associated with counterfeited products are adjusted with the model for possible impact on the attitude and willingness to buy a counterfeited product. I give an alternative model for the review, empirical checks and critiques of the investigators.

Figure 2



#### 5.4. Factor Analysis (Principle Component Analysis)

To provide a framework for discussion regarding the customers' perception / behavior of counterfeited products, the data for the study was collected by asking 575 respondents, to rate their perceptions on both questionnaires. However, only 295 respondents returned and replied to the questionnaires. Factor analysis was conducted for the dimensions of the responses to identify whether underlying dimensions could summarize the results in a substantial meaningful fashion. Factor analysis is an interdependent technique, i.e. it involves a set of procedures aiming to reduce the number of statements considered by respondents to a more manageable level by bringing together those statements which seem to measure the same "thing". The criteria for factor extraction involves the determination of KMO & Bartlett's test of sphericity, Anti-Image Correlation, Commonalities, Variance Extraction, and Component & Rotated Component Matrix.

##### 5.4.1. Kaiser Mayer Olkin Test & Bartlett's test of Sphericity

**KMO** is the measure of sampling adequacy and is used to compare the magnitudes of the observed correlation coefficients in relation to the magnitudes of the partial correlation coefficients. To know the adequacy of a sample, the value of KMO must be greater than 0.5. The value of KMO is 0.804, which is greater than 0.5. Thus, it fulfills the assumption and the sample is adequate.

##### 5.4.2. Bartlett's test of Sphericity

The results of 'Bartlett's Test of Sphericity and chi-square transformation 'is also significant and indicates that the results are not due to a chance. Therefore, the items are inter-correlated, i.e. the correlation matrix is not an individualistic matrix. In a correlation matrix, all the items have a perfect correlation with themselves and some level of correlation with other items. However, if it is not the case, then they are not part of the same factor.

**Table 3 KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.804
Bartlett's Test of Sphericity Approx. Chi-Square	3.279E3
Df	253
Sig.	.000

##### 5.4.3. Anti-image Correlation

**The anti-image Correlation** illustrated the individual items adequacy in the factor analysis process. For the adequacy of each item, the diagonal values should be greater than 0.4. If any item having a value less than 0.4 was discarded and the process was iterated. So far, none of the items have shown lesser value and hence all are included in factor analysis.

#### 5.4.4. Commonalities test

Commonalities test reflects the initial variance contribution of each item while framing factors. To fulfill the assumption, the value for each item should be greater than 0.4. In our analysis, only one item (i.e. there is nothing wrong with purchasing gray market goods) was not showing enough initial variance contribution, i.e.  $0.349 < 0.4$  and hence was discarded and the process was repeated. The concept of commonality is the same as  $R^2$ . Therefore, for the first item (i.e. the higher the price of a product, the higher the quality) the commonality value is 0.689 which indicates that 68% variation is explained by the factor model. The commonality values for each item suggested that factor analysis has explained enough variation for each was greater than 0.4.

**Table 4: Commonalities Test**

<b>Factors</b>	<b>Initial</b>	<b>Extraction</b>
Generally, the higher the price of a product, the higher the quality.	1.000	.689
The price of a product is a good indicator of its quality.	1.000	.734
When I buy something, I prefer not taking risks.	1.000	.555
I like to be sure, the product is worthy before buying it.	1.000	.631
I don't like uncertainty, when I buy something.	1.000	.581
Considering the price, I prefer gray market goods (smuggled products)	1.000	.670
I like shopping of gray market goods.	1.000	.700
Buying gray market goods generally, benefit the consumer.	1.000	.580
Generally, buying gray market goods is a better option	1.000	.493
My relatives and friends approve my decision to buy counterfeited products.	1.000	.613
The risk I take when I buy a counterfeited product is high.	1.000	.529
There is a high probability that the product doesn't work.	1.000	.641
Spending money on a counterfeited product might be a bad decision.	1.000	.596
I consider honesty as an important quality of one's character.	1.000	.451
I consider politeness of people a very important factor.	1.000	.549
I admire responsible people.	1.000	.706
I like people with self-control.	1.000	.668
I always attempt to have a sense of accomplishment.	1.000	.585
Considering today, what are the chances that you would think about a counterfeited product as a choice when buying something.	1.000	.600
Considering today, what are the chances that you would buy a counterfeited product.	1.000	.680
Considering today, what are the chances that you would recommend friends and relatives to buy a counterfeited product.	1.000	.685
Considering today, what are the chances that you would say favorable things about the counterfeited product.	1.000	.679

**Extraction Method: Principal Component Analysis.**

#### 5.4.5. Variance Extraction

Total variance extraction test illustrated the factor variance regarding the variation of all items. The analysis generated six distinct dimensions, therefore, the value of factor variance is 61.935. The rule of thumb here is that 60% total variation should be explained by the extracted factors. The output represents that component 7 down has a value less than 1, therefore was not considered as a factor.

**Table 5: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.874	21.189	21.189	4.874	21.189	21.189	3.560	15.480	15.480
2	3.725	16.197	37.387	3.725	16.197	37.387	3.321	14.438	29.918
3	1.812	7.876	45.263	1.812	7.876	45.263	2.257	9.815	39.733
4	1.471	6.395	51.658	1.471	6.395	51.658	1.901	8.264	47.997
5	1.220	5.306	56.964	1.220	5.306	56.964	1.628	7.078	55.075
6	1.143	4.971	61.935	1.143	4.971	61.935	1.578	6.860	61.935
7	.902	3.921	65.855						
8	.836	3.633	69.488						
9	.741	3.222	72.710						
10	.691	3.006	75.717						
11	.649	2.822	78.539						
12	.623	2.710	81.249						
13	.565	2.458	83.707						
14	.500	2.174	85.881						
15	.486	2.115	87.996						
16	.454	1.973	89.969						
17	.423	1.837	91.806						
18	.405	1.760	93.567						
19	.379	1.650	95.216						
20	.322	1.400	96.616						
21	.297	1.293	97.910						
22	.258	1.122	99.031						
23	.223	.969	100.000						

**Extraction Method: Principal Component Analysis.**

#### 5.4.6. Rotated Component Matrix & Complex Structure

By concept, in a complex structure items loaded more than 1 values on two or more factors. In our analysis, all such items would be removed and the process would be iterated, unless all the items show simple structure. In our analysis, only one item showed the complex structure (i.e. You must always pay more for the best) and hence was discarded and the process was iterated.

The analysis of the items constituted different aspects of customers' perception regarding counterfeit products indicated that there are six dominant dimensions. The factor which explains most of the variance is the 1<sup>st</sup> one. The first factor generated by the factor analysis establishes that customers will intentionally purchase counterfeit products and the result followed the studies conducted by Bloch et al. (1993), Cordell et al. (1996) and Tom et al. (1998) in the US. From the first factor, it can also be concluded that most of the consumers buy counterfeited products just because they were recommended by their relatives and friends. Hence, the first variable established from the factor analysis based on Pakistan's data is the positive recommendation for the counterfeited products by one consumer, which is passed on to friends, family, and community despite the knowledge and experience gained by the user.

The second important factor extracted from the analysis is the self-sanctity or dignity of the local consumers; they prefer dignity if they are targeted with messages like 'It's against the dignity of oneself to use a forged product', or 'honesty will be reflected from what you buy' and messages like these will always have a positive impact on counterfeit trade. Buying from the grey market is another important factor. The majority of the people buy genuine products from grey markets that are normally smuggled from Afghanistan to Pakistan. This problem can be addressed if the company's request the government to design a tight regulatory framework. The sealing of the border, imposing a tax, regulatory duty and the role of law enforcement agencies at borders can solve the problem.

Another important characteristic of Pakistani buyers of the counterfeited products is their concern about the risk factor associated with the purchased products. If they think that buying a counterfeit is risky, they will not go for it. However, this knowledge and awareness are lacking in the local society, which resulted in a huge purchase of counterfeited products. The availability of genuine products and the low-risk campaign will lower the counterfeit trade in Pakistan. Loosing money by purchasing the counterfeited products and taking a higher associated risk, specifically in health care products is also common in a specific segment. The marketers can also capitalize on the existing levels of awareness and can warn consumers about health, nutrition, and computer-related products.

Higher prices of genuine products are also a prime concern of consumers and lead to the purchase of cheap alternative. The poor consumers consider the price as a sole reason for buying the counterfeited products in Pakistan, although they know the hazards associated with counterfeits.

The brand managers can solve the problem of higher prices of the original products by associating high quality, high price tag and can effectively be communicated to consumers, highlighting why genuine products cost higher.

**Table 6. Rotated Component Matrix**

Questionnaire Questions	1	2	3	4	5
1. My relatives and friends approve my decision to buy counterfeited products.	.596				
2. My relatives and friends think that I should buy counterfeited products.	.633				
3. Considering today, what are the chances that you would think about a counterfeited product as a choice when buying something.	.740				
4. Considering today, what are the chances that you would buy a counterfeited product.	.812				
5. Considering today, what are the chances that you would recommend friends and relatives to buy a counterfeited product.	.785				
6. Considering today, what are the chances that you would say favorable things about the counterfeited product.	.789				
7. I consider honesty as an important quality of one's character.		.589			
8. I consider politeness of people very important.		.714			
9. I admire responsible people.		.808			
10. I like people with self-control.		.780			
11. I always try to have a sense of accomplishment.		.741			
12. I like shopping of gray market goods.			.798		
13. Buying gray market goods generally, benefit the consumer.			.723		
14. Generally, buying gray market goods is a better choice			.552		

15.	Considering the price, I prefer gray market goods (smuggled products)	.779
16.	When I buy something, I prefer not taking risks.	.691
17.	I like to be sure, the product is good before buying it.	.691
18.	I don't like to feel uncertainty when I buy something.	.696
19.	There is a high probability that the product doesn't work.	.770
20.	Generally, the higher the price of a product, the higher is the quality.	.783
21.	The price of a product is a good indicator of its quality.	.817

Extraction Method: Principal Component Analysis.

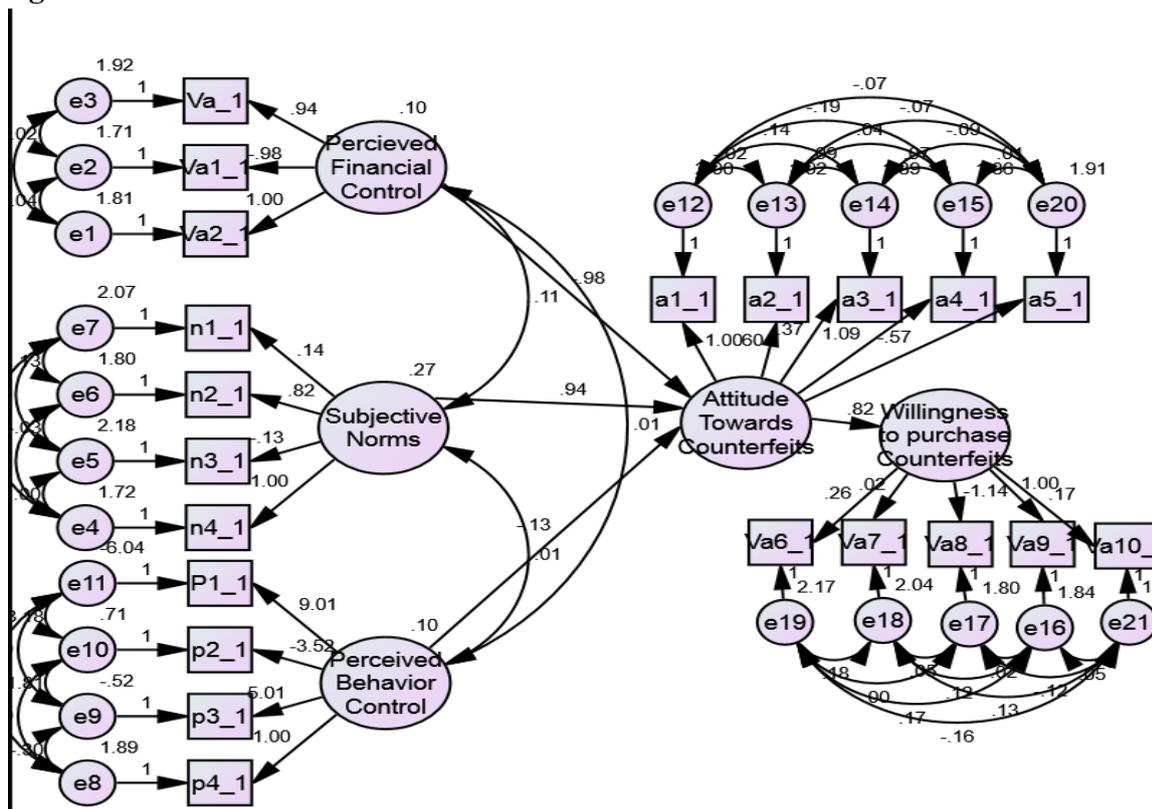
Note: Rotation Method: Varimax with Kaiser Normalization.

### Extraction Method: Principal Component Analysis

### 5.5. Conformity Factor Analysis

The hypothesized relationship of Ajzen (1991) was checked through structural equation model. The Path diagram along with different relationship is provided below;

Figure 3



### 5.5. Discussion of the study

The analysis has established the importance of price in purchase of forged products from the masses and as Cheng et al. 2011 proposed, the purchase of counterfeited products transcended in various communal classes classified on the bases of income. How price of a product determines the attitude of the purchase of counterfeit was also verified. Such findings are in line with the researches of (Adhikari & Biswakarma 2017; and Cheng et al. 2011). The attitude plays a mediating role in the purchase decision with many purchase determinants which include but not limited to product features, outlook, price, prevailing law and societal norms Chiu et al. 2014. The Conformity factor analysis has also proved a positive relationship between attitude and willingness to buy the counterfeited product.

The study reveals that consumers buy counterfeit products for the following reasons: habit; acting on the recommendations of peers and relatives; low prices; the easy availability of counterfeit products; and a lack of awareness of the associated risks. Even when consumers were aware that it was dishonest to buy a counterfeit product, they seldom refused to make the purchase. The measures that can help to combat forgery in Pakistan include tight regulatory and customs systems, raising awareness of the harm associated with counterfeit products, and special discounts for customers in rural areas. The study found that counterfeit products have eaten into 10–15% of the sales of the original products in Pakistan, and that these products are mainly being counterfeited in Peshawar, Lahore, Karachi and in China. The main reasons behind the counterfeiting that takes place in Pakistan are as follows: economic benefits; lack of awareness; convenience; hedonic benefits; past experience; and the failure to report counterfeits to the authorities.

There are multiple dimensions to these main factors. Among others, these include the following: brands losing control over retailers and chains; high demand for counterfeit products among customers; weak engagement from the law enforcement agencies; high demand for the genuine product; the silent role of the media in combatting counterfeits; a lack of face-to-face communication from product managers with key buyers and retailers; the high quality and capacity of the counterfeits, the low prices of counterfeits; the low purchasing power of customers in rural areas; the role of tech start-ups and the Internet; better packaging and design of forged products; and the failure to report counterfeit products to the authorities.

The growing volume of counterfeit business is posing a serious threat to Pakistan's investment climate, including international investment; therefore, it is of the utmost importance that policy makers work to overcome the growing challenge of counterfeiting. To create an effective anti-counterfeiting regime, the government must devise a strong legal structure that encompasses law enforcement relating to customs, civil, criminal and digital crimes. Specifically, it should implement the following: customs enforcement; digital

enforcement; better communications channels; civil administration enforcement; international cooperation on counterfeited products; and criminal law enforcement.

### **5.6. Policy Implications (Countering Counterfeit in Pakistan)**

As mentioned in the findings of the study that in Pakistan, there are free and easy availability of counterfeit in the local markets. This could be minimized up-to certain extent by adopting a tight regulatory and customs system which may halt the entry of cheaper original products. Moreover, the reasons for counterfeit are expansive product, identical features of original and counterfeit, freely and easy availability and most important affordable prices of counterfeit for the majority of buyers (Hussain, Kofinas, & Win, 2017). As in Pakistan majority of population are living in rural areas which are close to the poverty line are buying counterfeit and smuggled products due to their poverty and higher prices of the genuine products. This issue could be addressed by manufacturers to offer them cheap products with certain special lines of products, enhancing their marketing campaigns by differentiating their products from counterfeits, and that line of products should be granted some tax concessions.

The findings of the study highlighted that most Pakistani users are not aware of the hazardous that are associated with counterfeit products. Once they have been briefed about the risks, they are willing to avoid buying counterfeit products. Through strong and extensive marketing campaigns product knowledge can be developed in consumers which in return will help the manufacturers' anti-counterfeiting strategies. Furthermore, the findings of this study shows that counterfeit products have eaten into 10–15% of the sales of the original products in Pakistan which is not only reduces the revenues of manufacturers but also reduced the Govt. revenues, therefore, in this regard government must create an effective anti-counterfeiting regime, this could be implemented by devising a strong legal structure that encompasses law enforcement related to customs, civil, criminal and digital crimes.

## **6. Findings and Conclusion**

The factor analysis resulted some interesting findings. The first finding suggested that even though most customers know that the product they are using is counterfeited, they will still buy it on the recommendation of peers and relatives. The second important aspect, which is usually missed by the campaign managers of branded products, is the sanctity of the consumer. If consumers are targeted with messages for personal gratifications the consumers will avoid such products for the sake of being honest. The third important aspect is the availability of smuggled branded products in the local China and BARA markets. A tight regulatory and customs system can halt the entry of cheaper original products. The survey highlighted that most Pakistani users are not aware of the hazardous that are associated with counterfeit products. Once they have been briefed about the risks, they are willing to avoid buying counterfeit products. Another important aspect is the high price of genuine products.



In particular, consumers in rural areas which are close to the poverty line are buying counterfeit and smuggled products because they do not have enough cash to pay the higher prices for the genuine products. Such an impact can be minimized with the support of a special line of products that is granted some tax concessions.

Price is the major factor that contributes to the huge counterfeit trade in Pakistan. This may be associated with widespread poverty, lack of awareness, a weak regulatory regime and the availability of products. However, there have not been enough marketing campaigns to help consumers differentiate between genuine and forged products and to raise their awareness of the risk associated with the use of such products. For all intents and purposes, many consumers are tempted to purchase a counterfeited product because of the convenience of buying it on their doorstep. More and more users are interested in the product's useful life; frequently, they believe in the longevity and reliability of the product, especially when the product is handy and in the market. It was also revealed that buyers purchase counterfeit products to take advantage of logos and brand names at cheap prices. Lastly, past behaviour was seen as a precursor to future behaviour in comparison with other effects of behaviour management, perceptions and intentions. If a behaviour is repeated, it will become a habit. Previous experience of purchasing fakes is therefore expected to be repeated, leading to further purchases of counterfeited products.

The theory of Ajzen (1991) and its derived model for buying the counterfeited products was also confirmed through analysis of the study. The attitude has played an intermediate role with societal norms, cost and behaviour as independent variables and willingness to buy as dependent variable. Cost and attitude were identified as most important factors while buying counterfeiting products. Further, a modified version of Ajzen (1991) model was also proposed for future studies.



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