

EXAMINATION OF ATTITUDINAL AND INTENTIONAL DRIVERS OF NON-DECEPTIVE COUNTERFEITING IN A SOUTH ASIAN CONTEXT

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Abstract. Counterfeiting trade is emerging as a parallel industry across the nations. Governments and legal bodies across the nations introduced counter-strategies to setback the rapid growth of this parallel industry. Yet these strategies failed to gain the desired results. Previous studies found political corruption and improper implementation of anti-counterfeiting strategies and laws main reasons for this failure. This study intends to examine the influence of word of mouth, ethical and legal sensitivities on consumers' attitudes toward the non-deceptive counterfeit mobile handsets in a South Asian context. In addition, this study aims to assess the direct impact of affordability, legal sensitivity, and easy availability on consumers' intentions to purchase the non-deceptive counterfeit mobile handsets. The results show that positive word of mouth about non-deceptive counterfeits and less sensitivity to ethics positively influence consumers' attitudes toward the non-deceptive counterfeit mobile handsets. Legal sensitivity does not affect consumers' attitudes toward the non-deceptive counterfeits. Affordability of the non-deceptive counterfeit mobile handsets has a profound impact on consumers' purchase intentions. Findings of this study are useful for legal authorities and multinational companies in developing result oriented anti-counterfeiting strategies in South Asian markets.

Keywords: Non-deceptive counterfeiting, WOM, ethical sensitivity, legal sensitivity, affordability, easy availability.

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1. Introduction

Counterfeiting trade being a global phenomenon is growing rapidly across the nations. It accounts about seven percent of the global trade (Ergin 2010). Since 2005 counterfeiting trade has expanded up to \$ 360 billion of worth globally. It is expected to grow in value up to \$ 960 billion by 2015 (Frontier economics 2011). This situation poses a serious threat to genuine industry worldwide (Bian, Veloutsou 2007). Despite the legal restrictions (Ergin 2010) and genuine industry's counter efforts counterfeiting trade continues

to grow rapidly (Chaudhry *et al.* 2009). China is a main counterfeits producer while USA is a key consumer of counterfeits with little domestic production. Macro factors that boosted the counterfeiting trade globally are globalization of world markets, political corruption, and weak implementation of anti-counterfeiting laws (Chaudhry, Zimmerman 2009). This study examines the indirect influence of WOM, ethical and legal sensitivities and direct influence of affordability, easy availability and legal sensitivity on consumers' purchase intentions of the non-deceptive counterfeits. Despite the growing demand for non-deceptive counterfeits globally few researches examined the impact of these factors on consumer attitudes toward the non-deceptive counterfeits and their purchase intentions in a single study. Grossman, Shapiro (1988) divided the counterfeits into two categories the deceptive and non-deceptive counterfeits. In case of deceptive counterfeiting consumers are deceived by the fake products, which resemble the genuine products. Conversely, in case of non-deceptive counterfeiting consumers knowingly buy the fake products (Bamossy, Scammon 1985; Bloch *et al.* 1993) which is a serious issue.

Affordability of counterfeits attracts consumers to buy them (Albers-Miller 1999; Harvey, Walls 2003). Easy access to counterfeits makes them more attractive (Stumpf *et al.* 2011). Lee, Workman (2011) stated that counterfeit product buyers hold positive attitudes toward counterfeits and show little ethical and legal concerns than non-users (Norum and Cuno 2011). Word of mouth is a vibrant channel of marketing communication (Henricks 1998; Silverman 1997) but researchers have gained little insights of its effectiveness since it is difficult to study its impact (Hung, Li 2007). Due to their illicit nature, non-deceptive counterfeits are not promoted through public media (e.g. Newspapers, TV etc.). Thus, besides internet, which is full of loopholes to promote counterfeits, WOM may be a possible factor stimulating demand for non-deceptive counterfeits. These facts support the examination of WOM effect on consumers' attitudes toward the non-deceptive counterfeits in conjunction with other important variables in a single study. Theoretical contributions and practical implications of this study are elucidated in "discussion and conclusion" sections.

2. Theoretical bases and conceptual model

2.1. Attitudes and intentions toward counterfeits

Understanding attitude is important as it affects the behavior. This study applies theory of Reasoned Action (TRA) (Fishbein, Ajzen 1975) to explain the consumers' attitudes toward the non-deceptive counterfeit mobile handsets and their purchase intentions. TRA has been enormously applied to explain the consumer behavior (see de Matos *et al.* 2007). However, this study partially uses the TRA (Fishbein, Ajzen 1975) to explain how WOM, ethical and legal sensitivities influence consumers' attitudes toward non-deceptive counterfeits. Therefore, only two components of this theory; antecedents of attitude, relationship between attitude and intentions are applied in the present study. In a theoretical framework, some aspects of a theory or theories can be incorporated according to the research situation and objectives (see Hsrstel *et al.* 1998). TRA is flexible enough that other relevant variables can be incorporated into it (Ajzen 1991). The

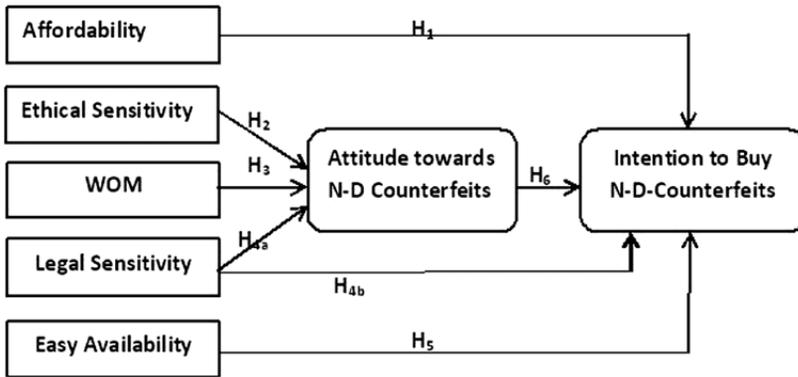


Fig. 1. Proposed model of attitudinal and intentional predictors of non-deceptive counterfeits

basic purpose of theories (e.g. TRA) is to explain the relationships between attitudes and intentions, and between intentions and actual behaviors (Bentler, Speckart 1979). TRA is capable of explaining the relationship between attitudes and intentions. It has been applied to explain the consumers' attitudes toward counterfeits (see Shoham *et al.* 2008). However, original framework of TRA cannot explain all the variances in the consumer buying behavior; therefore, inclusion of other relevant variables in TRA framework is necessary. In other words, modifying the TRA framework according to the specific research situation is necessary (Shaw *et al.* 2005).

Attitude is a person's internal (positive or negative) evaluations of an object based on his or her inner beliefs (Fishbein, Ajzen 1975). It influences an individual's intentions, which in response affect his/her behavior (Ajzen, Fishbein 1980). de Matos *et al.* (2007) found that some consumers hold positive attitudes toward counterfeits while others evaluate them negatively. This study postulates that the consumers who hold positive attitudes toward the non-deceptive counterfeits they give less importance to ethics and show less legal sensitivity. It also advances that WOM has a positive influence on consumer attitudes toward the non-deceptive counterfeits. Furthermore, this study proposes that affordability, easy availability and legal insensitivity are the key determinants of consumers' purchase intentions of the non-deceptive counterfeits. Past studies (e.g. Prendergast *et al.* 2002; Penz, Stottinger 2005; Stumpf *et al.* 2011) found affordability and easy availability key factors motivating consumers to buy counterfeits. Consistent with Yoo, Lee's (2009) supposition this study postulates that consumer's attitudes toward the non-deceptive counterfeits and their purchase intentions are positively associated. Phau, Teah (2009) found that positive attitudes toward counterfeits influence consumers' purchase intentions positively. Fig. 1 shows the overall conceptualization of the constructs of this study.

2.2. Affordability

Affordability has a profound impact on the demand for counterfeits (Albers-Miller 1999; Harvey, Walls 2003; Prendergast *et al.* 2002). Generally, consumers prefer to

purchase genuine brands to support their social image (Bearden, Etzel 1982). However, the consumers who cannot afford high priced genuine brands gratify their needs with counterfeits (Chaudhry *et al.* 2009; Chuchinprakarn 2003). Counterfeiting growth contradicts the theories that claim low price leads to negative brand image (Song 2012). Past studies examined the indirect impact of affordability of counterfeits on consumers' purchase intentions. This study proposes that affordability of the non-deceptive counterfeits has a direct and positive impact on consumers' purchase intentions (See Fig. 1). Consumers identify non-deceptive counterfeits by their low prices and buying location (Prendergast *et al.* 2002). Consumers prefer to buy counterfeits especially when they are markedly available at lower prices (Bloch *et al.* 1993; Gentry *et al.* 2006). Consumers from the USA and Brazil believe that consumer complicity with counterfeits is justified when consumer has low income and limited education (Stumpf *et al.* 2011). Some consumers desire to embrace the affluent lifestyles but are economically unsound to buy the original brands and are left with the choice of counterfeits (Gistri *et al.* 2009). Similarly, price sensitive consumers willingly buy the counterfeits (Gino *et al.* 2010).

2.3. Word of mouth

Due to their illicit nature, non-deceptive counterfeits are not marketed through public media (e.g. through TV, Newspapers etc.). Loopholes in internet technology provide counterfeiters a platform to promote their illicit products. Counterfeiters advertise their products through different websites, blogs, and personal pages. Web surfers may encounter these ads but the probability is low that they would click on them or view them. Furthermore, in different contexts particularly in developing countries of South Asia (e.g. in Pakistan) exposure of people is more to traditional media than internet. This situation supports the idea that counterfeiters may be using word of mouth communication to promote their illicit products. WOM is an efficient and influential conduit of marketing communication (Hung, Li 2007) but past studies have not examined its influence in the context of counterfeiting trade. This study advances that WOM has relatively more influence on consumers' attitudes toward the non-deceptive counterfeit mobile handsets (See Fig. 1). This postulation is justified by the fact that WOM is capable of supplementing the advertising and other communication techniques (Hogan *et al.* 2004). It mostly takes place among friends and family members as the result of social interaction (East *et al.* 2007; Prendergast *et al.* 2002). Ang *et al.* (2001) recommended that anti-piracy agencies should use WOM to negatively influence the demand for counterfeits.

2.4. Ethical sensitivity

The rapid increase in consumption patterns raised the ethical concerns among consumers, which they show through their product choices (Shaw, Clarke 1998). Consumers' attitudinal change toward counterfeits is a critical ethical issue. Consumers' positive or negative attitudinal change toward counterfeits depends on their level of ethical sensitivity. This study advances that consumers' low sensitivity to ethics positively influences their attitudes toward the non-deceptive counterfeit mobile handsets (see Fig. 1). Hunt, Vitell (2006) stated that ethics play a vibrant role in decision-making situations.

Nonetheless, it depends on a person's level of ethical sensitivity. Some consumers are ethically more sensitive and follow ethics in purchase situations. Conversely, ethically insensitive consumers violate ethics in purchase situations. Lee, Workman (2011) found that counterfeit product buyers hold positive attitudes toward counterfeits and show little ethical concerns than non-users. Low-income consumers are relatively less sensitive to ethical issues involved in a purchase decision than high-income consumers (Ang *et al.* 2001; Muncy, Vitell 1992). In Asian countries both buyers and non-buyers of counterfeits irrespective of their income levels consider purchasing of counterfeits a normal buying behavior (Ang *et al.* 2001). Similar situation prevails in the West particularly in USA (Norum, Cuno 2011). US consumers believe that consumption of counterfeits does not hurt US economy (Yoo, Lee 2009).

2.5. Legal sensitivity

Defective anti-counterfeiting law enforcement systems facilitate the rapid growth of counterfeiting trade globally (Chaudhry, Zimmerman 2009). Besides poor execution of anti-counterfeiting laws, consumers' less sensitivity to such laws is an area of serious concern and needs to be addressed. Some consumers treat counterfeiting as an illegal act and avoid buying counterfeits (Swami *et al.* 2009). Conversely, some consumers consider consumption of counterfeits as a lawful act (Norum, Cuno 2011; Phau *et al.* 2009). For instance; US counterfeit consumers believe that counterfeiting does not hurt the US economy (Yoo, Lee 2009). In countries like China consumers are ignorant of the legal issues involved in counterfeiting (Safa, Jessica 2005). This study postulates that consumers' less sensitivity to anti-counterfeiting laws positively affects their attitudes toward the non-deceptive counterfeits and their purchase intentions (Fig. 1). Consumers less sensitivity to anti-counterfeiting laws is the result of unsystematic anti-counterfeiting law enforcement (Hilton *et al.* 2004) and legal bodies' failure to penalize counterfeiters (Amendolara 2005; Chaudhry, Stumpf 2011). US and Brazilian consumers believe that low-income and less education lead to consumption of counterfeits (Stumpf *et al.* 2011).

2.6. Easy availability

A key factor behind the rapid expansion of counterfeiting trade or parallel industry is its effective distribution system globally. Consumers can easily buy the non-deceptive counterfeits as such products are available at those places (e.g. at Street vendors, in local market places) which consumers frequently visit (Ergin 2010). Some counterfeits can even be found in supermarket shelves (Chaudhry *et al.* 2009). Conversely, genuine brands are exclusively available at specific retail outlets which are mostly distant from buyers. Easy availability of counterfeits encourages consumers to acquire them (Penz, Stottinger 2005). This study postulates that easy availability of the non-deceptive counterfeits (mobile handsets) has a direct influence on consumers' purchase intentions of such products (See Fig. 1). Easy availability of counterfeits is a key reason of consumers' complicity with such products in USA and Brazil (Stumpf *et al.* 2011). Easy availability of counterfeits has a weaker impact on consumers' purchase intentions in

Singapore than in Hong Kong (Moores, Dhillon 2000; Moores, Dhaliwal 2004). Yoo, Lee (2009) stated that chances to buy counterfeits in open markets are more than in regulated markets. These facts suggest more research in this area.

Based on the above theoretical argument following hypotheses are proposed:

H1. Affordability of the non-deceptive counterfeit mobile sets influences the consumers' purchase intentions positively.

H2. Buyers' less ethical sensitivity positively affects their attitudes toward the non-deceptive counterfeit mobile sets.

H3. WOM positively affects the buyers' attitudes toward the non-deceptive counterfeit mobile sets.

H4a. Mobile phone buyers' less sensitivity to anti-counterfeiting laws positively affects their attitudes toward the non-deceptive counterfeit mobile sets.

H4b. Mobile phone buyers' less sensitivity to anti-counterfeiting laws directly influences their intentions to purchase the non-deceptive counterfeit mobile sets.

H5. Easy availability of the non-deceptive counterfeit mobile sets directly and positively affects the buyer's purchase intentions.

H6. Consumers' attitudes toward the non-deceptive counterfeit mobile sets and their purchase intentions are positively associated.

3. Method

Data was collected from a random sample of students at Iqra University Islamabad (Pakistan). The list of total population was retrieved from the student database of the University. Subjects were sampled by a random process using basic lottery system. Through survey questionnaires were distributed among the sampled students. Survey was conducted in two phases (Phase 1 and Phase 2). Scales were adapted from Chaudhry, Stumpf (2011), de Matos *et al.* (2007), Lee, Workman (2011), Phau, Teah (2009) and Yoo, Lee (2009) to measure the students' attitudes toward the non-deceptive (N-D) counterfeit mobile handsets, their purchase intentions and effects of ethical sensitivity, legal sensitivity, affordability, easy availability and WOM. All constructs were measured on 5-point likert scale except purchase intentions. Purchase intentions were measured on 3-point comparative scale.

In phase 1 (Pilot study) exploratory factor analysis (*EFA*) was conducted on the data collected from 170 sampled students to assess the validity and reliability of adapted measures. There are diverse views about the sample size necessary for *EFA* (See Coakes, Steed 2003; Tabachnick, Fidell 2007). This study followed the sample size criteria for *EFA* recommended by Coakes, Steed (2003). A sample of the 100 cases is acceptable for *EFA* (Coakes, Steed 2003). *EFA* was conducted on 34 items and 31 items were found valid. Items with factor loadings more than .60 were retained for phase 2 (Main study). The Kaiser-Meyer-Olkin (KMO) index calculated in this study is .642 which is more

than the minimum suggested KMO value (i.e., .60) for a good factor analysis (Tabachnick, Fidell 2007). KMO indices of many past studies (e.g. Azad, Haghghi 2012; Kabra *et al.* 2010) were less than .60. In this study, Bartlett’s test presented a significance of .000 ($p < .05$), which is a preferable index for factor analysis (See Tabachnick, Fidell 2007). Table 1 shows the *EFA* results and reliability of measures.

In phase 2 (Main Study) questionnaires were distributed among 500 sampled students at Iqra University Islamabad. Only 400 questionnaires were received back completely filled and used for analysis. The response rate was 80%, which is a preferable response rate in case of survey (See Baruch, Holtom 2008). Respondent profiles were analyzed on four demographic variables i.e. age, gender, income, and education. Categories were used for demographic information. Income was measured in Pakistani currency (Pak Rupee/month). Table 2 shows the Demographic information in percentages.

Table 1. Measurement scales of the study constructs

Constructs	Measurement scale	Factor loadings	Reliability
Attitude towards	I buy non-deceptive counterfeit mobile sets if I cannot afford to buy the genuine mobile sets.	.748	.810
N-D deceptive counterfeit mobile sets	Buying non-deceptive counterfeit mobile sets generally benefits the consumer.	.837	
	Purchasing non-deceptive counterfeit mobile sets is illegal.	.820	
	Purchasing non-deceptive counterfeit mobile sets is unethical.	.876	
	There is little chance of being caught when purchasing a non-deceptive counterfeit mobile set.	.770	
	I prefer to buy non-deceptive counterfeit mobile sets because of their easy availability.	.732	
	I refer my friends and family members to buy non-deceptive counterfeit mobile sets.	.874	
Purchase Intentions	I think about a non-deceptive counterfeit mobile set as a choice when buying mobile set.	.815	.773
	I think to buy a non-deceptive counterfeit mobile set.	.760	
	I recommend to friends and relatives that they should buy non-deceptive counterfeit mobile sets.	.765	
	I say favorable things about non-deceptive counterfeit mobile sets.	.816	
Ethical Sensitivity	Non-deceptive mobile set counterfeiting damages the genuine industry.	.703	.720
	Buying a non-deceptive counterfeit mobile set instead of the genuine one is unethical.	.889	
	There is nothing wrong with purchasing a non-deceptive counterfeit mobile set.	.740	

Continued Table 1

Constructs	Measurement scale	Factor loadings	Reliability
Legal Sensitivity	People who sell non-deceptive counterfeit mobile sets are committing a crime.	.866	.815
	People who buy non-deceptive counterfeit mobile sets are committing a crime.	.842	
	People who manufacture non-deceptive counterfeit mobile sets are committing a crime.	.852	
	Purchasing non-deceptive counterfeits of original mobile set brands is illegal.	.890	
Affordability	I buy non-deceptive counterfeit mobile sets because original brands are over- priced	.824	.839
	Without non-deceptive counterfeit mobile sets, many people will not be able to enjoy mobile communication facility.	.815	
	I buy non-deceptive counterfeit mobile sets if original brands are out of my range.	.828	
	Buying non-deceptive counterfeit mobile sets generally benefits the consumer.	.702	
Word of Mouth	I would encourage friends to obtain non-deceptive counterfeit mobile sets.	.908	.808
	I would consider giving a non-deceptive counterfeit mobile set to a friend.	.882	
	My friends told me about non-deceptive counterfeit mobile sets.	.778	
	My friends and I often discuss about non-deceptive counterfeit mobile sets.	.807	
	My friends and relatives usually tell me about the arrival of new non-deceptive counterfeit mobile sets.	.803	
Easy availability	I do not need to make much effort to buy a non-deceptive counterfeit mobile set.	.817	.731
	Non-deceptive counterfeit mobile sets are available in my local area.	.802	
	In every electronic shop, non-deceptive counterfeit mobile sets are available.	.756	
	There is no legal problem in obtaining non-deceptive counterfeit mobile sets.	.788	
Total Percentage of variance		77.890	
KMO		.642	
Barlett's test of sphericity		.000	

Table 2. Demographic information (n = 400)

Variables	Percentage	Variables	Percentage
Gender		Education	
Male	59.8	Undergraduates	45.2

Continued Table 2

Variables	Percentage	Variables	Percentage
Female	40.2	Graduates	21.4
		Postgraduates	32.4
Age		Income	
Under 21	37.2	10000<	35.0
21–27	33.0	10000–20000	28.5
28–34	18.8	21000–10000	16.2
35 & Over	11.0	32000–42000	9.8
		43000 & above	10.5

4. Results and hypotheses testing

To test the proposed model and hypotheses multiple regression was conducted on 400 responses. *First*, regression analysis was conducted to test the influence of Word of Mouth (WOM), Ethical Sensitivity (ES), and Legal sensitivity (LS) on the students’ attitudes toward N-D counterfeits (fake mobile handsets). The model with $F(3, 397) = 18.951$ and $R = .354$ is significant at the 5% ($p < .05$) level of significance. $R^2 = .126$ indicates that WOM, ES and LS account 12.6% variation in students’ attitudes toward the N-D counterfeits. WOM with $p = .000$ ($p < .05$), $\beta = .233$ and $t = 4.471$ supports the H3. Similarly, ES with $p = .001$ ($p < .05$), $\beta = .173$ and $t = 3.240$ supports the hypothesis H2. The t-values of WOM and ES show that WOM has relative more influence on buyers’ attitudes toward N-D counterfeits. Conversely, LS with $p = .522$ ($p > .05$), $\beta = .032$, and $t = .641$ rejects the hypothesis H4a. *Second*, regression analysis was conducted to test the influence of affordability (Afford), LS and easy availability (EA) on students’ intentions to purchase the N-D counterfeit mobile sets. The model with $F(3, 397) = 61.085$ and $R = .563$ is significant at the 5% ($p < .05$) level of significance. $R^2 = .317$ indicates that Afford, LS and EA account 31.7% variation in students’ intentions to purchase (PI) the N-D counterfeit mobile sets. Afford with $p = .000$ ($p < .05$), $\beta = .420$ and $t = 9.724$ supports H1. Similarly, LS with $p = .000$ ($p < .05$), $\beta = -.362$, and $t = -8.700$ supports the H4b. However, this relationship is very weak as values of β and t are negative. Conversely, the EA with $p = .349$ ($p > .05$), $\beta = -.040$ and $t = -.938$ rejects H5. *Third*, regression analysis was conducted to examine the relationship between buyers’ attitudes toward the N-D counterfeits and their PI. The model with $F(1, 399) = 42.906$ and $R = .312$ is significant at the 5% ($p < .05$) level of significance. $R^2 = .098$ indicates the students’ positive attitudes toward the N-D counterfeit products account 9.8% variation in their PI of the N-D counterfeits. Attitude with $p = .000$ ($p < .05$), $\beta = .312$ and $t = 6.550$ supports H6. Table 3 presents the summary of regression results.

Table 3. Influences on consumers’ attitudes toward N-D Counterfeit mobile sets and their Purchase Intentions

Variables	β	t	R	R^2	F	P
<i>Dependent Variable</i>						
Attitudes toward N-D Counterfeit Mobile Sets	1.680	12.128	.354	.126	18.951	.000

Continued Table 3

Variables	β	t	R	R ²	F	P
<i>Independent variables</i>						
WOM	.233	4.471				.000
ES	.173	3.240				.001
LS	.032	.641				.522
<i>Dependent Variable</i>						
PI of N-D counterfeit Mobile sets	1.442	14.762	.563	.317	61.085	.000
<i>Independent variables</i>						
Afford	.420	9.724				.000
LS	-.362	-8.700				.000
EA	-.040	-.938				.349
<i>Dependent Variable</i>						
PI of N-D counterfeit Mobile sets	.902	9.142	.312	.098	42.906	.000
<i>Independent variable</i>						
Attitudes toward N-D Counterfeit Mobile sets	.312	6.550				.000

5. Discussion and implications

Despite the legal measures taken and sanctions imposed on counterfeits production and consumption counterfeiting trade continues to expand rapidly (Ergin 2010). Big giants (e.g. IBM, GE, Gillette, Microsoft, Gucci, Rolex) invested billions of dollars to promote and strengthen their brand recognition and acceptance globally (Chaudhry *et al.* 2009), but these efforts failed to deter the rapidly growing counterfeiting trade. Consumers’ rapid acceptance of the non-deceptive counterfeits makes this situation critical (Bamossy, Scammon 1985; Bloch *et al.* 1993). This study examined the indirect influence of WOM, ethical and legal sensitivities and direct influence of affordability, easy availability, and legal sensitivity on consumers’ purchase intentions of the non-deceptive counterfeit mobile handsets. Past studies (e.g. Lee, Workman 2011; Norum, Cuno 2011; Stumpf *et al.* 2011) identified most of these factors as demand drivers of counterfeits.

Results show that WOM has a positive effect on students’ attitudes toward the non-deceptive counterfeits. This finding indicates that parallel industry is effectively using WOM communication to influence consumer behavior. Lambkin, Tyndall (2009) found that the consumers whose friends and family appreciate their counterfeit product buying behavior develop positive attitudes toward the counterfeits. These encouraged consumers share their positive experiences with their other friends and peers which results into the positive WOM about the counterfeits. Positive WOM about the counterfeits inspires more consumers to buy them. Ang *et al.* (2001) suggested that genuine industry should use WOM communication to discourage the purchasing of counterfeits.

Past studies (e.g. Hunt, Vitell 2006) identified that consumers ethically vary in purchase situations. Some consumers are ethically sensitive and prefer ethics in buying situations. Conversely, ethically insensitive buyers ignore ethics in buying situations. Consistent with past studies (e.g. Hunt, Vitell 2006; Norum, Cuno 2011) this study found that buyers' less sensitivity to ethics positively affects their attitudes toward the non-deceptive counterfeits. Demographic analysis supports the Muncy, Vitell's (1992) findings that low-income consumers are ethically insensitive in buying situations. This study also found that consumers' less sensitivity to anti-counterfeiting laws does not influence their attitudes toward the non-deceptive counterfeits positively. Phau, Teah (2009) found that consumers are more influenced by the perceptions of counterfeit brands than by the ethical and legal concerns. Consumers' unawareness may be a reason for their insensitivity to anti-counterfeiting laws (Safa, Jessica 2005). These findings suggest that genuine industry should organize programs and seminars in educational institutions to uplift the ethical and legal sensitivities of young consumers. In addition, law enforcement agencies should strictly penalize counterfeit sellers and buyers.

Consistent with past studies (e.g. Ergin 2010; Gentry *et al.* 2006) this study found that affordability of the non-deceptive counterfeits influences the consumers' purchase intentions positively. Consumers who cannot afford genuine brands gratify their needs with counterfeits (Chuchinprakarn 2003). Inconsistent with past studies (e.g. Stumpf *et al.* 2011) this study found that easy availability of the non-deceptive counterfeits does not influence buyer's purchase intentions positively. These findings imply that producers of the legal brands should focus more on the pricing strategy than distribution strategy. In developing countries, prices of the products influence consumers' buying behavior more than the retail location of the products. Furthermore, this study found that consumers' less sensitivity to law mildly influences their purchase intentions of counterfeits.

Attitudes and purchase intentions are positively associated (Ajzen, Fishbein 1980; Fishbein, Ajzen 1975). Results of this study confirms the findings of Yoo, Lee (2009) that consumers' attitudes toward the non-deceptive counterfeits and their purchase intentions are positively associated. Overall findings of this study suggest that genuine industry and legal bodies should work together to address those factors that attract consumers' attention toward counterfeits.

6. Conclusion

Counterfeiting trade is turning into a serious problem as it grows rapidly in its scope globally. This study examined the indirect influence of WOM, ethical sensitivity and legal sensitivity and direct influence of affordability, easy availability, and legal sensitivity on consumers' purchase intentions of the non-deceptive counterfeits in a South Asian context. Results show that WOM and ethical insensitivity are key determinants of consumers' positive attitudes toward the non-deceptive counterfeits. Affordability of the non-deceptive counterfeits has a direct and positive influence on consumers' purchase intentions. This study provides only consumer insights of counterfeiting. Future

studies should examine managerial views too. Since counterfeiting trade is a global phenomenon, therefore future researches should focus on cross-cultural studies to better understand its causes.

This study makes some significant theoretical and practical contributions. It extended the theory of counterfeiting by incorporating WOM variable into it. WOM is an efficient, inexpensive, persuasive, and effective channel of marketing communication (Hung, Li 2007). It is capable of supplementing the advertising and other communication techniques (Hogan *et al.* 2004). WOM is an outcome of social interaction (East *et al.* 2007). Therefore, its impact on consumer attitudes and intentions is more than other forms of communication. Furthermore, this study examined the impact of entire marketing mix: pricing (affordability), distribution (easy availability), communication (WOM), and product (Mobile handsets) along with psychological factors (i.e. ethical and legal sensitivities) on consumers' attitudes toward the counterfeits and their purchase intentions. Past studies focused on the Western contexts while this study provides South Asian consumer insights of counterfeiting. Both businesses and legal bodies can benefit from the findings of this study. Particularly these findings are useful for mobile handset producers such as Nokia, Samsung, and Sony Ericsson who operate in South Asian Markets.

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