UNDERSTANDING MOTIVATIONS TO PURCHASE COUNTERFEIT ITEMS IN CHINA

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ABSTRACT

The extant literature in counterfeit consumption is currently dominated by quantitative studies (except for Gentry et al. 2001; Hoe et al. 2003; Eisend and Schuchert-Guler 2006), which are useful in validating relationships. This paper aims to provide qualitative data in understanding why consumers purchase and consume counterfeits. Specifically, this paper aims to generate new insights of counterfeit consumption as well as its antecedents in an unstructured setting. Furthermore, most of the previous studies examined only a few antecedents of counterfeit consumption in each study (e.g., Bloch, Bush, and Campbell 1993; Cordell, Wongtada, and Kieschnick 1996). A study examining all identified antecedents within a common framework provides a comprehensive understanding of the phenomena, especially the relative importance of different factors on counterfeit consumption. China, a giant in producing and consuming counterfeit items and a place where many international marketers would like to enter, is a fertile ground to examine counterfeit consumption for both its breadth and depth (BASCAP 2007). Furthermore, a better understanding of the factors that drive the consumption of fraudulent products in China would be helpful to international marketers in devising strategies to combat counterfeit consumption from a consumer perspective.

In the first study, nine exploratory focus groups, with six to eight university students per session, were conducted in a large university in Hong Kong. The focus groups were videotaped and transcribed. Two coders, blind to the purpose of the study, were independently instructed to identify incidents of counterfeit consumption, the product category, and reasons/rationales associated with each consumption. At the end, 344 counterfeit consumption incidents, with 676 rationales, across 15 general product categories were classified into nine factors, or reasons for purchase. The nine identified factors are confusion, utility, social influence, cultural influence, ethical perceptions, risk perceptions, local interests, habit, and desire for exploration. Utility, risk perceptions, social influence, and confusion are the most frequently mentioned factors affecting counterfeit consumption and the non-consumption decision. Comments from the focus groups suggested that several reasons may underlie a single consumption. This observation raises two important questions: first, which factors are influential under what circumstances; second, when multiple factors are influential, what are their relatively importance in counterfeit consumption. Therefore a second study was carried with the general population of Hong Kong to validate these results.

In the second study, a survey was conducted in Hong Kong using a convenience sample. Five interviewers intercepted commuters at two major transportation interchanges (between a railway station and a ground transportation terminus) and asked them to respond to a structured survey. Four hundred and forty-five questionnaires were collected; seven were removed due to a large amount of missing data. Respondents with prior counterfeit consumption experience were asked the relevance of each of the nine factors (from study one) prior to the purchase. Then, they were asked to rate the importance of each factor considered prior to the purchase on a seven-point scale (very important/not important at all) in their decision to purchase the counterfeits. Utility was the most frequently mentioned factor for purchasing counterfeits and was given the highest importance rating. This finding echoes the mainstream view that most consumers are lured by the low price/good value of counterfeits (Bloch et al. 1993). The factors of local interest, habit, and desire for exploration have received relatively little, if any, attention by the extant literature. Given that counterfeits are produced in many countries around the world (IIPA 2007), the influence of local interest on consumer behavior may be an important factor in driving the counterfeit consumption in countries such as China, Indonesia, Malaysia, and South Korea. The data indicated that, on average, 60% of the respondents considered whether the purchase of a counterfeit would benefit the local economy. Its importance is on par with social influence, ethical perception, and risk perception.

References available upon request.