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## **WORD OF MOUTH, PERCEIVED RISK AND EMOTIONS, EXPLAINING CONSUMERS' COUNTERFEIT PRODUCTS PURCHASE INTENTION IN A DEVELOPING COUNTRY: IMPLICATIONS FOR LOCAL AND INTERNATIONAL ORIGINAL BRANDS**

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### **Abstract**

Not only for local but also for the global brand manufacturers and retailers, counterfeiting is one of the major problems and a barrier to their growth in both developing and developed countries. The problem of counterfeiting is harmful to economic growth and well being of countries and companies. However, this study primarily focused on the issue of counterfeit product purchases from the consumers' viewpoint. For example, using Theory of planned behavior (TPB), consumers' counterfeit purchase intention is judged based on three important factors such as Perceived risk, Word of mouth, and Emotions. Using non-probability convenience sampling technique, a self-administrated questionnaire was designed and distributed among 500 respondents in Islamabad, Lahore and Peshawar city of Pakistan. Out of the total, only (n = 214, 42.8%) questionnaires were completed and retrieved from the respondents. Pearson correlation and General linear model statistical test are applied to examine and interpret the collected data. Results show that, except perceived risk, the word of mouth and emotions positively influence consumers' counterfeit products purchase intentions. The results are of great importance for the business sector as well as to policy makers for hostility against the counterfeit trading, selling, promotion and purchasing in developing countries.

**Keywords:** Counterfeit Products, Consumer Behavior, Purchase intention, Word of Mouth, Emotions, Perceived Risk, Pakistan

**Topic Groups:** Marketing and consumer behavior, International business, Social sciences and business

**JEL Classification:** M14, M31, M10

## INTRODUCTION

With the rising demand in counterfeit products, consumer perception towards counterfeit products has become one of the most interesting research areas (San, Yee, & Rahman, 2012). Growing demand of counterfeit products is a major concern of government and business sector, in both developing and developed nations (Hanzaee & Taghipourian, 2012). Any product bearing the name or logo of a registered brand without permission, in order to take advantage of its superior values falls under the umbrella of counterfeit or fake products (Carpenter, 2011). At a supplementary multifaceted level of fake products, it is being developed worldwide to look and feel original (Theng, Tan, Lwin, & Shou-Boon, 2010). In this regard, effective enforcement is critical to gather support of people to combat counterfeiting and piracy, at global scale.

Although marketing managers should publicize the promotion through the media about counterfeit products or spread awareness among people about the differences between original and fake products. However, huge transactions of counterfeits round the world has raised concerns for original products' manufacturers and thus raised the need to examine the factors contributing to the soaring sales of counterfeit products (Lan, Liu, Fang, & Lin, 2012). Counterfeit products have become an imperative economic issue for every country, due to its increase in demand. The prior investigation validates the fact that the purchase behaviors of consumers towards counterfeit products have gained much fame than in the past (Hanzaee & Farzaneh, 2012).

According to the findings of International Anti-counterfeiting Coalition (IACC), that projected value of global trade in counterfeit and pirated goods is around 1.77 trillion dollars (International Anti-Counterfeiting Coalition, 2015). China, India, Russia, Argentina, Chile, Egypt, India and Israel are the major countries, with US is taking a lead role in production of counterfeit products (Chaudhry, 2009). Previous studies investigated the impact of low prices and easy accessibility on the consumer attitude towards copycat products as the main driving force behind the huge purchase of counterfeit products (Mir, 2012). Unfortunately, there is a lack of understanding and awareness about intellectual property laws among the people; even educated class is careless about it probably due to the inaccessibility of intellectual property laws. The average person on the street is found to be ignorant of the publicized benefits of intellectual property protection (Waziri, 2011). One often overlooks the feature of intellectual property rights policy stating the avoidance and enforcement against 'irresponsible defendants' including goods counterfeiters (Spink, 2011). The social structure plays a significant role in influencing views of family and friends on their social circle, leading to an affirmative attitude towards fake products (Riquelme, Rios, Mahdi & Abbas, 2012). Counterfeiters are mostly motivated by greed because they are out to make easy money from someone else's work (Theng et al., 2010).

The increased consumption of counterfeit products by consumers is a growing concern for policy makers as well as for organizations. To combat this problem the business leaders and

lawmakers need to know about the channels involved in increased promotion and demand of counterfeit products specifically in developing countries. For that reason, this research tries to identify the factors influencing consumers' buying intention towards counterfeit products in Pakistan.

### **Counterfeits products in Pakistan**

Not only developed, but even this worldwide problem is troubling various developing nations. Therefore, to fight against the compelling factors that leads to its economic dominion and succession in the whole world is indispensable (Waziri, 2011). It has been observed that most Pakistani consumers hold plain type of ethical judgment in relation to this personal behavior (Butt, Bhutto, and Siddiqui, 2011). People, who produce the imitating version of brands, neither invest their money in research and development nor comply with safety, health and environment regulations. The local market condition shows that the market is flooded with counterfeit medicines, surgical instruments, foodstuffs, soft drinks, cigarettes, vehicle spare parts, electronic products, clothing's and footwear, pesticides, washing powders, glassware, cosmetics and baby products (Kafchinski, & Shelley, 2009; Lan et al., 2012). There is a critical need to combat counterfeiting and piracy, which has not only linked to public safety issues but also is discouraging investments and fosters illicit trade (Dabija, Dinu, Tachiciu, and Pop, 2014).

There is a vast demand of consumers for local products over imported products in Pakistan (Rahman & Khan, 2012). The country is a dumping ground for counterfeit, semi-pirated, and substandard products (The Nation, 2012). In an international report more than 65% of the products being sold in all over the country are pirated, which is distracting the customers, manufacturers and thus hampering the financial system (Associate Press of Pakistan, 2012). The value of counterfeit products has become a major headache for the original product's producers across the world (Penz & Stöttinger, 2008). More than 50% of the brands in Pakistan are either imperfect, polluted or knockoff products that have swamped the market and the consumers have been cheated due to the absence of consumer protection policies (Frontier Economics, 2011). In addition, there is a lack of awareness among the general public to differentiate between counterfeit and genuine products (Tribune, 2012). To tackle this crime the legal action can be taken under Pakistan Copyrights Act 1962 against counterfeit producers and sellers, and can be punished with the fine of more than Pakistani Rupees (PKR) Rs. 100,000. However, there is a lack of political commitment and a will to ratify the Consumer Protection Ordinance to combat against the production and sale of counterfeit products.

As a result of the above mentioned facts, this study tries to identify the important determinants influencing consumer purchase intention of counterfeit products, which can help the policy makers to combat against ever-increasing sales trend of imitating products, hampering the economic and safety conditions of the nation. Pakistan is a developing country with a low literacy rate and the majority of its population living close to the poverty line, resulting in an increased level of counterfeit products' consumption. Thus, it is important that government show and take action to stop counterfeit products manufacturing and trade in the country. Counterfeit products are one of the major problems for the economy. In our status-oriented society, everybody develops a psychological complex of being branded concession diverting his or her mind to counterfeiting and purchase knockoff in lower price. Therefore, this study primarily focuses on the consumers' purchase of counterfeit products, which has implications for the business sector as well as for the policy

makers to combat against the counterfeit purchasing and promotion in a developing country context.

This study has five parts. In the first part introduction to the research problem and context is discussed. Second part reviews the past literature and thus hypothesize the framework model. Third part of the study introduces the research method, sampling method and data collection, and data analysis tests. The fourth part analyzes and interprets the results obtained from the collected data. The fifth and last part of the study summarizes the findings and conclude the results, recommend the managerial implications, discuss the limitations, and suggest future research.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

A worldwide trend is growing with disturbing value, i.e., production, distribution and expenditure of counterfeit goods (Norum & Cuno, 2011). Pirating has become a big problem besetting a lot numbers of industries. It changes all the things, but, the name of the brands become same as it is a real thing with its quality or tang. Knock off products incise the income and harm the product owner's status (Wee, Ta, & Cheok, 1995). Knock off products are just like treachery. Pirated things are the same as fake things, imitative or unlawfully copied for extending money from naïve and submissive legal firm (O'Mathúna, & McAuley, 2005).

The literature differentiates counterfeiting into two types; these are deceptive and non-deceptive counterfeiting. In deceptive counterfeiting purchaser do not ever realize that they are purchasing a counterfeit product. However, in a non-deceptive counterfeit, consumers often willfully buy a counterfeit product (Nia & Zaichkowsky, 2000). Pirated of cash is its ancient form and it was there since coins were made up. Knockoff or piracy product and the lavish buyer are a main universal problem and are more powerful not only in developing countries, but also in the developed world such as Europe (Riquelme et al, 2012). For example, at country level European countries prohibit the counterfeits (Velčovská & Sadilek, 2014). These products are deliberately planned to duplicate, incorporate or imitate products in order to take advantage of reputable products developed through years of use. These things are also referred as "fake", "same" and "facsimile" between other conditions (Slocum & Collen, 2011).

Massing out billions in lawful economic activity and facilitate on "underground economy" that takes away governments of revenues for imperative public services forces the higher burden on taxpayers, disjoins hundreds of lawful jobs and, express customers to dangerous and ineffective products (Frontier economics, 2011). Counterfeit products and pirated products usually come from Asia. China is the pioneer to make the knockoff products in all over the world; it produces nearly two-thirds of the world's pirated products. Asian consumers get a bad status for purchasing knockoff products such as computers, software, fashion clothing and watches (Chan, Wong, & Leung, 1998). Consumer "needs" are found to be rising obvious into "wants" which are insubstantial, of difficult to understand the value, affective in nature and defenseless of marketing communication (Vrontis & Thrassou, 2007).

It is very difficult to understand the reason that why consumer purchase real and genuine luxury brand, what they think about the reality of the real and genuine luxury and what they perceive or think about the value and importance of genuine brands which affects their purchasing behavior in a tradeoff among valid or the knockoff products (Wiedmann, Hennigs

& Klarmann, 2012; Ahuvia, Gistri, Romania, & Pace, 2014). In recent years, there has been a very important discussion on the damaging impact of pirated products on luxury products. Marketing literature defined that the knockoff products negatively affects consumer insights of the real goods (Mir, 2013).

In the wake of these negative consequences of producing and buying counterfeit products for original and authorized products, this study attempts to examine the factors of counterfeit product purchase by consumers in a developing country perspective. By integrating word of mouth communication, the perceived risk, and consumers' emotions determinants into the Theory of Planned Behavior (TPB) (Ajzen, 1991; Cheng, Fu, and Tu, 2011), this study explicitly contributes in existing research on counterfeit consumption and thus answering the call of research on the subject.

### **Word of mouth communication and counterfeit products**

In marketing, word-of-mouth (WOM) communication involves the passing of information between the consumers about their product and service performance experiences (Dichter, 1966). It is an informal form of communication and there are different expressions as to how academics and people refer to it. Bughin, Doogan, and Vetvik (2010) stated that word of mouth is a primary factor behind 20-50 % of all purchasing decisions. Wee et al, (1995) explained that word of mouth is real, powerful, and honest communication tool. People need information about services and products in the market, which becomes the starting point of spreading the word. Mangold, Miller, & Brockway (1999) discussed word of mouth with an example that when our friend asks an advice about a good restaurant, or a nice place to stay, we become happy to be asked and give our wholeheartedly expertise and advice accordingly. Fang et al, (2011) found that Word of mouth is more influential in the spread of services as compare to goods.

Deceptive and Non-Deceptive Counterfeit products are unlawful products so they are not promoted through the public media such as newspaper and TV (Mir, 2012). These products are commercialized in the market due to loopholes in the internet technology, which provide a communication mean for counterfeiters to the general public (Lee & Workman, 2011). For example, Mir (2013) found that especially in developing countries counterfeiters use different websites as compare to traditional media for the promotion of counterfeit products. In addition, the impact of WOM on the consumers' attitude towards the counterfeits is unaddressed. Demand of counterfeit products has increased considerably via word-of-mouth communication. Lee and Workman (2011) proposed that consumers show little ethical concerns and have a favorable attitude towards counterfeit products, besides these factors, WOM is an important factor, which persuade consumers to buy counterfeits. Counterfeiting is a critical and growing problem in both well developed and less developed countries. It is very interesting to investigate how people exchange information and communicate for the sales of counterfeit because the promotion of counterfeit cannot use public media. Therefore, it is hypothesized that,

**H1:** Word of mouth about counterfeits will positively relate to consumers' intention to purchase those products.

### **Perceived risk and counterfeit products**

The perceived risk relationship begins with the review by making with concern of factors such as involvement and trust. Likewise, there were many factors, for example psychological, social and financial risks load more heavily onto the factors that label "personal risk" (Bauer, 1960). Dowling and Staelin (1994) defined perceived risk as risk in terms of consumer awareness about the negative impact in product purchase. The perceived risk of consumers relates to the financial, performance, prosecution, time and social risks (Veloutsou, & Bian, 2008; Tan, 2002). Several researchers stressed that purchase intention does not show the behavior and attitude towards counterfeit products other than economic reflections. Bian and Moutinho (2011) identified counterfeit brand products (CBP) between the owner of CBP and the owner of the brand product and none but consumers had a better recognition of the brand product (BP) than CBP with the exception of security issues and financial risks. Because the consumers' perceptions of quality hold them, therefore, their perceived risk to buy negatively influences their attitude towards buying counterfeit products (Quintal, & Phau, 2014; Chiu, Lee, & Won, 2014). Therefore, we hypothesize that,

**H2:** Consumers' perceived risk towards counterfeits will be negatively related to their intention to purchase those products.

### **Emotions and counterfeit products**

Emotions were usually concerned as general proportion like positive and negative effects, but these effects are also getting interest in more specific emotions (Laros & Steenkamp, 2005). Emotions are based on two separate proportions; these are pleasure and awakening (Bigné, Andreu, and Gnoth, 2005). Researchers are known as the early scientists to conceptualize the emotions, or feeling as the magnitude and states of consciousness and as the dimension of personality and behavior (Mir, 2012). The most important and the main reason of emotions is that positive emotions get a positive effect on consumer purchase behavior (Kotler, 1974).

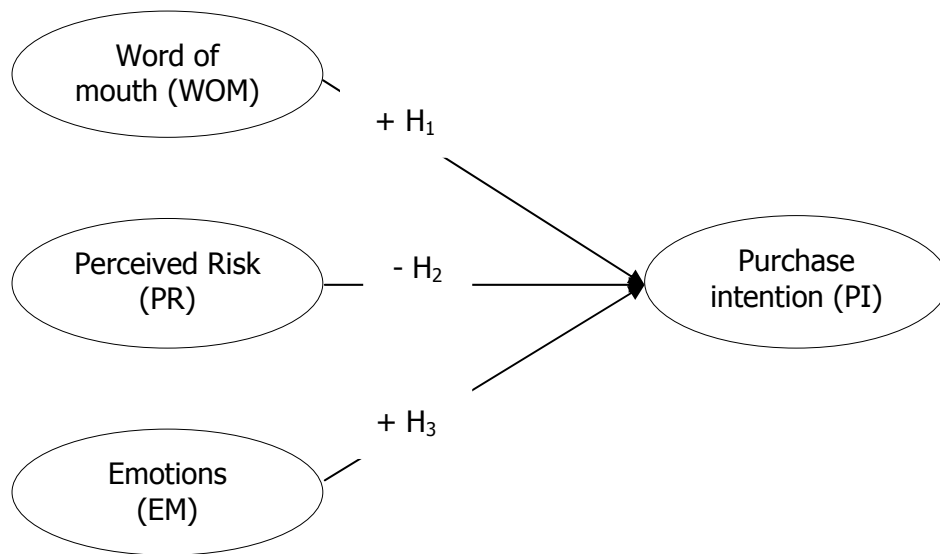
In the context of counterfeit product purchase, Turunen and Laaksonen (2011) were not sure if consumers enjoy the fact are getting something resembling the real thing at a lower cost or if they just did not understand the durability, quality and value of an authentic product. Gino, Norton, and Ariely (2010) explained that counterfeit products generate a feeling of counterfeit self in people that leads them to behave unethically. Therefore, we hypothesize that,

**H3:** Consumers' emotions towards counterfeits will be positively related to their intention to purchase those products.

### **Purchase intention**

Purchase intention is the predictor of consumer behavior and other external factors that influence it (Ajzen, 1991). According to the theory of planned behavior (TPB), without such reasons or factors, it is difficult to influence the intention of purchase, and thus the factors such as accessibility to products are important to investigate (Phau, Sequeira & Dix, 2009; Viot, Le Roux, & Krémer, 2014). Regardless of product class, consumers' purchase intention can explain by their attitudes towards counterfeits (Ang, Cheng, Lim, & Tambyah, 2001; Phau, & Teah, 2009).

**Figure 1:** Conceptual model



## METHODOLOGY

Methodological considerations contain the procedural structure adopted to conduct the research. The methodology of this study is composed of research design, targeting of population, selection of samples from a population, sampling technique, and scale adopted and used, statistical tools used for the analysis and testing of hypothesis and ethical consideration. In this study, an empirical approach is accepted that practices survey research to examine the consumers' purchase behavior towards counterfeit products.

## Population and Sampling

Respondents of the current study were students of the universities and some other people that are rich markets of counterfeit marketing products/parallel imports, in the Islamabad, Lahore and Peshawar city, Pakistan. A convenience Non-probability sampling techniques has been used to distribute the survey questionnaire. A Sample of both young and adult consumers was selected, because both age categories buy and consume products of local origin, foreign made and counterfeit products.

## Measures

The measurement scale of different variables helped us to form a questionnaire that is comprehensive and suitable for data collection. We used the questionnaire scale items from previous studies. For example, Word of mouth construct scale with six items is borrowed from the study of Mir (2012), four scale items of Perceived risk construct from the study of Featherman and Pavlou (2003), and five scale items of Emotions construct are adopted from the research study of Tsai (2005). Additionally, six items scale of Purchase intention construct is borrowed from the study of Klein, Ettenson, and Morris, (1998). Each item was measured on the five points Likert scale ranges from "1" strongly disagree to "5" strongly agree.

## RESULTS

A total of 500 questionnaires were distributed among the target population, with a return rate of (56%) 280 questionnaires and among them the usable ones were (n = 214, 42.8%). To extract the opinions, this study is based on demographic categories/characteristics such as age, gender, and level of education of the respondents. In order to make sure that respondents understood the meaning of the term "counterfeit products", an elaborate definition was provided at the beginning of distributing the questionnaires. The remaining section focuses on the analysis of the data and the interpretation of the results obtained.

### Sample characteristics

Personal characteristics were separated into gender, age, and education (See Table 1.0). For example, (n = 148, 69.2%) respondents are male, and (n = 66, 30.8%) is female. Respondents with secondary education are (n = 41, 19.2%), and the number of respondents with bachelor degree education are (n = 128, 59.8%), however, the master degree graduates are (n = 45, 21%). The majority of the respondents is of ages from 15 to 40 years (n = 204, 95.3%). Conversely, only 5% are belonging to the 30-39 years.

**Table 1:** The sample

| Variable         | Category    | (n = 214) | Percentage (%) |
|------------------|-------------|-----------|----------------|
| <b>Gender</b>    | Male        | 148       | 69.2           |
|                  | Female      | 66        | 30.8           |
| <b>Age</b>       | 15-30 years | 204       | 95.3           |
|                  | 31-40 years | 10        | 4.7            |
| <b>Education</b> | Secondary   | 41        | 19.2           |
|                  | Bachelor    | 128       | 59.8           |
|                  | Masters     | 45        | 21.0           |

### Reliability, Descriptive statistics, Inter-Correlation

Correlation analysis is a statistical technique to quantify the dependence of two or more variables. The correlation coefficient varies between -1.00 and + 1.00. The correlation between the variables is shown in Table 2.0 and falls on expected lines. In addition, Reliability (Cronbach's alpha) results, and Descriptive statistics such as Std. Mean, Std. Deviation is also shown. The purchase intention is significantly correlated to word-of-mouth given that word-of mouth is more about the acceptable term. Likewise, word-of-mouth, Perceived Risk and emotions are strongly associated with each other. However, the relationship between consumers' perceived risk and their purchase intention of counterfeits is negative.



**Table 2:** Cronbach's alpha, Descriptive statistics and Pearson correlation

| Variables | Reliability | Std. Mean | Std. Deviation | PI      | WOM    | PR     | EM |
|-----------|-------------|-----------|----------------|---------|--------|--------|----|
| PI        | .730        | 3.44      | .983           | 1       |        |        |    |
| WOM       | .895        | 3.25      | .850           | .579**  | 1      |        |    |
| PR        | .777        | 3.01      | .881           | -.394** | .592** | 1      |    |
| EM        | .875        | 3.32      | .840           | .624**  | .447** | .437** | 1  |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### General Linear Model (GLM)

Statistical analysis is done based on the data collected and received from the sample. Firstly, the data were subjected to GLM (General linear model). GLM is observed as an addition of linear multiple regression of a single dependent variable (Nelder and Baker, 1972). On the other hand, due to the existence of definite predictors along with scale predictors GLM was used. Furthermore, importance level was also checked. Importance level shows that the possibility of result being correct, i.e. the likelihood of the results to occur.

**Table 3:** Tests of Between-Subjects Effects. Dependent Variable: Purchase Intention (PI)

| Source          | Type III Sum of Squares | df  | Mean Square | F      | Sig. |
|-----------------|-------------------------|-----|-------------|--------|------|
| Corrected Model | 98.262 <sup>a</sup>     | 7   | 14.037      | 26.788 | .000 |
| Intercept       | 3.826                   | 1   | 3.826       | 7.301  | .007 |
| Gender          | .017                    | 1   | .017        | .033   | .857 |
| Education       | .964                    | 2   | .482        | .920   | .400 |
| Age             | .310                    | 1   | .310        | .591   | .443 |
| WOM             | 18.842                  | 1   | 18.842      | 35.956 | .000 |
| PR              | .441                    | 1   | .441        | .841   | .360 |
| EM              | 31.199                  | 1   | 31.199      | 59.539 | .000 |
| Error           | 105.852                 | 202 | .524        |        |      |
| Total           | 2376.972                | 210 |             |        |      |
| Corrected Total | 204.114                 | 209 |             |        |      |

a. R Squared = 0.481 (Adjusted R Squared = 0.463)

After analyzing the significant value in table one, insignificant variables were removed using the backward method. Variables with significant value > 0.05 were removed one by one starting from the first that had maximum sig value, i.e. age (0.443), gender (0.857) and education (0.400) followed by Perceived Risk (0.360).

**Table 4:** Parameter estimates. Dependent Variable: Purchase Intention (PI)

| Parameter     | B              | Std. Error | T      | Sig. | 95% Confidence Interval |             |
|---------------|----------------|------------|--------|------|-------------------------|-------------|
|               |                |            |        |      | Lower Bound             | Upper Bound |
| Intercept     | .842           | .318       | 2.651  | .009 | .216                    | 1.469       |
| [Gender=1]    | .020           | .112       | .181   | .857 | -.200                   | .241        |
| [Gender=2]    | 0 <sup>a</sup> | .          | .      | .    | .                       | .           |
| [education=1] | -.084          | .162       | -.520  | .604 | -.403                   | .235        |
| [education=2] | -.172          | .131       | -1.312 | .191 | -.431                   | .087        |
| [education=3] | 0 <sup>a</sup> | .          | .      | .    | .                       | .           |
| [age=1]       | -.190          | .247       | -.769  | .443 | -.676                   | .297        |
| [age=2]       | 0 <sup>a</sup> | .          | .      | .    | .                       | .           |
| WOM           | .462           | .077       | 5.996  | .000 | .310                    | .614        |
| PR            | -.071          | .078       | -.917  | .360 | -.225                   | .082        |
| EM            | .455           | .059       | 7.716  | .000 | .339                    | .572        |

a. This parameter is set to zero because it is redundant.

Except, Emotions, and word of mouth, the above given table clearly indicates that  $\beta$  of four Independent variables (Gender, education, and age) including Perceived Risk (- 0.071) is negative, That shows Perceived Risk (independent variable) has an inverse relation to Purchase Intention (dependent variable).

**Table 5:** Tests of Between-Subjects Effects. Dependent Variable: Purchase Intention (PI)

| Source          | Type III Sum of Squares | df  | Mean Square | F      | Sig. |
|-----------------|-------------------------|-----|-------------|--------|------|
| Corrected Model | 101.997 <sup>a</sup>    | 3   | 33.999      | 69.868 | .000 |
| Intercept       | 2.498                   | 1   | 2.498       | 5.134  | .025 |
| WOM             | 19.231                  | 1   | 19.231      | 39.519 | .000 |
| PR              | .224                    | 1   | .224        | .461   | .498 |
| EM              | 32.866                  | 1   | 32.866      | 67.539 | .000 |
| Error           | 100.244                 | 206 | .487        |        |      |
| Total           | 2382.611                | 210 |             |        |      |
| Corrected Total | 202.241                 | 209 |             |        |      |

a. R Squared = 0.504 (Adjusted R Squared = 0.497)

The above table shows the final result after eliminating all insignificant variables using the backward method. Out of the three independent variables (Word-of-Mouth, perceived Risk, emotions), two were found significant. These two include Word-of-mouth and emotions, with sig values 0.000, 0.000 respectively. This shows that chance of being true for Word-of-

mouth 100%, and Emotions 100%. However, Perceived Risk shows insignificant, 0.498 values. The value R square (0.504) gives us the percent of explaining variation independent variable due in the independent variables. (0.504) shows that the above stated factors play 50% role in consumers' purchase intention.

**Table 6:** Parameter Estimates. Dependent Variable: Purchase Intention (PI)

| Parameter | $\beta$ | Std. Error | t     | Sig. | 95% Confidence Interval |             |
|-----------|---------|------------|-------|------|-------------------------|-------------|
|           |         |            |       |      | Lower Bound             | Upper Bound |
| Intercept | .493    | .217       | 2.266 | .025 | .064                    | .921        |
| WOM       | .461    | .073       | 6.286 | .000 | .317                    | .606        |
| PR        | -.050   | .074       | -.679 | .498 | -.195                   | .095        |
| EM        | .458    | .056       | 8.218 | .000 | .348                    | .568        |

The above given table shows  $\beta$  value of ( - 0.050) which means that the influence of independent variable (Perceived Risk) on the dependent variable (Purchase Intention) is negative. According to the analysis the study of two hypotheses is significant and one hypothesis is rejected because our culture is dependent on financial risk (Nenova, Niang, & Ahmad, 2009). A consumer does not purchase costly products. They try to find an alternative original product, that's why they switch to buy the counterfeit products.

## **DISCUSSION AND CONCLUSION**

The purpose of the study was to examine the consumers' intention and behavior to deliberately purchase counterfeit products. Analysis of data revealed that, out of the three independent variables (Word-of-Mouth, perceived Risk, emotions), two were found significant. These two included Word-of-mouth and emotions, with sig values 0.000, 0.000 respectively. This shows that chance of being true for Word-of-mouth is 100%, and of emotions is 100% (Mir, 2012; White & Yu, 2005). But one independent variable (Perceived Risk) shows an insignificant value of 0.498. The value R square (0.504) gives us the percent of explaining variation independent variable due in the independent variables. It shows that, except perceived risk, the other two stated factors play important role in consumer's counterfeits' purchase intention.

Consumers get attracted to counterfeit products because the communication and low price are very attractive to them. For example, WOM increases the tendency of consumers' purchase intention towards counterfeit products, for example most often friends or family asks advice about products, brand and things. People are also conscious about the high prices of original products that is why they move to purchase fake products (Dabija et. al, 2014). On the other hand, emotions enhance the consumers' purchase intention as they either cannot afford or do not feel motivated to buy high priced original products, therefore; they prefer to purchase fake products. However, they do not take risks and therefore fear to buy counterfeits over original products. They may fear waste of money, harmful or hazardous to health, or because of low quality features of counterfeits. Therefore, their perceived risk is negatively associated with their counterfeits purchase intention (Veloutsou & Bian, 2008).

### **Managerial implications**

This study has several benefits for local consumers and original brand manufacturers and will assist the policy makers to combat against ever-increasing sales trend of imitating products, hampering the economic and safety conditions of the nation. In addition, this research may help anti-counterfeiting authorities to make effective policies to help genuine products manufacturers. Companies should raise awareness among their consumers who possess a greater tendency to choose fake products over the genuine ones. In addition, marketers should also launch campaigns to encourage positive word-of-mouth communication among consumers. Besides, an aggressive advertising campaign discouraging the purchase and use of counterfeits will also create a domino effect. People may be influenced by the opinions of others that purchasing counterfeits are immoral. Therefore, discounts or promotional campaigns and enhanced quality features of products by marketers of retailers would help reach potential customers. Because customers avoid buying counterfeits, therefore, quality features of authentic products must be improved to attract them. Once customers believe that the price and quality are reasonable and affordable, they will get used to purchasing original products and will surely be loyal to those brands (Furnham & Valgeirsson, 2007).

Though the demand for knockoff obviously maintains to increase the difficulty, however, the law enforcement should maintain its efforts to control the stream of unlawful products. Counterfeiting is a very serious problem affecting the world. Nowadays, the demand of counterfeit products has increased rapidly from the possibility, range, or density side. Therefore, to combat this problem the business leaders and government authorities, and lawmakers need to know about the channels involved in increased promotion and demand of counterfeit products specifically in the developing countries.

### **Limitations**

Like other researches, this research study has also certain limitations. The demographics of the study are limited up to age, gender and education only. To include income and marital status, demographic variables in future studies, and then to test the purchase intention based on all the demographic factors can yield moderated and helpful results. No attempt was clearly made on consumers' lifestyle and personal values such as how they perceive the value of counterfeits compare to genuine products. Further research on specific views and values is of value to carry out in future studies. The sample was restricted to urban population that can be biased. Further research can be done on comparing counterfeit purchase intentions of both urban and rural with even larger samples. Moreover, another limitation is that to gather views of the uneducated consumer behavior towards counterfeit products, which can be incorporated in the future research for better results and implications. To test the data and interpret the results two tests are used, i.e. Pearson correlation and regression. It may be also helpful to apply different statistical tools and tests, such as Structural equation modeling (SEM), and thus to validate the model and extract best results and findings.

### **Future research recommendations**

For example, China, India, and Pakistan are facing the severe threats of counterfeits and are famous for counterfeit production, manufacturing, and selling. Therefore, a cross country research can be useful in the future to investigate the most critical factors influencing consumers' counterfeit purchase intentions in these countries. In a current study only a general perception of consumers is investigated. Future studies can incorporate product specific research and thus can judge the purchase intentions of consumers based on quality,

price, and their ethical perceptions of a counterfeit and genuine product. Factors such as counterfeits product availability, peace of mind to purchase counterfeit product, hedonic, utilitarian and conspicuous values, and ethnocentrism in future research also needs to be investigated. For example, investigating these variables can be helpful to understand how the consumers' perceptions of counterfeit products vary with respect to their values, and patriotism. It will be helpful to manufacturers of original brands in developing marketing, pricing, and promotional strategies accordingly, in developing countries.

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